

WIPO



A/44/INF/2

ORIGINAL: English

DATE: March 10, 2008

WORLD INTELLECTUAL PROPERTY ORGANIZATION
GENEVA

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ASSEMBLIES OF THE MEMBER STATES OF WIPO

**Forty-Fourth Series of Meetings
Geneva, March 31, 2008**

BACKGROUND INFORMATION ON THE FINANCIAL SITUATION OF WIPO

Document prepared by the Secretariat

1. The present document has been prepared by the Secretariat with the purpose of providing background information to the present extraordinary session of the Assemblies of the Member States of WIPO in relation to agenda item 1 (“Proposed Program and Budget for the 2008/09 biennium”). The document reproduces the financial tables that were provided to Member States in the form of a Power Point presentation at the informal briefing on the financial situation of WIPO organized by the Secretariat on January 28, 2008. Some of the figures appearing in this document differ slightly from those presented at the informal briefing to reflect progress made in the meantime in the financial closure of the accounts for the 2006/07 biennium.

Table 1. Provisional Results for the 2006/07 Biennium
(in millions of Swiss francs)

	A	B	C	D	E	F	
	2004/05 Actual	2006/07 Initial Budget	2006/07 Proposed Revised Budget	2006/07 Adjusted Budget	2006/07 Preliminary Actual	Difference 2006/07 Preliminary Actual vs. Initial Budget	
						Amount	%
INCOME							
Contributions	34.4	34.5	34.5	n/a	34.7	0.2	0.6%
Fees							
PCT	400.6	398.0	445.3	n/a	451.2	53.2	13.4%
Madrid	60.8	81.5	87.3	n/a	90.3	8.8	10.8%
Hague	5.0	5.5	4.9	n/a	5.0	(0.5)	(8.5)%
Lisbon	0.0	0.0	0.0	n/a	0.0	0.0	0.0%
Total Fees	466.5	485.0	537.5	n/a	546.5	61.5	12.7%
Other Income	21.8	11.5	23.1	n/a	28.1	16.6	144.2%
TOTAL INCOME	522.7	531.0	595.1	n/a	609.3	78.3	14.7%
EXPENDITURE							
Personnel Expenditure	368.4	353.9	381.1	358.7	376.1 ¹	22.2	6.3%
Non-personnel Expenditure	142.8	171.8	179.3	176.3	156.4	(15.4)	(9.0)%
Unallocated	0.0	5.3	1.7	0.2	0.0	(5.3)	(100.0)%
TOTAL EXPENDITURE	511.2	531.0	562.1	535.1	532.5	1.5	0.3%
SURPLUS/(DEFICIT)	11.5	0.0	33.0	n/a	76.8	76.8	n/a
REGISTRATION ACTIVITIES							
Number of PCT Applications	259,210	258,000	305,300	n/a	305,139	47,139	18.3%
Number of Madrid Registrations and Renewals	71,390	96,000	107,729	n/a	108,378	12,378	12.9%
Number of Hague Registrations and Renewals	10,028	10,600	10,182	n/a	10,384	(216)	(2.0)%
PERSONNEL							
Total Employees Headcount	1,262	1,350	1,290	n/a	1,257	(93)	(6.9)%
Total Regular Budget Posts	915	935	989	984	984	49 ²	5.2%

¹ This figure includes approximately 17.5 million Swiss francs, representing 6% of post related personnel expenditures to cover after service liabilities

² Flexibility posts

2. The following points are highlighted for the attention of Member States in respect of Table 1 above.

- a. The heading “2006/07 Initial Budget” appearing in column B means the initial budget for the 2006/07 biennium as approved by the 2005 Assemblies of WIPO Member States;
- b. The heading “2006/07 Proposed Revised Budget” appearing in column C means the proposed revised budget for the 2006/07 biennium submitted to the September 2007 session of the Assemblies of WIPO Member States (document A/43/3 entitled “Revised Budget for the 2006/07 Biennium”);
- c. The heading “2006/07 Adjusted Budget” appearing in column D means the initial budget approved by Member States for the 2006/07 biennium plus flexibility adjustments for the PCT and Madrid systems, respectively (49 additional posts). It is noted that the basis for these flexibility adjustments was provided in document A/43/3, paragraphs 11 to 14;
- d. The financial data presented in column E are preliminary biennium end figures subject to final closure and audit;
- e. The overall expenditure figure for the 2006/07 biennium includes, on a provisional basis, an amount of 17.5 million Swiss francs to reflect a provision corresponding to 6% of biennial staff expenditure, to cover the long-term

financial liabilities of the Organization for separation and after-service medical benefits (ASHI). Member States' endorsement of this expenditure will be sought in the context of the adoption of the accounts for the 2006/07 biennium;

- f. Member States will be provided with detailed analyses of budget utilization within the context of the Financial Management Report 2006/07 and the Program Performance Report for the 2006/07 biennium.

3. The Secretariat will submit to the next session of the Program and Budget Committee (PBC) (planned to be convened in September 2008), revised income estimates for the 2008/09 biennium. On that basis, it will also submit revised proposals for the utilization of available funds from the WIPO reserves.

Table 2. Level of WIPO Reserves
(in millions of Swiss francs)

	A	B	C	D
	2004/05 Actual	2006/07 Initial Budget	2006/07 Proposed Revised Budget	2006/07 Preliminary Actual
1. Income	522.7	531.0	595.1	609.3
2. Expenditure				
Personnel Expenditure	368.4	353.9	381.1	376.1
Non-personnel Expenditure	142.8	177.1	181.0	156.4
Total, Expenditure	511.2	531.0	562.1	532.5
3. Surplus/Deficit	11.5	-	33.0	76.8
4. Reserve	127.0	100.8	159.9	203.8
5. Reserve Target	92.0	95.6	104.4	95.9 ¹
6. Difference ²	35.0	5.2	55.5	107.9
7. Reserve as % of biennial expenditure	24.8%	19.0%	28.4%	38.3%

¹The target level of reserves corresponds to an average of 18 per cent of biennial expenditure

²Difference between the reserve target and the anticipated level of reserves

4. For a definition of the headings of Table 2 above, please refer to paragraph 2.

Table 3. Interim Budget for the 2008/09 Biennium
(in millions of Swiss francs)

	A	B	C	D	E
	2006/07 Initial Budget	2006/07 Proposed Revised Budget	2006/07 Adjusted Budget	2008/09 Initial Proposed Budget	2008/09 Interim Budget
Regular Budget	531.0	562.1	531.0	626.3 *	531.0
Resources allocated under Flexibility Mechanism	-	-	4.1	-	14.7
TOTAL	531.0	562.1	535.1	626.3	545.7

* The 2008/09 proposed budget figure has been adjusted to reflect the recommendations made by the twelfth session of the Program and Budget Committee (document WO/PBC/12/9).

5. For a definition of the headings of columns B and C of Table 3 above, please refer to paragraph 2. The heading “2008/09 Interim Budget”, appearing in Column E of Table 3 above, means the initial budget for the 2006/07 biennium, as approved by the 2005 Assemblies of the WIPO Member States, plus the financial impact, in the 2008/09 biennium, of the 49 new posts created in the previous biennium under the flexibility clause for the PCT and Madrid system, respectively. This gives a total of 545.7 million Swiss francs (or the 2006/07 initial approved budget of 531 million Swiss francs plus the cost of the flexibility posts created in the biennium of 14.7 million Swiss francs).

6. As outlined at the informal briefing of January 28, 2008, in the absence of an approved Program and Budget for the 2008/09 biennium, the ability of the Organization to deliver its programmatic objectives in the 2008/09 biennium would be severely hampered, including for the international registration systems. A table providing an overview of the comparison of resources for cooperation with developing countries and countries with economies in transition was circulated to Member States in the course of the informal briefing on January 28, 2008. This table was expanded to include all WIPO’s programs in Table 4 below, in order to provide a full overview of the resources allocated to programs under the Interim Budget for 2008/09.

Table 4. 2008/09 Interim Budget
(in thousands of Swiss francs)

Program	2006/07 Initial Budget	2006/07 Proposed Revised Budget	2006/07 Adjusted Budget	2008/09 Initial Proposed Budget	2008/09 Interim Budget	Difference 2008/09 Interim Budget vs. 2006/07 Initial Budget	
						Amount	%
1 Public Outreach and Communication	13,280	13,428	12,897	12,611	9,345	(3,935)	(29.6)%
2 External Coordination	10,743	10,935	11,086	11,215	9,969	(774)	(7.2)%
3 Strategic Use of IP for Development	12,347	17,759	17,486	20,581	18,125	5,778	46.8%
4 Use of Copyright in the Digital Environment	2,608	1,995	1,342	2,150	1,431	(1,177)	(45.1)%
5 Life Sciences	1,608	743	371	680	583	(1,025)	(63.7)%
6 Africa, Arab, Asia and the Pacific, Latin America and the Caribbean Countries, Least Developed Countries	37,649	38,250	35,995	40,665	34,776	(2,873)	(7.6)%
7 Certain Countries in Europe and Asia	4,530	5,015	4,574	5,444	3,299	(1,231)	(27.2)%
8 Business Modernization of IP Institutions	4,843	4,495	4,651	4,795	4,487	(356)	(7.3)%
9 Collective Management of Copyright and Related Rights	2,114	1,656	941	1,736	1,605	(509)	(24.1)%
10 IPR Enforcement	2,966	3,113	2,732	3,321	3,251	285	9.6%
11 The WIPO Worldwide Academy	14,327	14,382	12,609	15,426	12,725	(1,602)	(11.2)%
12 Law of Patents	2,996	3,001	2,544	3,079	2,674	(322)	(10.7)%
13 Law of Trademarks, Industrial Designs and Geographical	4,954	3,806	3,692	3,882	3,353	(1,601)	(32.3)%
14 Law of Copyright and Related Rights	5,683	5,919	6,719	6,002	6,239	556	9.8%
15 Traditional Knowledge, Traditional Cultural Expressions and Genetic Resources	4,649	5,889	5,899	6,052	5,553	904	19.5%
16 The PCT System	144,445	161,312	153,116	182,498	158,613	14,168	9.8%
17 Associated Patent Services	2,301	2,577	2,339	3,533	-	(2,301)	(100.0)%
18 Madrid, The Hague and Lisbon Registration Systems	41,949	47,569	44,962	57,466	47,489	5,540	13.2%
19 Patent Classification and WIPO IP Standards	5,459	6,924	6,636	7,257	7,394	1,935	35.5%
20 International Classifications in the Field of Trademarks and Industrial Designs	1,270	1,123	843	1,201	623	(647)	(51.0)%
21 Arbitration and Mediation Services and Domain Names Policies and Procedures	6,519	7,013	6,825	8,036	8,307	1,788	27.4%
22 Direction and Executive Management	13,977	12,855	12,616	14,081	13,618	(359)	(2.6)%
23 Resource Management and Control	4,513	6,444	5,323	5,124	4,688	175	3.9%
24 Internal Oversight	1,781	2,060	1,798	3,422	2,782	1,001	56.2%
25 Human Resources Management	15,725	17,085	16,629	19,267	16,905	1,180	7.5%
26 Financial Operations	11,265	12,027	11,584	12,138	13,185	1,920	17.0%
27 Information Technology	38,978	43,710	42,659	45,945	40,466	1,488	3.8%
28 Conference, Language, Printing and Archives	40,800	41,815	41,135	43,834	41,421	621	1.5%
29 Premises Management	58,751	56,268	54,177	47,461	50,132	(8,619)	(14.7)%
30 Travel and Procurement	8,082	9,758	9,098	11,061	10,014	1,932	23.9%
31 The New Construction	4,631	1,515	1,709	6,739	5,322	691	14.9%
32 Security	-	-	-	9,556	-	-	n/a
Total	525,743	560,440	534,987	616,256	538,375	12,632	2.4%
Unallocated	5,257	1,702	156	10,091	7,325	2,068	39.3%
TOTAL	531,000	562,142	535,143	626,347	545,700	14,700	2.8%

7. Finally, the Secretariat takes this opportunity to provide updated information on the allocation of human resources by program. In accordance with WIPO's Financial Regulations and Rules (Rule 105.3 (b)), the Controller has issued staffing table authorizations to Program Managers on March 5, 2008. These are reproduced in Table 5 below. The table also includes the headcount of WIPO employees (staff on authorized budget posts, and employees under short-term general service contracts, Special Labor Contracts (SLC), Special Service Agreements (SSA), consultants and interns). This is a follow up on the requests made by certain delegations at the Information Meeting for Member States on the Organizational Improvement Program convened by the Secretariat on February 15, 2008.

8. In this regard, it is stressed that Table 5 is an update of a "snapshot" of the human resources allocation of WIPO at program level that had been provided to Member States at the eleventh and twelfth session, respectively, of the Program and Budget Committee, as reflected in the reports of the sessions (documents WO/PBC/11/17, Annex III and WO/PBC/12/9, Annex III).

9. For an updated organigram of the Organization, as requested by certain delegations at the above Information Meeting, please refer to document A/44/2, paragraph 3. The complete organigram of the Organization, with names and titles, will be made available at the meeting. That complete organigram will also show the link between the structure of the Secretariat and the structure of the Program and Budget, as well as the number of employees by organizational unit, and Program.

Table 5. Staffing Table Authorization for 2008/09 and Headcount by Program

Program	2008/09 Staffing Table Authorization					Headcount as of February 29, 2008						
	DG/DDG/ ADG*	D	P	G	Total	On Authorized Posts	ST GS	SLC	SSA	Consult.	Interns	Total
1 Public Outreach and Communication	-	-	10	8	18	18	9	-	2	2	-	31
2 External Coordination	1	4	8	3	16	16	1	1	1	-	-	19
3 Strategic Use of IP for Development	-	2	18	11	31	31	5	-	2	1	4	43
4 Use of Copyright in the Digital Environment	-	1	1	-	2	2	1	-	-	-	1	4
5 Life Sciences	-	-	1	-	1	1	-	-	-	-	-	1
6 Africa, Arab, Asia and the Pacific, Latin America and the Caribbean Countries, Least Developed Countries	1	5	27	14	47	47	8	1	-	6	-	62
7 Certain Countries in Europe and Asia	-	-	5	2	7	5	1	-	-	-	2	8
8 Business Modernization of IP Institutions	-	1	4	2	7	7	1	-	-	-	-	8
9 Collective Management of Copyright and Related Rights	-	-	2	1	3	3	-	-	-	-	-	3
10 IPR Enforcement	-	1	3	1	5	4	-	-	-	2	-	6
11 The WIPO Worldwide Academy	-	1	10	8	19	19	2	2	2	1	-	26
12 Law of Patents	-	-	3	2	5	5	-	-	1	-	-	6
13 Law of Trademarks, Industrial Designs and Geographical Indications	-	-	3	1	4	4	-	1	-	-	-	5
14 Law of Copyright and Related Rights	1	1	5	2	9	9	2	-	-	1	-	12
15 Traditional Knowledge, Traditional Cultural Expressions and Genetic Resources	-	-	5	2	7	6	3	1	-	-	-	10
16 The PCT System	1	2	131	214	348	334	108	-	22	5	-	469
17 Associated Patent Services	-	-	-	-	-	-	-	-	-	-	-	-
18 Madrid, The Hague and Lisbon Registration Systems	1	2	40	69	112	108	14	3	24	2	1	152
19 Patent Classification and WIPO IP Standards	-	-	9	9	18	16	-	-	1	1	1	19
20 International Classifications in the Field of Trademarks and Industrial Designs	-	-	1	1	2	2	-	-	-	-	-	2
21 Arbitration and Mediation Services and Domain Names Policies and Procedures	-	-	8	5	13	13	3	9	-	1	5	31
22 Direction and Executive Management	1	3	17	8	29	28	3	-	-	-	1	32
23 Resource Management and Control	-	1	5	3	9	9	-	-	-	-	-	9
24 Internal Oversight	-	1	4	-	5	2	1	-	2	-	-	5
25 Human Resources Management	-	1	17	20	38	35	9	-	-	-	1	45
26 Financial Operations	-	1	10	21	32	30	8	5	1	-	-	44
27 Information Technology	-	1	37	14	52	49	4	1	-	4	-	58
28 Conference, Language, Printing and Archives	1 **	-	34	48	83	82	27	-	1	-	-	110
29 Premises Management	1	1	8	16	26	26	5	-	2	1	-	34
30 Travel and Procurement	-	1	9	12	22	21	3	1	-	-	-	25
31 The New Construction	-	-	-	-	-	-	-	-	-	1	-	1
Total	8	30	435	497	970	932	218	25	61	28	16	1,280
Unallocated	-	13	-	1	14	-	-	-	-	-	-	-
GRAND TOTAL	8	43	435	498	984	932	218	25	61	28	16	1,280

* DDG and ADG may have more than one program under their supervision. However, for budgeting purposes, the post each of them occupies is shown under one program only.

** AD2 post has been re-classified at ADG level for the period from December 1, 2006 to November 30, 2009, as per the decision of the Coordination Committee (WO/CC/54/3 Corr., paragraph 77(i)).

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