

PART VIII: 2004/05 REVISED BUDGET

General

1. The main purpose of presenting a revised budget for the 2004/05 biennium is to incorporate budget reductions, which reflect the cost-saving measures that were prompted by the unanticipated shortfall in income experienced in the biennium. It is also to reflect changes to the originally approved budget for the 2004/05 biennium which are required by the application of the flexibility formulas for the international registration systems (PCT, Madrid, and Hague) (please see Appendix C). The revised budget for 2004/05 represents the baseline for the Proposed Budget for 2006/07.

2. The revised budget for 2004/05 amounts to 523 million Swiss francs. This represents a decrease of 115.8 million Swiss francs, or 18.1 per cent, as compared to the originally approved budget for 2004/05 (638 million Swiss francs). Of this overall reduction, 72.9 million Swiss francs is due to the postponement of the new construction, and 42.9 million Swiss francs to reduction in operational expenditures through cost-saving measures.

3. Annex I shows this variation by Object of Expenditure, Annex II by Main Program, and Annex III by Union. The resulting reduction in the number of posts is shown in Annex IV.

Budgetary Reductions by Object of Expenditure

4. Annex I shows the way in which originally budgeted levels of expenditure have been brought down in the revised budget, by Object of Expenditure. As shown in Annex I, in real terms the main reduction relate to the Construction (75.4 million Swiss francs), posts (20.5 million Swiss francs or 6.7 percent, which are however partly off-set by the corresponding increase in the revised budgetary allocation for short term employees), operating expenses (16.1 million Swiss francs or 18.4 per cent), and travel and fellowships (10.2 million Swiss francs or 26.2 per cent). In relative terms, consistent reductions are also made for equipment and supplies (25.6 per cent) and Special Service Agreements (47.3 per cent). For more details on the ways in which these savings were made possible, please refer to document WO/PBC/IM/05/2, Part III, paragraphs 11 to 33.

Budgetary Reductions by Main Programs

5. Annex II shows the way in which originally budgeted levels of expenditure have been brought down in the revised budget, by Main Program. As shown in Annex II, the main reduction relates to Main Programs 12 (Resources Management), which is reduced by 77.5 million Swiss francs, or by 34.9 per cent. This is mainly due to the postponement of the new construction. Another major reduction relates to Main Program 13 (Information Technology), which is brought down by 25.2 million Swiss francs, or 28.7 percent, mainly due to scaling down of the WIPOnet project and shifting from the original subcontractor to the United Nations International Computing Center (UNICC). Reductions in the other Main Programs are fairly equitably distributed. Of the overall reduction of 115.8 million Swiss francs, 9.6 million Swiss francs are due to the implementation of the flexibility formulas (see Appendix C).

Reduction in Number of Budgeted Posts

6. As shown in Annex IV, the total number of posts which had been authorized in the originally approved budget for 2004/05 is 1,004, but their total number is brought down to 915. This means a deletion in the revised budget for 2004/05 of 89 posts. The reason for this is threefold:

(a) The first reason is that of these 1,004 posts, 52 had been authorized on the assumption of a certain level of applications and, therefore, work load, under the three registration systems (PCT, Madrid and Hague) in 2004/05. Based on revised information on the level of applications in the present biennium, 40 of those 52 posts are deleted from the revised budget. This is because, based on the said revised information, the level of applications for the PCT and Hague systems in 2004/05

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will be lower than it had been estimated at the time of preparing the original budget. A total of 35 posts are therefore deleted from the PCT, and five posts from the Hague budget.

(b) The second reason is that, as explained at the informal session of the Program and Budget Committee in February 2005 (document WO/PBC/IM/05/2, paragraph 24), for the sake of transparency, it appears useful to budget expenditures for short-term employees under a separate budget line, and no longer through vacant posts. As a consequence, the vacant posts which, in the originally approved budget for 2004/05, had been artificially maintained to fund short-term employees, are deleted from the Revised Budget. On the other hand, the original allocation of 22.6 million Swiss francs for short-term employees is brought up to a total of 48.1 million Swiss francs (Annex I).

(c) The third reason is that efficiency gains in the PCT and Madrid sectors have made it possible not to fill posts that, on the basis of the flexibility formulas would, normally, have been opened for recruitment.

Personnel Expenditures

7. For sake of clarity on the evolution of personnel expenditures, please see also Table VI.

Deficit for the 2004/05 Biennium

8. Despite a downward revision of the initially approved budget of 18.1 per cent, it is anticipated that in the 2004/05 biennium there will be a deficit of 8.6 million Swiss francs which, as agreed by Member States (document PCT/A/33/7, paragraph 70(e)) will be funded from the reserves. The Secretariat is committed to continue its current efforts to further contain this deficit to the greatest extent possible. This is shown in Table VIII.