

A. FINANCIAL OVERVIEW 2000-2001 AND 2002-2003

19. The proposed budget for 2002-2003 amounts to Sfr678,400,000. This reflects an increase of Sfr112,542,000 or 19.9 per cent over the revised budget for 2000-2001 of Sfr565,858,000. The income for the 2002-2003 biennium is estimated at Sfr531,782,000, which reflects an increase of Sfr5,737,000 or 1.1 per cent over the revised income for 2000-2001 of Sfr526,045,000. As a result, the reserve at the end of 2003 will decrease to Sfr115,580,000. The detailed proposals are elaborated in Chapter B.

20. The proposed program and budget is presented in a single document, including activities previously submitted as regular budget, information technology projects and premises projects. This is done in conformity with the agreement reached by the Program and Budget Committee during its third session in April, 25-27, 2001, as outlined in paragraphs 76 and 77 of document WO/PBC/3/5. According to the agreement, the proposed program and budget presented in this document reflects the structure of the main programs and sub-programs and the distribution of expenditure by Unions and program initially proposed in documents WO/PBC/3/2 and WO/PBC/3/3. As a result, the new presentation represents a reformatting of the initial proposals and information reviewed by the Program and Budget Committee during its session in April 2001. In addition to the joint biennial program and budget presentation, two annexes are introduced to capture the long-term evolution of information technology and premises activities. A detailed description on the development of the single budget document is presented in Section A of Appendix 1.

21. Whereas the joint budget presentation reflects the proposed budget estimates initially submitted in document WO/PBC/3/2 and WO/PBC/3/3, additional improvements have been introduced in response to specific requests expressed during the third session of the Program and Budget Committee. This covers in particular additional information on income projections as outlined in Chapter D, including an increase of projected income for the period 2004-2005. It also includes additional information on the budgetary arrangement for short-term staffing and consultants.

22. In order to formulate the joint budget presentation, integrated initial estimates are developed for the 2000-2001 biennium. This includes a budget of Sfr525,205,000, income of Sfr428,584,000 and a reserve level at end-biennium of Sfr205,390,000. The integrated initial estimates incorporates the initial estimates 2000-2001 as presented in document A/34/2 of March 12, 1999, and all information technology and premises projects. The integrated initial estimates are compared to the revised estimates 2000-2001. As acknowledged by the Program and Budget Committee at its third session, this is the first time revised estimates are presented for an ongoing biennium, designed to increase the budget transparency. The revised budget of Sfr565,858,000 exceeds the initial integrated budget of Sfr525,205,000 by Sfr40,653,000 or 7.7 per cent. The revised income is estimated at Sfr526,045,000, which reflects an increase of Sfr97,461,000 or 22.7 per cent over the initial integrated income of Sfr428,584,000. As a result, the reserves at the end of 2001 will increase by Sfr56,808,000 to Sfr262,198,000. The detailed calculations for the integrated initial budget and the revised budget 2000-2001 are outlined in Chapter C; a summary of the proposals is presented in Table 1.

Table 1. Budget, Income and Reserves 2000-2001 and 2002-2003
(in thousands of Swiss francs)

	2000-2001		Variation		2000-2001 Revised	Variation		2002-2003 Proposed
	Initial	Integrated Initial	C	C/B (%)		D=B+C	E	
	A	B			F=D+E			
A. Budget	409,705	525,205	40,653	7.7	565,858	112,542	19.9	678,400
B. Income	409,884	428,584	97,461	22.7	526,045	5,737	1.1	531,782
Difference, B-A	179	(96,621)	56,808		(39,813)	(106,805)		(146,618)
C. Reserves ^a	127,512	205,390			262,198			115,580

^a End biennium

23. The budget proposals can be viewed in relation to a number of workload and income indicators, including demand-driven workload indicators such as number of applications, registrations and filings, and income indicators such as level of the contribution unit and average fees collected. Such indicators are shown in Table 2.

24. As illustrated in Table 2, both PCT international applications and filings for on-line dispute resolutions have increased substantially. It also indicates the reduction in the average fee for the PCT and the Hague in 2002-2003 and fee increases for on-line dispute resolution. The latter will ensure a full cost-recovery system for this new service provided to Member States.

Table 2. Selected Workload and Income Indicators 2000-2001 and 2002-2003

	2000-2001	Variation		2000-2001	Variation		2002-2003	
	Initial	B	B/A (%)	Revised	D	D/C (%)	Proposed	
	A			C			E	
A. Selected Workload Indicators								
PCT international applications	172,000	25,000	14.5	197,000	39,000	19.8	236,000	
Madrid registrations and renewals	53,000	10,800	20.4	63,800	4,200	6.6	68,000	
Hague deposits and renewals	14,000	900	6.4	14,900	1,200	8.1	16,100	
On-line dispute resolution filings	1,200	3,300	275.0	4,500	2,200	48.9	6,700	
B. Selected Income Indicators (In Swiss Francs)								
Contribution unit	45,579	-	-	45,579	-	-	45,579	
PCT average fee	1,736	187	10.8	1,923	(318)	(16.5)	1,605	
Madrid average fee	884	(48)	(5.4)	836	-	-	836	
Hague average fee	660	42	6.4	702	(70)	(10.0)	632	
On-line dispute resolution fee	417	320	76.7	737	963	130.7	1,700	

25. In addition to the introduction of a revised budget for the current biennium and a detailed description of income projections, the presentation of the proposed program and budget has been expanded and improved to enhance transparency and codify budgetary practice. This includes the introduction of a resource plan for 2000-2001 and 2002-2003 as shown in Table 3, which provides for an integrated view of all resources at the disposal of WIPO. The resource plan illustrates the interrelationship between budget estimates and resource availability for the regular budget by Union financed and trust funds and the related

movements of fund balances, including the Union reserves. Table 3 indicates the revised budget of Sfr565,858,000 (line 1) and the revised income of Sfr526,045,000 (line 2). The proposals for the 2002-2003 biennium include the initial budget of Sfr678,400,000 (line 5) and initial income estimate of Sfr531,782,000 (line 6). The additional resource requirements for the 2000-2001 biennium of Sfr39,813,000 (line 3) and for the 2002-2003 biennium of Sfr146,618,000 (line 7) is transferred from the related Union reserve funds (lines 12 and 14). A detailed description of the resource table is provided in Section C of Appendix 1.

26. Table 3 also illustrates the application of the new reserve and surplus policy as approved in September 2000. This includes the redistribution of funds of Sfr236,863,000 previously contained in the Special Reserve Fund to the corresponding Union reserves (line 11). It also includes the introduction of targets for reserve levels, expressed as percentage of biennial expenditure (PBE factors). With the conclusion of the 2002-2003 biennium, the financial scenario evolves towards the PBE targets as established by Member States in September 2000.

27. Other changes include the introduction of a detailed description of the various budget stages in Section B of Appendix 1 and a new arrangement for budget allocation by Union as shown in Section D of Appendix 1. Flexibility formulas for budget adjustments are described in Appendix 3. Finally, financial indicators are presented for the 10-year period from 1996 to 2005 in Appendix 2. The presentation illustrates the rapid growth of WIPO, in particular of the PCT Union. It is also shown that the growth in resource utilization is anticipated to peak during the 2002-2003 biennium, in particular due to the implementation of major information technology and building projects funded from surplus resources. With the conclusion of those projects, it is further anticipated that subsequent growth will be considerably lower as compared to the growth in volume of work. This would be the direct result of efficiency gains due to automation and a reduction in rental cost due to utilization of new WIPO-owned facilities.

Table 3. Resource Plan 2000-2001 and 2002-2003
(in thousands of Swiss francs)

<i>Budget and Resource availability</i>	<i>Regular Budget</i>						<i>Trust Funds</i>	<i>TOTAL</i>
	<i>Cont. fin. Unions A</i>	<i>PCT Union B</i>	<i>Madrid Union C</i>	<i>Hague Union D</i>	<i>Arb./Others E</i>	<i>Total F=A+...E</i>	<i>G</i>	<i>H=F+G</i>
Budget 2000-2001								
1. Revised budget	38,612	441,602	68,128	12,342	5,174	565,858	21,000	586,858
Resource availability 2000-2001								
2. Revised income	38,986	406,267	63,176	11,908	5,708	526,045	17,500	543,545
3. +/- Transfer from/to fund balance	(374)	35,335	4,952	434	(534)	39,813	3,500	43,313
4. Total, resources	38,612	441,602	68,128	12,342	5,174	565,858	21,000	586,858
Budget 2002-2003								
5. Initial budget	38,612	530,795	78,945	13,572	16,476	678,400	20,500	698,900
Resource availability 2002-2003								
6. Initial income	38,430	399,394	66,464	11,486	16,008	531,782	18,500	550,282
7. +/- Transfer from/to fund balance	182	131,401	12,481	2,086	468	146,618	2,000	148,618
8. Total, resources	38,612	530,795	78,945	13,572	16,476	678,400	20,500	698,900

<i>Fund Balance</i>	<i>Reserve and Working Capital (RWC) Funds a/</i>										<i>Trust Funds</i>	<i>TOTAL</i>
	<i>Cont.fin. A</i>	<i>PBE %</i>	<i>PCT B</i>	<i>PBE %</i>	<i>Madrid C</i>	<i>PBE %</i>	<i>Hague D</i>	<i>PBE %</i>	<i>Arb./Others E</i>	<i>Total F=A+...E</i>	<i>G</i>	<i>H=F+G</i>
9. Level 31/12/1999	18,951	42	18,768	7	26,073	47	1,356	17	236,863	302,011	8,569	310,580
10. New surplus policy	--		223,500		10,066		3,297		(236,863)	--	--	--
11. Level 31/12/1999 adjusted	18,951	42	242,268	73	36,139	62	4,653	50	--	302,011	8,569	310,580
12. +/- Transfer to/from fund balance	374		(35,335)		(4,952)		(434)		534	(39,813)	(3,500)	(43,313)
13. Level 31/12/2001	19,325	50	206,933	47	31,187	46	4,219	34	534	262,198	5,069	267,267
14. +/- Transfer to/from fund balance	(182)		(131,401)		(12,481)		(2,086)		(468)	(146,618)	(2,000)	(148,618)
15. Level 31/12/2003	19,143	50	75,532	14	18,706	24	2,133	16	66	115,580	3,069	118,649
16. Target 31/12/2003	19,306	50	79,619	15	19,736	25	2,036	15	n/a	n/a	n/a	N/a

a/ Does not include Separation Reserve of Sfr12,705,300 as of 31/12/1999; n/a: not applicable.