

REVISED PROPOSAL FOR PROGRAM AND BUDGET 2004-2005

INTRODUCTION

Intellectual Property Perceptions

1. The World Intellectual Property Organization (WIPO) is operating in a time of rapid evolution, and perceptions of the role of intellectual property (IP), in both international and national affairs. IP has come to center stage as a key element in international trade and investment. At the core of these developments is a reappraisal of how knowledge – cultural, technological and commercial – contributes to success in a global economic environment. The increasing recognition of the positive contribution of the IP system that WIPO has helped to precipitate through the demystification campaign launched in 1997 has sparked widespread interest in IP as a powerful catalyst for applying new ideas and creativity to economic life, generating new industries, new products and new services, while reinforcing traditional areas of commercial and industrial enterprise. The judicious and strategic use of IP rights is not only integral to the operations of many successful businesses, but also plays an increasing role in national planning as an essential ingredient of economic, cultural and social well being. As a result, IP is no longer taken as an inert set of legal titles, but as an economic asset that realizes the potential of knowledge and creativity, an asset that embodies the longer-term interests and developmental potential of each WIPO Member State.

IP for Economic, Social and Cultural Development

2. Today, a country's potential well-being is measured in part by its capacity to create, introduce, manage and exploit intellectual assets, not by its endowment of land, labor and capital alone. A well-functioning IP system offers a tool of immense potential for policy-makers seeking to lay the groundwork for future economic, social and cultural development and prosperity. Several countries have already

adopted national strategies which anchor IP considerations firmly within the national policy-making process, whereas many others need to critically assess their options, and to craft and implement IP strategies corresponding to their own needs and economic situation. Government and business leaders, and public policy analysts, widely acknowledge the pivotal role of balanced and effective IP protection in the knowledge economy. But a major challenge remains for many countries: how to realize this insight in practice.

Practical and Policy Support for the Diverse Needs of Member States

3. WIPO is well-positioned to respond to these challenges in 2004-2005. The greater value attached to judicious IP management has fuelled increased demand for WIPO's global protection services under the Patent Cooperation Treaty (PCT), Madrid System and the Hague System. These services contribute in an immediate way to making the international IP system a more accessible, practical option for more diverse IP interests by reducing the costs and complexity of its use. WIPO will enhance its services to meet the needs of a steadily widening range of beneficiaries. A key task for the future is to refine these services to ensure that many more prospective right holders, including Small and Medium-sized Enterprises (SMEs) in development, Least Developed Countries (LDCs) and developing countries, can pursue their IP interests in the expectation that the international system will operate in a high quality and affordable manner that responds to their practical needs.

4. Complementing this essentially practical task is the policy challenge: how to deliver on the immense promise of IP as a power tool for development for those countries which are still working on reshaping, adapting and refining the IP strategies that correspond to their specific needs and interests. WIPO will assist its Member States in meeting this challenge, in the conviction that adept and informed IP strategies are the key to bridging divisions in knowledge and the gaps in utilization and harvesting of the intellectual property system that exist today.

The Shared Need: Developing an Informed IP Culture

5. To meet these challenges, WIPO will emphasize and support the development of an IP culture during 2004-2005. A dynamic IP culture enables all stakeholders to play their distinct roles within a coherent, strategic whole, and to realize the potential of IP as a power tool for economic, social and cultural development. A dynamic IP culture is founded on the maintenance of an effective, balanced IP system, but also requires active, well-informed and diverse users of the system, assisted by lower entry barriers, thus allowing for the astute and successful use of Intellectual Property Rights (IPRs) by a much wider range of constituencies. WIPO will leverage the

achievements of the demystification campaign, which has already provided a sound basis for further work, and will also enhance its support for Member States' efforts in developing IP systems and promoting the strategic use of IP rights. The chief evidence of progress in this direction will be the accumulation and effective exploitation of national IP assets by a wide range of economies. This should progressively foster more productive investment, cooperative research and development, technology exchange, national brand-making, and leverage of traditional industries into distinctive enterprises in the global market, leading in turn to job creation and the retention and enhancement of cultural diversity and intellectual human capital: in short, poverty reduction and more equitable prosperity in a globalizing economy, while reinforcing distinctive local characteristics and effectively valuing economic and cultural diversity.

Consolidating Program Activities to Support Strategic Goals

6. WIPO's program activities have been realigned and refocused to give effect to this strategy. This represents a decisive shift towards capitalizing on WIPO's past substantial investment in legal, technical and administrative infrastructure, particularly over the last three biennia. This entails a consolidation of activities and a greater emphasis on coordinated program delivery: accordingly, the number of main programs for 2004-2005 has been reduced to 13 (compared to 18 in the previous biennium), and clustered into four parts. Part I, Policy and Direction, concerns overall direction of the entire program and budget. Part II, Intellectual Property Systems and Issues, aims to develop IP systems, forge international consensus on key IP issues, and enhance the services WIPO provides to the users in the market and research sectors through its global protection systems. Part III, Intellectual Property for Economic, Social and Cultural Development, aims to develop practical understanding and to construct and implement the tools required by the diverse stakeholders in the IP system. Part IV, Administrative Services, provides for administrative support to WIPO's other program areas and for management of resources that allows for constant adjustment to ensure that services remain at a high quality and respond to the rapidly changing and increasingly sophisticated demands of program delivery.

Meeting New Needs and New Challenges, and Forging New Partnerships

7. Several programs have been refocused to ensure that WIPO's activities concentrate effectively on the creation of an IP culture. Main Program 11, Intellectual Property for Development and Prosperity; Creation of IP Culture, will coordinate and disseminate expert advice and background information for policy-makers and entrepreneurs seeking to use IP as a power tool for economic and

commercial development. The vision and strategy of WIPO recognize that collective leadership is essential for the creation of an IP culture. To give practical effect to this insight, sub-program 11.3, Cooperation with the Private Sector, will catalyze partnering arrangements between the private and non-government sectors and the government sector. Much of the practical expertise in the strategic management of IPRs, and skilled capacity to use the IP system to yield tangible benefits, resides in the private sector, and this know-how and practical experience is invaluable for the realization of potential of IPRs. The knowledge economy has been driven by new technologies and scientific advances: developments in information and communications technology and in life sciences have drawn particular scrutiny because of their capacity as enabling technologies and their potential to transform a wide range of technological, industrial and social patterns. These technologies also pose unprecedented challenges for the existing IP system. WIPO's responses to these challenges will be coordinated through two new sub-programs: Copyright-based Business and Culture Development (sub-program 5.2) and Intellectual Property and Life Sciences (sub-program 7.2).

Building Strategic Links and Feedback Loops Between Key Programs

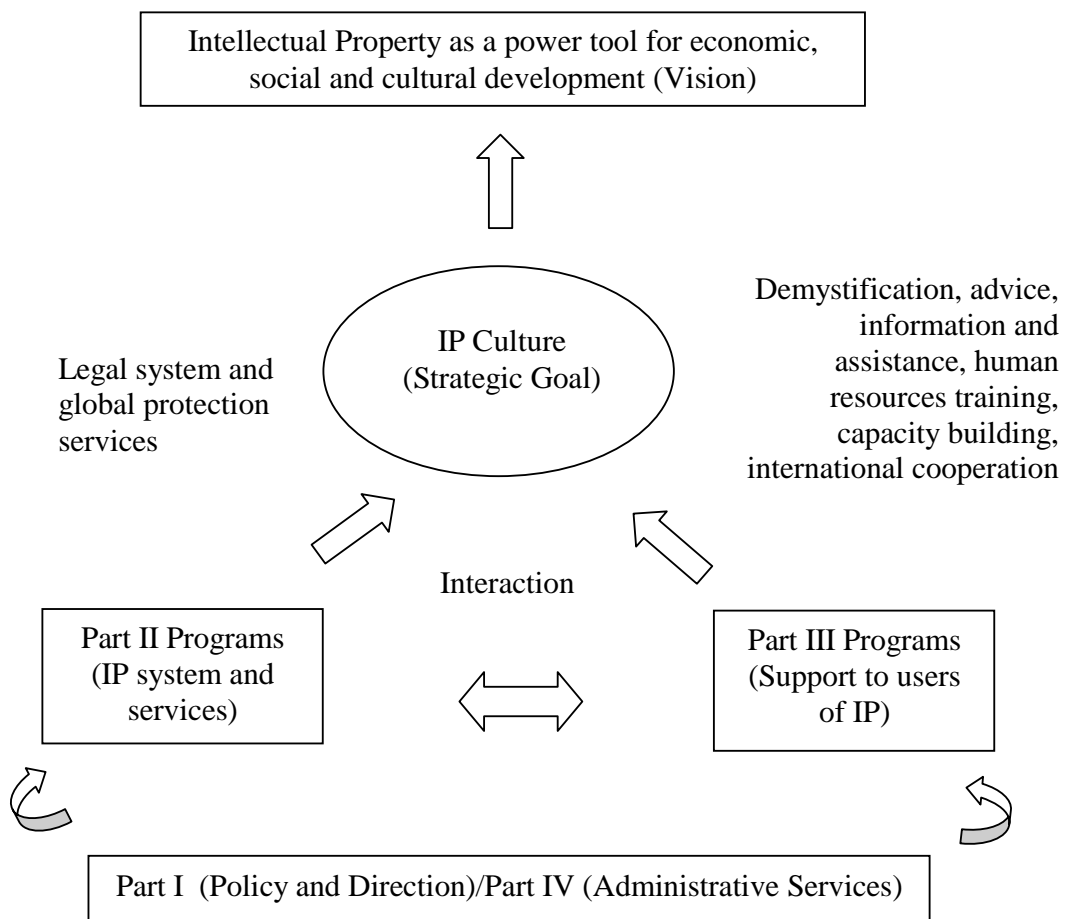
8. There is no one-size-fits-all IP system and no single template for successful management of IP assets. Each country must adapt and adjust its own national IP system, tailoring it to serve its particular needs and interests. IP policy settings must be made with an eye both to the broader policy environment and the practical needs of the users of the system. This means that developing a meaningful and worthwhile IP culture will entail close interaction and reinforcement between Part II programs on the IP systems and issues, and Part III programs on IP for economic, social and cultural development. The Part II programs will respond to the challenges of rapid changes in technology, trade and economic life. The programs of Part III will assist creators and innovators in actively utilizing the IP system – the practicalities of developing an IP culture. Feedback from users of the system garnered during the implementation of Part III programs will therefore help to shape the future directions of Part II programs. Chart 1 below illustrates how these programs will interact to realize WIPO's strategic goal and vision.

From Vision to Reality; Concrete Means and Specific Deliverables

9. The theme of WIPO's activities will be transforming a vision for the role of IP in national and international economic life into a practical reality. Abstract knowledge and insights about the potential of IP assets will be transformed into reality. Hence program activities will concentrate on yielding specific, tailored outcomes and tangible deliverables which play a direct role in the strategic use of the

IP system for economic gain and social benefit. Each program is designed to produce deliverables, which contribute directly to strategic goals. Particular emphasis will be given to the global protection systems and services (the PCT, Madrid, the Hague and Lisbon systems) in 2004-2005. Further development in the services and coverage of the PCT and Madrid systems is planned. These are not only WIPO's major income sources, but are also strategically important vehicles: they are one of the most concrete ways WIPO supports users of the IP system worldwide, ensuring that the benefits of IP protection can be enjoyed by a greater range of constituencies and enabling wider participation in the creation of an IP culture.

Chart 1
An Overview of the Relation among WIPO's Vision, Strategy and Programs



Overview of Budget

10. The proposed budget for 2004-2005 amounts to Sfr638,800,000. This reflects a decrease of Sfr30,000,000 or 4.5 per cent compared to the revised budget for 2002-2003 of Sfr668,800,000. The reduction is proposed despite an increase in the level of activities, in particular under the global protection systems. This is possible due to the completion of major infrastructure projects in the area of information technology and buildings during 2002-2003 and the phasing out of the corresponding funding requirements mainly met from surplus reserve resources. In addition, the efficiency gains derived from the infrastructure investments will become available as of 2004. The income for the 2004-2005 biennium is estimated at Sfr588,150,000, which reflects an increase of Sfr90,725,000 or 18.2 per cent over the revised income for 2002-2003 of Sfr497,425,000. The reserve at the end of 2005 will amount to Sfr42,401,000. The 2004-2005 proposals are indicated in Table 1 together with the estimates for 2002-2003 and the actual for 2000-2001.

Table 1
Budget, Income and Reserves 2002-2003 and 2004-2005
(in thousands of Swiss francs)

	2000-2001 Actual	2002-2003 Initial	Variation		2002-2003 Revised	Variation		2004-2005 Proposed
	A	B	C	C/B(%)	D=B+C	E	E/D(%)	F=D+E
A. Budget	558,344	678,400	(9,600)	(1.4)	668,800	(30,000)	(4.5)	638,800
B. Income	520,759	531,782	(34,357)	(6.5)	497,425	90,725	18.2	588,150
Difference, B-A	(37,585)	(146,618)	(24,757)		(171,375)	120,725		(50,650)
C. Reserves ^a	264,426	117,808			93,051			42,401

^a End biennium

11. The proposed budget 2004-2005 is elaborated in detail in Chapter A of the document. This is followed by the presentation of the revised budget 2002-2003 in Chapter B that adjusts the approved budget in accordance with the workload flexibility formulas and changes in standard costs. The financial indicators 1998-2009 are presented in Chapter C together with the income estimates and resource plan 2002-2003 and 2004-2005.

12. The financial indicators illustrate the peak in budget growth during the 2002-2003 biennium and subsequent reductions during 2004-2005 as already anticipated during the previous budget process. The premises plan shown in Annex A illustrates the reduction in rental cost due to utilization of new WIPO-owned facilities and the benefits of automation resulting from the IMPACT Project are illustrated in Annex C. The process of accommodating increased level of

activities while maintaining budget requirements will continue with the conclusion of the new construction project in 2007 and the associated efficiency gains. An update of the project is presented in Annex B.

13. Substantial growth in the level of registrations and filing has been experienced in the past, particularly for the PCT and Madrid systems, and is anticipated to continue although at a reduced rate. The level of income has increased at a slower rate, reflecting the substantial decreases of PCT fees during recent years. Fees are expected to remain stable in the coming years until the new construction project has been completed. This is made possible by drawing temporarily on the reserves. As of 2009, the reserves will be replenished close to the recommended level, thus giving the flexibility to expand the level of activities and/or to cut fees further.

14. The revised proposal for program and budget is presented in accordance with the result-based management framework introduced at WIPO in 1997. The document spells out how programs will be implemented, by linking program activities to concrete WIPO deliverables, described in terms of tangible, measurable and achievable outputs. These deliverables are designed to generate outcomes and produce a positive impact at national, regional and international levels. These are described precisely as expected results to be measured by specific performance indicators, within the framework of the objectives determined for each sub-program. The budget policy and presentation are described in Appendix A, including the general approach, a calculation of budget stages, the arrangements for determining budget allocation by Union, the working assumptions on standard cost rates, the workload flexibility formulas for budget adjustments, and the definitions of budget headings. Appendix B lists the proposed Member States contributions, Appendix C presents the Schedule of Fees and Appendix D shows the list of acronyms and abbreviations.

15. The Program and Budget Committee is invited to express its views on the proposals contained in this Revised Proposal for Program and Budget 2004-2005, and to recommend it to the Assemblies of the Member States for approval at its meeting in September 2003.

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