

ANNEX II

EXTRACT FROM THE REPORT OF THE TWELFTH SESSION OF THE PROGRAM  
AND BUDGET COMMITTEE (DOCUMENT WO/PBC/12/9)

ITEM 2 OF THE AGENDA:

REVISED BUDGET FOR THE 2006/07 BIENNIUM

8. Discussions were based on document WO/PBC/12/2. In introducing the document the Controller recalled that the revised budget for 2006/07 had been first discussed during the eleventh session of the PBC meeting held from June 25 to 28, 2007, and recalled that following those discussions, the PBC had (i) considered favorably the Revised Budget for 2006/07 biennium; (ii) looked forward to finalizing its recommendation in its September 2007 session; and (iii) expressed its support for activities required in 2006/07 to meet, *inter alia*, the international obligations of the Organization. The Controller also outlined the key elements of the proposed revised budget and confirmed that the text of the present document remained unchanged since the June session of the Committee. An updated version of the table showing the headcount of the Organization as of August 31, 2007, as well as posts (whether occupied, or vacant) was however distributed by the Secretariat, and is reproduced in Annex III of this report.
9. The Delegations of Algeria (on behalf of the African Group), France, Germany, Japan, Morocco, Netherlands, Pakistan, Russian Federation, Spain, Switzerland, the United States of America and Zambia (on behalf of the Least Developed Countries (LDCs)) took the floor on this agenda item.
10. The Delegations of Algeria (on behalf of African Group), Pakistan, Russian Federation and Zambia (on behalf of the LDCs) supported the adoption of the revised 2006/07 budget as proposed in document WO/PBC/12/2.
11. The Delegation of Italy (on behalf of Group B) stressed the importance of ensuring cost savings, and noted that certain proposals such as the addition of new posts should only be taken in the context of the consideration of the report of the desk-to-desk assessment. The Delegations of Germany, Japan, France, Netherlands, Spain, Switzerland and the United States of America also expressed reservations regarding the proposal for three additional posts to compensate for those redeployed to security services, in view of recommendations contained in the report on the desk-to-desk assessment report and follow-up actions that might result there from.
12. The Delegations of Japan and the United States of America expressed concern regarding the proposed increase in the level of expenditures beyond what was required to comply with the Organization's international obligations under the treaties administered by it, indicating that these may prejudice a possible future decision by the PCT Assembly on the proposed reduction of the level of PCT fees. The Delegation of the United States of America recalled the recommendation of the Joint Inspection Unit (JIU) to freeze the Organization's budget pending the conclusion of desk-to-desk assessment with the exception of flexibility clause increases and requested further clarification as to the increases, beyond the levels which such a freeze would have made possible.

13. In response to questions from delegations, the Controller explained that any decision in respect of a possible reduction of PCT fees would only be applicable as of January 1, 2008, and would therefore not affect the level of income in the current biennium. She further clarified that if the recommendation of the JIU had been applied and a freeze, with the exception of the flexibility clause, would have been put in place in respect of the level of employment pending the results of the desk-to-desk assessment, the proposed revised budget would include 984 instead of 989 posts. This was because the Secretariat proposed five new posts in the revised budget in addition to those created under the flexibility clause, with a financial impact of 0.1 million Swiss francs in the current biennium.

14. The Delegation of Germany expressed its reservations concerning the proposal to make provisions to progressively cover the long term liabilities of the Organization for separation from service and After-Service Health Insurance (ASHI). It noted that discussions were held on this issue in various United Nations bodies and added that a similar proposal presented to the United Nations General Assembly within the context of the approval of the budget for UN Peacekeeping Operations was withdrawn. The Delegation stated that it could therefore not join consensus on the inclusion of the proposed provision in the revised budget for 2006/07 pending further discussions and clarification.

15. In response to the concern expressed by the Delegation of Germany, the Secretariat explained that the Organization had already included such provisions in its 2004/05 expenditures, as approved by Member States, and as disclosed in the 2004/05 Financial Management Report. It also noted that the proposal was being submitted to Member States in order to apply prudent management and accounting principles, as well as to ensure compliance with accounting standards in the future to as great an extent as possible. The Secretariat also highlighted the support expressed by the External Auditor for this approach.

16. In response to the request of the Chair, the Legal Counsel clarified and expanded on the role, the competencies and the mandate of PBC, noting that it had been established as a subsidiary body of, and reporting to, the General Assembly, to address program, budget, finance and premises related issues. He further clarified that an Assembly had been constituted under each Treaty, and such Assemblies therefore dealt only with issues related to the specific Treaty under which they had been constituted. Therefore, the PBC makes recommendations concerning the whole Organization, while the Assemblies constituted under treaties make recommendations concerning their respective Treaty only.

*17. The Program and Budget Committee recommended to the Assemblies of WIPO Member States the adoption of the Revised Budget for the 2006/07 biennium as proposed in document WO/PBC/12/2, with the exception of the proposal to create three additional posts over the initial budget to compensate for those redeployed to security services.*

*18. This recommendation is without prejudice to the 2008/09 Program and Budget or to making permanent any increased spending or increase in posts that go beyond*

*original provisions of the 2006/07 budget with flexibility clause adjustments.*

*19. This recommendation is also without prejudice to follow up actions that may be taken on the results of the desk-to-desk review.*

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