

Program and Budget Committee

Twenty-Seventh Session Geneva, September 11 to 15, 2017

CAPITAL MASTER PLAN FOR 2018-27

Document prepared by the Secretariat

1. The Program and Budget Committee (PBC), having reviewed the Capital Master Plan (CMP) for 2018-27 (document WO/PBC/26/9) at the 26th session of the PBC:
 - (i) Comprehensively discussed and endorsed the project objectives, expected benefits and drivers of the capital investments projects related to ICT, safety and security and premises in the Capital Master Plan for 2018/19, amounting to a total of 25.5 million Swiss francs;
 - (ii) Underscored the importance of the capital investments projects to ensure that WIPO remain fit-for-purpose; and
 - (iii) Referred the consideration of, inter alia, the Allocation of Proposed CMP 2018/19 Projects to the Unions to the 27th session of the PBC.
2. Pursuant to the decision of the PBC at its 26th session, the Capital Master Plan for 2018-27 is resubmitted to the present session of the PBC.

3. The following decision paragraph is proposed.

4. The Program and Budget Committee recommended to the Assemblies of WIPO, each as far as it is concerned, to approve, from the WIPO Reserves, the funding of the projects presented in the CMP 2018-27 for the biennium 2018/19, amounting to a total of 25.5 million Swiss francs.

[Capital Master Plan for 2018-27 follows]

CAPITAL MASTER PLAN FOR 2018-27

BACKGROUND

1. At its twenty-first session (September 9 to 13, 2013), the Program and Budget Committee (PBC) recommended to the Assemblies of the Member States of WIPO the approval of WIPO's Capital Master Plan (CMP) (document WO/PBC/21/18), which was subsequently approved by the Assemblies in document A/51/14. The CMP 2014-19 provided the basis for a comprehensive, rolling six-year plan covering the Organization's capital investment needs in respect of Information and Communication Technology (ICT), buildings, and safety and security related projects. The purposes of the CMP 2014-19 included:

- (a) ensuring the timely planning for required capital investments to ensure that WIPO remained able to carry out its mandate;
- (b) reducing the need for reactive and emergency repairs; and
- (c) eliminating or mitigating environmental, security, health and/or safety risks.

2. The CMP 2014-19 represented a plan of seven key capital investment projects to be financed from the Reserves meeting the requirements of the Policy on Reserves and Principles Applied in Respect of Use of Reserves¹. The plan covered a six-year period encompassing three biennia (2014-15, 2016-17 and 2018-19) with a total budget of 11.2 million Swiss francs.

STATUS OF CMP 2014-2019 AND OTHER SPECIAL PROJECTS FINANCED FROM THE RESERVES

3. Regular reporting on the status of implementation of the individual projects in the Capital Master Plan 2014-2019 has been included in the annual and biennial Program Performance Reports (PPR) submitted to the PBC. The progress of each project as at end 2016 is included in the PPR for 2016, Appendix III. Reporting on other special projects financed from the Reserves, such as the Enterprise Resource Planning (ERP) project, has been/are submitted in separate annual progress reports to the PBC.

4. Table 1 provides an update on the status of budget utilization as at end 2016 and projected expenditure in 2017 and 2018/19 for the projects under CMP 2014-19 as well as other special projects financed from the Reserves currently under implementation.

¹ See document WO/PBC/15/7 Rev.

**Table 1: Status of CMP 2014-19 projects and other ongoing special projects
financed from the reserves**
(in thousands of Swiss francs)

	Total project budget	Cumulative expenditure to Dec 31, 2016	Remaining balance in Special Project Reserve Dec 31, 2016	To be returned to the Reserves	Projected expenditures for 2017	Projected expenditures for 2018-19
<u>CMP 2014-19</u>						
Security enhancement	700	129	571	-	326	245
ECM implementation	2,068	524	1,544	-	1,029	515
PCT building renovation	6,000	437	5,563	-	2,225	3,338
Geneva lake water cooling system	750	263	487	487	-	-
AB building basement renovation	960	245	715	-	477	238
AB building windows replacement	300	94	206	206	-	-
Safety and fire protection	400	191	209	209	-	-
Sub-total CMP 2014-19	11,178	1,883	9,295	902	4,057	4,335
<u>Other special projects</u>						
Acceptable Indicators of Goods and Services	1,200	1,117	83	-	83	-
ERP project	25,341	18,108	7,233	2,533	3,500	1,200
ICT Capital Investment project	5,180	5,005	175	-	175	-
Sub-total Other special projects	31,721	24,230	7,491	2,533	3,758	1,200
Total Reserve funded projects	42,899	26,113	16,786	3,435	7,815	5,535

5. At the end of 2016, the remaining balance in the Special Projects Reserves amounted to 16.786 million Swiss francs. It has been estimated that a total of 3.435 million Swiss francs in the Special Project Reserves will no longer be required and will therefore be returned to the Reserves. This is due to: (i) lower than originally estimated costs for the ERP project; (ii) lower than anticipated expenditures for the Geneva Lake Water project and the Safety and Fire Protection project; and (iii) the conclusion that the AB Building windows replacement project, as originally proposed, is not feasible. The balance of 13.351 million Swiss francs in the Special Project Reserve is expected to be fully utilized during the period 2017-19.

6. It should be noted that the PCT building renovation project will be implemented together with additional electrical and security improvements proposed for funding in 2018/19 as part of the CMP 2018-27. Consolidating the projects will reduce requirements for the movement of staff during the construction phase, avoid the re-opening of another major worksite only a few years after completion of the CMP 2014-19, result in cost efficiencies and cost avoidance and allow for a more efficient integration of new technologies for various technical appliances and systems.

REVISED POLICY RELATED TO RESERVES

7. At its twenty-third Session, the PBC reviewed and recommended to the Assemblies a Revised Policy related to Reserves². The purpose of the new policy is to further strengthen financial and risk management, provide enhanced guidance to the Secretariat on the ongoing management of the Reserves, including target levels and liquidity, and clarify the requirements for reporting on Reserves. The revised policy includes a set of revised principles on the use of the Reserves and Working Capital Funds (RWCF) included in Annex I of this document.

² Please see documents WO/PBC/23/8 and WO/PBC/23/9.

CAPITAL MASTER PLAN (CMP) 2018-27

8. The Organization requires continued capital investments in the areas of premises, safety and security and ICT initiatives in order to remain fit-for-purpose. A Capital Master Plan outlining the major premises as well as safety and security related capital investments required over 10 years has been developed. In addition, a number of high-priority ICT projects have been identified to strengthen and guarantee the business operations of the international registrations systems.

9. Reserve Policy Principle 3 requires that projects financed from the reserves be for one-time capital improvements. Principle 3 further provides that projects included in the long-term CMP may be defined as projects related to construction/refurbishment and ICT that are needed to keep the Organization's facilities and systems fit-for-purpose through significant expansion or additions. In line with Principle 3 of the Revised Reserve Policy, all projects concerning on-going maintenance of facilities, minor enhancements to structures or systems, including IT, which would be required to continue the provision of current services, were excluded from the CMP as not meeting the criteria for one-time projects for capital improvements.

10. The CMP 2018-27 distinguishes (i) a capital master plan for premises, safety and security related projects that covers the period 2018-27, summarized in Annex VIII, and (ii) four key capital IT investment projects for implementation during the period 2018-19.

CAPITAL MASTER PLAN 2018-27 DRIVERS

11. The CMP 2018-27 has been elaborated after consideration of the main drivers for capital investment projects, as detailed below, in order to ensure WIPO remains fit-for-purpose. The drivers also facilitate the assessment of whether projects meet the principles mandated by the Revised Reserve Policy.

- *Lifecycle* - effective lifecycle management of equipment and facilities assets, including essential refurbishment and renovation works or renewal of worn assets, to prevent risks related to safety and non-operability of such assets.
- *Regulations* - implementing projects to ensure organizational compliance with Swiss federal and local regulatory frameworks, as well as UN adopted guidelines.
- *Business need* - building or acquiring new assets, which will enable the Organization to improve or expand services delivered to Member States and WIPO's customers.
- *Environment* - investing in renewable energy initiatives, which will reduce WIPO's carbon emissions footprint.
- *Accessibility* - investing in initiatives to make WIPO's premises and services accessible to all stakeholders, including persons with disabilities.
- *Cost efficiency* - taking advantage of new technology, equipment and systems improvements to reduce recurring operating expenses.
- *Security, safety and information assurance* - implementing preventive and protective measures to reduce WIPO's vulnerability in case of threats and to safeguard WIPO staff, delegates and visitors as well as WIPO's physical and information assets.

CAPITAL MASTER PLAN 2018-27 SUMMARY

12. Table 2 summarizes the Capital Master Plan projects, their implementation timelines and estimated one-time costs during the period 2018-27.

Table 2: Capital Master Plan 2018-27 Summary (in thousands of Swiss francs)						
Projects	2018-19	2020-21	2022-23	2024-25	2026-27	Total 10 years
<u>ICT related projects</u>						
Global IP Platform						
Phase I	4,547	-	-	-	-	4,547
Phase II	-	x	-	-	-	
Resilient Secure Platform for PCT						
Phase I	8,000	-	-	-	-	8,000
Phase II	-	23,390	-	-	-	23,390
Madrid IT Platform	6,000	-	-	-	-	6,000
Conference Registration System	930	-	-	-	-	930
Sub-total ICT related projects	19,477	23,390	-	-	-	42,867
<u>Building related projects</u>						
Creation of multi-media studio	1,700	-	-	-	-	1,700
Lifecycle renovations						
PCT building additional works	1,950	-	-	-	-	1,950
Arpad Bosch building (AB)	-	-	20,000 - 25,000	-	-	20,000 - 25,000
Georg Bodenhausen building (GB)	-	-	-	-	15,000 - 20,000	15,000 - 20,000
Parking	-	700	-	-	-	700
Systems/mechanical installations						
Water supply	-	900	-	-	-	900
Electricity and Energy	1,300	-	1,300	-	-	2,600
Elevators	430	1,070	-	-	-	1,500
Sub-total building related projects	5,380	2,670	21,300 - 26,300	-	15,000 - 20,000	44,350 - 54,350
<u>Security equipment and systems</u>						
Fire systems	220	-	1,476	-	-	1,696
Security equipment	400	500	330	-	-	1,230
Sub-total security related projects	620	500	1,806	-	-	2,926
Total estimated costs	25,477	26,560	23,106 - 28,106	-	15,000 - 20,000	90,143 - 100,143

Note: x indicates costs to be determined

13. The CMP 2018-27 represents a rolling plan for capital investment projects and will be updated and presented to Member States on a biennial basis with refined scope and cost estimates for each project.

PROPOSAL FOR RESERVE FUNDING FOR CMP PROJECTS IN THE BIENNIUM 2018/19

14. Based on the CMP 2018-27, the projects proposed for funding from the Reserves in the biennium 2018/19 are summarized in Table 3.

Table 3: Capital Master Plan Projects 2018-19 <i>(in thousands of Swiss francs)</i>	
Projects	2018-2019
<u>ICT related projects</u>	
Global IP Platform (phase I)	4,547
Resilient Secure Platform for PCT (phase I)	8,000
Madrid IT Platform	6,000
Conference Registration System	930
Sub-total ICT related projects	19,477
<u>Building related projects</u>	
Creation of multi-media studio	1,700
PCT building additional works	1,950
Systems/mechanical installations	
Electricity and Energy	1,300
Elevators	430
Sub-total building related projects	5,380
<u>Security equipment and systems</u>	
Fire systems	220
Security equipment	400
Sub-total security related projects	620
Total estimated costs	25,477

15. The total estimated one-time cost of the proposed key priority projects in 2018/19 amounts to 25.5 million Swiss francs. There are no operating/recurring costs for the projects in the biennium 2018/19.

16. Each proposed project/project-phase is self-contained. The approval of the projects for implementation in 2018/19 does therefore not prejudice any future decisions on funding projects/project-phases in subsequent biennia. A detailed description of each of the proposed projects to be financed from the Reserves is included in Annexes II to VII.

STATUS OF THE UTILIZATION OF RESERVES

17. The first principle (Principle 1) set out for use of the Reserves pertains to the availability of amounts above the reserve target level. The balance of Reserves in excess of the mandated reserve target level and the Special Projects Reserve is estimated at 89.1 million Swiss francs at the end of 2017³. To be prudent, the calculation of available reserves excludes (i) the Working Capital Funds and Revaluation Reserve Surplus as per Principle 2 of the Revised Policy on Reserves and (ii) the projected Overall Result after Reserve Expenditure for 2017.

³ The projection does not take into account the projected Overall Result after Reserve Expenditure for 2017, which amounts to 24.3 million Swiss francs

Table 4: Estimated Status of the Reserves end 2017
(in millions of Swiss francs)

Total Reserves*, ending balance 31.12.16	287.7
<i>of which:</i>	
Accumulated Surpluses, ending balance 31.12.16	270.9
Special Projects Reserve, ending balance 31.12.16	16.8
Special Projects Reserve no longer required	<u>(3.4)</u>
Special Projects Reserve remaining balance for CMP 2014-19 and other special ongoing projects financed from the Reserves	13.4
Anticipated Special Projects Reserve following approval of CMP 2018-19 projects	<u>25.5</u>
Total estimated Special Projects Reserve, incl. CMP 2018-19	38.9
Total Reserves excluding Total estimated Special Projects Reserve, incl. CMP 2018-19	248.9
RWCF Target 2018/19**	<u>159.8</u>
Balance of Reserves in excess of reserve target***	89.1

*Excluding Working Capital funds (WCF) and Revaluation Reserve Surplus

**Reserve target is based on targets for the Unions determined in the Revised Policy on Reserves i.e. 22.% of the total 2018/19 biennial budget of 725 million Swiss francs

***Does not take into account the projected Overall Result after Reserve Expenditure for 2017 which amounts to 24.3 million Swiss francs

18. As illustrated in Table 4, the proposed funding of 25.5 million Swiss francs for the CMP 2018-19 can be absorbed without affecting the required target level of Reserves, as the projected balances can prudently accommodate the expenditures under the proposed projects.

19. It should be noted that as the Organization's financial statements are prepared on an IPSAS basis, expenditure on Information Technology (IT) projects will be capitalized where it meets the required recognition criteria. Similarly, expenditure on building projects that extends the useful life or enhances the value of the affected buildings will also be capitalized. For each project, a determination will be made on whether capitalization is allowable under IPSAS as detailed information on the costs and scheduled implementation becomes available. Where a project is capitalized, the expenditure is recognized over the useful life of the resulting asset once the project has reached completion and is available for use. In these cases, the impact of the expenditure on the Organization's reserves is therefore deferred over a longer period through an annual amortization or depreciation charge, as opposed to an immediate impact as the project is implemented.

ALLOCATION OF PROPOSED CMP 2018-19 PROJECTS TO THE UNIONS

20. The CMP projects proposed for financing from the Reserves in 2018/19 are allocated to the Unions based on the extent to which they directly or indirectly benefit the Union(s):

Global IP Platform

- indirectly benefits the fee-funded Unions
- cost allocated as indirect Union expenditure to the fee-funded Unions
(*capacity to pay principle*)

Resilient and Secure Platform for the PCT

- directly benefits the PCT Union
- cost allocated as direct Union expenditure to the PCT Union

Madrid IT Platform

- o directly benefits the Madrid Union
- o cost allocated as direct Union expenditure to the Madrid Union

Conference Registration System

- o indirectly benefits all Unions
- o cost allocated as indirect admin expenditure to all Unions
(capacity to pay principle)

Building and Security and Safety-related projects

- o indirectly benefits all Unions
- o cost allocated as indirect admin expenditure to all Unions
(capacity to pay principle)

21. Table 5 provides an overview of the allocation of the costs of the proposed projects by Union. As far as the IT projects are concerned, they would primarily benefit the PCT and Madrid Systems. A significant portion of the building-related projects would benefit the PCT system. As the Hague and Lisbon reserve balances were in deficit at the end of 2016, the remaining costs are allocated to the Contribution-financed (CF), the PCT and the Madrid Unions. The positive balance of reserves for these Unions in excess of the 2018/19 target illustrates that the Unions are not being negatively affected by the proposed CMP projects for 2018/19.

Table 5: Estimated Status of the Reserves end 2017 by Union
(in thousands of Swiss francs)

	CF Unions	PCT Union	Madrid Union	Hague Union	Lisbon Union	Total
Total Reserves*, ending balance 31.12.16	21,377	233,008	52,511	(18,043)	(1,178)	287,675
<i>of which:</i>						
Accumulated Surpluses, ending balance 31.12.16	20,318	220,196	49,607	(18,043)	(1,189)	270,889
Special Projects Reserve, ending balance 31.12.16	1,059	12,812	2,904	-	11	16,786
Special Projects Reserve no longer required	<u>(226)</u>	<u>(2,940)</u>	<u>(267)</u>	<u>0</u>	<u>(4)</u>	<u>(3,436)</u>
Special Projects Reserve remaining balance for CMP 2014-19 and other special ongoing projects financed from the Reserves	833	9,872	2,637	-	7	13,350
Anticipated Special Projects Reserve following approval of CMP 2018-19 projects	<u>250</u>	<u>18,167</u>	<u>7,061</u>	-	-	<u>25,477</u>
Total estimated Special Projects Reserve, incl. CMP 2018-19	1,083	28,039	9,698	-	7	38,827
Total Reserves excluding Total estimated Special Projects Reserve	20,294	204,969	42,813	(18,043)	(1,185)	248,848
RWCF Target 2018/19**	16,252	107,154	32,610	3,736	-	159,752
Balance of Reserves in excess of reserve target level***	4,042	97,815	10,203	(21,779)	(1,185)	89,096

*Excluding Working Capital Funds (WCF) and Revaluation Reserve Surplus

**Reserve target is based on targets for the Unions determined in the Revised Policy on Reserves i.e. 22 per cent of the total 2018/19 biennial budget of 725 million Swiss francs.

***Does not take into account the projected Overall Result after Reserve Expenditure for 2017, which amounts to 24.3 million Swiss francs

Note: The methodology used for the allocation of income and expenditure by Unions is similar to the methodology used for the preparation of the Program and Budget 2018/19 (unchanged from 2016/17).

IMPACT ON CASH FLOWS AND LIQUIDITY LEVELS OF THE RESERVES

22. WIPO's available cash and the liquid element of its reserves are both more than sufficient to fully finance the level of cash outflow proposed in the CMP 2018-19 and the balance of the CMP 2014-19 and other special projects financed from the Reserves.

Impact on cash flow

23. After setting aside the operational reserve target of 22 per cent of the Program and Budget for 2016/17 (157 million Swiss francs) and the reserves established for the ASHI liability funding (Strategic Cash amounting to 108.6 million Swiss francs), the balance of Core Cash, including the Special Projects Reserve, is as follows:

	April 30, 2017	Dec 31, 2016
Total Cash and Investments (including deposits)	473.2	542.3
Operating Reserve (RWCF target 2016/17)	157.0	157.0
Strategic Cash	<u>108.6</u>	<u>108.6</u>
Core Cash*	207.6	276.7

*Core Cash includes the Special Projects Reserve

24. The reduction in cash from December 31, 2016 to April 30, 2017, resulted from the implementation of the strategy to limit the impact of current negative Swiss franc interest rates, whereby WIPO prepaid the loan to the Cantonal banks in connection with the building construction projects in the amount of CHF 82.1 million. The net cash inflow in 2017 has been sufficient to enable WIPO to absorb the repayment of the construction loan and still retain substantial liquidity available for cash requirements.

25. In accordance with WIPO's Investment Policy, the Core Cash balance will be invested in 2017 while ensuring that sufficient cash can be made available to meet contingencies should it be required. In addition, WIPO's cash balances are replenished on an annual basis with operating surpluses.

Liquidity levels of the Reserves

26. The liquid portion of WIPO's net assets has been defined as the excess of its current assets over its current liabilities after certain adjustments are made for elements included in current assets and liabilities based on IPSAS requirements. The position of the liquid portion of the net assets as per the Annual Financial Statements (unaudited for 2016) evolved from 88.4 million Swiss francs at the end of 2015 to 135.6 million Swiss francs at the end of 2016.

27. Certain adjustments made for elements included in current assets and liabilities based on IPSAS requirements, resulting in an estimation of the liquid portion of the net assets, are as follows:

- (i) The current asset inventories represent the value of publications printed but not distributed or sold. Since most of this element will not result in the receipt of cash, it is not included in the current assets for the purpose of the calculation of the net liquid balance.
- (ii) Advance receipts, net of the current asset Accounts Receivable PCT, represent the portion of PCT and Madrid/the Hague fees already received by WIPO in cash but for which publication has not been completed. In accordance with IPSAS, these funds are considered advance “unearned” receipts and are not reflected in revenue until the publication date. However, unlike other liabilities, advance receipts represent deferred revenue already received in cash, which will form part of WIPO’s revenue and surplus within a period of 12 months or less. Therefore, the cash portion of advance receipts are not considered an offset to WIPO’s liquid assets, since they do not result in any outflow of cash resources.

Table 7: Evolution of Net Liquid Reserves
(in millions of Swiss francs)

	Dec 31, 2016	Position after adjustments Dec 31, 2016	Dec 31, 2015	Position after adjustments Dec 31, 2015
Current Assets	604.4		544.9	
Accounts Receivable PCT		(46.0)		(36.5)
Adjustment for inventories		<u>(1.5)</u>		<u>(1.6)</u>
Net liquid current assets		556.9		506.8
Current Liabilities	468.8		456.5	
Adjustment for advance receipts		<u>(269.6)</u>		<u>(249.4)</u>
Net liquid current liabilities		199.2		207.1
Net current assets*	135.6		88.4	
Liquid portion of net assets		357.7		299.7

*As per the Financial Statements

28. There are no anticipated elements that will have a significant negative impact on the future balance of liquid assets. However, beginning in 2017, WIPO will reclassify the portion of cash invested for the Core and Strategic reserves to non-current assets since the Organization plans to hold these reserves in investments which exceed a one year timeframe in order to maximize return while preserving capital. The Strategic cash will be invested for the longer term and will result in a reduction of liquid reserves. However, the Core Cash will be invested in such a way as to ensure that the funds remain available should they be required to meet any contingencies. Therefore, for future calculations of reserve liquidity, the Core Cash investments held in funds that can be accessed immediately, if required, will continue to be considered liquid.

29. As mentioned above, WIPO Reserves are replenished on an annual basis with operating surpluses, which are projected at 24.3 million Swiss francs in 2017 (Overall Result after Reserve Expenditure) and 61.5 million Swiss francs (budgeted Operating Result before Reserve Expenditure) for the 2018/19 biennium.

CMP PROJECTS FOR THE BIENNIUM 2018/19 AND RESERVE POLICY PRINCIPLES

30. The above sections provide an analysis for the use of the Reserves as per the principles contained in the Revised Policy related to Reserves. The principles are reproduced in Annex I for ease of reference. The below paragraphs provide a synopsis of the analysis for each of the principles.

Principle 1

31. The balance of the Reserves (excluding WCF and Revaluation Reserve Surplus) as at end 2016 amounted to 287.7 million Swiss francs. The proposed funding of CMP projects in the biennium 2018/19 amounting to 25.5 million Swiss francs is, therefore, well above the RWCF target level for 2018/19, which amounts to 159.8 million Swiss francs.

Principle 2

32. The calculation of the available Reserves excludes the WCF and Revaluation Reserve Surplus (Tables 4 and 5 refer).

Principle 3

33. The proposed projects are one-time, key capital improvement projects related to either IT or premises/safety and security. Please see the descriptions of projects and their drivers in Annexes II to VII.

Principle 4

34. Table 2 and Annex VIII provide a comprehensive overview of the key capital investments foreseen over the next ten years (2018-27) for premises, safety and security, and ICT, including the full one-time cost of each project and/or project phases. The annual recurring cost for each project is included in the Annexes II to VII, where relevant.

35. In addition, the CMP 2018-27 proposal is not estimated at having any negative impact on cash flows and liquidity levels of the Reserves (please see paragraphs 22 to 30).

Principle 5

36. The proposed CMP 2018-27 projects/project phases are planned for implementation in the 2018 and 2019.

[Annexes follow]

ANNEX I: REVISED POLICY RELATED TO RESERVES

Principles on the use of the Reserves and Working Capital Funds (RWCF) as per the Revised Policy related to Reserves⁴ are as follows:

PRINCIPLE 1: Proposals for the use of the RWCF should only pertain to the amounts available in the RWCF exceeding the target level required by WIPO's Policy on Reserves. This is applicable both at the level of individual Unions as well as at the level of the Organization as a whole.

PRINCIPLE 2: The calculation of the available reserves will be based on the information on the RWCF levels contained in the most recent financial statements and must take into due consideration the actual, committed and planned expenditures from reserves for the financial period(s) during which the proposed project will be implemented. The Revaluation Reserve Surplus (which arises from the revaluation of the land on which the new building has been constructed) and the Working Capital Funds (which were established through Member States contributions) will be excluded from the calculation of the amounts available in excess of the RWCF target.

PRINCIPLE 3: Proposals for the use of available Reserves should be limited and for one-time projects for capital improvements and exceptional circumstances, as decided upon by the Assemblies of the Member States and of the Unions, each as far as it and its available reserves are concerned. Capital projects would typically be identified in a long-term capital master plan and may be defined as projects related to construction/refurbishment and Information and Communication Technology that are needed to keep an Organization's facilities and systems fit-for-purpose through significant expansion or additions.

PRINCIPLE 4: Proposals for the use of the Reserves should be prepared in a comprehensive manner with information on full life cycle costs of the projects, estimated benefits (which may be both financial and qualitative in nature), recurring expenditures that the Organization will be committed to budgeting for as part of the regular budget in subsequent biennia, and the impact on cash flows and liquidity levels of the Reserves.

PRINCIPLE 5: Proposals for the use of the Reserves may be for projects and initiatives that are outside the biennial financial period of the Organization and may cut across, or last for, more than one biennia.

[Annex II follows]

⁴ Document WO/PBC/23/8 and WO/PBC/23/9.

ANNEX II: GLOBAL IP PLATFORM – PHASE I

Project objectives and expected benefits

The project is aimed at introducing a single common IT platform (hereinafter referred to as “the Global IP Platform”), which connects multiple IT platforms of WIPO’s fee-paying services such as PCT, Madrid, and the Hague Systems (WIPO Global IP Protection systems). Integration with a new global payment system is foreseen, and the project will also explore the possibility of connecting to IT systems supporting services provided by the WIPO Arbitration and Mediation Center (AMC). The Global IP Platform would provide a single-entry portal to users of WIPO Global Protection systems services and AMC services via a single WIPO account for each user and implement a user-friendly navigation policy a common user interface and a central payment portal.

The integration of multiple platforms is urgently needed for the International Bureau (IB) of WIPO to cope with a significant increase in the quantity and variety of IP data managed across different business areas. As use of the Global IP systems increases, a more integrated approach to data processing is needed to mitigate the processing overheads that would otherwise be associated with fragmented and independent data processing solutions within each service’s IT systems.

The Global IP platform will build upon ICT investments WIPO has made so far and provide opportunities to make more strategic cross-sector ICT decisions. Through strategic process and architectural standardization, the Global IP platform will facilitate cost containment in ICT investments across business lines and improve the degree of scalability in business solutions, while assuring operations and data quality are not compromised. Greater responsiveness to changes in business requirements and improved system resilience are also expected.

The single-entry portal, which will include a modernized payment system, will enable novice customers such as universities, SMEs and individual businesses, particularly in developing countries, to better access WIPO’s services with little prior knowledge of IP, and to easily manage fee payments.

The expected benefits of the Global IP Platform project are the following:

- It will enable the Organization to make more strategic cross-sector ICT decisions and synergize solutions across business lines and IT platforms, facilitating cost containment in ICT investments across business lines and improving scalability and resilience in the solutions adopted.
- The Global IP Platform will allow different IT systems of various business areas of WIPO to process common data (such as user profile data and payment data) and to manage data quality.
- More cooperation activities with IP Offices and applicants become possible, leading to the same benefits mentioned above becoming available for IP Offices and other customers who interact with WIPO’s Global Protection systems.
- A single, simple portal for customers and WIPO to process payments using modern fee payment facilities.
- The Global IP Platform’s single, simple and effective portal will allow WIPO to keep its customers informed of how to operate and use WIPO’s full range of externally facing services in a most user-friendly manner.

- It is a powerful promotion tool for WIPO's services by offering a new, consolidated and more uniform customer experience.
- Access to all services will be via a robust, single user account, thereby enhancing the level of security and access controls to WIPO's IT systems and data.
- The Global IP Platform will reinforce WIPO's contribution to innovation and creativity for the benefit of all by making WIPO's services more accessible to SMEs and individual businesses, particularly in developing countries.
- The Platform will provide access and management of shared customer related information for the IB to facilitate its customer relations and promotion of services.

Project implementation

The project would be implemented using a phased implementation strategy. Phase I aims at establishing and validating a design; deploying an initial showcase platform; defining a plan and framework for IT systems to migrate to the platform during later phases; and developing procedures and policy to ensure greater convergence in data processing and IT solutions across business lines.

Drivers

Business need - a new consolidated and more uniform customer experience is becoming increasingly important given the growth in the number of users of WIPO services and the enhanced reliance by the Organization on ICT for providing its services. The project will address this need through providing a single, simple and effective portal for WIPO's customers to be informed of and to use WIPO's full range of services.

Cost efficiency – cost efficiencies can be obtained by: (i) containing the cost of developing different IT systems through the introduction of the integrated Platform; (ii) improving access to, and management of, shared customer information, through the interconnections among the IT systems; and (iii) providing users and IP Offices with a single customer portal, more streamlined processing of payments, and enhanced cooperation via the integrated Platform with users and IP Offices.

The project meets the requirements in Principle 3 of the Revised Reserve Policy as a one-time project for capital improvements based upon its size and its scope, which extends over all the major revenue areas of the Organization.

Estimated recurring operational costs

The recurring costs of maintenance and operation of the Global IP Platform will be included in successive Program and Budget proposals as part of the regular budget. The estimated recurring costs following the completion of Phase I is estimated at 410,000 Swiss francs per year.

[Annex III follows]

ANNEX III: RESILIENT AND SECURE PLATFORM FOR THE PCT – PHASE I

Project objectives and expected benefits

The Patent Cooperation Treaty (PCT) is a cornerstone of WIPO's assets, as it provides WIPO with its main source of revenue.

Resilience of the PCT's services is therefore critical to the business operations of PCT applicants and Offices. Service interruptions have the potential to lead to backlogs at WIPO, as well as backlogs and/or loss of rights for WIPO's customers. Medium to large scale service disruptions are likely to damage WIPO's reputation and income. As organizations become increasingly more digitized, an assured continuity of services is a critical means to maintain the confidence of users of the PCT's services and to attract new customers.

Currently, the PCT infrastructure is sharing its core services with other WIPO corporate services. Any potential threat impacting WIPO (cyber attack, natural disaster, major technical failure) may therefore impact the PCT.

In order to be responsive, efficient and ensure the highest level of security, WIPO needs to make sure that it builds a responsive communications interface between itself and its Member States, customers and key stakeholders. This implies:

- (i) increasing the security of the systems storing and processing WIPO's sensitive and critical PCT data;
- (ii) increasing the availability and resiliency of WIPO's critical PCT business processes and related systems;
- (iii) improving the data identification, classification and protection; and
- (iv) improving PCT business systems agility and uniformity.

The expected benefits of the Resilient and Secure Platform for the PCT will enable the PCT to:

- ensure adequate identification and protection of its critical data against security threats, in particular cyber-attacks, and
- provide increased services availability, resilience and continuity in case of major technical issues or disasters.

The Resilient and Secure Platform proposes a "System high" approach for PCT production data, with segregation of the PCT information and information systems (where possible, taking into consideration external facing applications constraints such as ePCT) from the rest of WIPO's corporate network. The highly confidential network will be protected using a high security segregation solution, with connections to other PCT environments (TEST, DEV) tightly controlled.

Project Implementation

Phase I of the project aims at establishing a first Data Center (DC1), replacing the current Primary Data Center during the biennium 2018/19. This will include an Application Architecture design project, a User Access project, and a Data Architecture review project.

Notwithstanding the segregation foreseen, the impact of the Global IP Platform on ePCT will be examined with a view to identifying the best technical integration solution between the two platforms.

Drivers

Safety, security and information assurance – The risk of cyberattacks is continuously increasing, and this needs to be addressed to enable the Organization to continue to function and maintain the confidence of users of the PCT services.

Business need – WIPO depends on the safety and security of the confidential data it manages under the PCT. Failure to protect the data from outside intervention could have catastrophic consequences, damage WIPO's reputation and lead to reductions in revenue.

The project meets the requirements in Principle 3 of the Revised Reserve Policy as a one-time project for capital improvements based upon its size and its scope.

Estimated recurring operational costs

The recurring costs of maintenance and operation of the Data Center will be included in successive Program and Budget proposals as part of the regular budget. The estimated recurring costs following the completion of Phase I is estimated at 4.06 million Swiss francs per year.

[Annex IV follows]

ANNEX IV: MADRID IT PLATFORM

Project objectives and expected benefits

The Madrid IT modernization program was completed in 2016, achieving the goal of migrating of IT systems based on outdated 1990s legacy approached to a more modern IT technology and adding functions to enable selected electronic transactions. However, this IT system continues to be based on processes and administrative practices that have evolved over the long history of the Madrid Registry, rather than designed specifically to take advantage of the possibilities offered by state-of-the-art technological solutions. There is, therefore, an urgent need for a technological leap forward that can support optimized, efficient, resilient and flexible IT business processes that are customer-focused.

The objective of the Madrid IT Platform project is to design, plan and implement the core components of a comprehensive, state-of-the-art and agile business solution for all Madrid System services. In addition, it is expected to enable future integration of the Madrid System into the Global IP Platform, through adopting, where possible, common architecture and look and feel, and achieving efficiencies through the provision of common functionalities in areas such as identity management, security and financial administration. The completed project is further expected to promote alignment between the ICT systems of national Offices and the IB, thereby improving the quality of data interchange and minimizing manual intervention.

The Madrid IT Platform is expected to constitute a single resilient hub for international trademark registrations and for interaction between the IB and the Offices of Madrid System members. The Madrid IT Platform is therefore expected to provide the following longer-term benefits:

- provide applicants and holders of international registrations, Offices of Contracting Parties and the IB with real-time, synchronous access to all information and data relating to international applications and registrations;
- eliminate uncertainty related to the transmittal or manual processing of data exchanged between applicants and holders, Offices of Contracting Parties and the IB, through improving reliability, quality and verifiability of data products and reducing the requirements for manual intervention by Madrid examiners;
- deploy an effective, consistent and modern notification system to keep users apprised of developments on trademarks, and reduce the volume of paper communication;
- provide a gateway to the eMadrid portal of E-service tools that support customers throughout the lifecycle of their mark; and,
- create a streamlined and resilient Madrid System where customer-focus is the primary driver, including, if necessary, the adaptation of the legal framework and operational practices.

Project implementation

The core components of the Madrid IT Platform will be delivered in a phased implementation manner in the 2018/19 biennium through analysis of business requirements, streamlining of operational processes and building on lessons learned from the new Hague IT Platform developed in the 2016/17 biennium.

Drivers

Cost efficiency – the current system is primarily based on manual processing involving substantial staffing resources in the IB and in the Offices of Madrid System members. The proposed system will take advantage of technological advances and automation opportunities.

Business need – the current Madrid IT system is stable and productive but is based on processes and administrative practices that evolved over many years rather than designed specifically to take advantage of evolving state-of-the-art technological solutions. Modernization is essential to ensure the continued ability of the IB to ensure its ability to manage the expected increase in application volume and the active international registrations.

The project meets the requirements in Principle 3 of the Revised Reserve Policy as a one-time project for capital improvements based upon its size and its scope.

Estimated recurring operational costs

The recurring costs of maintenance and operation of the Madrid IT Platform will in the medium to long term replace the recurring cost of the current Madrid IT System. The costs will be included in successive Program and Budget proposals as part of the regular budget.

[Annex V follows]

ANNEX V: INTEGRATED CONFERENCE SERVICES PLATFORM

Project objectives and expected benefits

In 2013, an internal audit report highlighted the challenges of working with a number of stand-alone IT tools in the Conference Services Area, which includes General Assemblies and other meetings. The task to develop/identify an integrated, high-performance conference-management solution for WIPO was recommended.

The current systems and databases in the Conference Services Area, which include General Assemblies and other meetings, have been developed and maintained over a number of years but are now reaching the end of life, as they lack key functionalities and integration capabilities and are built on tools that are not part of WIPO's enterprise level solutions. The ongoing maintenance of these disparate systems and databases is therefore becoming increasingly difficult and expensive. The current systems include the Meeting Documents Contacts System (MDCS), Web Registrations (WebReg), Electronic Documentation (EDOCS), Conference Room Book (CRB) and the Interpreters' Contact and Skills Database (IRCS).

In addition, and in line with the increased security risks, WIPO must consider the organizational approach to managing and delivering events, workshops, and conferences. An added security consideration within the UN is "*how do we know who is in/invited into UN facilities?*" The registration and accreditation process administered and operated by Conference Services will most likely require a security screening protocol yet to be determined. A validated commercial solution is required to supersede the existing systems. The design must also meet the requirements of the Safety and Security Coordination Service and the UN Department of Safety and Security.

The project is expected to be completed over the period 2018-19, including both the design and implementation phases.

Drivers

Cost efficiency – the current systems use outdated legacy software not integrated among its component parts nor into WIPO's ERP system. An integrated model will eliminate duplication and overlap and improve the efficiency of users.

Business need – the databases utilized in support of conferences are based on outdated software, which is reaching the end of its useful life. These databases and the software that produces them are crucial to the Organization's continued ability to effectively organize events, workshops and conferences. Replacement with a modern, integrated system will ensure an efficient management of resources.

Security, safety and information assurance – the new integrated system will assist the Organization in complying with the requirements of WIPO and UN security services and help to ensure the safety and security of delegates and participants in workshops and events.

The project meets the requirements of the Reserve Policy as a one-time project for capital improvements.

Estimated recurring operational costs

The recurring costs of maintenance and operation of the Integrated Conference Services Platform is estimated at 86,000 Swiss francs per year. The costs will be included in successive Program and Budget proposals as part of the regular budget.

[Annex VI follows]

ANNEX VI: BUILDING LIFECYCLE REFURBISHMENT/RENOVATION FOR 2018-19

For 2018/19, key priority CMP projects are required to ensure the proper functioning of some of the Organization's major buildings and/or installations.

Project objectives and expected benefits

Multi-media Studio

The creation of a multi-media studio will enable the Organization to internally produce materials on developments related to intellectual property for use in communication with its Member States, for public information purposes and training.

PCT Building renovations

The 2014-19 CMP included a major project covering renovations to the façade and cooling/heating systems via "active" false ceilings in the PCT building. The bulk of these renovations are now scheduled to take place during the 2018/19 biennium. As part of the review of the implementation of the project scope, it was determined that during the renovation phase, other renovations to the PCT Building could be completed concurrently, thereby minimizing the disruption of the work of PCT staff, reducing the requirements for temporary movement of staff during the construction period, benefitting from worksite opportunities, cost efficiencies and cost avoidance, more efficient integration of new technology for various technical, electrical, security and safety appliances and systems and avoiding the need to re-open another major worksite throughout the whole building only a couple of years after having commissioned the initial renovation. These additional renovations include:

- replacement of "non-active" false ceilings linked to the improvement works of the electrical, security and safety systems;
- upgrading of smoke extractor systems;
- modifications to doors and installation of new emergency exits to meet Swiss regulations on building evacuation;
- additional ventilation mechanism in certain upper floors;
- installation of a new generation public address system; and,
- major upgrading of the emergency lighting system.

Electrical systems and mechanical installations in AB Building

Funding for enhancements is proposed in the electrical and elevator systems as follows:

Electrical –upgrading of the standby power systems in the AB Building through the installation of a larger power generator to connect the entire network to mitigate power outages and to add redundancy for additional equipment and installations.

Modernization of the lighting through new technology for system and light fixtures in the AB Building.

Elevators – modernization of the motor systems (through new technology) in the AB Building to ensure full continuity of elevator service and start a new lifecycle.

Drivers

Lifecycle – ensuring that the PCT Building is adequately renovated so as to ensure full utilization during its useful life and adding improvements to existing systems to upgrade them where necessary to meet current work. Re-starting the life cycles of the elevators and lighting systems in the AB Building.

Safety, security and information assurance – ensuring that the PCT Building meets standards developed by the United Nations Department of Safety and Security.

Regulations – ensuring that the PCT Building meets recently enacted Swiss regulatory requirements related to fire safety.

Business need – the creation of the multi-media studio will enable the Organization to better provide information on intellectual property to the general public and to its Member States.

Cost-efficiency – the proposed works to renovate the lighting systems in the PCT and AB Buildings will result in reduced energy consumption and maintenance costs, as well as a reduced carbon footprint on the environment.

The building-related projects meet the requirements for utilization of the reserves as it will finance one-time, major building refurbishments and renovations.

[Annex VII follows]

ANNEX VII: SAFETY AND SECURITY SYSTEMS IMPROVEMENTS FOR 2018-19

Project objectives and expected benefits

Safety and security policies at WIPO are designed to provide a safe and secure work space for staff, delegates and visitors. In order to achieve this objective, it is important that WIPO ensures continuous compliance with mandatory Host Government regulations and applicable United Nations Security Management System (UNSMS) policies and standards. Additionally, WIPO must continuously manage the risk from external security threats while maintaining an up-to-date, sophisticated and comprehensive safety and security management infrastructure at Headquarters in a forward-leaning, technically efficient and cost-effective manner over the long term, thereby fulfilling its Duty of Care obligations to staff, delegates and visitors.

Compliance with Swiss federal legislation and local fire regulations

In compliance with the Swiss fire regulation '*Association des Etablissements cantonaux d'Assurance Incendie*' (AEAI), WIPO will install fire doors/walls in the GB Building to contain the spread of fire and smoke. The implementation will also ensure alignment with UNSMS fire and safety policy guidelines.

Headquarters physical security management in compliance with UNSMS policy and identified risks

In the context of the evolving security threat environment in Europe and in accordance with the current risks faced by the UN articulated in the UN country security risk assessment for Switzerland, continual mitigation through investment in safety and security capital infrastructure is required. This includes the phased implementation of threat containment areas, dynamic lock down systems, protective window glazing and the establishment of safe havens, starting with two WIPO buildings.

Drivers

Security, safety and information assurance - ensuring that WIPO's security management system remains relevant and up-to-date in line with industry best practices and commensurate with identified security risks posed by external security threats.

Regulations – ensure that WIPO facilities maintain compliance with applicable UN Security Management System (UNSMS) policy and standards, Host Government federal legislation, and local Geneva fire and safety regulation.

Cost Efficiency – through alignment of physical works with other planned CMP initiatives to minimize disruption periods and maximize cost efficiencies through common project management services and implementation of works.

The project meets the requirements for utilization of the reserves as it will finance a one-time major building refurbishment and renovations.

[Annex VIII follows]

ANNEX VIII: CAPITAL MASTER PLAN FOR PREMISES, SAFETY AND SECURITY FOR THE PERIOD 2018-2027

(Amounts in Swiss francs)

Sector	Area	Drivers						Expected Benefit	Additional			Buildings	Description of Works	2018-19	2020-21	2022-23	2024-25	2026-27	Total 10 years	Additional Information	
		Lifecycle Regulations	Business Need	Environment	Accessibility	Cost-efficiency	Security, Safety & Information Assurance		Environment	Accessibility	Cost-efficiency										
New constructions	New Studio	X						Enhanced capability to produce internal/external videos				AB	Creation of multimedia studio	1,700,000						1,700,000	Most structural work performed
Buildings envelope and exteriors	Facade / Walls / Fenestrations / Roof	X						Fit for purpose PCT building	X	X		PCT	Additional electricity and security works to leverage PCT worksite	1,950,000						1,950,000	Includes security doors, fire prevention and protection measures (alarm, lighting and smoke extractors) and "non-active" false ceilings
		X						Fit for purpose AB building	X	X		AB	Renovate building envelope			20-25 million			20-25 million	AB built in 1976. Works include windows replacement, insulation improvement, HVAC system renovation, etc	
		X						Fit for purpose GB building	X	X		GB	Renovate GBI and II buildings envelope				15-20 million		15-20 million	GBI renovated in 1988, GBII built in 1996	
		X						Improved insulation of roofs	X	X		AB, GB	Create green-roof spaces			x ^{AB}		x ^{GB}	-	To be included in the renovation of AB and GB buildings	
		X						Improved insulation of roofs	X	X		AB, GB	Review insulation of roofs			x ^{AB}		x ^{GB}	-	To be included in the renovation of AB and GB buildings	
			Parking	X	X				Improved allocation of parking spaces				AB, NB, PCT, CAM	Install electric vehicles plugs and car presence detectors		300,000				300,000	
		Outdoor space	X					Fit for purpose parking and improved accessibility		X		AB	Renovate parking floors		400,000				400,000	AB parking floors renovation expected for 2020-21	
		X					Functional and enhanced outdoor spaces				AB	Works to improve parks, terrace and fountain			x ^{AB}			-	For AB, to be included in the renovation works		
Internal structure	Common areas	X					Optimized hallways and enhanced usage of pavilion				AB	Dismantle pavilion to create an expo area			x ^{AB}				-	Current veranda is a temporary installation. Works to be included in AB renovation	
	Specific-purpose areas	X	X				Functional and modernized conference rooms		X		AB (A & B)	Renovate A and B conference rooms (including sound)			x				-	Revamp sound and IT systems in rooms A and B. Works to be done with AB renovation	
		X					Enhanced reception area for official hospitality				AB	Create 13th floor restaurant		x					-		
	Offices	X					Functional partitions and doors				GB	Rehabilitate interior of GB					x ^{GB}		-	To be included in GB renovation in 2026	
Systems / Mech. Installations	Water supply network	X					Functional and reliable water network	X	X		AB	Renovate installations of drinking water network		900,000					900,000	Includes renovation of pipes due to leakage risks and technical room AB-3	
							Reduced water consumption	X	X		All	Increase rain water usage			x				-		
		X						Adapt water-saving devices and fountain plumbing	X	X		All				x			-	Water-saving mechanism and fountains connection to city network	
	Electricity & Energy systems	X					Power outage mitigation		X		AB, GB	Update stand-by power system Phase I & II	700,000 ^(AB)		1,300,000 ^(AB, GB)				2,000,000	Installation of a larger generator for AB (Phase I in 2018-19) and AB/GB (Phase II in 2022-23)	
		X	X				Functional lighting system	X			AB	Modernize lighting	600,000						600,000	Supply of neon tubes is not guaranteed in the short-term	
			X				Improved usage of renewable energies		X		All	Install solar panels		x					-		
	Fire systems	X		X			Compliance w/ Swiss reg. (prevention & detection)				AB, GB, PCT	Update fire detection system	x ^{PCT}		310,000 ^(AB, GB)				310,000	PCT works budget (220,000) included in PCT renovation. Works in AB/GB to be done with AB renovation	
		X		X							AB, GB	Install fire doors and fire walls	220,000 ^(GB)		330,000 ^(AB)				550,000	220,000 for GB in 2018-19. 330,000 additional amount for AB. To be done with AB renovation	
		X		X							AB, GB, PCT	Install smoke extractor systems	x ^{PCT}		x		x		-	PCT works budget (180,000) included in PCT renovation. AB and GB to be done with renovations	
		X		X			Compliance w/ Swiss reg. (evacuation)				AB, GB, PCT	Doors: conformity and new exits	x ^{PCT}		66,000 ^(AB, GB)				66,000	PCT works budget (55,000) included in PCT renovation. 66,000 for AB/GB in 2020-21	
		X		X							AB, GB, PCT	Alarm: system upgrading	x ^{PCT}		440,000 ^(AB, GB)				440,000	PCT works budget (400,000) included in PCT renovation. 440,000 for works in AB/GB to be done with AB renovation	
	Security equipment and systems	X		X			Emergency lighting system				AB, PCT		x ^{PCT}		330,000				330,000	PCT works budget (330,000) included in PCT renovation. 330,000 for AB to be done with AB renovation	
				X			Better protection of the accesses to WIPO buildings				PCT, NB	Reinforce main accesses (set up structure for external screening)		x					-	Budget to be defined after study: separate sectors for outside screening	
				X			Improve terrace security				AB				x ^{AB}				-		
				X			Anti active-shooter measures				All	Includes containment, lock down system, glazing and safe haven	400,000	500,000					900,000	Specific works to be determined	
			X			Better prevention against intrusions				All	Reinforce doors			330,000				330,000			
Elevators		X				Functional elevators		X		AB, GB	Modernize motorization system	430,000 ^(AB)	300,000 ^(GB)	770,000 ^(AB)				1,500,000			
Totals													6,000,000	3,170,000	23,106,000 - 28,106,000	-	15,000,000 - 20,000,000	47,276,000 - 57,276,000			

x^{PCT}: amount included in the PCT renovation budget, x^{AB}: amount included in the AB renovation budget, x^{GB}: amount included in the GB renovation budget, x: unknown amount