

Q&A
PROPOSED PROGRAM AND BUDGET 2014/15

RESULTS OVERVIEW

Q1: The results framework for 2014/15 sets out 36 organizational expected results compared to 60 results in 2012/13. This decrease has been achieved without any loss of substance – could you elaborate on this?

A1: Organizational Expected Results have undergone further refinement and consolidation compared to 2012/13 to bring them to a consistent level providing a clearer mandate and enhanced focus for Programs contributing to these results. This has resulted in similar results being merged while retaining the substance of each individual merged result.

Q2: Section I - The Results Overview states that measurements metrics have been further improved. In this context can you explain why some performance indicators still do not have baselines?

A2: The baselines refer to the situation at the end of the biennium 2012/13, i.e. the starting point for the new biennium. There are two reasons why the baselines for some performance indicators still need to be established: (1) the baseline data will only be available at the end of 2013; or (2) the indicator is new and therefore baseline data will only be collected at the end of 2013.

Q3: The identification of risks and mitigation strategies has been considerably strengthened in the Program and Budget 2014/15? Could you explain the driver behind this improvement?

A3: The initiative on risk management and internal controls under the Strategic Realignment Program (SRP) is aimed at strengthening and fully integrating the identification of risks and mitigation strategies into organizational performance management, including biennial planning. WIPO oversight bodies have guided this process.

Q4: Could you elaborate on the concept of WIPO being a service-oriented Organization?

A4: It is recalled that the objective of the Strategic Realignment Program (SRP) established by the Director General in 2009, aimed at transforming WIPO into a responsive, efficient organization, equipped to provide global leadership on IP issues and to achieve its Strategic Goals. The SRP has brought new focus to the Organization's culture and values, greater efficiency in business processes and better alignment of Programs, structure and resources to the nine Strategic Goals.

Service orientation is one of WIPO's four core values. Service orientation implies increased responsiveness to Member States, global stakeholders and customers to ensure their satisfaction with all WIPO services, including for example the services of WIPO's international registration system (e.g. PCT, Madrid, the Hague and the WIPO Arbitration and Mediation Center), development-oriented services (for example: national IP strategies, training and capacity building, enhanced access to and use of IP information and knowledge, legislative advice), administrative and management services (for example: conference and translation services, security services).

Service orientation is an attitude required by all staff whether dealing externally with all stakeholders, including Member States, IP stakeholders at the national or regional level, other intergovernmental organizations, NGOs and customers or internally with colleagues within the Secretariat.

FINANCIAL OVERVIEW

Q1: Table 3 of the draft Program and Budget document indicates an increase in PCT fee income by 4 per cent, while Table 4 indicates that the level of International Applications is foreseen to increase by 6.7 per cent. Shouldn't the income and the registration levels increase at the same pace?

A1: The level of fee income generated as a result of an increase in registration levels will differ, depending on a number of factors, including where and how the application is filed, as various elements of the fees paid will depend on this. The forecast level of income takes into account a number of assumptions in this respect, and is not the simple result of the multiplication of the expected number of IAs and fee. For detailed explanation of the various factors taken into consideration in the projected fee income, please also see Annex IV Evolution and Demand for Services Under the PCT, Madrid and the Hague Systems in the Medium Term.

Q2: Please provide the estimate for projected income in current biennium as compared to what was foreseen in the P&B.

A2: Table 3 of the draft Program and Budget provides the updated estimates for income for the current biennium. Compared to the initially foreseen 647 million Swiss francs, the current estimates foresee total income in the amount of 683 million Swiss francs. Chart 3 also provides an overview of the historical differences between income projections and actual income generated over biennia, indicating that the actual figures have mostly exceeded forecasts over the past eleven biennia.

Q3: What is the reason for the proposed increase in overall personnel costs and specifically for the increase in After Service Health Insurance (ASHI) related costs?

A3: Full details of the changes related to personnel costs are provided in paragraphs 34-40 of the draft Program and Budget proposal. The total increase in personnel costs is 36.3 million Swiss francs compared to the 2012/13 Budget after transfers, which represents an increase of 8.8 per cent. The two most significant elements of this increase are:

- **Re-costing**, which primarily reflects step increases and changes to pensionable remuneration levels, in line with ICSC salary scales, as well as changes to common staff costs (e.g. education grant, dependency allowances, home leave, etc). The re-costing impact represents a net increase of approximately 13 million Swiss francs.
- **ASHI** - It is recalled that as a short term measure, a downward adjustment was made for the purposes of the Program and Budget for the 2012/13 biennium in respect of the percentage applied to post costs for the funding of the provision for after service employee benefits, including ASHI from 6 per cent to 2 per cent (please see WIPO Publication No. 360E/PB1213, paragraph 26). As one per cent represents approximately 4 million Swiss francs, the increase in costs for the re-instatement of the 4 per cent represents approximately 16 million Swiss francs.

Q4: Has WIPO prepared any long-term financing scenarios for ASHI? Has WIPO looked at ways of limiting the amounts to be funded over the long term?

A4: A paper giving various options regarding the financing of the ASHI liability was presented to the PBC in 2012. Several delegates found the paper premature and preferred to wait to see what action the UN would take with respect to this same issue. This year, the PBC will receive a paper on the subject of funding long-term employee benefits which explains a simple initial step which WIPO proposes to take with regard to the financing of these benefits. During the intervening year WIPO has carefully monitored the actions of not only the UN but of various other UN agencies also with regard to this long-term liability and reference to this is also contained within the aforementioned paper.

Q5: Please provide explanation of why there is an increase of 96 posts, when the DG's foreword states "no new posts are being requested – the draft Program and Budget maintains the same headcount".

A5: The 96 posts are part of the 156 already approved in principle by Member States, within the context of the approval of the strategy to be implemented with respect to the regularization process, as also noted in paragraph 39 of the draft Program and Budget document. The use of these posts will result in a commensurate reduction of temporary staff. Accordingly, there is no request for new posts, as these posts have already been approved in principle, and there will be no headcount increase either, just a shift from temporary staff to post category at a marginal cost.

Q6: The increase in staff costs is significant at 8.8 per cent. Has any analysis of potential staff cost containment measures been undertaken by the Secretariat?

A6: The scope for cost containment measures in respect of staff costs is limited. Prudent financial management requires that the Organization's staff costs are accurately and transparently reflected, and that future liabilities are also appropriately recognized, accounted and provided for. The Secretariat has indicated that no new posts are requested for the following biennium, and that all business strategies and expected results will be delivered within no increase in headcount.

Q7: Please explain why the cost of Temporary Staff is proposed to increase by 1.4 per cent when the number of temporary staff is foreseen to further reduce in accordance with paragraph 39.

A7: The Organization made and continues to make significant efforts to complete the regularization process, which has resulted in a steady reduction in the number of short term employees and temporary staff over the past 5 years (in 2008, total short term employees on board at the end of the year were just over 300, while in 2012, it was already under 200). However, the costs of temporary staff, similar to those of staff on posts, are subject to ICSC mandated statutory increases. Accordingly, the temporary staff positions, which are budgeted as such, will be affected by these statutory increases, thus resulting in the proposed budget increase seen in Table 5 of the draft Program and Budget document. It should be noted, however, that a separate provision is proposed to be set aside for the completion of the regularization process, as described in detail under paragraph 39 of the draft Program and Budget document. The implementation of the regularization process will entail a shift of the resources, positions and people from the "temporary staff" to the "posts" category over the course of the biennium.

Q8: The Financial Overview makes reference to a separate Capital Master Plan – could you elaborate in more detail?

A8: The draft Program and Budget makes reference to the reserves in Table 2. This table, as in previous biennial Program and Budget proposals, provides (i) an overview of the income and expenditure by Union, which, for the first time, has also been supplemented by the respective IPSAS adjustments allocated to each Union; and (ii) the reserve target by union, which is

determined in line with WIPO's Reserve policy¹. Furthermore, paragraph 14 of the Financial Overview section of the draft Program and Budget also makes reference to the reserves, noting that a number of capital expenditures and investments are also proposed to be funded from available reserves, indicating that a separate document will be presented on these proposals. The reference in the draft Program and Budget document is intended to reinforce transparency and highlight that further funding needs will be presented in a separate proposal. The proposal on the use of reserves, submitted to the PBC for its consideration under WO/PBC/20/5, has been compiled in full compliance with the Organization's policy on the use of reserves².

Q9: The total development share appears to have decreased compared to 2012/13 – can you explain why?

A9: The development share for 2014/15 (21.1 per cent) should be compared with the development share 2012/13 Budget after transfers (20.9 per cent) which takes duly into account the overall reduction in expenditure of 10.2 million Swiss francs for 2012/13 through the implementation of cost efficiency measures. The development share for 2014/15 has therefore stayed stable compared to 2012/13. In absolute terms, the development expenditure shows an increase of 2.8 per cent compared to 2014/15.

Q10: How has the development expenditure been estimated?

A10: The methodology applied to estimate the development share of the proposed Program and Budget for 2014/15 is fully in line and consistent with the definition of development expenditure and methodology adopted in 2012/13 (please refer to paragraphs 52 and 53).

Q11: The proposal contains provisions for three DA projects. How many projects are currently under implementation and how many are still to be evaluated?

A11: 15 DA projects are currently under implementation of which 12 are scheduled for completion by the end of 2013. Once completed, all projects will be subject to an independent evaluation.

Q12: Have cost efficiencies been baselined in the Proposed Program and Budget 2014/15?

A12: Yes, cost efficiencies achieved have been taken fully into account in the baselines used for the proposed Program and Budget. The Secretariat has gone beyond just taking already achieved cost efficiencies into account, however, and further efforts continue to be made to ensure that activities are funded as cost effectively as possible. One example of this is the introduction of an Online Booking Tool, which is expected to generate savings in travel costs in the range of 8-10 percent – these efficiency gains have already been taken into account in the preparation of the proposed Program and Budget. It is highlighted that as a result of these efforts, the upward pressure on non-personnel expenditures (PCT translation, diplomatic conferences, ICT business continuity, external offices etc) has been accommodated within an overall reduction of 4.8 percent in the non-personnel envelope proposed for 2014/15.

¹ Please see A/48/9 Rev. - Policy on Reserve Funds and Principles Applied in Respect of the Use of Reserves

² Idem

Q13: If there is no increase in the UN base salary costs, what is included in the "re-costing" impact of 12.6 million Swiss francs?

A13: As indicated in paragraph 35 of the proposed Program and Budget document, the re-costing takes into account all known and applicable adjustments projected for WIPO staff costs (both on posts and temporary positions), including:

- statutory changes mandated to be followed by all Organizations applying the UN common system of salaries and allowances, as set out by the International Civil Service Commission (ICSC) - these are related to step increases, and changes in pensionable remuneration levels;
- changes to common staff costs related to changes in the WIPO staff composition (dependency allowances, education grant etc.); and,
- the biennial financial impact of the re-classifications completed in 2012/13.

Q14: If income turns out to decrease in the course of the biennium 2014-15, which expenditure items will be cut to make both ends meet?

A14: 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 D of the proposed Program and Budget 2014/15 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.

Q15: Please explain the change in "Unallocated" from the amount appearing in the original Approved Program and Budget for 2012/13 (7.7 million Swiss francs) to the amount appearing under the Budget After Transfers (26.3 million Swiss francs) as shown in Table 9 of the draft Proposed Program and Budget 2014/15 and Table 3 of the Financial Overview document (WO/PBC/20/INF.1).

A15: A major part of the balance of resources under the Unallocated line is the result of the implementation of Member States' decision to reduce expenditure in 2012/13. It is recalled that the Member States have approved the 2012/13 budget subject to efforts by the Secretariat to reduce expenditure through cost efficiency measures by 10.2 million Swiss francs through various measures such as travel policies for staff and third parties, premises management, reductions in personnel costs through improved organizational design, etc. The Secretariat continues to make sustained efforts to achieve cost efficiencies beyond this level, and the Budget After Transfers reflects a snapshot of the spending authority or allocations provided to Programs at a specific point in the biennium, which may therefore be subject to change up until the end of the biennium.

The Unallocated line also includes resources related to the on-going regularization of long-serving short-term employees as well as provisions for reclassifications. It is recalled that these provisions were budgeted in the 2012/13 approved budget under the Unallocated line.

STRATEGIC GOAL I: BALANCED EVOLUTION OF THE INTERNATIONAL NORMATIVE FRAMEWORK FOR IP

Q1: How much has been set aside for the funding of Diplomatic Conferences and will WIPO finance the participation of all WIPO Member States for the Diplomatic Conference for the adoption of a Revised Lisbon Agreement?

A1: As noted in paragraph 42 of the draft Program and Budget proposal, subject to the decision of the Member States, the following provisions have been made for the holding of possible Diplomatic Conferences in the next biennium:

- (a) on the adoption of a design law treaty, in the amount of approximately 0.8 million Swiss francs (Program 2);
- (b) in the area of the Traditional Knowledge, Traditional Cultural Expressions and Genetic Resources, in the amount of approximately 0.8 million Swiss francs (Program 4); and
- (c) for the adoption of a Revised Lisbon Agreement subject to decision by the Lisbon Assembly (Program 6), in the amount of approximately 130 thousand Swiss francs.

The provisions set aside for the possible Diplomatic Conference on the adoption of a Revised Lisbon Agreement covers financing for participation of Member States Party to that Agreement.

Q2: In case consensus can be achieved on more topics – can additional diplomatic conferences be accommodated?

A2: Member States' consensus on balanced evolution of the international normative framework for IP is a main priority of the Organization. Should consensus in the normative area be reached on more topics than originally foreseen in the Program and Budget, and provided there is a decision by the Assemblies, resources will be made available, as required, following a review of resource utilization.

STRATEGIC GOAL III: FACILITATING THE USE OF IP FOR DEVELOPMENT

Q1: The number of Expected Results under Strategic Goal III has decreased – could you explain why?

A1: Organizational Expected Results have undergone further refinement and consolidation compared to 2012/13 to bring them to a consistent level. This has resulted in a decrease in the number of Expected Results under Strategic Goal III as well as other Strategic Goals without any loss of substance. An example is the consolidation of the Expected Results III.6 (DA principles), III.7 (Effective planning, implementation and reporting on DA recommendations) and III.8 (Enhanced understanding of DA) in 2012/13 into one consolidated Expected Result III.3 on the mainstreaming of the DA Recommendations in the work of WIPO.

Q2: What are the available resources to cover the needs of the respective regions in the next biennium?

A2: The total resources deployed to achieve results in the regions consist of: a) the resources available to the Bureaus; b) resources in the specialized Programs devoted to development oriented activities; and c) resources in Program 11 (the WIPO Training Center). Development is mainstreamed in 26 out of the total of 36 Expected Results (p. 14 of the English version of the proposed Program and Budget 2014/15) and in 23 Programs (Table 6, p. 26 of the English version of the proposed Program and Budget 2014/15).

Q3: What is the substantive rationale behind the proposal to mainstream the work for SMEs in the Regional Bureaus? Why are SMEs not considered like the specialized Programs which are not part of Programs 9 and 10? Does that imply a transfer of resources to the Bureaus?

A3: SMEs are a very important stakeholder group as opposed to being a specialized area such as the PCT (Program 5), Madrid (Program 6), IP law (Programs 1, 2, 3 and 4) and Business Solution for IP Offices (Program 15). SME related work consists of enhancing the innovative capabilities of SMEs and the use of the IP system for protecting their IP assets. The overarching strategy towards this end is capacity building – for which the primary responsibility continues to lie with the Regional Bureaus (Program 9) and Program 10. Given the in-depth knowledge of the Regional Bureaus of their respective regions, the mainstreaming of capacity building activities targeting SMEs would ensure that the regional specificities of SMEs are more effectively and efficiently addressed and that current overlaps are eliminated. Consistency across the Regional Bureaus and Program 10 and continuous evolution of cutting edge material and content will be ensured by the Office of the Deputy Director General for Development in close cooperation with the Section for Coordination with Developed Countries. The appointment of SME focal points in the Regional Bureaus and Program 10 indeed implies an increase in personnel resources in the related Programs having the required expertise to ensure that the regional specificities of SMEs can be better addressed.

Q4: Do the proposed resources for Expected Result III.1 “National innovation and IP strategies and plans consistent with national development objectives” include resources for implementing national IP strategies in addition to establishing them?

A4: The proposed resources for Expected Result III.1 consist of an estimation of resources required to achieve the following indicators in all regions in 2014/15:

Program 9– Performance indicators, baselines and targets for Expected Result III.1

Performance Indicators	Baselines	Targets
No. of countries which are in the process of formulating/adopting national IP strategies and/or development plans	Africa (12 cumulative) Asia and Pacific (8) Arab (4) Latin America and the Caribbean (9) 5 LDCs included in the above regional breakdown	Africa (18 cumulative) Asia and Pacific (13 cumulative) Arab (7 cumulative) Latin America and the Caribbean (13 cumulative) 10 LDCs included in the above regional breakdown
No. of countries which have adopted and are implementing national IP strategies and/or development plans	Africa (4) Arab (3) Asia and Pacific (3) Latin America and the Caribbean (4) 5 LDCs included in the above regional breakdown	Africa (6 cumulative) Arab (6) cumulative Asian and Pacific (7)cumulative Latin America and the Caribbean (12) 11 LDCs included in the above regional breakdown

Program 10- Relevant performance indicators, baselines and targets for Expected Result III.1

Performance Indicators	Baselines	Targets
No. of countries having developed national IP strategies/plans	14 (cumulative per end 2013)	Six additional countries

The National IP strategies, once adopted, drive the development of country plans which, *inter alia*, outline the areas within the strategies which will be implemented with WIPO assistance. The relevant resources associated with this implementation, are part of the development share of Expected Results under Strategic Goals I to VIII.

Q5: Could the reorganization of the WIPO Academy be explained in more detail? How will it affect services to Member States? Are there any resource implications for the Regional Bureaus?

A5: The Secretariat has sought advice on how to improve the services of the WIPO Academy. The independent management review recommended that in order to enhance the benefits for developing countries and LDCs (better service delivery) and maximize the use of resources, a strategic niche be carved out for the delivery of training activities under the WIPO Training Center, in close cooperation with the Bureaus. The Center would have five main roles: an implementing agency for the direct delivery of professional training; a catalyst of networks and partnerships to expand the range and impact of training opportunities in countries; an in-house center of excellence on training; an open-access on-line clearing house of information on all WIPO training activities, tools and services; and a hub of virtual network of partners, experts and teachers in development-oriented IP training. One important output will be the development of a catalogue of training courses to be delivered by the Training Center in close coordination with the specialized Programs.

The Regional Bureaus (Program 9) and Program 10 will continue to retain the primary responsibility for the planning, coordination and /or delivery of capacity building activities to

developing countries and LDCs with the associated resources (re: Expected Results III.2 (Enhanced human resource capacities) and III.4 (Cooperation mechanisms and programs)).

STRATEGIC GOAL IV: COORDINATION AND DEVELOPMENT OF GLOBAL IP INFRASTRUCTURE BUSINESS SOLUTIONS FOR IP OFFICES

Q1: Which developing countries benefit from WIPO CASE?

A1: There are currently no developing countries participating in the WIPO CASE project. The project has been presented to several developing countries in Latin America and Asia and it is currently under active consideration. Developing country IP Offices generally seek access to the search and examination reports of other Offices and WIPO CASE is designed to facilitate that process.

Q2: The draft Program and Budget 2014/15 proposes a strengthening of the program of work on the establishment of TISCs. Does this imply an allocation of additional resources for Program 30?

A2: The draft Program and Budget proposes the mainstreaming of the current Phase II of the DA project “Specialized Databases Access and Support” (following the independent evaluation of Phase I of the project) into the regular work of Program 14 “Services for Access to IP Information and Knowledge” with a total resource envelope of 1.7 million Swiss francs. The focus on ensuring long-term sustainability of the TISCs will be reinforced in 2014/15 building on the experiences and lessons learned during the implementation of the DA project.

STRATEGIC GOAL VIII: A RESPONSIVE COMMUNICATIONS INTERFACE BETWEEN WIPO, ITS MEMBERS AND ALL STAKEHOLDERS

Q1: Could you elaborate on the rationale behind the proposal to establish new external offices?

A1: External Offices play an increasingly important role in the effective delivery of WIPO’s products and services, including development oriented services, to Member States and other stakeholders. They provide a platform that delivers coherent services more efficiently and responsively through closer co-operation with the stakeholders and beneficiaries. To further develop WIPO as a truly global Organization five new external offices are proposed in line with the following key principles: (1) External offices should add value and undertake activities that can be performed more efficiently or effectively than at Headquarters; (2) external offices could have different mixes of functions in response to regional priorities and specificities, (3) a new external office should only be established if it is financially feasible for the Organization to do so; (4) a phased and prudent approach should be adopted towards the establishment of functions and corresponding resourcing in the external offices.

Please also see the Director General’s foreword page 6 (English version).

Q2: Why does Program 20 contain the results framework for the existing External Offices but not the proposed new offices?

A2: The results framework for the existing External Offices have been considerably improved compared to 2012/13 and clearly reflects their mandate based on the regional priorities. The results framework will be expanded to include the new Offices once their geographical locations have been confirmed and the mix of Expected Results to which they would contribute are determined.

Q3: What is the cost of setting up the proposed new external offices? What are the costs of existing external offices?

A3: On average, approximately 300 thousand Swiss francs have been set aside for non-personnel costs per office for the new offices. However, the actual costs by office depend on: (1) the specific agreements and provisions concluded with the host countries; and (2) the maturity of an external office and the types of services/products that it provides, which make direct comparability difficult. It is noted that no new posts are foreseen for the staffing of the new External Offices.

The following table shows the resource breakdown for the existing external offices budgeted under Program 20:

Program	Program Unit	2012/13 Budget			2014/15 Budget		
		Personnel	Non-Personnel	Total	Personnel	Non-Personnel	Total
20 External Relations, Partnerships and External Offices							
	New York Office	1'051	880	1'931	895	792	1'687
	Singapore Office	1'848	548	2'396	1'781	493	2'274
	Rio de Janeiro Office	1'145	510	1'655	1'742	519	2'261
	Tokyo Office	401	200	601	834	204	1'038

Q4: Please explain where the funding for the new offices comes from in the proposed 2014/15 Program and Budget.

A4: As also indicated in Question 12 above, cost efficiencies achieved in 2012/13 have been fully taken into account in the baselines used for the Proposed Program and Budget 2014/15. The Secretariat's continued efforts to achieve further efficiencies has made it possible to accommodate a number of upward pressures on costs for specific initiatives, including the establishment of the new external offices. Accordingly, no additional funds are foreseen to be used to this purpose beyond what has been clearly set out for consideration and approval of Member States as part of the proposed Program and Budget 2014/15.

STRATEGIC GOAL IX: EFFICIENT ADMINISTRATIVE AND FINANCIAL SUPPORT

Q1: It has been announced that a new WIPO Human Resource Strategy will be presented. Could you indicate when it will be available to Member States?

A1: The new Human Resource Strategy will be submitted to the 21st Session of the PBC in September 2013 and the WIPO Coordination Committee.

Q2: The narrative for Program 25 makes reference to extensive outsourcing in IT. Could you explain this outsourcing strategy in more detail?

A2: A judicious mix is required between insourcing and outsourcing to find the most cost effective solution. Expertise is normally outsourced in the development phases. The design and management of IT projects is insourced. Examples of projects for which this model has been applied are: ERP, TIGAR, WIPO GREEN, WIPO Re:Search.

Q3: Please confirm whether WIPO's travel policies have been fully aligned with those of the UN.

A3: WIPO's official travel policies have been aligned with those of the UN. The elements of these include

- Travel is to be by the most direct, economical route and mode of transportation;
- Where official travel is by air, (i) for travel lasting fewer than nine hours, travelers travel in economy; and (ii) for travel lasting more than nine hours, travelers are authorized to travel in business class;
- Terminal expenses incurred for each required trip shall be paid in a fixed amount, and no terminal expenses shall be paid in respect of (i) an intermediate stop that is unauthorized or voluntary; or (ii) an intermediate stop of less than six hours that does not involve leaving the terminal or is exclusively for the purpose of making an onward connection.
- DSA is determined according to the schedule established for that purpose by the International Civil Service Commission.

Q4: Are all cost increases and decreases driven by changes in workload? Has adequate analysis of cost drivers been undertaken?

A4: Cost increases or decreases are mainly due to either of the two following factors:

- (1) Workload increases – for example in PCT translation
- (2) Unit cost increases/decreases – for example increases in personnel costs and decreases in unit price through contract negotiations

Comprehensive analysis of cost drivers has been undertaken for some of the major business areas, such as the PCT, Madrid and the Hague (please see Annex V, VI and VII). For other areas, such type of analysis is in the process of being refined enabled by the ERP tools.

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