

REVISED DRAFT PROGRAM AND BUDGET 2002-2003

Introduction

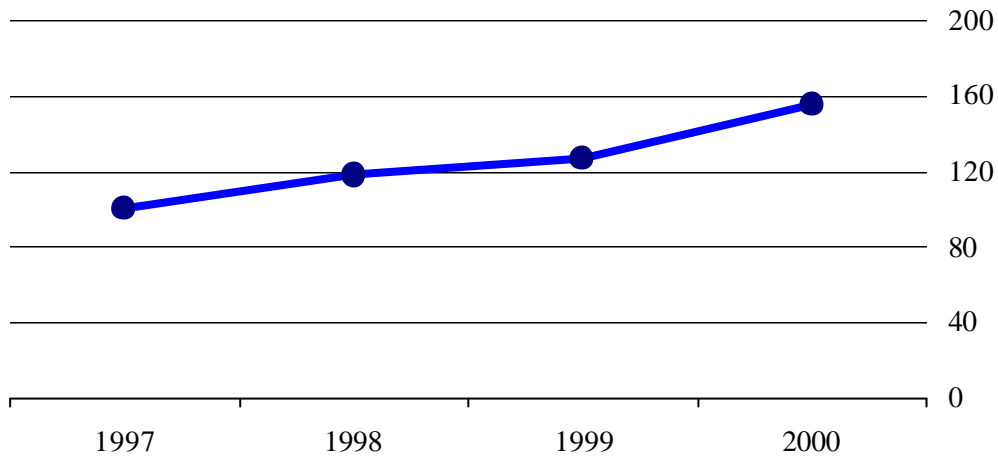
Meeting the Challenges of the New Century

1. In this new century, intellectual property is increasingly empowering individuals and nations alike as a force for both knowledge and wealth creation. The World Intellectual Property Organization (WIPO) foresaw the expansion of intellectual property's role in these areas, the result of more knowledge-intensive activities, more investments driven by information technology, a growth in electronic commerce, and the expanded global economy. Intellectual property today not only touches every aspect of daily life, it has become an effective policy instrument as well. Consequently, WIPO – a specialized agency of the United Nations system – is increasingly called upon to provide dynamic leadership in the use of intellectual property for wealth creation and in providing modern, business-oriented intellectual property services of global reach. A robust intellectual property system creates an environment in which technological innovation and artistic creativity can flourish. This encourages investment and facilitates technology transfer, while increasing the range and quality of products and services available.

2. The expanding worldwide interest in the potential of intellectual property and its role in business, international trade, cultural advancement and knowledge creation will ensure growth in this field well into the new century. The challenges facing WIPO will include keeping the intellectual property community vested with strong and supple intellectual property systems able to adapt to rapid socio-economic, cultural and technological (especially Internet-driven) change. The Organization will also need to provide a solid, reliable structure of global intellectual property services, while continuing to develop the framework of international intellectual property law. A particular challenge of special concern to the Organization is to assist developing countries and countries in economic transition to utilize intellectual property-oriented market development as a platform for economic take-off in the new millennium.

3. WIPO is confronted with ever-growing and dynamic market-driven demands for global protection systems and services, notably under the Patent Cooperation Treaty (PCT), Madrid, The Hague and Lisbon systems, and the on-line domain name dispute resolution service. It is vital that these services are delivered smoothly, without any interruption, that the prescribed deadlines are met and that the highest possible quality is ensured. In addition, they need to be supported by customer-oriented assistance and improved mechanisms and facilities, and be customized for different cultures and languages. Consequently, and in view of the continuing upward trend in global industrial property registration activities, the International Bureau urgently needs to expand its international registration services and supporting programs. The current intake of cases is already stretching to the limit the available staff, office space and automated processing systems of the Organization. The magnitude of these current challenges is illustrated by the statistics shown below.

**PCT, Madrid and the Hague Filings
(Aggregated Figures, 1997= 100)**



Intellectual Property Growth and Development

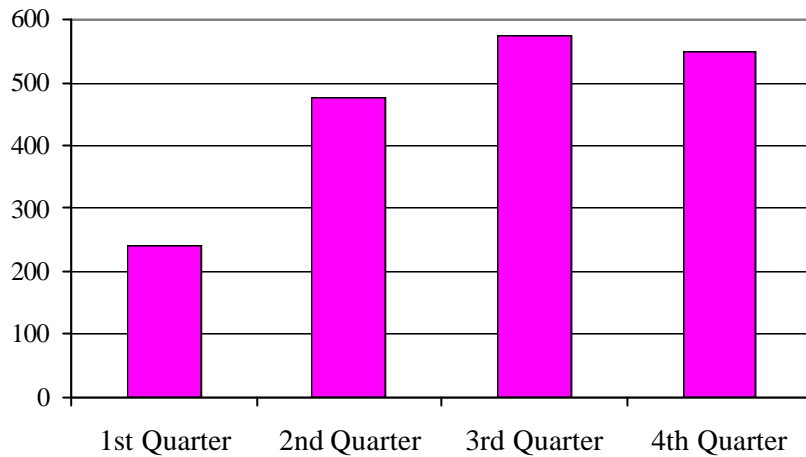
4. In 2000, the International Bureau received and processed 90,948 international applications under the PCT, a 22.9 per cent increase over 1999, and a 35.7 per cent biennium increase from 1998. For developing countries, the upward trend is even greater. Some 3,152 international applications were received from developing countries that are members of the PCT, representing an increase of 80.6 per cent over 1999. Growth trends have also been recorded for trademarks and industrial designs and the number of countries participating in the Madrid and the Hague systems continues to increase.

5. The significant rise in PCT applications, which is greater than forecast, brought not only an unexpected increase in workload and office space needs (see Chapter A – Financial Overview 2000-2001 and 2002-2003, Table 2), but also an increased surplus. Based on the latest forecasts, income for the 2002-2003 biennium is estimated at Sfr532 million, an increase of Sfr103 million or 24.1 per cent over the integrated initial income for 2000-2001 of Sfr429 million (figures are rounded up; see Chapter A, Table 1). However, as the contributions of Member States will remain unchanged, while the fees of the global protection services will be reduced, the reserves are expected to decrease towards the end of the 2004-2005 biennium, resulting in a balanced budget in the mid-term (see Appendix 2 – Financial Indicators 1996-2005, Table 27). The characteristic feature of WIPO's income structure will remain unchanged in the next biennium with 85 per cent of income coming from fees paid by users of WIPO services (see Chapter D – Income 2000-2001 and 2002-2003, Table 16).

6. Demand for on-line domain name dispute resolution services also increased (see chart below), as WIPO's value-added arbitration and mediation services made it a world leader in this area. The demand remains high and set to grow in the next biennium, as e-commerce is

gaining strong momentum in a number of countries, and there is a growing recognition of the value of Internet domain names as a business asset.

On-Line Domain Name Arbitration Cases in 2000



Strategy for the 2002-2003 Biennium

Overall Strategy

7. Since 1998, WIPO has successfully carried out many new initiatives, major shifts in policy, and new approaches in planning and administering WIPO activities. The institutional experience and knowledge gained through the development of policies, and the implementation of program activities within a re-structured organizational environment, have already established a solid foundation for modern management, characterized by greater confidence and maturity. Consequently, the first of WIPO's strategies in the 2002-2003 biennium will be to fine-tune the existing main programs for greater depth and focus, and to further enhance the efficiency of activities. As shown in the Table of Contents of this draft Program and Budget, the relationship and logical links between, and within, the main programs have been rationalized and strengthened, resulting in more coherent program designs and a reduction in the number of sub-programs.

8. It is expected that a strong market and consumer orientation will characterize intellectual property development in the 2002-2003 biennium, similar to that emerging in other fields, such as social development, environmental management, health, labor and international finance. Thus the second strategy for the biennium is continued provision of global services of the highest possible quality, geared to achieving maximum customer satisfaction, in anticipation of the predominance of private business issues in the domain of intellectual property.

9. To cope with the more focused and value-added activities and increasing demands described above, the International Bureau will continue to optimize its organizational, financial and administrative structures to enhance the efficiency and effectiveness of program implementation, and obtain optimal return from the resources available. Consequently, the draft Program and Budget proposes a budget for the 2002-2003 biennium amounting to Sfr678 million, representing an increase of 19.9 per cent over the revised budget for the 2000-2001 biennium of Sfr566 million (figures are rounded up; see Chapter A, Table 1 and Chapter B – Proposed Program and Budget 2002-2003, Table 4). One of the most critical areas in this regard is the investment being made in information technology.

Investment in WIPO's IT Infrastructure

10. The "Internet revolution" has become a driving force behind not only the newly emerging high-tech industries but also the traditional bricks-and-mortar firms as the fastest and most efficient communication tool for optimizing internal work processes and rationalizing business-to-business transactions. In this context, WIPO's third strategy for the next biennium is to continue to establish an information technology (IT) infrastructure and make active use of IT to maximize the benefits of the intellectual property system for Member States and users. Thus, WIPO will be proactive in bridging the digital divide in its communications with intellectual property offices in Member States, and in upgrading its global systems and services. Efforts in this direction have already started with the development of WIPONET, the IMPACT project and electronic filing for the PCT system, the Organization's Intranet and Internet sites and other IT initiatives. This is a priority for the Organization, given its increasing reliance on its IT systems to meet the expanding demands and the requirements for greater sophistication and security of services. As shown by many similar experiences in industry, the establishment of an IT infrastructure requires an extensive investment with sophisticated management and technical expertise for a sustained but limited duration.

Structure and Orientation

11. The structure proposed in this draft Program and Budget reflects all of the above-mentioned strategies including consolidated presentation for all activities. While the program activities proposed for the 2002-2003 biennium are largely the same as those of the 2000-2001 biennium, a comprehensive review was undertaken to refocus all of the substantive programs with a view to achieving greater depth and coherence, clearer objectives, stronger relevance and higher quality outputs and results, and to enhance transparency in the budget presentation. Certain new program areas have been added, reflecting the requests of a number of Member States, for example, greater attention to the use of intellectual property by small and medium-sized enterprises, and more coherent and consistent support for intellectual property office automation (sub-programs 10.2 and 12.4, respectively).

12. The proposed program and budget is presented on a single document, reflecting decisions adopted at the September 2000 Assemblies concerning surplus resources, as well as the advice provided by Member States at the third session of the Program and Budget Committee. Essentially, the presentation of a single document integrates the project activities previously submitted off-budget into the biennial, results-based budget presentation utilized for the regular budget of WIPO. The single biennial presentation is supplemented and supported by presenting the long-term implications of major budget proposals. This is done in Annex 1 (Major information technology activities) and Annex 2 (WIPO premises plan up to 2007).

13. The presentation of the draft budget has been greatly expanded to improve transparency. For the first time, the revised budget (see Chapter C – Revised Budget 2000-2001) and the income estimates are presented together with a detailed presentation of formulas concerning budget flexibility, a new presentation of budget allocation by Union, and a detailed description of the various budget stages.

14. Transparency in program planning and implementation will be enhanced by a process of continuous monitoring and evaluation, reflected in the performance indicators included in the draft Program and Budget, which program managers have further improved in the light of their experience during the last biennium.

15. This draft Program and Budget also emphasizes the strategic areas of growth in the Organization's programs and services, and the relevant policy issues that need to be addressed in that regard in the 2002-2003 biennium. These include: information technology imperatives; unprecedented growth of global protection services and intellectual property dispute resolution services; progressive and dynamic development of intellectual property laws; refocused cooperation for development and human resources development; newly emerging global intellectual property issues affecting socio-economic and environmental development; and cost-effective operations and administration within the International Bureau.

16. The need for developing countries, Least Developed Countries, and countries in economic transition to fully benefit from modern intellectual property systems has become as urgent as their need to participate, economically and politically, in the rapid expansion of the world economy. Thus, WIPO's cooperation for development program will shift its emphasis and refocus its energies towards empowering national and regional intellectual property systems to contribute more effectively to national development programs. Human resources in the field of intellectual property have become even more important than before in view of the rapid growth of users of the intellectual property system. The WIPO Worldwide Academy is gearing up to face this challenge, fine-tuning its human resources development strategies in the light of the practical needs of the business-oriented sectors, developments in information technology and modern self-training schemes, as well as the requirements of national capacity-building to help meet the needs in this area.

17. In the 2002-2003 biennium, the ability of Member States to profit from modern, knowledge-based economies will be the driving force behind the growth of a more effective intellectual property infrastructure. WIPO will need to continue providing a modern and coherent international intellectual property framework to facilitate cooperation and coordinated development for this purpose, and this draft Program and Budget will enable it to do so.

18. The Program and Budget Committee is invited to express its views on the proposals contained in this draft Program and Budget for the 2002-2003 biennium, and to endorse its approval by the Assembly of the Member States during its meeting in September 2001.

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