

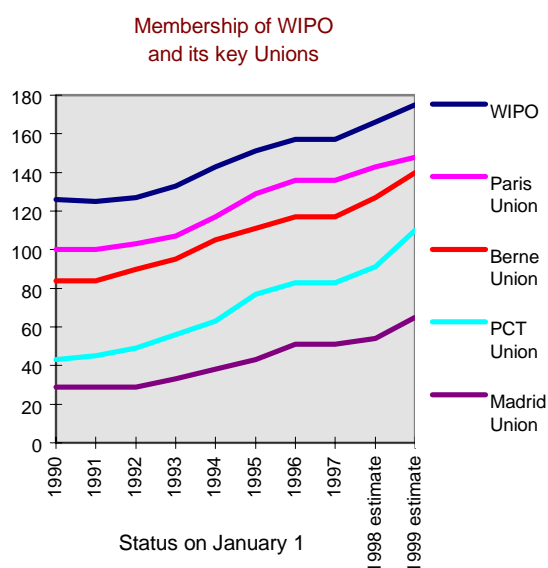
INTRODUCTION

PART I: POLICY

The demands on the international intellectual property system, the pressure for its expansion and development, the range of its constituents and interest groups, and its potential to serve economic and social needs, all show **unprecedented levels of growth and change**. The intellectual property policy environment and the impact of technological developments on the protection of intellectual property rights (IPRs) are undergoing continuous transformation. Intellectual property has moved into the mainstream of national economic and developmental planning.

The operational environment of WIPO is accordingly in a highly dynamic state. To take one topical instance, the striking technological and commercial growth of the Internet has, in a few years, had significant impact on virtually every element of WIPO's operations: in the protection, administration and enforcement of IPRs, in the nature of intellectual property disputes and how they are settled, in the harmonization and exchange of intellectual property information, in human resource development and public information services, and in the relations between WIPO and its Member States, the market sector, and other constituents. Further, it has generated the need for new norms and standards, created new issues involving complex considerations of national jurisdiction and territoriality, and raised possibilities for the benefits of the intellectual property system to reach a much broader range of interest groups world-wide. At the same time, concerns have arisen that the benefits of this quantum leap in technology should be shared by all countries at every stage of development, and concrete solutions to this end are sought. And yet this is just one aspect of the complex transformations in the intellectual property domain which confront WIPO in the forthcoming biennium. The expanding scope of WIPO's responsibilities is illustrated by the

rapid increase in membership of the Organization, from 125 in 1990 to the present total of 167 (a rise of one third); and of the key intellectual property Unions administered by WIPO, the number of Contracting States of the Patent Cooperation Treaty (PCT) having more than doubled since 1990 (see Annex 22).



This draft program and budget represents a fresh endeavor to apply WIPO's resources most effectively to rise to the full set of challenges which confront it – above all to institute the necessary means for WIPO to respond to, and where possible anticipate, trends in the intellectual property environment

and relevant economic and social developments, and to serve the complex and diverse needs of all Member States. WIPO must equip itself with an enhanced policy-making capacity, guided by a clear strategic outlook and built upon as broad a base of expertise and consultation as possible. A **stronger WIPO presence in the international community** and in the public eye will be required to ensure that the increasing demand for policy changes and ever more effective protection of IPRs is matched by greater awareness of the importance of these rights for economic and social well-being, and by widespread dissemination of practical knowledge of how to derive the benefits offered by the intellectual property system.

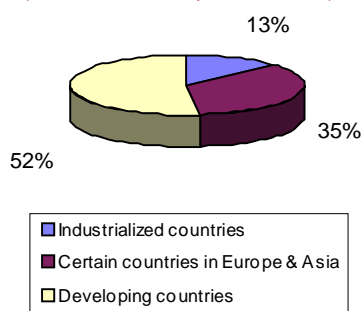
Strategic planning and policy development

Recent years have seen increased attention to intellectual property considerations in the **policy-making mainstream**, at both international and national levels, in a wide range of legal, technological, economic, commercial and social fields. Equally, developments in these fields increasingly affect international cooperation in intellectual property, which can no longer be viewed as a distinct or self-contained domain. Intellectual property has emerged as an issue in multilateral trade relations, and also has greater impact in the economic, technological and social spheres. Hence WIPO needs both to undertake systematic monitoring and assessment of developments in these related fields, and to plan and coordinate its responses to the increasing salience of intellectual property in many aspects of international relations beyond the traditional sphere of intellectual property cooperation. Increasingly many policy makers and strategic planners in governments and in international organizations require a sophisticated grasp of the intellectual property system and its future trends, and accurate knowledge about WIPO's operations and policy directions.

National intellectual property agencies are moving towards a strategic outlook, and many play an important role in economic planning and policy development. Consultations and cooperation between industrial property offices can have significant implications for broader international cooperation. It is therefore vital for WIPO to enhance its interaction with national policy development processes, and with policy consultations between national offices. Regionally-based forms of economic cooperation have also taken up detailed intellectual property agendas; WIPO must follow these developments carefully in formulating its own policy outlook. It will accordingly be called upon to interact closely, at an operational and strategic planning level, with an ever-widening range of international and governmental agencies, and regional groupings.

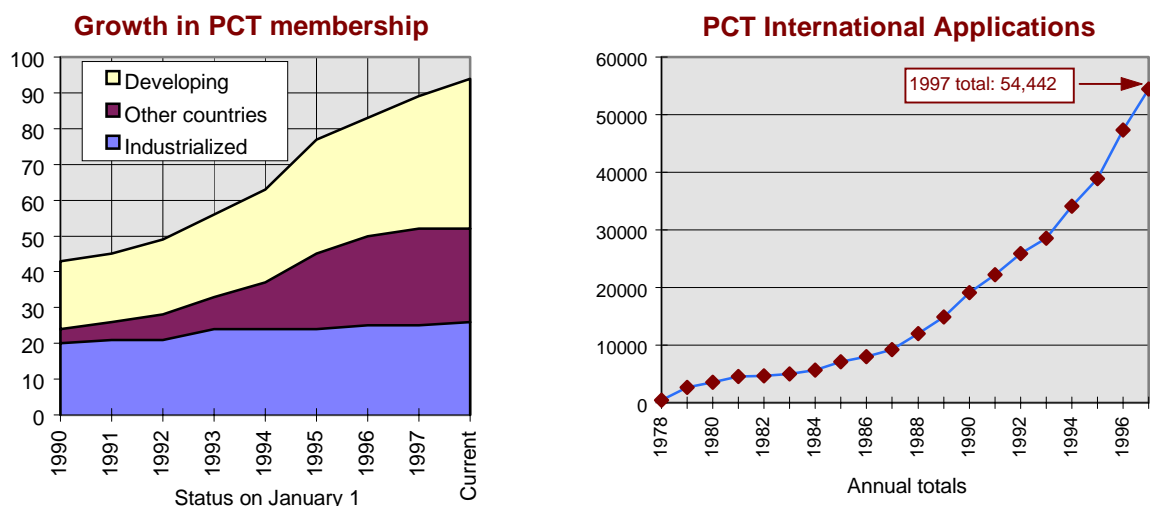
An effective response to these challenges must be founded on a more **structured and broadly based approach to policy development**, from an informed, strategic perspective, taking full account of developments in other fora, and broader trends in the international environment. The shift towards a management structure based on discrete main programs within WIPO accentuates this need, since policy development and initiatives within separate main programs will require an overall policy coordination process. WIPO's policy development process and its medium-term planning will also be more effective if they are underpinned by a clear strategic plan. A more

WIPO treaties: new adherences
(October 1996-September 1997)



coordinated and comprehensive approach to policy development is also needed in view of the convergence of the three chief WIPO activities – progressive development of international intellectual property law, global protection systems and services, and cooperation for development. This increasing interrelation is evidenced by the fact that the majority of new adherences to WIPO-administered treaties are from developing countries and from certain countries in Europe and Asia (see the chart on the left), reflecting their increasing prominence in

international cooperation in the field of intellectual property, and in particular the increasing perception of the potential benefits of the WIPO global protection services and systems can offer these countries. The broadening of participation in these services and systems is exemplified by the growing diversity of PCT membership (illustrated in the following graph):



In addition to being an international organization responsible above all to its Member States, WIPO also provides services to the market sector through its global protection and arbitration systems. The growth in filings of PCT international applications clearly illustrates the increasing importance of these services (see graph, above right). WIPO's long-term effectiveness and its operational efficiency must be underpinned by management and planning processes that respond to the needs of these two major constituencies. This document therefore proposes an upgrading, marked by greater sophistication and responsiveness, of WIPO's relations with its Member States, with the United Nations system and other specialized agencies, with key partners such as the World Trade Organization (WTO) and with non-governmental organizations and the general public. A range of **enhanced consultative mechanisms** is proposed, including the establishment of two Advisory Commissions aimed at enhancing the Director General's capacity to monitor and respond in a timely, informed and effective manner to policy issues and international and regional developments in intellectual property, developments in information technology and other related fields, and to anticipate the demands of the market sector and users of the intellectual property system.

Transparent, accountable and efficient management

Given the scale and significance of this program and budget, WIPO's principal stakeholders, its Member States, naturally have strong expectations of **transparency** and **accountability** in all aspects of WIPO's operations; these fundamental principles therefore form the foundation of the proposed new approach to management, and the associated program and budget structure. At the same time, the growth and increased complexity of WIPO's operations and resources clearly necessitate steps towards **devolution of decision-making**, the institution of **greater financial and managerial responsibility** at the level of program managers, and the overhaul of internal control and oversight mechanisms. These demands have led to the proposal for a modern management system which is characterized by responsible, accountable program managers, and the use of modern management techniques. This structure will be buttressed by enhanced internal audit, financial and management control and reporting procedures, by the identification of clear lines of responsibility of program managers, and by transparent program planning and implementation. It will be guided by a process of **continuous monitoring and evaluation** of the efficient and effective use of resources in working towards program objectives, and a structured analysis and application of enhanced productivity measures, with the aim of streamlining procedures and governing future demand for staff growth. The growth of WIPO's revenues and financial reserves, and the need to make the most productive

use of these resources, so as to yield higher returns consistent with security, have also triggered a revised approach to the management of funds and investment holdings.

Rising to these increased demands, and the greater levels of responsibility and accountability on the part of program managers, will only be feasible if further efficiencies are derived from the application of information technology and a more concentrated effort is made in staff development. The enhanced use of information technology and automation of procedures – including the move towards paperless filing in the PCT system – is therefore a key element in several programs. Staff development will aim at establishing a more skilled managerial cadre, promoting professional and technical skills, using information technology more cogently and productively, and promoting practical awareness of WIPO's operational and policy environment.

Cooperation for development: modernizing national intellectual property systems

The forthcoming biennium concludes with a crucial milestone: on January 1, 2000, many developing and other countries are due, as members of the WTO, to bring their national legislative and administrative structures into conformity with the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). This will be a major step forward in the international harmonization of the scope, standards, and enforcement of IPRs, and will require an unprecedented effort on the part of WIPO in providing the necessary intensive and carefully focussed technical assistance to the countries concerned. In undertaking this effort, WIPO will draw more systematically on work already undertaken on TRIPS implementation, such as the reviews by the TRIPS Council of the laws of industrialized WTO members. TRIPS implementation has also focussed international attention on the practicalities of enforcement of IPRs, and a concerted set of activities are proposed to enhance skills and cooperation in this area, where this accords with specific national priorities.

However, administration and enforcement of IPRs are not generally espoused as ends in themselves, but as elements of the national infrastructure required to **serve broader development goals**. A greater challenge for national administrations will therefore be to use the opportunities created by TRIPS to ensure that a modernized intellectual property system promotes optimal use of human and other resources and thereby contributes more effectively to national prosperity. To derive such benefits means broadening and deepening expertise within the public and non-governmental sectors, above and beyond technical improvements to the basic legal and administrative infrastructure. Hence WIPO will seek to increase the human capacity of developing countries so that all those concerned – administrators, government officials, enterprises, the research community, the legal profession, and above all those communities and social groups who have not yet had effective access to the system – can reap the benefits from the intellectual property system. TRIPS implementation and related modernization becomes a more productive process than simply abiding by international standards when it stimulates developing countries to identify their hidden intellectual property assets and to protect them more effectively, thus securing a more competitive position in the global marketplace. The need to capitalize on these opportunities has led in the present program to a more needs-oriented and sophisticated approach to cooperation for development, based on the development of **tailored national-focussed action plans** which will ensure that this cooperation **directly serves tangible national needs**. As interest within government circles is focussing on the broader economic and developmental impact of intellectual property protection, WIPO will seek to create a more sophisticated capacity to support analysis and provide technical advice in this complex field.

The perception that human capital is the key to securing the benefits of the intellectual property system is behind the proposal for a **WIPO Worldwide Academy**, which would coordinate training activities, originate new approaches and methods to expand the scope, impact and accessibility of WIPO programs, and create more effective training materials, tailored for diverse user groups. WIPO will further extend its programs to encourage and reward inventive and creative endeavor particularly in developing countries, the promotion of such endeavor being the very *raison d'être* of the intellectual property system.

Intellectual property as a global issue

Intellectual property issues and concerns are becoming increasingly integrated with other global issues: international cooperation in this field can no longer proceed in isolation from the broader policy environment. The TRIPS Agreement marked the emergence of intellectual property rights as an issue in multilateral trade negotiations. Similarly, intellectual property issues have been brought into debates on the protection and exploitation of biodiversity resources, on the development and transfer of environmentally friendly technology and technology for environmental protection, on the protection of folklore and indigenous culture, and on other aspects of economic and social development. Intellectual property, for many years viewed by the international community as a *recondite*, specialized issue, has assumed a new centrality. This follows from the sharpened focus on **knowledge-based models of economic development**, the greater understanding of the role of intellectual property in promoting technological advance and facilitating technology transfer, and the pressing need for technological solutions to the common problems confronting humanity. But there is limited understanding of the practical realities of the intellectual property system and, in particular, of how it may be more effectively used as a key element of coordinated solutions to the major problems confronting the international community.

As the UN specialized agency mandated to promote international cooperation in the field of intellectual property, WIPO has a vital role in dealing with such global issues. In responding to the **increasing centrality of intellectual property issues** in other international fora and in multilateral instruments in other fields, this draft program proposes initiatives on such issues as indigenous peoples' IPRs, biodiversity, protection of cultural heritage, and the future of territoriality. Evolution of an intellectual property system that serves the interests of Member States and maintains public confidence and trust, will also entail a greater public presence for the Organization, and willingness to enter into dialogue. Hence the program establishes a more active process of global communications, public diplomacy, media relations, and structured consultations and policy coordination and planning with other international and regional organizations, NGOs, community leaders, policy analysts, and representatives of the private sector and interest groups.

New approaches to the progressive development of international intellectual property law

The pace of change in the intellectual property domain necessitates consideration of new options for accelerating the development of international harmonized common principles and rules on intellectual property law, so that the system is more responsive to the ever-changing demands placed upon it. The approach taken under the present program is to review all the options available for the progressive development of international intellectual property law, to ensure that Member States' interests are served in a timely, flexible and effective manner. The treaty system provides the foundation of the international intellectual property system, and this **fundamental reliance on international treaties** is expected to continue in future development of law in this field. However, in order to implement a practical response to specific, urgent needs, States may in some instances elect

to pursue a complementary approach. The standard, lengthy process has been for an expert committee to discuss a draft international treaty, which is then concluded and adopted by one or more diplomatic conferences, with entry into force only after a significant number of States ratify or accede to it. This delay is likely to lengthen as the number of adherences required to trigger entry into force increases. A treaty is difficult to revise or replace, as the whole process – diplomatic conference, ratification and accession – must be repeated, with the effect that different entities come to be bound by different versions of a treaty. The binding character of a treaty does, however, give its signatories the strongest guarantees as to the implementation of its subject matter.

Countries which agree on specific principles or rules may wish to consider expressing their agreement by signing a Memorandum of Understanding or a similar instrument. This is not subject to the long ratification and accession process, is easier to modify or replace, and can be signed by an industrial property office or other government agency if its subject does not require parliamentary approval (for example, if it concerns not the law itself but implementing regulations). The WIPO General Assembly (or another Assembly) may also adopt a resolution recommending that Member States and interested intergovernmental organizations implement certain principles and rules: this creates no legal obligation for any country, but following such a recommendation would produce practical benefits. A further option is the publication, under the responsibility of the Secretariat, of model or illustrative principles and rules that would be available to any legislator or other authority seeking guidance on how to solve specific problems, similar to the Model Provisions on Protection Against Unfair Competition published in 1996.

These various approaches would not necessarily exclude each other: the process could, for instance, start with the adoption of a resolution by the WIPO General Assembly and later move to considering the conclusion of a treaty. This gradual approach may be employed when the conclusion of a treaty seems to be the most desirable objective but its attainment is prevented by difficulties with no bearing on its substance (for example, by disagreement on procedural issues).

The progressive development of international intellectual property law and international harmonization will be facilitated by the **rationalization and amalgamation of the existing multiple Committees of Experts** to form Standing Committees of Member States to examine questions of substantive law or harmonization in WIPO's main fields of activity. As the Standing Committees will deal with clusters of interlocking issues rather than working in isolation on single issues, they will also give Member States a more effective mechanism for setting priorities and allocating resources, and ensure the coordination and continuity of interrelated on-going work. As with the existing committee system, the expertise and breadth of representation of Member States would enable the Standing Committees to advance discussion on the substance of an issue to the point where the main characteristics of the possible solution are clear, and then to formulate recommendations for consideration by the General Assembly (or other Assembly) on the appropriate form and procedural steps for the solution to be adopted and implemented, whether by a formal treaty or by other means. Each Standing Committee would be established by the relevant Assembly through the adoption of this program and budget, and its agenda determined during its first meeting, based on the relevant program objectives, to be reviewed in subsequent meetings. To ensure a wide range of representation, WIPO would finance participation by some Member States.

Applications of information technology

Information technology will be an important tool for enhancing WIPO's communications with its Member States, as recent developments in digital technology and communications now offer

remarkable opportunities for WIPO to serve all its members' needs more effectively, and through them the broad range of potential beneficiaries of the intellectual property system. This program and budget seeks to apply information technology comprehensively in WIPO's operations, particularly through the proposal for a **global information network aimed at serving the interests of all Member States**. To achieve this will require bolstering technical expertise, careful and detailed consultations between Member States, and a concerted program of technical support, guidance and training for developing countries, so that the global network becomes a useful asset for countries at every stage of economic and infrastructure development.

The rapid and still accelerating dissemination of Internet technology in government, academic, research and private enterprise circles world-wide has created an indispensable tool for an international organization such as WIPO. WIPO launched its Website in September 1996, in an initially modest form, and the draft program and budget contains a number of proposals to greatly extend the range and impact of WIPO's presence on the Internet, and accelerate its current development from an essentially passive source of generic information to an active mechanism for undertaking several of WIPO's key functions. Hence the Internet will be available for public information and for more focussed training, for on-line resolution of intellectual property disputes, and for the dissemination of industrial property information and documentation on standards. Digital technology will also be applied to make WIPO's global protection systems and services (PCT, Madrid and the Hague) simpler for users and inexpensive to administer, and to promote more effective use of these systems as technological and commercial information resources, including through searchable Internet access to information.

Impact of digital technology on intellectual property law

The growth of digital networks also poses problems for the protection and enforcement of IPRs, as discussed above. This program proposes a range of initiatives to tackle the implications of modern digital and communications technology for copyright and industrial property law, and in electronic commerce transcending national jurisdictions. The establishment of a dynamic policy planning and strategic management process, and the broadening of the consultative base for policy development, will enable the Organization to be more responsive to the future impact of technological change, and to anticipate better the challenges it presents to the intellectual property system.

Despite the steady trend towards international harmonization and convergence of substantive norms and standards, the practical reality is that traditional methods of enforcing IPRs can be burdensome and expensive. This has stimulated interest in the possibilities of alternative dispute resolution, an interest which the WIPO Arbitration and Mediation Center was established in 1994 to serve. This program proposes further progress in this field, including on-line dispute-resolution services exploiting Internet technology, and readiness for an expected role in resolving disputes concerning the trademarks and Internet domain names.

PART 2: NEW PROGRAM AND BUDGET STRUCTURE

As the basic tool for addressing the policy considerations discussed above, the new draft program and budget is structured by two fundamental principles: **accountability** of the Secretariat and of each program manager for the cost-effective utilization of allocated resources and efficient implementation of each program; and **transparency** in every aspect of policy formulation, identification of objectives, program planning and budgeting, implementation and evaluation of the Organization's activities, resource allocation and productivity enhancement. In setting these principles as the foundations of the Secretariat's operations, this document encapsulates a distinct change of management approach and style in its structure and format.

The policies and major activities of the Organization are set out and budgeted for the first time by main programs and sub-programs corresponding to the lines of management responsibility in the organigram of the Secretariat. Main objectives, current situation, strategy for the future, main lines of action and expected results are set out in detail for each program and sub-program. Estimated costs for each main program and sub-program, and the staff requirements for each main program, are clearly and concisely specified. Program activities and staff costs of each main program are compared with those for the related program in the 1996-97 biennium, with details of program and cost variations, if applicable. This approach renders **transparent** the links between program activities and budget expenditures, as well as the full process of planning and implementing the program and budget.

Accountability will be assured through a clear delineation of management responsibility for programs corresponding to the organizational structure of the Secretariat and clear lines of responsibility. Each program manager who is responsible for the implementation of a main program or sub-program will be allocated a budget for the programmed activities and designated staff, and will be fully accountable to the Director General for the achievement of expected results in accordance with approved program objectives, and for the cost-effective utilization of the allocated resources.

The description of each main program:

- presents main program objectives, generally in order of priority,
- summarizes the current situation and immediate needs,
- outlines the strategy for the future, focussing on the 1998-99 biennium,
- summarizes proposed new program activities and ongoing activities,
- indicates expected results for the 1998-99 biennium,
- provides objectives, background, activities and expected results of each sub-program,
- sets out estimated costs of each sub-program by objects of expenditure,
- summarizes staffing levels by category in the revised 1996-97 and proposed 1998-99 budgets, with justification for proposed additional posts,
- indicates staff costs for the revised 1996-97 and proposed 1998-99 budget, with a breakdown of salaries for regular and short-term staff, social charges and other personnel costs,

- sets out a program budget summary, with a breakdown of each main program by sub-programs and estimated costs by objects of expenditure, and
- provides a program budget comparison, by program activities and staff costs, with program and cost variations between the 1996–97 and 1998–99 budget.

The new structure, format and content of this document are designed as an important **tool of communication** between the Organization and its Member States, and between the Director General and program managers within the Secretariat. This structure, based on main programs, sets out clear objectives, facilitates coherent planning and effective implementation of program activities, enables priority setting, and establishes **managerial responsibility** and mechanisms for sound financial management and budget discipline. It also aims to improve efficiency and cost-effectiveness, result-oriented implementation of programs, and compliance with the objectives and priorities set by Member States. Areas where coordination in planning and policy development is required will become clearer; fragmentation and duplication of activities will be avoided through **clear demarcation of responsibilities** of each program manager. The total program and staff costs are provided for each main program, and the program costs of their sub-programs, so that the total resources allocated to each area of activity can be readily determined by object of expenditure, thus facilitating decision-making by Member States and program execution by managers.

At the same time, this new program and budget structure constitutes the central instrument for **accountability** at two management levels. As noted, program managers will be responsible and accountable to the Director General in implementing the programs under their supervision in accordance with the programs' objectives, main activities, expected results and budget allocation. WIPO's financial accounts have already been adjusted to this new program and budget structure, and the current financial status of each main program and sub-program will be accessible on line to each program manager, indicating up-to-date actual expenditure and balance compared to the budget. This accountability at the program level is supplemented and further strengthened by a tight **central internal oversight system** consisting of **financial and management control, internal audit, program planning and budget, evaluation, and productivity enhancement**.

Flexibility for dealing with changing priorities will be maintained pursuant to WIPO Financial Regulation 4.1, first, in allowing program managers to transfer resources between the major objects of expenditure (staff expenses, official travel and fellowships, contractual services, operating and other expenses, equipment and supplies) up to five per cent of the budgeted amount for each main program during the biennium, with the prior authorization of the Controller and, second, in allowing the Director General to make transfers between the main programs up to five per cent of the total funds approved for the financial period. For the global protection systems and services (the PCT, Madrid and Hague Systems) and the market services of the WIPO Arbitration and Mediation Center, if the estimated level of activities will, in fact, be less or more than forecast in this program and budget, the income and expenditures, including the number of posts, will be reduced or increased in accordance with the budgetary practice approved by Member States.

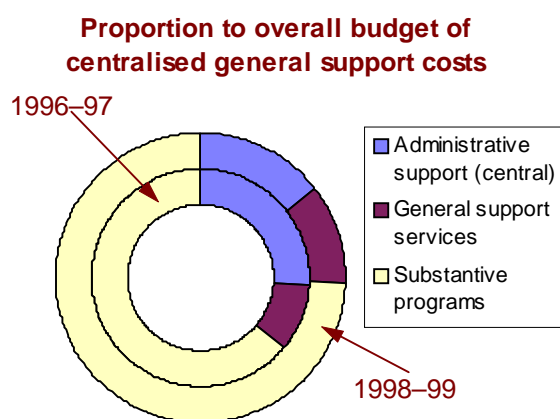
The proposed new program and budget structure and the corresponding budget and financial system will also provide the Director General with all relevant information for his report to the Member States on the activities of the Organization, in particular the achieved results by stated objectives and utilization of allocated resources. This facilitates evaluation of WIPO's efficiency in accomplishing the expected results with the resources earmarked in the program and budget. In turn, this will allow Member States to assess the impact of WIPO's activities and the contribution it

makes to the worldwide protection and use of intellectual property. A **Budget Annex** provides additional detailed information on estimated income and expenditure, program and cost variations, comparison of program and staff expenses and posts between the 1996–97 and the 1998–99 bienniums, fees for the global protection systems and services (the PCT, Madrid and Hague systems), Member State contributions, and the adjusted budget for the 1996–97 biennium.

PART 3: RESOURCE MANAGEMENT

WIPO is experiencing heavy growth in the demand for several of its main programs, including cooperation for development, progressive development of international intellectual property law, global protection systems and services, particularly the PCT system. It is establishing new major activities to respond to immediate requirements of Member States, such as the WIPO Worldwide Academy, global intellectual property issues and the global information network. Revenue growth from its market-sector services has risen sharply (by some 40% over the 1996–97 budget). Member States expect high standards of responsible, transparent and accountable management. There is no alternative, in meeting these requirements, to a fundamental **transformation and modernization of WIPO's approach to management and program delivery**. These new challenges, in turn, call for substantial investments in human and financial resources.

Hence this draft program sets out extensive proposals for modernization of the organizational structure, human resources development and introduction of new expertise, automation of systems and streamlining of procedures, which are seen as indispensable in achieving the program objectives during the 1998–99 biennium. Initial investments are therefore required to establish or overhaul key elements of the management structure, including the recent formation of Offices of Strategic Planning and Policy Development, Legal and Organization Affairs, Internal Oversight and Productivity and Global Communications and Public Diplomacy, as well as the new Human Resources Management program, and strengthened and modernized Administrative Support Services.



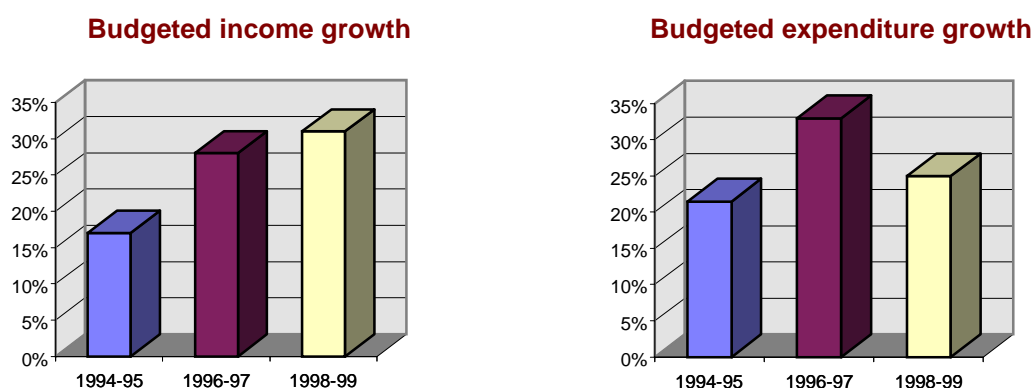
This structured enhancement is also intended to establish a management approach matching the expanded scale of the organization, its growing level of revenues and activities, and an increasingly complex set of objectives and requirements. To facilitate management's focus on key objectives, major functions (including policy and management activities, and information technology services), with their associated program and staff resources, are being transferred from central administration to program managers. The centrally administered

budget for general support services accordingly falls from 36% of the total 1996–97 budget to 26% of the proposed 1998–99 budget (see accompanying graph). At the same time, the share of total general support costs within the overall budget has decreased, thus freeing up resources for program activities.

The proposed approach to program management and budgeting will lay the groundwork for **long-term productivity, financial control and budget discipline**, and evaluation of program performance, thus paving the way for more efficient use of resources and creating a sustainable

structure for containing future pressures for growth in staff and expenditure as external demands rise. The Secretariat is also taking immediate steps to manage staff growth through redeployment, enhancement of specialized skills, significant upgrading of information technology, and streamlining work practices and procedures. Major new functions are being undertaken largely through the strategic redeployment of existing staff rather than large-scale recruitment of new staff.

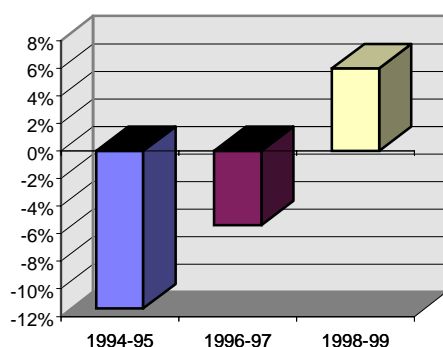
Additional expenses will be limited to indispensable investments while parallel cost savings are achieved through tight financial control and management, automation of work processes and streamlining procedures, an organization-wide program of increasing productivity, and a senior management focus on implementing programs as economically and cost-effectively as possible. The Office of Internal Oversight and Productivity (including internal auditing, evaluation and productivity functions), modernization of Administrative Support Services, and the program and budget structure based on transparency and accountability of program managers, function together as an integrated initiative to forge a culture of responsible and productive program management, to yield cost savings and limit expenditure, while enhancing productivity and the quality of services.



PART 4: COST-EFFECTIVE PROGRAM PLANNING AND BUDGETING

The proposed draft program and budget embodies a concerted, comprehensive initiative to make fully effective use of resources. Most importantly, it represents a major investment in the capacity of WIPO to meet current and future challenges, to overhaul and modernize management, and to respond to the ever more complex and urgent needs of its Member States in intellectual property. These investments have been offset by a program of cost-savings, which has already

**Comparative trends:
excess of budgeted income
growth over expenditure growth**

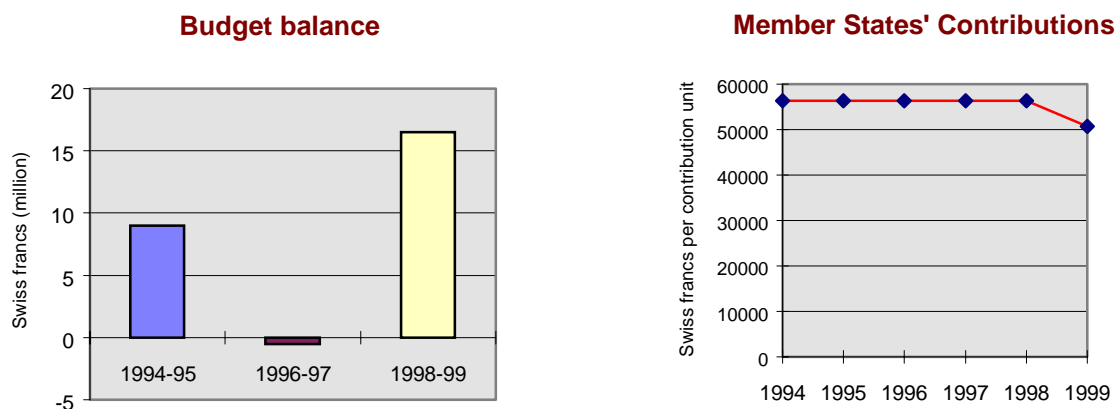


commenced within the Secretariat, through immediate, wide-ranging redeployment and more effective use of staff in new management structures, and through streamlined operations. As a result, growth in budgeted expenditure for 1998-99 is limited to 25%, compared with the 33% approved by the Governing Bodies for the 1996-97 biennium.

These efficiencies are manifested in the projected increase in budgeted income of over 31%, some 6% more than the budgeted increase in expenditure, and the expected healthy budget surplus. Sharply increased income is achieved even with the approved 15% PCT fee reductions which take effect

on January 1, 1998, and a proposed 10% reduction in Member States' contributions in 1999. Given the containment of expenditure and despite these large revenue cuts, a surplus of 16.5 million francs of income over expenditure is still expected for the 1998–99 biennium.

This budgetary situation provides the background to the proposal for a modest reduction in Member States' contributions to the Contribution–Financed Unions (the Paris, Berne, IPC, Nice, Locarno and Vienna Unions): sound budgetary practice would entail bringing this income into closer accord with the estimated expenditure of these Unions, rather than maintaining unnecessarily higher income and surplus for these Unions (and transferring an increasing share of these contributions directly into the reserve funds); the proposed 10% reduction of contributions would therefore lower the estimated surplus of these Unions from 3.3 to 1.0 million francs; at the same time, the financial burden on Member States, especially developing countries, would be alleviated, mitigating somewhat the increasing arrears of contributions of many Member States (some 59 at the end of 1997), currently amounting to 74% of the assessed annual contributions. This proposal would reduce the share of WIPO's income provided by Member States' contributions by only half a percent, from 10.8% to 10.3% (see Annex 2).



It is proposed that the surplus of the Contribution–financed Unions be transferred to the Reserve Fund of these Unions; and that – as in previous bienniums – any surplus of the PCT, Madrid and Hague Unions be transferred to the Special Reserve Fund for Additional Premises and Computerization to defray part of the cost of further premises to accommodate the increased number of staff necessitated by the increased activity of the PCT, Madrid and Hague Systems, and computerization costs of these systems. These reserve funds will also support the establishment of the global information network, and the associated modernization and automation of those national intellectual property offices which require such assistance.

Program and budget comparison

The range of income sources remains essentially the same as for the 1996–97 budget, so that detailed comparison of income growth is relatively straightforward; a full comparative breakdown, with explanatory notes, is provided in Annex 2. On the expenditure side, in view of the necessary overhaul of program and budget structure, and the depth and large scale of parallel organizational, managerial and program changes, it would be difficult to undertake a precise and authoritative comparison of the exact allocation of resources to specific objectives and activities as against their counterparts in the program and budget for the 1996–97 biennium, where applicable.

Consolidation of overlapping or complementary activities and restructuring for efficiency gains – coupled with the introduction of a number of new management functions, organizational units and program activities – also make direct comparison between individual program elements difficult, and partially indeterminate. Some elements of information in the draft 1998–99 program and budget –

specifically, the full details of resources (including staff and common services) allocated to specific programs and sub-programs – cannot be fully determined for the 1996–97 budgetary situation, so that a full comparison cannot be undertaken.

Despite these constraints, and noting that no itemized breakdown can be fully definitive, comparative information is provided in Annex I on the adjusted budget for the 1996–97 biennium, and, moreover, for each program. This serves to illustrate the changes in expenditure on roughly corresponding program activities in the 1996–97 biennium and the current biennium.

It should also be noted that, due to the integrated, mutually supporting nature of many program activities, resources applied in one area of activity normally support outcomes in a number of other areas. No one objective or set of interests can therefore be considered in isolation. For instance, the objectives of Main Program 06, on Cooperation for Development, will also be very substantially served by many other activities, such as (among others) the Advisory Commissions, policy development and strategic management, external relations and interagency affairs, global communications and public diplomacy, human resources development and the WIPO Worldwide Academy, progressive development of international intellectual property law, and the operations of the global protection systems: in each of these areas, substantial contributions will have to be made to promoting the economic and social well-being of developing country Member States of WIPO.

PART 5: GUIDE TO PROGRAM AND BUDGET PRESENTATION

Main objectives: set out the overall guiding objectives that shape the activities under the main program, and which should be used in evaluating the use of resources and the benefit of programs for Member States. They generally set out goals for the 1998–99 biennium, and may also indicate the direction of activities that are expected to extend beyond this biennium into the longer term.

Current situation: a description of the present status of the relevant activities and organizational elements of WIPO, with a particular focus on those aspects where specific innovations, improvements or reallocation of resources may be necessary, or where emerging needs have been identified, to provide a background to the future strategy and new program activities.

Strategy for the future: sets out the approach proposed to address the needs identified earlier, and the strategic framework in which program activities will be planned and implemented; again, it may be based on a longer-term outlook than the immediate biennium, but will concentrate on the strategic rationale for program activities, particularly proposed new activities.

New program activities: indicates proposed new activities which are intended to respond to the needs expressed in the introductory material. An exhaustive account of all activities under the main program is not normally provided, so as to focus on those areas where significant changes in direction or new allocations of resources are foreseen.

Expected results: is intended to give a clear picture of some key, concrete outcomes that program activities should achieve, specifically by the end of the program biennium. In focussing on important and new outcomes, it cannot enumerate all the results expected, and for the sake of clarity does not list all the external factors and circumstances that may lead to possible different outcomes during the biennium.

Each **Main Program** is introduced by a general program description, highlighting the new elements of the Program and the overall operational environment; it is then broken down into **sub-programs**,

which provide greater detail of the specific activities to be undertaken, including both new and on-going activities, and closer specification of objectives and of expected results.

Program budget summary: indicates the total costs of each main program, and sets out in tabular form the resources allocated to each sub-program and object of expenditure under the main program.

Staff needs and costs: sets out the number of existing posts in the 1996–97 biennium, and of posts proposed for the 1998–99 biennium with variation and related staff costs for regular and short-term staff, and social charges and other personnel costs, with a justification for any additional staff.

Comparative budget summary: indicates the budget increase for program activities and staff costs, with a breakdown of program variations, providing the rise or fall of program costs and the cost variation according to the budgeted cost increase (inflation) and taking account of inflation for Geneva.

A glossary of **acronyms** used in the present document is provided as Annex 20.

Kamil Idris
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