

## **Program and Budget Committee**

### **Twentieth Session Geneva, July 8 to 12, 2013**

#### **FINANCIAL SITUATION AND PRELIMINARY RESULTS FOR 2012 AND FIRST QUARTER OF 2013**

*Document prepared by the Secretariat*

1. The current document provides the preliminary end of 2012 figures, which are subject to audit and will be reported on formally at the September 2013 session of the PBC, as audited financial statements for 2012. In order to provide Member States with further details of the Organization's financial situation, the document also presents such information as at the end of the first quarter of 2013.
2. The document also provides Member States with background information in relation to agenda item 5 ("Draft Proposed Program and Budget for the 2014/15 Biennium").
3. It is recalled that, since 2010, WIPO's financial statements have been prepared in accordance with IPSAS whilst the Organization's budget has continued to be prepared on a modified accrual basis ("budgetary basis"), in accordance with the Organization's Financial Regulations and Rules. Tables presented below show both income and expenditure on a modified accrual basis, together with their corresponding IPSAS adjustments.
4. Table 1 provides an overview of WIPO's preliminary results for the year ended December 31, 2012, as well as for the cumulative period from January 1, 2012 to March 31, 2013 (15 months). The table also presents figures on the levels of registration activities generated under the PCT, Madrid and Hague systems.

**Table 1. Preliminary Results and Financial Parameters as of end 2012 and end March 2013**  
(in millions of Swiss francs)

	2010/11 Actual	2012/13 Approved Budget	2012/13 Budget after Transfers <sup>1</sup>	2012 Preliminary Actual	2012/13 Actual vs. Budget <sup>2</sup>	Jan 2012 - Mar 2013 Actual (15 months) <sup>3</sup>	2012/13 Actual vs. Budget <sup>2</sup>
<b>INCOME</b>							
Contributions	34.8	34.9		17.5	50%	21.9	63%
Fees							
PCT System	434.8	480.6		262.0	55%	326.2	68%
Madrid System	99.6	104.4		52.8	51%	64.8	62%
Hague System	5.9	11.2	n/a	3.1	28%	3.9	35%
Lisbon System	0.0	0.0		0.0	40%	0.0	70%
Total Fees	540.3	596.2		317.9	53%	394.9	66%
Other income	17.7	16.4		9.5 <sup>4</sup>	58%	11.4 <sup>4</sup>	70%
<b>Total, Income</b>	<b>592.8</b>	<b>647.4</b>		<b>344.9</b>	<b>53%</b>	<b>428.3</b>	<b>66%</b>
IPSAS adjustments to Income	(20.5)	-		(14.9)	n/a	(18.8)	n/a
<b>INCOME after IPSAS adjustments</b>	<b>572.4</b>	<b>647.4</b>		<b>330.0</b>	<b>51%</b>	<b>409.5</b>	<b>63%</b>
<b>EXPENDITURE</b>							
Personnel Expenditure	396.4	413.4	410.7	199.2	48%	248.0	60%
Non-Personnel Expenditure	192.5	234.0	237.7	90.9	38%	112.8	47%
<b>Total, Expenditure</b>	<b>588.9</b>	<b>647.4</b>	<b>648.4</b>	<b>290.1</b>	<b>45%</b>	<b>360.9</b>	<b>56%</b>
IPSAS adjustments to Expenditure	14.4	-	-	14.3	n/a	18.6	n/a
<b>EXPENDITURE after IPSAS adjustments</b>	<b>603.3</b>	<b>647.4</b>	<b>648.4</b>	<b>304.4</b>	<b>47%</b>	<b>379.5</b>	<b>59%</b>
<b>Operating Result</b>	<b>(30.9)</b>	<b>-</b>	<b>n/a</b>	<b>25.6</b>	<b>n/a</b>	<b>30.0</b>	<b>n/a</b>
<b>REGISTRATION ACTIVITIES</b>							
Number of PCT applications	318,632	368,000		194,522	53%	240,902	65%
Number of Madrid Registrations and Renewals	115,616	128,900	n/a	63,813	50%	78,473	61%
Number of Hague Registrations and Renewals	9,103	17,800		5,560	31%	6,956	39%

<sup>1</sup> 2012/13 Budget after transfers refers to expenditure budget only. It reflects the adjusted budget of Programs, following transfers during 2012/13 in line with Financial Regulation 5.5. The 2012/13 Budget after transfers also includes flexibility adjustments approved by the Director General in line with the Financial Regulation 5.6, whereby 5 posts were created under Program 5 (The PCT System) in view of the higher than budgeted level of registration activity foreseen for 2012/13, resulting in additional allocation of personnel resources in the amount of 982 thousand Swiss francs.

<sup>2</sup> The comparison for income and registration figures is against the estimates included in the approved P&B, while expenditure figures are compared to Budget after Transfers.

<sup>3</sup> Includes accruals

<sup>4</sup> Includes an amount of 3.8 million Swiss francs related to reversal of accruals, booked as Miscellaneous revenue in relation to projects financed from Reserves.

5. Table 2 provides an overall financial situation for WIPO for the year ended December 31, 2012, as well as for the cumulative period from January 1, 2012 to March 31, 2013 (15 months). The table also provides expenditure figures for projects financed from the WIPO Reserves with the corresponding IPSAS adjustments. Information is also provided on the level of Reserve and Working Capital Funds (RWCF).

**Table 2. Overall Financial Situation as of end 2012 and end March 2013**  
(in millions of Swiss francs)

	2010/11 Actual	2012 Preliminary Actual	Jan 2012 - Mar 2013 Actual (15 months)
Income	592.8	344.9 <sup>1</sup>	428.3 <sup>1</sup>
IPSAS adjustments to Income	(20.5)	(14.9)	(18.8)
<b>INCOME after IPSAS adjustments</b>	<b>572.4</b>	<b>330.0</b>	<b>409.5</b>
EXPENDITURE	588.9	290.1	360.9
IPSAS adjustments to Expenditure	14.4	14.3	18.6
<b>EXPENDITURE after IPSAS adjustments</b>	<b>603.3</b>	<b>304.4</b>	<b>379.5</b>
<b>Operating Result</b>	<b>(30.9)</b>	<b>25.6</b>	<b>30.0</b>
<b>Reserve Expenditure</b>			
Special Project (Reserve) Expenditure	(41.9)	(14.8)	(18.2)
IPSAS adjustments to Reserve Expenditure	27.1	4.9	6.1
<i>Sub-total, Reductions from Reserves</i>	<i>(14.8)</i>	<i>(9.9)</i>	<i>(12.1)</i>
<b>Overall Result after Reserve Expenditure</b>	<b>(45.7)</b>	<b>15.7</b>	<b>17.9</b>
RWCF, beginning balance	208.3	162.5	162.5
<b>RWCF, ending balance</b>	<b>162.5</b>	<b>178.2</b>	<b>180.4</b>
RWCF Target	116.8	120.6	120.6
Approved reserve projects (unspent balance)	47.8	36.6	35.1
RWCF Balance	(2.1)	21.0	24.7

<sup>1</sup>Includes an amount of 3.8 million Swiss francs related to reversal of accruals, booked as Miscellaneous revenue in relation to projects financed from Reserves.

6. Table 3 presents budget utilization figures by Program for 2012 as well as for the cumulative period until March 31, 2013. Table 4 provides the 2012 preliminary results by Unions (Contribution-financed Union, PCT Union, Hague Union and Lisbon Union).

**Table 3. 2012/13 Expenditure by Programs**  
(in thousands of Swiss francs)

Programs	2012/13 Approved Budget	2012/13 Budget after Transfers*	2012 Actual Expenditure	Percent of 2012/13 Budget after Transfers	Jan 2012-Mar 2013 Actual Expenditure (15 months)**	Difference from 2012/13 Budget after Transfers
1 Patent Law	4,843	5,163	2,151	41.7%	2,828	54.8%
2 Trademarks, Industrial Designs and Geographical Indications	6,053	5,654	2,690	47.6%	3,275	57.9%
3 Copyright and Related Rights	18,593	19,425	8,545	44.0%	10,425	53.7%
4 Traditional Knowledge, Traditional Cultural Expressions and Genetic Resources	7,980	6,630	2,934	44.3%	3,784	57.1%
5 The PCT System	178,600	175,893	83,533	47.5%	103,166	58.7%
6 Madrid, and Lisbon Systems	52,094	50,622	23,850	47.1%	29,355	58.0%
7 Arbitration, Mediation and Domain Names	10,585	9,975	4,710	47.2%	5,925	59.4%
8 Development Agenda Coordination	4,788	4,132	1,757	42.5%	2,029	49.1%
9 Africa, Arab, Asia and the Pacific, Latin America and the Caribbean Countries, Least Developed Countries	35,102	33,126	15,153	45.7%	18,468	55.8%
10 Cooperation with Certain Countries in Europe and Asia	6,439	6,348	2,815	44.3%	3,371	53.1%
11 The WIPO Academy	10,332	11,856	5,751	48.5%	6,794	57.3%
12 International Classifications and Standards	6,932	6,976	3,361	48.2%	4,117	59.0%
13 Global Databases	4,503	4,302	1,970	45.8%	2,461	57.2%
14 Services for Access to Information and Knowledge	7,038	7,634	3,444	45.1%	4,330	56.7%
15 Business Solutions for IP Offices	7,813	8,104	3,911	48.3%	4,677	57.7%
16 Economics and Statistics	4,585	5,198	2,222	42.7%	2,832	54.5%
17 Building Respect for IP	2,992	2,884	1,248	43.3%	1,570	54.4%
18 IP and Global Challenges	6,768	7,048	3,516	49.9%	4,266	60.5%
19 Communications	16,599	16,269	7,685	47.2%	9,600	59.0%
20 External Relations, Partnerships and External Offices	10,912	10,349	4,245	41.0%	5,163	49.9%
21 Executive Management	18,948	18,338	8,703	47.5%	10,750	58.6%
22 Program and Resource Management	18,901	19,074	8,987	47.1%	11,235	58.9%
23 Human Resources Management and Development	21,493	21,907	9,998	45.6%	12,815	58.5%
24 General Support Services	46,271	40,000	17,792	44.5%	22,222	55.6%
25 Information and Communication Technology	50,408	47,977	23,133	48.2%	30,012	62.6%
26 Internal Oversight	5,050	4,837	2,306	47.7%	2,820	58.3%
27 Conference and Language Services	37,240	37,691	18,207	48.3%	22,018	58.4%
28 Safety and Security	12,159	10,814	5,212	48.2%	6,428	59.4%
29 Construction Projects	7,675	7,144	3,518	49.2%	3,575	50.0%
30 SMEs and Innovation	11,261	9,816	3,439	35.0%	4,264	43.4%
31 The Hague System	6,970	6,906	3,293	47.7%	4,014	58.1%
Unallocated	7,503	26,319	-	0.0%	-	0.0%
<b>GRAND TOTAL</b>	<b>647,430</b>	<b>648,411</b>	<b>290,079</b>	<b>44.7%</b>	<b>358,589</b>	<b>55.3%</b>

\*2012/13 Budget after transfers reflects the adjusted budget of Programs, following transfers during 2012/13 in line with Financial Regulation 5.5. The 2012/13 Budget after transfers also includes flexibility adjustments approved by the Director General in line with the Financial Regulation 5.6, whereby 5 posts were created under Program 5 (The PCT System) in view of the higher than budgeted level of registration activity foreseen for 2012/13, resulting in additional allocation of personnel resources in the amount of 982 thousand Swiss francs.

\*\*Figures do not include accruals

**Table 4. Preliminary Results by Unions as of end 2012**  
(in thousands of Swiss francs)

	Contribution- financed Unions	PCT Union	Madrid Union	Hague Union	Lisbon Union	Total
Income <sup>1</sup>	18,636	267,262	55,079	3,494	394	<b>344,865</b>
IPSAS adjustments to Income	(5.0)	(14,079)	(750)	(52)	(4)	<b>(14,890)</b>
<b>INCOME after IPSAS adjustments</b>	<b>18,631</b>	<b>253,183</b>	<b>54,329</b>	<b>3,442</b>	<b>390</b>	<b>329,975</b>
EXPENDITURE	17,056	216,087	50,465	5,778	692	<b>290,078</b>
IPSAS adjustments to Expenditure	842	10,666	2,491	285	34	<b>14,318</b>
<b>EXPENDITURE after IPSAS adjustments</b>	<b>17,898</b>	<b>226,753</b>	<b>52,956</b>	<b>6,063</b>	<b>726</b>	<b>304,396</b>
<b>Operating Result</b>	<b>733</b>	<b>26,430</b>	<b>1,373</b>	<b>(2,621)</b>	<b>(336)</b>	<b>25,579</b>
<b>Reserve Expenditure</b>						
Special Project (Reserve) Expenditure	(1,148)	(8,911)	(3,971)	(775)	(13)	(14,818)
IPSAS adjustments to Reserve Expenditure	632	3,560	768	(16)	5	4,949
<i>Sub-total, Reserve Expenditure</i>	<i>(516)</i>	<i>(5,351)</i>	<i>(3,203)</i>	<i>(791)</i>	<i>(8)</i>	<i>(9,869)</i>
<b>Overall Result after Reductions from Reserves</b>	<b>217</b>	<b>21,079</b>	<b>(1,830)</b>	<b>(3,412)</b>	<b>(344)</b>	<b>15,710</b>

<sup>1</sup>Includes an amount of 3.8 million Swiss francs related to reversal of accruals, booked as Miscellaneous revenue in relation to projects financed from Reserves.

7. Table 5 presents an overview of WIPO employees on board (staff on authorized budget posts and employees on short-term and temporary contracts) as at end of 2012 as well as at end of March 2013.

**Table 5. Posts and Employees on Board by Programs**

Programs	Headcount as of end December 2012			Headcount as of end March 2013		
	Posts*	Short-term & Temporary Staff**	Total	Posts*	Short-term & Temporary Staff**	Total
1 Patent Law	9	2	11	9	1	10
2 Trademarks, Industrial Designs and Geographical Indications	9	2	11	9	2	11
3 Copyright and Related Rights	22	6	28	22	3	25
4 Traditional Knowledge, Traditional Cultural Expressions and Genetic Resources	6	5	11	7	5	12
5 The PCT System	329	40	369	338	36	374
6 Madrid, and Lisbon Systems	101	16	117	102	15	117
7 Arbitration, Mediation and Domain Names	17	21	38	17	21	38
8 Development Agenda Coordination	6	-	6	6	-	6
9 Africa, Arab, Asia and the Pacific, Latin America and the Caribbean Countries, Least Developed Countries	45	12	57	44	9	53
10 Cooperation with Certain Countries in Europe and Asia	10	2	12	11	2	13
11 The WIPO Academy	12	4	16	14	3	17
12 International Classifications and Standards	14	2	16	15	1	16
13 Global Databases	8	-	8	8	-	8
14 Services for Access to Information and Knowledge	12	5	17	12	5	17
15 Business Solutions for IP Offices	10	-	10	10	-	10
16 Economics and Statistics	8	2	10	9	2	11
17 Building Respect for IP	5	-	5	5	-	5
18 IP and Global Challenges	11	4	15	10	5	15
19 Communications	32	10	42	33	8	41
20 External Relations, Partnerships and External Offices	15	3	18	15	3	18
21 Executive Management	31	8	39	29	8	37
22 Program and Resource Management	43	11	54	43	11	54
23 Human Resources Management and Development	36	7	43	36	8	44
24 General Support Services	49	6	55	50	6	56
25 Information and Communication Technology	46	8	54	46	9	55
26 Internal Oversight	7	4	11	7	4	11
27 Conference and Language Services	71	9	80	70	9	79
28 Safety and Security	6	1	7	6	-	6
29 Construction Projects	-	1	1	-	1	1
30 SMEs and Innovation	11	4	15	12	3	15
31 The Hague System	14	2	16	14	2	16
<b>GRAND TOTAL</b>	<b>995</b>	<b>197</b>	<b>1,192</b>	<b>1,009</b>	<b>182</b>	<b>1,191</b>

\*Compared to 1,109 authorized posts, which include 5 posts approved by the Director General in 2012 in line with the Financial Regulation 5.6 on flexibility adjustments. These posts were created under Program 5 (The PCT System) in view of the higher than budgeted level of registration activity foreseen for 2012/13, resulting in additional allocation of personnel resources in the amount of 982 thousand Swiss francs.

\*\*Further to the approval of the revised WIPO Staff Regulations and Rules, WIPO has undertaken the reform of contractual arrangements of employees on previous short-term contracts (which included General Service short-term, Special Labor Contracts, Consultants, Translators and Revisers). The process started towards the end of 2012 and continued throughout the first quarter of 2013.

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