

Program and Budget Committee

Twenty-First Session
Geneva, September 9 to 13, 2013

STATUS OF THE UTILIZATION OF RESERVES

Document prepared by the Secretariat

1. This document provides an overview of (i) the status of Reserves and Working Capital Funds (RWCF) following closure of 2012; and (ii) the status of RWCF appropriations for projects approved or proposed to be approved by Member States for financing from the Organization's reserves.
2. The financial statements of the Organization for the year ended December 31, 2012, have been prepared in accordance with International Public Sector Accounting Standards (IPSAS).
3. The current document includes the following sections:
 - (a) the first section presents the status of RWCF following the financial closure of 2012, noting the impact of IPSAS adjustments;
 - (b) the second section presents the status of RWCF appropriations approved and proposed to be approved by Member States¹; and
 - (c) the third section provides a summary overview of RWCF levels after appropriations, together with the proposed appropriation by union of the seven projects proposed for funding from the Organization's reserves².

¹ Please refer to WO/PBC/21/18 Capital Master Plan

² Idem

STATUS OF RESERVES AND WORKING CAPITAL FUNDS AS AT DECEMBER 31, 2012

Table 1. Preliminary Results and RWCF by Union as of end 2012
(in thousands of Swiss francs)

<i>IPSAS Basis</i>						
	<i>Contribution-financed Unions</i>	<i>PCT Union</i>	<i>Madrid Union</i>	<i>Hague Union</i>	<i>Lisbon Union</i>	<i>Total</i>
RWCF, Opening 2012 (IPSAS basis)	21,539	92,312	50,136	(843)	(615)	162,529
2012 Income ¹	18,636	267,262	55,079	3,494	394	344,865
IPSAS adjustments to Income	(5)	(14,079)	(750)	(52)	(4)	(14,890)
2012 Income after IPSAS adjustments	18,631	253,183	54,329	3,442	390	329,975
2012 Expenditure	17,056	216,087	50,465	5,778	692	290,078
IPSAS adjustments to Expenditure	842	10,666	2,491	285	34	14,318
2012 Expenditure after IPSAS adjustments	17,898	226,753	52,956	6,063	726	304,396
2012 Operating Result	733	26,430	1,373	(2,621)	(336)	25,579
2012 Reserve Expenditure						
Special Project (Reserve) Expenditure	1,148	8,911	3,971	775	13	14,818
IPSAS adjustments to Reserve Expenditure	(632)	(3,560)	(768)	16	(5)	(4,949)
<i>Sub-total, Reserve Expenditure</i>	<i>516</i>	<i>5,351</i>	<i>3,203</i>	<i>791</i>	<i>8</i>	9,869
2012 Overall Result after Reserve Expenditure	217	21,079	(1,830)	(3,412)	(344)	15,710
RWCF, End 2012 (IPSAS basis)	21,756	113,391	48,306	(4,255)	(959)	178,239

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

4. The operating result of the Organization for 2012 on an IPSAS basis was 25.6 million Swiss francs. The overall result in 2012, taking into account the Reserve expenditure and its corresponding IPSAS adjustments, was a surplus of 15.7 million Swiss francs. Reserve expenditures totaled 14.8 million Swiss francs on a budgetary basis (9.9 million Swiss francs after IPSAS adjustments) for projects approved by Member States.

5. As a result, the RWCF of WIPO as of the end of 2012 totaled 178.2 million Swiss francs, compared to the opening RWCF balance of 162.5 million Swiss francs. Table 2 below provides an overview of IPSAS adjustments for 2012 in comparison with similar adjustments in the previous two years.

Table 2. Summary of IPSAS Adjustments
(in millions of Swiss francs)

	<i>Actuals</i>		
	<i>2010</i>	<i>2011</i>	<i>2012</i>
IPSAS Adjustments to Income:			
Deferral of income received but not earned	(5.7)	(14.7)	(15.0)
Revaluation of investment property			0.5
Other (including reversal of accruals)			(0.3)
Total, IPSAS Adjustments to Income	(5.7)	(14.7)	(14.9)
IPSAS Adjustments to Expenditure:			
Depreciation, amortization and impairment*	(5.2)	(8.1)	(8.1)
Equipment acquisition and disposal	1.3	1.3	0.1
Capitalization of construction expenditure	1.1	26.8	5.5
Capitalization of construction loan interest	1.9	1.7	
Capitalization of intangible assets			0.6
Repayment of loan principal	1.4	1.4	
Changes in employee benefit liabilities	(5.9)	(5.1)	(7.3)
Inventory recognition	0.1	(0.1)	(0.1)
Total, IPSAS Adjustments to Expenditure	(5.3)	17.9	(9.4)

*related to buildings, equipment, intangible assets

RESERVE FUNDED PROJECTS

6. Table 3 below provides an overview of expenditure on major projects which are either underway or have been proposed for approval by the Member States.

Table 3. Overview of Major Projects
(in thousands of Swiss francs)

	Project Budgets	Actual up to end 2012			Remaining Balance
		Up to end 2011	2012	Total	
1. Reserve appropriations for Special projects					
1. Security	7,600	1,142	1,441	2,583	5,017
2. IT Modules FRR and IPSAS (project closed)*	4,021	3,986	35	4,021	-
3. MAPS Modernization:					
Phase I	3,569	3,277	-	3,277	292
Phase II and III (merged)	10,235	329	2,887	3,216	7,019
<i>Total, MAPS Modernization</i>	<i>13,804</i>	<i>3,606</i>	<i>2,887</i>	<i>6,493</i>	<i>7,311</i>
4. Madrid System Database of Acceptable Indications of Goods and Services	1,200	1,028	35	1,063	137
5. Enterprise Resource Planning (ERP) project	25,341	3,155	3,191	6,346	18,995
6. ICT Capital Investment project	5,180	-	1,313	1,313	3,867
7. Development Agenda (reserve-funded part)	7,181	4,280	1,338	5,618	1,563
Total	64,327	17,196	10,241	27,437	36,891
2. Capital Master Plan project proposals					
1. Security enhancement: data encryption and user management	700				700
2. Enterprise Content Management (ECM) Implementation	2,068				2,068
3. Renovation of the facades and cooling/heating installation of PCT Building	6,000				6,000
4. Deployment of Geneva Lake Water ("GLN") cooling system to AB and PCT Buildings	750				750
5. Arpad Bogsch Building - phase 1 of basement renovation (resizing of data center and renovation of the printshop)	960				960
6. Arpad Bogsch Building - replacement of certain windows	300				300
7. Safety and Fire Protection Measures	400				400
Total	11,178				11,178
New Construction and New Conference Hall***					
1. New Construction**	157,243	155,358	756	156,114	1,129
2. New Conference Hall (including Architectural and Technical Project)	72,700	25,922	3,821	29,743	42,957
Total	229,943	181,280	4,578	185,857	44,085

Note:

*Project on IT Modules FRR and IPSAS has been completed. The project budget indicated in the table has been adjusted to reflect savings made as compared to the initial project budget.

**The budget for the New Construction project has been adjusted taking into the account the savings of Sfr4.5 million which was proposed to be used for the New Conference Hall project.

***Construction projects do not affect the level of the reserves, as they simply represent a change from liquid to fixed assets and thus remain assets of the Organization.

RWCF BALANCES AFTER APPROPRIATIONS

7. Table 4 below provides an overview of RWCF balances by Union. Appropriations already approved but not yet spent amounted to 36.9 million Swiss francs at the end of 2012. RWCF balance after such approved appropriations was 141.4 million Swiss francs. This compares with the RWCF target level of 120.6 million Swiss francs 2012/13. Taking into account the proposed new projects under the Capital Master Plan, the RWCF balance would continue to exceed the target level by 9.6 million Swiss francs.

Table 4: Overview of RWCF by Union
(in thousands of Swiss francs)

	CF Unions	PCT Union	Madrid Union	Hague Union	Lisbon Union	Total
RWCF, End 2012	21,756	113,391	48,306	(4,255)	(959)	178,239
<i>Loan from Madrid to Hague</i>			(3,000)	3,000		-
RWCF, Jan 2013	21,756	113,391	45,306	(1,255)	(959)	178,239
Appropriations already approved, not yet spent	1,902	22,704	10,095	2,159	30	36,891
RWCF after approved appropriations, Jan 2013	19,854	90,687	35,211	(3,414)	(989)	141,348
2012/13 RWCF Target	18,234	73,128	27,355	1,875	-	120,591
RWCF balance available above target	1,620	17,559	7,856	(5,289)	(989)	20,757
Proposed projects under the Capital Master Plan	670	7,260	3,248	-	-	11,178
RWCF balance	950.21	10,299	4,608	(5,289)	(989)	9,579

8. *The Program and Budget Committee is invited to recommend to the Assemblies of the Member States of WIPO to take note of the contents of the present document.*

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