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INTERNATIONAL UNION FOR THE PROTECTION OF NEW VARIETIES OF PLANTS

GENEVA

COUNCIL**Thirty-Ninth Ordinary Session
Geneva, October 27, 2005****DRAFT PROGRAM AND BUDGET
FOR THE 2006-2007 BIENNIUM***presented by the Secretary-General*Introduction

1. Pursuant to Article 27(2) of the Convention, the draft Program and Budget for the 2006-2007 Biennium is hereby presented for approval by the Council.
2. The draft Program and Budget focuses on the four sub-programs:
 - UV.1 Overall Policy on Plant Variety Protection
 - UV.2 Improved Services to Members of the Union / Ensuring an Effective System of Plant Variety Protection
 - UV.3 Extending the Coverage of Protection of New Varieties of Plants
 - UV.4 External Relations.
3. The draft Program and Budget for the 2006-2007 Biennium proposes a total expenditure of Sfr6,550,000. Income is estimated at Sfr6,701,000. By the end of the 2006-2007 biennium, the reserves will be at a level of Sfr694,000.

4. As in the 2004-2005 budget, the Office of the Union will comprise 11 posts.

5. The Council of UPOV is invited to approve the proposals contained in this draft Program and Budget for the 2006-2007 Biennium, including the amount of contributions from members, the proposed maximum ceiling of expenditure in the regular budget and the total number of posts for the Office of the Union.

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UPOV Mission Statement

**To provide and promote an effective system of plant variety protection,
with the aim of encouraging the development of new
varieties of plants, for the benefit of society.**

A. Policy Considerations

Challenges and Main Program Thrusts

6. After a re-focusing and streamlining of program activities in 2004-2005 which led to a considerable reduction in expenditure as compared to the 2002-2003 program and budget, the policy considerations reflected in the 2004-2005 program and budget remain essentially valid, in particular:

7. During the forthcoming 2006-2007 biennium, meeting the need to provide and promote effective protection of new varieties of plants, in order to encourage plant breeding, will remain challenging.

8. Within the framework of the UPOV Convention, the Union strives to manage and develop its system of plant variety protection in a way that secures the quality of the titles of protection granted by its members at an acceptable cost. The Union seeks to improve efficiency in order to minimize financial burdens on the final product which is the protected variety. Thus, membership of the Union and participation in an internationally harmonized system should produce an economic benefit to the individual member of the Union.

9. During the last 15 years, there has been a substantial increase in the membership of the Union. By the end of 1991, the Union had 20 members; at the beginning of the 2006-2007 biennium, the membership of the Union is expected to be around 60 members. There is growing awareness in developing countries, and in countries in transition to market economies, that improved varieties are an important means of developing the agricultural sector and the overall economy. More and more countries realize that modern varieties offer trade opportunities, and are able to create income if a reliable legal framework of intellectual property protection is established. In many countries, publicly-funded agricultural research and plant breeding institutions, due to budgetary restrictions, have to look for ways to recover expenditure through effective protection of their new varieties in order to pursue research and breeding activities.

10. The mutual advantages of open economies are reflected in the commitment contained in the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) to protect plant varieties. Therefore, it is a realistic assumption to expect around 65 members of the Union by the end of the 2006-2007 biennium.

11. The States and Organizations indicated below have expressed the wish to cooperate with UPOV in developing effective legislation on plant variety protection. This development requires a particular effort on behalf of the Union to assist and advise new and potential members of the Union in the development and implementation of plant variety protection. Priority needs to be given to new members and to potential members according to their commitment to accede to the UPOV Convention.

States (19) and one Organization Which Have Initiated With the Council of UPOV the Procedure for Becoming Members of the Union

Albania, Armenia, Costa Rica, Egypt, Georgia, Honduras, Iceland, India, Kazakhstan, Malaysia, Mauritius, Morocco, Serbia and Montenegro, Tajikistan, The former Yugoslav Republic of Macedonia, Turkey, Venezuela, Viet Nam, Zimbabwe, as well as the African Intellectual Property Organization (Benin, Burkina Faso, Cameroon, Central African Republic, Chad, Congo, Côte d'Ivoire, Equatorial Guinea, Gabon, Guinea, Guinea-Bissau, Mali, Mauritania, Niger, Senegal, Togo (16)).

Other States (46) Which Have Been in Contact With the Office of the Union for Assistance in the Development of Legislation on Plant Variety Protection

Algeria, Bahrain, Bangladesh, Barbados, Burundi, Cambodia, Congo (Democratic Republic of), Cuba, Cyprus, Djibouti, Dominica, Dominican Republic, El Salvador, Fiji, Ghana, Greece, Guatemala, Guyana, Indonesia, Iran (Islamic Republic of), Jamaica, Lao People's Democratic Republic, Lebanon, Madagascar, Malawi, Mongolia, Myanmar, Nepal, Oman, Pakistan, Peru, Philippines, Saudi Arabia, Seychelles, Sri Lanka, Sudan, Suriname, Syrian Arab Republic, Thailand, Tonga, Turkmenistan, Uganda, United Arab Emirates, United Republic of Tanzania, Yemen, Zambia.

12. It is expected that the increase in the number of titles of protection granted according to the UPOV system, which currently amounts to around 8,500 per year, will continue during the forthcoming biennium. The overall number of titles issued according to the UPOV system is estimated to be more than 100,000. Currently, approximately 62,000 titles of protection are in force. It is estimated that protection has been granted to varieties of around 3,000 genera and species. UPOV, therefore, has an important interest in the ongoing discussion on biodiversity and plant genetic resources for food and agriculture.

13. Plant variety protection is a highly specialized field. The basic principles and the issues addressed by the UPOV Convention are not known to the broader public. International organizations, which rely on public funding, have an obligation to explain their role and activities and to participate in the public dialogue on issues that are relevant to their scope of responsibility. Against this background, the Union needs to maintain its corporate identity and public presence during the next biennium.

14. The *sui generis* protection system of the UPOV Convention is adapted to the subject matter of plant varieties. There are other forms of intellectual property protection which can complement the UPOV system, the most apparent being the patent system. Also, the ongoing discussion on the protection of plant genetic resources, traditional knowledge and

geographical indications calls for such continued attention during the forthcoming biennium to seek to ensure that the systems are mutually supportive in relation to the UPOV Convention.

15. A large part of the thrust of the program for the 2004-2005 biennium remains valid for the 2006-2007 biennium. Therefore, the Union and its Office will continue to focus its attention on

- services to members of the Union with a view to improving the effectiveness and efficiency of the plant breeder's rights system; in particular, investment is planned in the creation and operation of databases which should help the Office of the Union to serve UPOV's current and future membership adequately;
- a systematic approach to training and education which reflects the growing number of new members of the Union expected in the forthcoming years and which maximizes the effectiveness of existing forms of activity, such as national and regional workshops and seminars, and supplements these with new approaches, such as distance learning. This requires preparation and updating of material in all UPOV languages.

Prioritizing and Structuring of Activities

16. During its sixty-ninth session, held on April 8, 2005, the Consultative Committee developed guidance for the financial frame of the 2006-2007 program and provided some orientations on priorities.

17. Following the guidance from the Consultative Committee, concentration of activities along the following lines is further required:

- services to existing members;
- prioritization and concentration of information, advice and training activities on new members of the Union and according to the commitment of States or organizations to accede to the UPOV Convention;
- elaboration and application of distance learning tools to support national and regional activities;
- combining of activities, i.e. Technical Working Parties, with regional or national activities;
- prioritizing of external relations' activities;
- enhancing cost efficiency of the work undertaken by the Office of the Union by creating and operating databases related to plant variety protection.

18. It is proposed to make a particular investment in the 2006-2007 biennium in the following activities which are expected to yield medium- and long-term benefits:

- creation and improvement of databases related to improved services to members and ensuring an effective system of plant variety protection;
- development of systems for improving advice, assistance and training;
- production of distance learning material in all UPOV languages.

19. Furthermore, provision has been made to compensate for significantly reduced possibilities of the World Intellectual Property Organization (WIPO) to co-fund projects of mutual interest.

20. As the sub-program structure of the 2004-2005 biennium has proven to be appropriate, it is proposed to retain this for the 2006-2007 biennium as follows:

Sub-program 1: Overall Policy on Plant Variety Protection—This comprises policy guidance and coordination of the activities of the Union as carried out by the Secretary-General and its Governing Bodies (Council and Consultative Committee).

Sub-program 2: Improved Services to Members of the Union / Ensuring an Effective System of Plant Variety Protection—This includes the governance and servicing of the Administrative and Legal Committee, the Technical Committee and its Technical Working Parties and the provision of legal advice and technical guidance.

Sub-program 3: Extending the Coverage of Protection of New Varieties of Plants—This includes the provision of advice, assistance and training to existing and potential members of the Union.

Sub-program 4: External Relations—This includes the enhancement of UPOV's external outreach, the production of public information products, and relations with intergovernmental and non-governmental organizations.

Structure of the Draft Budget

21. The proposed budget for the 2006-2007 biennium amounts to Sfr6,550,000 with income estimated at Sfr6,701,000. In line with the guidance developed by the Consultative Committee at its sixty-ninth session, the income represents no change in the amount corresponding to one contribution unit. The increase of income of Sfr685,000 compared to the 2004-2005 program and budget is mainly due to the accession of the European Community, which chose to contribute the equivalent of five contribution units to the budget of UPOV. The program and budget proposes that Sfr151,000 be transferred to the reserve fund to provide reserves estimated at Sfr694,000 by the end of 2007. The overall resource availability proposed for the 2006-2007 biennium is Sfr6,899,000, representing an increase of 7.8% compared to the 2004-2005 biennium. Table 1 contains a summary of the budget, income and reserves for the 2002-2003, 2004-2005 and 2006-2007 biennia and Table 2 shows the resource plan including extra-budgetary income.

Table 1: Budget, Income and Reserves 2002-2003, 2004-2005 and 2006-2007
(in thousands of Swiss francs)

	2002-2003 Actual	2004-2005 Adopted	Variation		2006-2007 Proposed
	A	B	C	C/B(%)	D=B+C
A. Budget	7,125	6,048	502	8.3	6,550
B. Income	6,035	6,016	685	11.4	6,701
Difference, B-A	(1,090)	(32)	183		151
C. Reserves ^a	532	500 ^b			694*

^a End biennium

^b Strict budget control led to reduced expenditures and to slightly higher reserves by the end of the 2002-2003 biennium. It is, therefore, now anticipated that the reserves at the end of the 2004-2005 biennium will be Sfr500,000 instead of Sfr450,000 as originally budgeted.

* Includes contribution of new members to Working Capital Fund (Sfr43,000)

22. The proposed budget for the 2006-2007 biennium is in line with the recommendations of the Consultative Committee, and slightly below income for the 2006-2007 biennium, as described under Section D, which allows the reserves to be re-established at the target level of some 10 percent of the budgeted expenditure. An assessment of financial sustainability of UPOV is presented under Section E. This document also contains three Annexes, including a description of the budget methodology, contributions from members of the Union and definitions of budget headings.

Performance Assessment

23. According to the practice established in 2003, a system for the assessment of UPOV's performance will continue to be applied, using performance indicators to measure actual performance. The purpose of performance assessment in UPOV is twofold. Firstly, it increases transparency for members of the Union and, secondly, it constitutes a consolidated structure through which UPOV's long-term performance can be enhanced. The findings of performance assessments will be presented in an annual performance assessment report, which will be submitted to the Consultative Committee in April 2007, providing an account of progress made in the year 2006 towards achieving the expected results, defined in the Program and Budget for the 2006-2007 Biennium. A biennial performance assessment report will be submitted to the Consultative Committee in early 2008, and will provide an account of the extent to which expected results, for the biennium as a whole, have been achieved.

B. Proposed Program and Budget for the 2006-2007 Biennium

24. The total program of activities to be conducted by UPOV in the 2006-2007 biennium amounts to Sfr6,899,000. This amount includes Sfr6,550,000 within the regular budget (see Table 1), and Sfr349,000 financed from extra-budgetary resources provided under trust fund arrangements. Contributions in kind are not included in these estimates. Given the financial restrictions which WIPO is facing, it is no longer expected that WIPO will finance activities of direct interest to UPOV at previous levels. Provision is made in the regular budget to partially compensate this shortfall. Table 2 provides a resource plan for the 2004-2005 and the 2006-2007 biennia.

Table 2: Resource Plan 2004-2005 and 2006-2007
(in thousands of Swiss francs)

Budget and Resource Availability	Regular Budget A	Extra- Budgetary B	Total Resources C = A+B
Budget 2004-2005			
1 Budget	6,048	349	6,397
Resource availability 2004-2005			
2 Income	6,016	349	6,365
3 +/- Transfer from/ to fund balance	32	-	32
4 Total, resources	6,048	349	6,397
Budget 2006-2007			
5 Budget	6,550	349	6,899
Resource availability 2006-2007			
6 Income	6,701	349	7,050
7 +/- Transfer from/ to fund balance	(151)	-	(151)
8 Total, resources	6,550	349	6,899
9 Variation 8/4(%)	8.3	-	7.8
Fund balance			
	Regular Budget A	Extra- Budgetary B	Total Resources C = A+B
10 Level 31.12.2003	532	48	580
11 +/- Transfer to/ from fund balance	(32)	1	(31)
12 Level 31.12.2005	500	49	549
13 +/- Transfer to/ from fund balance	151	-	151
14 Level 31.12.2007	694 ^a	49	743
15 Percentage of Budgeted Expenditure	10.6	14.0	10.8

^a Includes contribution from new members to Working Capital Fund (Sfr43,000).

25. Table 2 describes in a consolidated fashion the evolution of both income and expenditures within UPOV as well as the fund balances, including the reserves and working capital funds. For the regular budget in 2004-2005, it appears that expenditure and income are almost balanced with a slight transfer from the reserves being anticipated. For the 2006-2007 biennium, income and expenditures are budgeted at higher levels in order to provide for activities which had to be postponed (translation of documents resulting from particular projects into all languages, e.g. distance learning course; study on the impact of plant breeders' rights), for specific development projects (database creation; production of additional distance learning material in all UPOV languages) and for services which, in the past, were financed by WIPO as activities of direct interest to UPOV (e.g. training; database development). These activities are expected to yield important medium- and long-term benefits in terms of efficiency gains both at the level of the members and of the Office of the Union. The expenditures are covered by additional income resulting from the accession of new members. Furthermore, a re-establishment of the reserves at the target level of some 10 percent of the budgeted expenditure or Sfr694,000 by the end of 2007 is also envisaged.

26. Extra-budgetary resources include Funds in Trust which are voluntary financial donations provided to UPOV by a member of the Union, usually provided to finance a specific program of activities mutually agreed between the Office of the Union and the donor country. In the 2004-2005 biennium, UPOV anticipated Funds in Trust from governments amounting to a total of Sfr349,000. Without prejudging sovereign decisions from donor countries, it is expected that the overall amounts of Funds-in-Trust for the 2006-2007 biennium will remain at a similar level as for 2004-2005.

27. Budget variations by object of expenditure between the 2002-2003 and the 2006-2007 biennia are shown in Table 3. Actual expenditures in 2002-2003 amount to Sfr7,125,000. The budget for 2004-2005 amounts to Sfr6,048,000, which represents a decrease of 15.1 percent. The proposed budget for 2006-2007 is at the level of Sfr6,550,000, an increase of Sfr502,000 or 8.3 percent from the 2004-2005 budget. This increase is the combination of increases due to program variations and to cost variations, which correspond to an increase of 4.1 and 4.2 percent or Sfr247,000 and Sfr255,000, respectively.

Table 3: Proposed Budget 2006-2007: Budget Variation by Object of Expenditure
(in thousands of Swiss francs)

Object of Expenditure	2002 2003	2004 2005	Resource Variation						Proposed
	Actual	Budget	Program		Cost		Total		
	A	B	Amount	%	Amount	%	Amount	%	
			C	C/B	D	D/B	E=C+D	E/B	
Staff Expenses									
Posts	4,307	4,112	-	-	246	6.4	246	6.4	4,358
Short-term expenses	-	-	-	-	-	-	-	-	-
Total	4,307	4,112	-	-	246	6.4	246	6.4	4,358
Official Travel and Fellowships									
Staff missions	287	300	(33)	(110.0)	3	1.0	(30)	(10.0)	270
Third Party Travel	91	40	(29)	(72.5)	1	1.0	30	75.0	70
Fellowships	-	-	-	-	-	-	-	-	-
Total	378	340	(4)	(12)	4	1.2	-	0.0	340
Contractual Services									
Conferences	123	80	(1)	(1.0)	1	1.0	-	0.0	80
Consultants	300	-	151	-	-	-	151	-	151
Publishing	65	61	(1)	(1.0)	1	1.0	-	0.0	61
Other	107	60	69	115.0	1	1.0	70	116.6	130
Total	595	201	218	108.5	3	1.5	221	110.0	422
Operating Expenses									
Premises and Maintenance	192	180	18	10.0	2	1.0	20	11.1	200
Communication and Other	1,620	1,200	-	0.0	-	0.0	-	0.0	1,200
Total	1,812	1,380	18	1.3	2	0.2	20	1.5	1,400
Equipment and Supplies									
Furniture and Equipment	34	5	10	200.0	-	1.0	10	200.0	15
Supplies and Materials	-	10	5	50.0	-	1.0	5	50.0	15
Total	34	15	15	100.0	-	10.0	15	100.0	30
TOTAL	7,125	6,048	247	4.1	255	4.2	502	8.3	6,550

28. Table 4 reflects the number of posts by grade clusters. The post of the Secretary-General is included within this count, but at no cost, as the current Director General of WIPO has declined any salary or allowance from his functions as Secretary-General of UPOV. Staff expenses for the 2006-2007 biennium reflect a cost increase which is based on past experience.

Table 4: Budget 2006-2007: Posts by Category

Post Category	2002-2003	2004-2005	Variation	2006-2007 Proposed
	A	B	C-B	C
Directors	3	3	-	3
Professionals	6	4	-	4
General Service	5	4	-	4
Total	14	11	-	11

29. Official travel is proposed at the same level with respect to the 2004-2005 budget (Sfr340,000). While a decrease of 10 percent for staff missions is anticipated since effects of regrouping missions and of the distance learning program should materialize, some additional expenditure for third party travel will incur in order to compensate for WIPO's limited possibilities to co-fund activities of joint interest. Provision for some 30 staff missions and some 12 missions of third-party experts to UPOV meetings is thus made.

30. Contractual services are proposed at Sfr422,000 reflecting an increase of Sfr221,000 with respect to the 2004-2005 biennium. This allocation allows for specialist assistance in the development of UPOV's databases beyond the current level of support from WIPO's IT Department. Projects like UPOV's GENIE database, the upgrading of the UPOV-ROM into a web-based plant variety database and a future database on assistance in implementing plant variety protection are considered to be investments which should generate medium- and long-term benefits for UPOV. Provision is also made for tutors involved in the UPOV distance learning program, although it is anticipated that such costs would be funded by fee-paying students (which appears in the income side).

31. An increased expenditure is proposed under the budget item "Other". In this regard, provision is made for extraordinary translation work into UPOV working languages of documents and publications some of which was postponed under the 2004-2005 budget. This concerns, *inter alia*, the study on the impact of plant breeders' rights and the current and future teaching material of the distance learning course.

32. Operating expenses which, in cooperation with WIPO, were adjusted downwards under the 2004-2005 budget, will remain essentially at the same level. With regard to expenses for "Communications and other", close monitoring together with WIPO will be continued in order to reflect potential gains in efficiency and transparency which might materialize in the course of the next biennium. A slight increase for premises and maintenance is anticipated due to required office space for an internship which is expected to start in 2006, all other costs for which would be met by the intern.

33. Equipment and supplies are proposed at Sfr30,000. The increase is intended to cover expenses for office equipment which were postponed under the 2004—2005 budget.

34. Concerning the programmatic classification of expenditures, Table 5 provides the proposed budget allocation by sub-program.

Table 5: Proposed Budget 2006-2007: Allocation by Object of Expenditure
(in thousands of Swiss francs)

Object of Expenditure	Sub-program				Total
	UV.1	UV.2	UV.3	UV.4	
Staff Expenses	743	1,992	1,081	542	4,358
Posts	743	1,992	1,081	542	4,358
Short-term expenses	-	-	-	-	-
Official Travel and Fellowships	-	160	190	30	340
Staff Missions	-	130	120	20	270
Third Party Travel	-	-	60	10	70
Fellowships	-	-	-	-	-
Contractual Services	54	318	50	-	422
Conferences	22	58	-	-	80
Consultants	-	121	30	-	151
Publishing	16	45	-	-	61
Other	16	54	60	-	130
Operating Expenses	-	1,400	-	-	1,400
Premises and Maintenance	-	200	-	-	200
Communication and Other	-	1,200	-	-	1,200
Equipment and Supplies	-	30	-	-	30
Furniture and Equipment	-	15	-	-	15
Supplies and Materials	-	15	-	-	15
TOTAL	797	3,830	1,351	572	6,550

35. As already outlined in Section A, the proposed Program and Budget for the 2006-2007 Biennium is split into four sub-programs: Overall policy on plant variety protection; Improved services to members of the Union / Ensuring an effective system of plant variety protection; Extending the coverage of protection of new varieties of plants; and External relations. Staff expenses have been allocated by sub-program as a proportion of the staff time, which is anticipated to be spent on each sub-program. Non-staff expenditures have been distributed by sub-program in anticipation of their respective activities. It should be noted that common expenditures with WIPO for premises and administrative services rendered to UPOV appear under sub-program 2.

36. In addition, Table 6 provides budget variation by sub-program between the budget 2004-2005 and the proposed budget 2006-2007. The significant increase anticipated in sub-programs 2 and 3 reflects the prioritization in the activities of the Union on services to members of the Union.

Table 6: Budget Variation by Sub-program
(in thousands of Swiss francs)

Sub-program	2004-2005 A	Variation		2006-2007 Proposed C=A+B
		Amount B	% B/A	
UV.1	762	35	4.6	797
UV.2	3,512	318	9.1	3,830
UV.3	1,208	143	11.8	1,351
UV.4	566	6	1.1	572
TOTAL	6,048	502	8.3	6,550

C. Program Description

Sub-program UV.1

Overall Policy on Plant Variety Protection

Objectives:

- ◆ Policy direction and executive management.
- ◆ Planning, implementation and evaluation of program and budget.

Background

37. The UPOV system is the only effective and internationally harmonized *sui generis* system of plant variety protection. This sub-program provides the framework for policy making, management and coordination of all the activities of UPOV's overall program to be carried out under the guidance of the Governing Bodies (Council and Consultative Committee).

Activities

- Four sessions of the Council and four sessions of the Consultative Committee.
- Coordination, monitoring and performance assessment of Program and Budget for the 2006-2007 Biennium.
- Preparation and adoption of Program and Budget for the 2008-2009 Biennium.

Sub-program UV.2

Improved Services to Members of the Union / Ensuring an Effective System of Plant Variety Protection

Objectives:

- ◆ To maintain and improve the quality of protection provided by the UPOV system.
- ◆ To provide and develop the legal and technical basis for international cooperation in a harmonized approach to plant variety protection according to the 1991 Act of the Convention.

Background

38. The UPOV Convention, which has evolved over forty years of application, has proved to be a suitable tool to enhance plant breeding for the benefit of society. Technological progress, the expansion of the principles of plant variety protection to almost all regions of the world and States with different situations of economic development require UPOV members to apply the Convention under constantly changing conditions. It is essential to secure a common understanding and to develop clear guidance.

39. A particular feature of the Union is the strong emphasis placed on cooperation and international exchange in the technical field of plant variety protection. Protection may be granted if a variety is clearly distinguishable from other varieties, if it is sufficiently uniform and if it is stable. The decision as to whether these conditions of protection are fulfilled is normally based on tests which require the growing of the variety. In order to reach results that are comparable throughout the whole Union, harmonized approaches to variety testing need to be developed and to be updated according to experience gained. This harmonized approach allows for cooperation, specialization and exchange of results amongst authorities responsible for plant variety protection. It is one of the most important factors in implementing an effective system at a reasonable cost.

40. The furtherance of the legal and technical development of this system is mainly achieved through sessions of the Administrative and Legal Committee, the Technical Committee, the Technical Working Parties and their subgroups. The Office of the Union is responsible for the organization of these sessions and the preparation of the relevant documents.

<u>Expected Results</u>	<u>Performance Indicators</u>
1. Increased international harmonization of the implementation of the UPOV Convention.	1. Explanatory information on the UPOV Convention drafted or agreed.
2. Increased international harmonization of technical specificities for the examination of distinctness, uniformity and stability (DUS) of new varieties.	2. TGP documents or Test Guidelines on the examination of distinctness, uniformity and stability (DUS) of new varieties proposed to, or adopted by, the Council of UPOV or its Committees.
3. Clarification of the role of publication of variety descriptions.	3. Policy on publication of variety descriptions proposed to or adopted by the UPOV Council.
4. Improved accessibility of information relevant for examination of applications.	4. Enhancement of the plant variety database (UPOV-ROM) and development of the GENIE database. Increased accessibility of databases.

Activities

- Four sessions of the Administrative and Legal Committee, two sessions of the Technical Committee, 11 sessions of Technical Working Parties and their respective preparatory workshops, sessions of *Ad hoc* working groups.
- Development and updating of technical guidance and legal advice.
- Development of Test Guidelines in accordance with the expansion of UPOV and ongoing developments in plant breeding.
- Elaboration of Test Guidelines' Procedures (TGP) documents according to the program adopted by the Technical Committee and approved by the Council.
- Assessment of new methods for Distinctness, Uniformity and Stability (DUS) examination.
- Consideration of the possible use of molecular markers in DUS testing and variety identification.
- Drafting of explanatory information concerning the UPOV Convention.
- Improvements to the Plant Variety Database (UPOV-ROM) and development and operation of UPOV's GENIE database, in conjunction with the introduction of the UPOV Code. UPOV's GENIE database is expected to be operational and accessible to UPOV members and the public in the course of the 2006-2007 biennium. The development of a web-based version of UPOV's plant variety database is expected to be completed in the 2006-2007 biennium.
- Development and adoption of information and position papers by the Council.

Sub-program UV.3

Extending the Coverage of Protection of New Varieties of Plants

Objectives:

- ◆ To assist States and certain organizations in implementing an effective plant variety rights system.
- ◆ To assist States and certain organizations, particularly governments of developing countries and countries in transition to a market economy, in the preparation and enactment of legislation conforming with the 1991 Act of the UPOV Convention.

Background

41. There is a demand-driven need to assist members of the Union, that have recently acceded to the Union, in the implementation of their UPOV-based system of plant variety protection. The aim is to enable them to fully enjoy the benefits and economic incentives the system is able to generate. One of the most striking advantages for new members of the Union is that they immediately benefit from the experience gained by the Union during decades of operation. This should allow them to set up an effective system in a relatively short time span.

42. There are more than 50 States that are not members of the Union, but have shown a clear interest in developing a plant variety protection system based on the principles developed by the Union. Many of those have initiated an extensive exchange of views with the Office of the Union on this matter. UPOV, as the leading institution in all matters of plant variety protection, has the obligation to provide assistance and advice. This requires a systematic approach in accordance with the level of information needed in each particular case. The methods range from initial visits to States and certain organizations with a view to providing general information on plant variety protection, seminars with the aim of raising awareness of circles concerned with plant variety protection (officials, breeders' and farmers' associations), participation in the UPOV distance learning program, workshops to highlight specific elements of plant variety protection and training courses for technical examiners and administrators. The extension of the UPOV system will add to its overall effectiveness.

43. The resources within the regular budget of UPOV to finance the activities required under this sub-program are extremely limited. Priority will be given to members that have recently acceded to the UPOV Convention and, thereafter, to States and certain organizations that have expressed a clear commitment to do so in the near future. National or regional seminars will, as far as possible, be linked to sessions of UPOV Technical Working Parties and will be supplemented by distance learning courses, the first of a series of which has become operational under the 2004-2005 program and budget. A major function of this program is to provide a framework within which the Office of the Union seeks to supplement its resources with extra-budgetary resources and support in kind made available by members of the Union and other bodies. Examples of relevant extra-budgetary support are:

- The Funds-in-Trust provided by the Japanese Government.
- Financial support and support in kind from the Spanish Government to seminars organized in Latin America or in Spain.
- Support in kind provided by members of the Union.

<u>Expected Results</u>	<u>Performance Indicators</u>
1. Introduction of a legal basis of plant variety protection according to the UPOV system by a growing number of States and inter-governmental organizations.	1.1 Number of comments on laws and regulations. 1.2. Comments provided on laws and regulations which have been taken into account by States and intergovernmental organizations.
2. Implementation of plant variety protection.	2.1 Number of training activities initiated/implemented. 2.2 Number of participants in the UPOV distance learning courses.
3. Geographical expansion of the UPOV system.	3. Additional number of members of the Union.
4. Number of genera and species for which protection is offered.	4.1 Number of genera/species protected by members of the Union. 4.2 Number of genera/species for which varieties have been protected.
5. Strengthening of international cooperation and specialization in plant variety protection.	5.1 Number of bilateral and regional arrangements on plant variety protection. 5.2 Access to information on available experience and cooperation in DUS testing contained in the GENIE database.
6. Incentives for the development of agriculture and the overall economy of the States and intergovernmental organizations concerned.	6.1 Number of titles granted. 6.2 Number of titles in force.

Activities

- Advice to States and certain organizations, organization of eight seminars/technical meetings (one each for Latin America, Africa, Arab countries and countries in transition, and four for Asia and Pacific Region).
- Operation of a distance learning program in all UPOV languages; expansion of its content.

- Development and operation of a database on assistance in the implementation of plant variety protection.
- Introduction of the UPOV codes in the UPOV-ROM.

Sub-program UV.4

External Relations

Objectives:

- ◆ To increase public awareness of UPOV and strengthen its impact.
- ◆ To increase the understanding of UPOV's role and activities.
- ◆ To develop UPOV's corporate image.
- ◆ To maintain the attractiveness of the UPOV system.

Background

44. Public awareness of UPOV has substantially increased during recent years. This is partly due to the fact that intellectual property protection, in general, has attracted more attention. The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) of 1994 obliges members of the World Trade Organization (WTO) to implement an effective system of plant variety protection. As plant varieties constitute an important plant genetic resource, they are affected by the provisions of the Convention on Biological Diversity (CBD) and the implementation of the International Treaty on Plant Genetic Resources for Food and Agriculture of the Food and Agriculture Organization of the United Nations. The importance of mutual supportiveness in the implementation of these international treaties and of the UPOV Convention has become more and more evident.

45. The UPOV system is an effective and well balanced *sui generis* system of intellectual property protection and UPOV needs to explain and to clarify its role and the answers which it provides to questions raised in relevant policy fields.

46. The Council sees the need for UPOV to actively participate in the relevant work of the World Trade Organization (WTO) and its Council for Trade-Related Aspects of Intellectual Property Rights (TRIPS), in particular, of the Conference of the Parties to the Convention on Biological Diversity (CBD) and its various committees and working groups on access to genetic resources and benefit-sharing, in particular, of the Food and Agriculture Organization of the United Nations (FAO) and the Governing Body of the International Treaty on Plant Genetic Resources for Food and Agriculture and the Commission on Plant Genetic Resources for Food and Agriculture, in particular, with the aim of explaining the UPOV system of plant variety protection and to secure mutually supportive operational effects.

47. Reference is made in this context to UPOV's reply to the Secretariat of the CBD concerning Access to Genetic Resources and Benefit-sharing (Annex III of document C/37/21) and the decision of the Consultative Committee, at its sixty-eighth session in October 2004, concerning cooperation with FAO (see document CC/68/9, paragraph 57).

48. Also of particular relevance are UPOV's contacts with the Organisation for Economic Co-operation and Development (OECD) in respect of the OECD's seed trade scheme and with the International Seed Testing Association (ISTA).

49. Furthermore, there is a growing interest on behalf of some centers of the Consultative Group on International Agricultural Research (CGIAR) to cooperate with UPOV. This concerns, in particular, the International Rice Research Institute (IRRI), the International Center for Agriculture in the Dry Areas (ICARDA) and the International Plant Genetic Resources Institute (IPGRI).

50. In respect of cooperation with non-governmental organizations, UPOV is focusing on global associations of breeders, such as the International Community of Breeders of Asexually Reproduced Ornamental and Fruit-Tree Varieties (CIOPORA) and the International Seed Federation (ISF), and regional associations of breeders, including the European Seed Association (ESA), the *Federación Latinoamericana de Asociaciones de Semillistas* (FELAS), the African Seed Trade Association (AFSTA) and the Asia and Pacific Seed Association (APSA).

51. UPOV's website has become a major means of communication with members and the public. Posting of documents on the website has replaced most of the Office's mailing of paper copies. UPOV's views on key issues are made known to the public through the website. UPOV's databases will be available on the website in the course of the 2006-2007 biennium. Other products of the Office, like the UPOV Gazette and Newsletter "Plant Variety Protection" and the UPOV-ROM on Plant Varieties, will continue to be produced and distributed. General information material about UPOV will be further improved and important results of UPOV's work, like the "Study on the impact of plant variety protection", will be published in an attractive format and will be commercialized in the 2006-2007 biennium.

52. The success achieved in raising UPOV's public profile requires maintenance of the current level of activities and resources under this sub-program.

<u>Expected Results</u>	<u>Performance Indicators</u>
1. Recognition of the importance of the UPOV system by relevant organizations.	1.1 Number of occasions UPOV is invited to participate in or to make presentations at meetings of intergovernmental and non-governmental organizations. 1.2 Incorporation of provisions which reflect UPOV's principles in international treaties.
2. Better understanding of the basic principles of the UPOV Convention.	2.1 Number of requests for information received. 2.2 Number of references in the media to the UPOV system. 2.3 Number of visits to the UPOV Website.

Activities

- Further optimization and updating of UPOV's information material and information methods (printed material and website).
- Publication of the "Study on the impact of plant breeders' rights" in all UPOV languages.
- Participation in meetings with intergovernmental and non-governmental organizations.
- Possibility of further meetings or symposia.

D. Income for the 2006-2007 Biennium

53. The resource plan included in this section, highlighting the proposed draft Program and Budget for the 2006-2007 Biennium (see Table 2), includes two different types of resources: (i) regular budget, and (ii) Funds-in-Trust. It should be noted that non-monetary contributions (contributions in kind), particularly on technical assistance and training activities, are not recorded in UPOV's budget.

54. Total income under the regular budget in the 2006-2007 biennium is expected to be Sfr6,701,000. This income figure is Sfr685,000 or 11.4 percent higher than the income for the 2004-2005 biennium of Sfr6,016,000. The main changes are due to anticipated additional income resulting from increased UPOV membership, in particular the accession of the European Community which decided to contribute the equivalent of five contribution units. In particular, this projection assumes 60.5 contribution units in 2006 and 61 contribution units in 2007 (up from 54.95 contribution units in 2005) and no changes in the value of the contribution unit, which is proposed to remain at Sfr53,641 during the next two years. Annex II to this document lists contributions of members of the Union as of July 31, 2005.

55. In addition to contributions from members of the Union, UPOV generates income from sales of publications estimated at Sfr70,000, interest earned by bank deposits from the reserves and working capital funds, estimated at Sfr40,000 in line with the anticipated increase in reserves, and other miscellaneous income of Sfr74,000 including administrative support costs under Funds in Trust and an estimated income of Sfr20,000 from participants' fees in the UPOV distance learning program. Excluding contributions, all these sources combined are anticipated to generate two percent of UPOV's regular income in the 2006-2007 biennium. Table 8 details income, by source, in both biennia.

Table 8: Income 2004-2005 and 2006-2007: Variation by Source
(in thousands of Swiss francs)

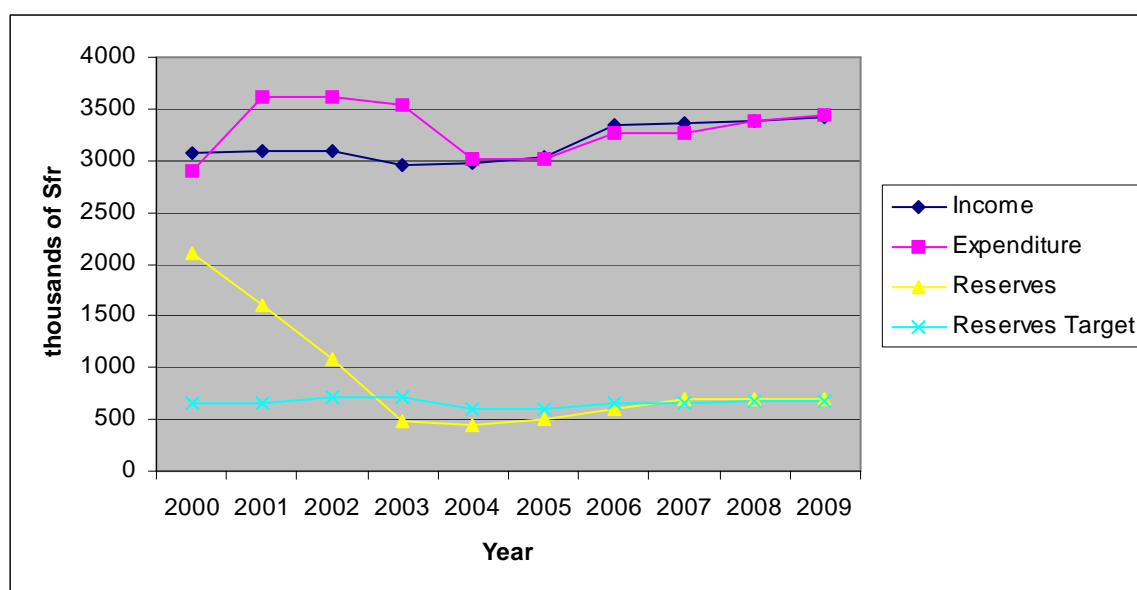
Source	2002-2003 Actual	2004-2005 Adopted	Variation		2006-2007 Proposed
	A	B	C	C/B(%)	D=B+C
Contributions	5,834	5,871	646	11.0	6,517
Publications	67	68	2	2.9	70
Interest	93	23	17	73.9	40
Other	43	54	20	37.0	74
Total	6,035	6,016	685	11.4	6,701

E. Financial Indicators 2000-2009

56. The proposed draft Program and Budget for the 2006-2007 Biennium includes a presentation of financial indicators covering a 10-year period, including two years beyond the new biennium and information from the recent past. The presentation of the financial indicators is intended to put the proposed budget for the 2006-2007 biennium into context: indicating trends and assessing future financial sustainability. This information is provided to facilitate members' review and decision on the proposed Program and Budget, and it should not be construed as constituting any specific financial commitment or approval beyond 2007. Table 9 and the graph below show the evolution of the regular budget as far as income, expenditures and reserve and working capital funds levels are concerned.

Table 9: Income, Expenditure and Reserves for 2000-2009
(in thousands of Swiss francs)

	Actual				Budget		Proposed		Estimated	
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Income	3,075	3,099	3,084	2,951	2,982	3,034	3,335	3,362	3,389	3,416
Expenditure	2,893	3,613	3,621	3,504	3,024	3,024	3,275	3,275	3,380	3,430
Reserves	2,107	1,609	1,077	532	440	500	600	694	703	689
Reserves Target	651	651	717	713	605	605	655	655	681	681



57. As indicated in the above, the temporary increase in expenditures in 2001, 2002 and 2003 had a direct impact on the reserves, with its balance being reduced accordingly. As this level of expenditure financed by accumulated reserves could not be sustained, from 2004 onwards, expenditures were drawn close to anticipated income. An exceptional increase in income due to accessions to the Union in 2005 leads to a temporary surplus in 2006 and 2007. In 2008 and 2009, expenditures are expected to be in line with income level. From 2006 onwards, the reserves are re-established at their targeted level of 10 percent of budgeted expenditures. In building financial indicators for future years, the following assumptions are made:

- Income: Contributions from members of the Union are anticipated to remain as the main source of income. The total number of units is expected to increase by half a unit per year as new members accede to the Union. Existing members are expected to retain their current level, and the value of the contribution unit is expected to remain unchanged in nominal terms through the period to 2009. Income sources other than contributions are expected to remain at similar values as for the 2006-2007 biennium.
- Expenditures: Expenditure levels beyond 2007 are expected to remain at their value for the next biennium, with adjustments on staff costs in anticipation of updates to the United Nations common system of salaries and benefits. Figures are purely tentative and no approval is sought from members about that expenditure level.
- Extra-budgetary resources: Amounts over the medium term are anticipated at similar levels as in previous biennia.

[Annexes follow]

ANNEX I

BUDGET METHODOLOGY

1. The description of the regular budget methodology provides for the codification and clarification of budget practice as well as the role of the different sections within this proposed program and budget. The budget formulation process starts with the adopted budget for 2004-2005, and concludes with the proposed budget for the 2006-2007 biennium by incorporating the resource variation between the budget for 2004-2005 and the proposed budget for the 2006-2007 biennium. The resource variation between the two biennia is explained either as a program variation or as a cost variation. Table 3 summarizes the main indicators discussed in this Annex I.
2. Budget 2004-2005: The starting point for the budget is presented in document C/37/4.
3. Proposed budget 2006-2007: The proposed budget is the result of adding the resource variation to the 2004-2005 budget. Resource variation include program variations, which are changes reflecting current decisions, and cost variations, which are changes reflecting either the full biennial impact of past decisions or exogenous changes to be assumed by the Office of the Union.
4. A 10-year resource plan is presented in Table 9 of this document in order to provide an integrated financial overview, including budget estimates, resource availability and reserve movements. This resource plan is seen to help assessing the financial sustainability of the Office of the Union over the medium term.

[Annex II follows]

ANNEX II

CONTRIBUTIONS OF MEMBERS

AS OF JULY 31, 2005

(in Swiss francs)

2004 Actual	2005 Actual	Members	Number of Units	Payable in January 2006	Payable in January 2007
26,820	26,820	Argentina	0.50	26,820	26,820
53,641	53,641	Australia	1.00	53,641	53,641
80,462	80,462	Austria	1.50	80,462	80,462
0	10,728	Azerbaijan	0.20	10,728	10,728
10,728	10,728	Belarus	0.20	10,728	10,728
80,462	80,462	Belgium	1.50	80,462	80,462
10,728	10,728	Bolivia	0.20	10,728	10,728
13,410	13,410	Brazil	0.25	13,410	13,410
10,728	10,728	Bulgaria	0.20	10,728	10,728
53,641	53,641	Canada	1.00	53,641	53,641
10,728	10,728	Chile	0.20	10,728	10,728
26,820	26,820	China	0.50	26,820	26,820
10,728	10,728	Colombia	0.20	10,728	10,728
10,728	10,728	Croatia	0.20	10,728	10,728
26,820	26,820	Czech Republic	0.50	26,820	26,820
80,462	80,462	Denmark	1.50	80,462	80,462
10,728	10,728	Ecuador	0.20	10,728	10,728
10,728	10,728	Estonia	0.20	10,728	10,728
0	0	European Community	5.00	268,205	268,205
53,641	53,641	Finland	1.00	53,641	53,641
268,205	268,205	France	5.00	268,205	268,205
268,205	268,205	Germany	5.00	268,205	268,205
26,820	26,820	Hungary	0.50	26,820	26,820
53,641	53,641	Ireland	1.00	53,641	53,641
26,820	26,820	Israel	0.50	26,820	26,820
107,282	107,282	Italy	2.00	107,282	107,282
268,205	268,205	Japan	5.00	268,205	268,205
0	10,728	Jordan	0.20	10,728	10,728
10,728	10,728	Kenya	0.20	10,728	10,728
10,728	10,728	Kyrgyzstan	0.20	10,728	10,728
10,728	10,728	Latvia	0.20	10,728	10,728
10,728	10,728	Lithuania	0.20	10,728	10,728
40,231	40,231	Mexico	0.75	40,231	40,231
160,923	160,923	Netherlands	3.00	160,923	160,923
53,641	53,641	New Zealand	1.00	53,641	53,641
10,728	10,728	Nicaragua	0.20	10,728	10,728
53,641	53,641	Norway	1.00	53,641	53,641

2004 Actual	2005 Actual	Members	Number of Units	Payable in January 2006	Payable in January 2007
10,728	10,728	Panama	0.20	10,728	10,728
10,728	10,728	Paraguay	0.20	10,728	10,728
26,820	26,820	Poland	0.50	26,820	26,820
26,820	26,820	Portugal	0.50	26,820	26,820
40,231	40,231	Republic of Korea	0.75	40,231	40,231
10,728	10,728	Republic of Moldova	0.20	10,728	10,728
10,728	10,728	Romania	0.20	10,728	10,728
26,820	26,820	Russian Federation	0.50	26,820	26,820
0	10,728	Singapore	0.20	10,728	10,728
26,820	26,820	Slovakia	0.50	26,820	26,820
10,728	10,728	Slovenia	0.20	10,728	10,728
53,641	53,641	South Africa	1.00	53,641	53,641
80,462	80,462	Spain	1.50	80,462	80,462
80,462	80,462	Sweden	1.50	80,462	80,462
80,462	80,462	Switzerland	1.50	80,462	80,462
10,728	10,728	Trinidad and Tobago	0.20	10,728	10,728
10,728	10,728	Tunisia	0.20	10,728	10,728
10,728	10,728	Ukraine	0.20	10,728	10,728
107,282	107,282	United Kingdom	2.00	107,282	107,282
268,205	268,205	United States of America	5.00	268,205	268,205
10,728	10,728	Uruguay	0.20	10,728	10,728
0	10,728	Uzbekistan	0.20	10,728	10,728
2,904,654	2,947,566		59.95	3,215,771	3,215,771

[Annex III follows]

ANNEX III

DEFINITIONS OF BUDGET HEADINGS

Sources of Income

Contributions

Contributions of members of the Union under Article 29 of the 1991 Act of the UPOV Convention.

Publications Income

Revenue from the sale of publications and products by the Office of the Union.

Interest Income

Revenues from interest on capital deposits.

Other Income

All other income not described above, including accounting adjustments (credits) in respect of prior years, currency adjustments (credits) and income to cover “support costs” in respect of extra-budgetary activities executed by UPOV and financed by trust funds; UPOV’s share in WIPO’s common income.

Objects of Expenditure

Staff Expenses

Posts

Remuneration received by staff members, in particular salaries, post adjustment, dependency allowances, language allowances and overtime, non-resident allowances, assignment grant and representation allowances, as well as all allowances received by staff members not included in their salaries, in particular employer’s contributions towards pension fund, participation in sickness insurance scheme, contribution towards the separation provision used for covering payments due upon separation from service, education grants, removal expenses, travel expenses of dependent children attending educational institutions, home leave, grants to cover costs of installation in the duty station, professional accident insurance premia, refund of national income taxes on salaries and other allowances, indemnities or grants paid by the Office of the Union.

Short-Term Expenses

Remuneration and allowances paid to employees on short-term appointments.

Official Travel and Fellowships

Staff Missions

Travel expenses and daily subsistence allowances for staff and headquarters-based consultants of the Office of the Union on official travel.

Third Party Travel

Travel expenses and daily subsistence allowances for government officials, participants and lecturers attending UPOV-sponsored meetings.

Fellowships

Travel expenses, daily subsistence allowances and training and other fees in connection with trainees attending courses, seminars, long-term fellowships and internships.

Contractual Services

Conferences

Remuneration, travel expenses and daily subsistence allowances for interpreters; renting of conference facilities and interpretation equipment; refreshments and receptions; and the cost of any other service directly linked to the organization of a conference.

Consultants

All expenses connected with the employment of consultants, in particular: remuneration, travel expenses and daily subsistence allowances, with the exception of mission costs of headquarters-based consultants; honoraria paid to lecturers.

Publishing

Outside printing and binding: reviews: paper and printing; other printing: reprints of articles published in reviews; brochures; treaties; collections of texts; manuals; working forms and other miscellaneous printed material; production of CD-ROMs, videos, magnetic tapes and other forms of electronic publishing.

Other Services

Fees of translators of documents; rental of computer time; costs of staff training; recruitment costs; and other external contractual services.

Operating Expenses

Premises and Maintenance

All expenses arising from the acquisition, rental, improvement and maintenance of office space and rental or maintenance of equipment and furniture.

Communications and Other Expenses

Communication expenses such as telephone, telegrams, telexes, facsimile and mail, postage and carriage of documents; other expenses such as medical assistance, housing service, Administrative Tribunal, Staff Association, hospitality; bank charges; interest on bank and other loans (except building loans); currency adjustments (debits); audit expenses; unforeseen expenses and accounting adjustments (debits) in respect of prior years; contributions to joint administrative activities within the United Nations system. Also, all common expenses which are either related to joint activities with WIPO or services actually rendered by WIPO.

Equipment and Supplies

Furniture and Equipment

Purchase of furniture and equipment, in particular: office furniture and office machines; text processing and data processing equipment; conference servicing equipment; reproduction equipment; transportation equipment.

Supplies and Materials

All supplies and materials, in particular: stationery and office supplies; internal reproduction supplies (offset, microfilms, etc.); library books and subscriptions to reviews and periodicals; uniforms; data processing supplies; computer software and licenses.

Programs

Main Program: UPOV consists of a single Main Program which has been designed according to the need to realize priorities as defined by its membership. Its over-reaching goals are grouped by type at the sub-program level.

Sub-programs: The UPOV Main Program is divided into four Sub-programs (UV.1-UV.4). Each sub-program is derived from work plans which are costed and progress is monitored against pre-determined objectives. This process supports the efficient and cost-effective utilization of resources and the maintenance of a system of accountability for program implementation.

[End of Annex III and of document]