

Q&A from Program and Budget Briefing Sessions

DEVELOPMENT SHARE AND TECHNICAL ASSISTANCE

1. Q: What does Technical Assistance consist of?

A: WIPO technical assistance, or development activities, consist of a wide range of services mainstreamed across all Strategic Goals and delivered by many Programs of the Organization. Development activities include, but are not limited to:

- legislative advice related activities in the field of patents, utility models, trademarks, geographical indications, copyright and related rights, traditional knowledge (TK) and traditional cultural expressions (TCEs) as well as enforcement delivered by Programs 1, 2, 3, 4, 10 and 17;
- training and capacity building delivered by Programs 1, 4, 8, 9, 10, 11, and 17;
- enhancing access to and use of IP information and knowledge delivered by Programs 1, 3, 9, 10, 13 and 14;
- enhancing technical and knowledge infrastructure delivered by Programs 3, 9, 10 and 15;
- development of national innovation and IP policies and strategies delivered by Programs 9 and 10;
- strengthened cooperation mechanisms, programs and partnerships in LDCs delivered by Program 9; and
- economic analysis delivered by Program 16.

2. Q: How has the development share been derived? Based on which definition?

A: The development share has been derived by applying the definition of development expenditure bottom-up, to all high level activities defined by Program Managers as part of their Program and Budget proposals. (Definition: "*expenditure is qualified as development expenditure only where the beneficiary is a developing country and the equivalent expenditure is not available for developed countries*"). The total development share as illustrated in the Results Framework (page 9) and Table 9 (page 20 in the English version of the Program and Budget document) is an aggregation of development expenditure by results defined at the individual Program unit levels.

3. Q: How can the 19.2 per cent development expenditure for 2010/11 be compared with the proposed 21.7 per cent development expenditure for 2012/13? Are the two figures based on the same definition of development expenditure?

A: The definition is not new but has been refined by adding the exclusivity clause "*...and the equivalent expenditure is not available for developed countries*". The 2012/13 development expenditure figure as a percentage is therefore a more conservative estimate than the 2010/11 comparison.

4. Q: How will Member States be able to identify what portion of the mainstreamed development activities is earmarked for them?

A: The development share represents the portion of the budget available for activities directly benefitting all developing countries, LDCs and certain countries with economies in transition in all regions. A number of performance indicators provide a breakdown of baselines and targets by region, i.e. the results planned to be achieved in each region. (Example: Performance Indicators related to TISCs (page 93 in the English version of the Program and Budget document) and IP Office modernization (page 97 in the English version of the Program and Budget document))

5. Q: At a time when Developing countries need more support from WIPO, how does one explain the reduction in the budgets for Programs 9 and 11?

A: One of the objectives of the 2012/13 biennial planning process has been the mainstreaming of development across all Strategic Goals and all relevant Programs of the Organization in line with DA recommendation 12¹. This is evidenced by the fact that all Strategic Goals and 40 out of 60 expected results have a development share.

In particular, two expected results: a) strengthening IP institutions (IP office modernization, Technology and Innovation Support Centers (TISCs) and Technology Transfer Office (TTO s)); and b) legislative advice; have been mainstreamed into the relevant specialized Programs which are responsible for delivery of services, in close coordination with the Regional Bureaus, the Certain Countries in Europe and Asia (CCEA) and the least Developed Countries (LDC) Divisions.

The Regional Bureaus, CCEA and LDC Divisions remain the program units primarily responsible for the two expected results related to National IP Strategies and Capacity Building and for the planning and coordination of the delivery of services to developing countries, LDCs and countries with economies in transition in accordance with the Country Plans.

Given the overall financial envelope, the decrease in the proposed budget for Program 9 reflects the above described mainstreaming approach. However, the nature of the activities and related expenditure remains unchanged. In this context, it is recalled that the overall share of development expenditure is proposed to increase by 16.9 per cent to 140.5 million Swiss francs, of which Program 9 represents 35.1 million Swiss francs (please also refer to answer to question 8).

No decrease is proposed in the budget for Program 11 (WIPO Academy) in 2012/13 as compared to 2010/11.

6. Q: Why have the Development Agenda projects not been calculated as part of development expenditure (Table 9)?

A: DA projects have, for the first time, been mainstreamed in all relevant Programs and the related budgets in line with the Budgetary Process for Projects Proposed by the CDIP for the Implementation of DA Recommendations, approved by the WIPO Assemblies in 2010². In order to facilitate the comparison of the 2012/13 with the 2010/11 development expenditure figures, the proposed budget related to DA projects is shown in a separate column in Table 9. The total proposed development expenditure, including DA projects, amounts to 146.9 million Swiss francs. Table 8 provides an overview of the resources proposed to be allocated to DA projects.

¹ Development Agenda Recommendation 12 : To further mainstream development considerations into WIPO's substantive and technical assistance activities and debates, in accordance with its mandate.

² A/48/5/Rev.

7. Q: Why do some Expected Results in the table show zero amounts for Development share?

A: Some expected results benefit all WIPO Member States including developing countries. The strict application of the development expenditure definition (§ 30, page 20 in the English version of the Proposed Program and Budget 2012/13) implies that those expected results which benefit the broader membership, and not exclusively developing countries, have therefore not been included in the overall estimated development expenditure.

8. Q: When you say the share for Development has gone up - on what basis did you make the comparison?

A: In the Proposed Program and Budget 2012/13, the share of development expenditure increases from 19.4 per cent to 21.7 per cent as compared to the previous biennium. This represents an increase of 20.3 million Swiss francs i.e. from 120.2 million in 2010/11 to 140.5 million under the Proposed Program and Budget 2012/13 – an increase of 16.9 per cent.

The development share has been derived by applying the definition of development expenditure (§ 30, page 20 in the Proposed Program and Budget 2012/13). The definition is not new but has been refined by adding the exclusivity clause “...and the equivalent expenditure is not available for developed countries”. The 2012/13 development expenditure figure of 140.5 million Swiss francs is therefore a more conservative estimate than the 2010/11 comparison.

9. Q: Why is there a significant reduction in the proposed budget for Development Activities in support of “Economics and Statistics”?

A: The reduction in the proposed development share for Program 16 is a technical rather than substantial reduction which is explained by the following:

(i) Applying the definition of development expenditure to Program 16, has resulted in the statistics related activities not being considered as part of the development share in 2012/13 because they benefit all WIPO Member States and not exclusively developing countries (in 2010/11 these activities were considered development activities);

(ii) The economic studies related activities directly benefitting developing countries are implemented as part of DA project “IP and socio-economic development” and therefore shown in a separate column in Table 9.

10. Q: Why is there a significant increase in the proposed budget for Development Activities in support of “Services for Access to Knowledge”?

A: The increase in the proposed budget for development activities in support of “Services for Access to Knowledge” reflects the overall increase in demand and therefore in the proposed budget for Program 14 aimed at enhancing access to and use of IP information and knowledge. Services under this program include the creation of TISCs, technology search services, aRDI and ASPI, Patent Landscape Reports (PLRs), and ICE (International Cooperation on Examination).

RESULTS FRAMEWORK

11. Q: Why are the expected results for Madrid and Lisbon not separate?

A: The merger of the expected results for the Madrid and Lisbon systems is due to the relatively small amount of resources devoted to administering the Lisbon system and the difficulty in separating the administrative and support costs for Lisbon from those of the Madrid system.

DEVELOPMENT AGENDA PROJECTS

12. Q: Some Development Projects are not reflected in the table detailing Development Agenda Projects – why?

A: Three types of DA projects have been included in the proposed Program and Budget 2012/13 (Table 8):

- i) projects approved by the CDIP for which implementation continues in 2012/13
- ii) projects currently under consideration in the CDIP
- iii) projects being completed in 2011, with a 2nd phase subject to evaluation of phase 1 and approval by the CDIP

Projects which have no regular budget implications for the biennium 2012/13 are not included in Table 8. Such projects comprise:

- i) projects with planned completion in 2011
- ii) projects financed from the reserves (for which implementation will continue to be supported from the reserves in 2012/13 as per the approved project documents)

13. Q: What happens if CDIP projects that are subject to approval are not approved?

A: In case DA projects included in Table 8 are not approved by the CDIP, the Secretariat will be guided by the Committee as to the use of those funds for subsequent DA projects to be considered in future CDIP sessions to be held during the biennium.

TECHNICAL ASSISTANCE DELIVERY MODEL

14. Q: How and when will Member States participate in elaborating Country Plans? How will country plans be elaborated? Does this mean that all Member States must have a national IP Strategy?

A: Country Plans would aim at enhancing the involvement of Member States in the planning process, in particular the annual workplans. The development of Country Plans will be based on consultations and a strategic dialogue between the Secretariat and Member States on needs at the country level. The Country Plan, which will provide the overall framework for delivery of development activities to a country within a biennium, will be a jointly agreed document between the country and WIPO. The planning and review process will allow for flexibility to ensure that priorities can be addressed as they emerge during implementation.

The country planning approach represents a shift from the current request-driven approach to a more strategic needs driven approach. The Development Sector (Regional Bureaus) will be the lead within

the Secretariat for coordinating the development of the Country Plans both internally with the specialized sectors and externally with Member States.

A national IP strategy is not a prerequisite for a Country Plan. However, in case a national IP strategy does exist, the Country Plan will focus on determining which elements of the strategy could be advanced with WIPO's assistance within the given planning period.

15. Q: How is development cooperation monitored in the new Service Delivery Model?

A: The Development Sector (Regional Bureaus) are the custodians of the Country Plans within the Secretariat. The Regional Bureaus will be responsible for coordinating the planning and implementation and for monitoring and assessing delivery of development activities by all Sectors in accordance with the plan.

16. Q: The change to a new Planning and Delivery Model leaves the impression that there has been an overall reduction in the budget in support of Development. Can this be explained better?

A: The Planning and Delivery Model ensures that development activities are delivered in a coherent and consistent way through an optimal use of the technical expertise of the specialized Sectors combined with the "intelligence" of the Regional Bureaus about counties/regions and associated needs. The implementation of the model would imply some redistribution of resources between the Regional Bureaus and the substantive sectors, as a result of the mainstreaming of the two Expected Results related to legislative advice and strengthening of IP institutions. In overall terms the budget in support of development is proposed to be increased by a total of 20.3 million Swiss francs i.e. from 120.2 million in 2010/11 to 140.5 million under the Proposed Program and Budget 2012/13 – an increase of 16.9 per cent.

17. Q: What does the move to a strategic needs-based approach mean in practice?

A: A move towards a strategic needs-based approach through the formulation of Country Plans aims at enhancing the involvement of Member States in the workplanning process. While Member States currently provide input to the Program and Budget process through consultation and input to the Program and Budget questionnaire, the latter input generally reflects a statement of needs and preferences not a process of planning and prioritization. The latter is intended to be addressed and strengthened through the country planning process. (Please also see answer to question 14)

PROGRAM CHANGES

18. Q: Why have SMEs moved to Program 1?

A: SMEs, which represent over 90% of global business activity, but which also do not use the IP systems as much as they could to extract value from their innovative capacities, has been placed under Program 1 to effectively address this felt need. Further, it is expected that an increased understanding/capacity of SMEs to successfully use IP to support innovation and commercialization would be best served by placing it under Program 1. The use of innovative strategies would assist SMEs in enhancing their competitiveness.

BUDGET

19. Q: How was the 4.7 per cent increase calculated? What is the breakdown of the 4.7 per cent increase in the budget?

A: Assumptions used for the Program and Budget 2012/13:

On the Income side:

- The 4.7 per cent growth in income in 2012/13 from 2010/11 is based on the “base case” for international registration systems (Annex IV of PB 2012/13). Base case has always been used for income projections for the biennial program and budget. The income growth is primarily due to higher budget-to-budget forecasts under PCT, Hague, Arbitration and Other income, offset by lower budget-to-budget forecasts for Madrid and Interest income. Major assumptions are highlighted below:

Projected growth in the international registration systems

PCT

Increase in PCT fee income by 7.7 per cent compared to the 2010/11 budget levels (budget-to-budget) due to the projected increase in the number of IAs by 10 per cent budget-to-budget. Year-to-year changes in IA numbers are shown below:

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|-------------|---------|---------|---------|---------|---------|---------|---------|
| PCT Filings | 155,397 | 163,700 | 174,500 | 180,800 | 187,200 | 193,500 | 199,600 |
| Growth | -4.8% | 5.3% | 6.6% | 3.6% | 3.5% | 3.4% | 3.2% |

Forecasts for 2011 to 2015 reflect that PCT filings have returned to their long term growth path following the 2009 decline prompted by the financial crisis. In 2010, mainly due to strong filing growth from East Asian countries, PCT filings recovered to their pre-crisis levels. The first few months of 2011 have seen continued growth. The economic slowdown associated with the Japanese earthquake has not had any noticeable impact on filing growth, so far.

The Secretariat’s filing forecast is based on an econometric model that takes into account historical filing trends and the expected growth of the world economy; the latter is based, in turn, on the gross domestic product forecasts published by the International Monetary Fund.

Madrid

Slightly lower forecast of Madrid fee income budget-to-budget (-1.5 per cent). This reflects the fact that the 2010/11 budget estimates were prepared early 2008, prior to the full impact from the financial crisis. On a year-to-year basis, Madrid R&R are expected to continue to grow in years 2011-2015, albeit at a slightly lower rate.

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|-----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Registrations | 37,224 | 38,471 | 40,985 | 35,925 | 37,533 | 40,900 | 42,100 | 43,500 | 44,900 | 46,000 |
| Renewals | 15,205 | 17,478 | 19,472 | 19,234 | 21,949 | 21,900 | 21,300 | 22,000 | 25,000 | 27,000 |
| Registrations + Renewals | 52,429 | 55,949 | 60,457 | 55,159 | 59,482 | 62,800 | 63,400 | 65,500 | 69,900 | 73,000 |
| % growth over previous year | 28.90% | 6.71% | 8.06% | -8.76% | 7.84% | 5.58% | 0.96% | 3.31% | 6.72% | 4.43% |

The Hague

Increase in Hague fee income by 3.8 million Swiss francs (+51 per cent) due to forecasted increases in the numbers of registration and renewals by 45 per cent budget-to-budget. Year-to-year changes in R&R are shown below.

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|-----------------------------|-------|-------|--------|-------|-------|-------|-------|--------|--------|--------|
| Registrations | 1,143 | 1,147 | 1,522 | 1,681 | 2,216 | 2,900 | 5,000 | 7,500 | 9,300 | 10,000 |
| Renewals | 3,889 | 4,205 | 3,152 | 2,748 | 2,783 | 2,700 | 2,800 | 2,500 | 2,400 | 2,500 |
| Registrations and Renewals | 5,032 | 5,352 | 4,674 | 4,429 | 4,999 | 5,600 | 7,800 | 10,000 | 11,700 | 12,500 |
| % growth over previous year | 0.2% | 6.4% | -12.7% | -5.2% | 12.9% | 12.0% | 39.3% | 28.2% | 17.0% | 6.8% |

Estimates for the period 2011 to 2015 take into account a gradual increase in membership in the Hague system expected for the years to come, including some of the world's largest sources of design filings and countries whose national regimes are likely to encourage users to file single-design applications as opposed to multiple ones.

The growth in registrations from 2008 to 2010 as compared to previous years was the result of the accession of the European Union (EM) to the Geneva Act that took effect on January 1, 2008 combined with promotional activities undertaken throughout 2010.

Expenditure:

The net increase of 4.7 per cent in the budget reflects a 4.2 per cent increase in personnel and 5.5 per cent increase in non-personnel resources.

Personnel: The 4.2 per cent increase in personnel resources is the result of the re-costing impact of posts and short term positions. The post increase takes into account the ICSC adjustment, and common staff costs, contribution to the provision for after service employee benefits, including ASHI, step increases and the impact of re-classifications done in the previous biennium. In addition, the litigation compensation provisions, provisions of accident insurances and closed pension fund contribution changes are also taken into account. Included also are the provision for short term conference staff. An additional amount has also been set aside for the regularization and reclassification of staff.

Details on the increase of non-personnel: Refer to paragraph 28 of the Program and Budget document for detailed explanations.

20. Q: What happens if the 4.7 per cent increase in revenue is not realized?

A: The Organization has several mechanisms by which it is able to adjust its expenditure levels if the budgeted income does not materialize.

- The flexibility formulas are the mechanism which enables the levels of financial resources allocated to the global IP protection systems (PCT, Madrid, and Hague) to be varied to reflect unbudgeted variations in the total volume of registration activities. Refer to Appendix C of the proposed Program and Budget 2012/13 for more details.
- The Organization may adjust the maximum amount of the appropriations that it would be prudent to make available for allocations taking into account the likely levels of income from fees and other factors (per Financial Rule 105.2).
- As per WIPO Financial Regulation 5.5, the Director General may make transfers between programs up to certain limits when such transfers are necessary to ensure the proper functioning of the services.

- The Director General may also submit a revised budget for consideration by Member States.

21. Q: What are the statutory staff increases and why do these need to be addressed? Is WIPO obliged to follow recommendations of the ICSC?

A: Statutory staff increases are all increases in salary scales and the benefits and allowances established by the ICSC. The latest salary related policies and decisions are approved by the UN General Assembly under the recommendation of the ICSC for general application throughout the UN system. As WIPO participates in the UN common system of salaries and allowances, the Secretariat has the obligation to apply the proposed increases and modification in the remuneration scales.

22. Q: How is depreciation and inflation addressed in the P&B?

A:

- Depreciation is not a factor under the budgetary basis of accounting (i.e., 2012/13 expenditure budget does not include depreciation). Under budgetary principles (ie modified accrual basis) all transactions reflect the full purchase price of goods and services delivered. Depreciation is charged under IPSAS (International Public Sector Accounting Standards) as part of financial reporting.
- Inflation – personnel costs take into account the latest scales of salaries, allowances and pensionable remuneration published by the ICSC. In addition, the increases relating to the steps and anticipated increases in the common staff cost are also factored in. Exchange rates and Post Adjustment used are the published figures from the ICSC. Non-personnel costs reflect various elements of known or estimated increases expected over the next biennium, including contractual rate increases, inflation, etc.

23. Q: Is it not risky to reduce the provisions for the ASHI?

A:

- ASHI provisions cover the potential future (long term) liability for After Service Health Insurance for retired staff members. The Organization has been setting aside provisions on its balance sheet for a numbers of years now, in line with the availability of financial resources.
- The reduction in the ASHI from 6 per cent to 2 per cent has been used as a measure to address the potential risks currently seen in the global economy, putting caution on the base case income envelope projected for 2012/13. The future pick-up in the projected income levels would first and foremost be proposed to be utilized to increase this provision at the appropriate time.
- It is noted that a similar approach was taken in two earlier biennia, i.e. in 2004/05 as well as 2006/07, where increases in the ASHI provisions were proposed within the context of the approval of the biennial financial statements to the extent that the surplus for the respective biennium allowed this.

24. Q: Why does expenditure have to grow to match the level of revenue?

A: WIPO did not match expenditure growth to revenue growth, rather, it has contained expenditures within the context of preparing and presenting a results based program and budget proposal, while addressing the following strong upward pressures on expenditures.

International registration systems

- Growth in the international registration systems needs to be serviced (e.g. Asian languages)
- Promotion of the international registration systems to expand geographical coverage and use
- Improving service delivery (ICT)

Other priorities

- Progress in IP normative areas
- IP global infrastructure
- Servicing growing demands in development services
- Strategic ICT investments
- Increased support costs (mainly premises and security)

25. Q: The UN has agreed to a 3 per cent efficiency decrease across the board – will WIPO do the same?

A: WIPO earns over 90 per cent of its revenues from fee-based services. No increase has been envisaged in respect of assessed contributions (i.e. zero nominal growth). WIPO has presented a results based program and budget proposal to its Member States and governing bodies for their consideration and approval, in line with the projected resource envelope for 2012/13. Please also refer for further details to question 24 above.

26. Q: Why does Table 1 show zero income from the Lisbon system?

A: The budgeted fee income for the Lisbon system is ten thousand Swiss francs. Since the figures in Table 1 are in millions of Swiss francs, the income for the Lisbon system would be 0.01 million Swiss francs.

27. Q: What is the distribution of resources to the Regional Bureaus?

A: Details are under preparation and will be made available during the meeting of the PBC.

28. Q: What is the justification for the large increase in the budget for Global Challenges?

A: Of the total increase of 1.2 million Swiss francs, 400 thousand Swiss francs relate to personnel cost increases, which are primarily related to re-costing. Of the remaining 800 thousand Swiss francs:

- 350 thousand Swiss francs are dedicated to IP and competition policy for which there were no separate budget provisions in 2010/11.
- The other increases are mainly linked to technology platforms, increased participation in processes on global policy issues such as climate change, food security and global health (i.e. WIPO's increased participation in seminars and meetings in the above).

OTHER ISSUES

29. Q: When you say no new posts, how are you going to address new language requirements deriving from the new language policy?

A: The resources provided to the Language services in 2012/13 represent a 12 per cent increase compared to 2010/11 allocation levels. The available resources for 2012/13 would allow the start of the phased implementation of the new language policy coverage in six languages. Additional resources will also be made available to this Program through internal re-deployment. Under the new business model, the Secretariat is also proposing to increase the volume of the outsourced translation work from 30 per cent to about 45 per cent in 2012/13.

30. Q: How will the 60 posts for regularization be implemented in 2012/13 and how will the balance of regularization requirements be addressed?

A:

- In accordance with the strategy endorsed by Member States, WIPO will be utilizing the 156 posts approved in principle under the regular budget, over a period of five years, starting from January 1, 2012. As noted in the strategy, the creation of these posts is subject to the availability of budgetary funds and Member State approval within the context of the approval of the proposed program and budget. In the proposed Program and Budget for 2012/13, a provision of 2 million Swiss francs has been set aside in the 2012/13 budget for the regularization of 60 staff in next biennium. The proposed regularization is headcount neutral, as the long-serving temporary employees who are regularized are not replaced.
- The remaining regularization will be over the period of three years after 2012/13, and additional posts will be created in the coming biennia, subject to availability of budgetary funds for this purpose. A proposal for the number of such posts to be used for the regularization of long-serving temporary employees and the amount of funding would be provided as part of the budget proposals submitted to the Program and Budget Committee in the biennium to follow.

31. Q: What are the efficiency gains that have resulted from automation?

A: Please refer to Annex VI of the proposed Program and Budget for 2012/13 – Indicators of PCT Operations.

32. Q: Why is the budget for Consultant Contracts no longer detailed in Table 7?

A: WIPO Consultants as well as short-term labor contracts (SLCs) are included under the “Short-term Professional” category. The change has been introduced in preparation for the alignment with the revised contract forms which are expected to be introduced under the contract reform process currently underway. The categories of Short-term Professional and Short-term General Service have been introduced under personnel expenditure and the new “Short-term Professional” category covers the current contract forms of SLC and WIPO Consultant.

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