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INTERNATIONAL UNION FOR THE PROTECTION OF NEW VARIETIES OF PLANTS

GENEVA

COUNCIL**Thirty-Fifth Ordinary Session****Geneva, October 25, 2001****DRAFT PROGRAM AND BUDGET FOR THE 2002-2003 BIENNIUM***presented by the Secretary-General*Introduction

1. Pursuant to Article 27(2) of the Convention, the draft Program and Budget for the 2002-2003 biennium is herewith presented for approval by the Council.
2. The draft Program and Budget focusses on the four sub-programs:
 - UV.1 Overall Policy on Plant Variety Protection
 - UV.2 Improved Services to Contracting Parties / 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 2002-2003 biennium proposes a total expenditure of Sfr7,538,000. Income is estimated at Sfr6,411,000. By the end of the 2002-2003 biennium, the reserves will be at a level of Sfr1,000,000 which is considered to be sufficient.

4. The Office of UPOV will comprise 14 posts (no change as compared to the revised 2000-2001 budget).

5. In order to maintain the financial reserves at a level which corresponds to the target of about 10 percent of the budgeted expenditure, measures on the income-side need to be considered for the 2004-2005 biennium.

6. The Council of UPOV is invited to approve the proposals contained in this draft Program and Budget for the 2002-2003 biennium, including the amount of contributions from member States, proposed maximum ceiling of expenditures in the regular budget and total number of posts for the Office of UPOV.

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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 improved
varieties of plants, for the benefit of society**

A. Policy Considerations

Challenges and Main Program Thrusts

7. UPOV's Program and Budget for the 2002-2003 Biennium is characterized by

- ◆ a re-focussing and streamlining of program activities in order to respond to more demanding challenges;
- ◆ the need to consolidate a broader-based Office in a sustainable way.

8. During the forthcoming 2002-2003 biennium, the need for effective protection of new varieties of plants, in order to enhance plant breeding, will become even more acute than in the past. Modern plant varieties are one of the most effective tools to cope with challenges like food security, sustainable agricultural production, the conservation of limited resources, raising income in rural areas and overall development. The breeding of high-performance varieties requires substantial investment in know-how, finances and time. The next biennium will witness considerable advances in sophisticated breeding technology. At the same time, and in large parts of the developing world, there is a need to breed varieties which are suited to particular growing environments and which keep pace with the evolving production systems.

9. Within the framework of the UPOV Convention, the Union is expected to manage and develop the system in a way that *secures the quality of the titles of protection* granted by the Contracting Parties. An increasingly important factor for the attractiveness of the system will be the cost related to the system of protection. Regardless whether these costs occur mainly at the level of the national authorities involved in variety examination or mainly at the level of the breeder in breeder-based testing systems, the Union must *strive for cost reduction* in order to avoid additional financial burdens on the final product which is the protected variety. Membership of the Union and participation in an internationally harmonized system should produce an economic benefit to the individual Contracting Party.

10. During the last decade, there has been a substantial increase in the number of Contracting Parties to the UPOV Convention. By the end of 1991, the Union had 20 members; at the beginning of the 2002-2003 biennium, there will be 50 members. There is growing awareness in developing countries, and in countries in transition to market economies, that improved varieties open up a way to develop the agricultural sector and the

overall economy. More and more countries realize that modern varieties are a high-tech product which offer trade opportunities and are able to create income if a reliable legal framework of intellectual property protection is established. Many of these countries have a long-standing tradition of publicly-funded agricultural research and plant breeding which, due to restrictions in public budgets, have to look for other appropriate ways to recover expenditure in order to pursue research and breeding.

11. The growing awareness of the mutual advantages of open economies is reflected in the commitment contained in the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) to protect plant varieties. It is a realistic assumption to expect up to 60 Contracting Parties to the Convention by the end of the 2002-2003 biennium.

States or Organizations which have initiated with the Council of UPOV the procedure for becoming members of the Union (20)

Azerbaijan, Belarus, Costa Rica, Egypt, Georgia, Honduras, India, Kazakhstan, Latvia, Lithuania, Morocco, Republic of Korea, Tajikistan, The former Yugoslav Republic of Macedonia, Tunisia, Venezuela, Yugoslavia, Zimbabwe, European Community, 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 which have been in contact with the Office of the Union with a view to developing legislation in line with the UPOV Convention (38)

Albania, Algeria, Armenia, Barbados, Burundi, Cuba, Cyprus, Djibouti, Dominica, Dominican Republic, El Salvador, Fiji, Ghana, Greece, Guatemala, Iceland, Indonesia, Jamaica, Madagascar, Malawi, Malaysia, Mauritius, Oman, Pakistan, Peru, Philippines, Saudi Arabia, Seychelles, Sri Lanka, Suriname, Thailand, Tonga, Turkey, Turkmenistan, United Republic of Tanzania, Uzbekistan, Viet Nam, Zambia

12. The aforementioned States and Organizations have expressed the wish to cooperate with UPOV in setting up an 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 implementation of plant variety protection.*

13. It is to be expected that the increase in the number of titles of protection granted under the UPOV system, which currently amounts to about 7,000 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. About 50,000 titles of protection are presently in force. As protected varieties can be freely used for breeding other varieties under the UPOV system, they constitute one of the *most important sources of genetic variation and are an extremely valuable plant genetic resource.*

14. UPOV therefore has an important role to play in the ongoing discussion on biodiversity and plant genetic resources for food and agriculture. There is a demand-driven need to create

a *database of variety descriptions*, not only with a view to improving the effectiveness of protection, but also to improving transparency in the field of plant genetic resources.

15. 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 strengthen its *corporate identity and public presence* during the next biennium.

16. The *sui generis* protection system of UPOV is adapted to the subject matter of plant varieties. There are interfaces with other forms of intellectual property protection which might complement the UPOV system or might have an overlap. The most apparent interface exists with the patent system. The ongoing discussion on the protection of plant genetic resources, traditional knowledge, geographical indications, farmers' privileges, as well as indirect forms of variety protection, opened up by new possibilities of genetic engineering calls for the Union's particular attention during the forthcoming biennium.

17. A large part of the thrust of the program for the 2000-2001 biennium remains valid for the 2002-2003 biennium. However, the Union and its Office will need to pay more attention to

- ◆ services to Contracting Parties with a view to improving the effectiveness of the plant breeder's rights system, and the reduction of its cost;
- ◆ a systematic approach to training and education which reflects the growing number of new Contracting Parties expected in the upcoming years;
- ◆ enhanced public presence of the Union and its Office;
- ◆ mutual impact of other forms of intellectual property protection in order to retain the value of the UPOV system.

Consolidation of a Broader-Based Office

18. With regard to the broader array of activities due to the growing number of members of the Union, the Program and Budget 2000-2001 provided for one additional professional staff member dealing mainly with countries in transition to market economies and one additional general service post for program support.

19. In its fifty-ninth session, in April 2000, the Consultative Committee discussed document CC/59/5 "The Evolution of the Activities and Organizational Structure of the Office of UPOV" which explained the need to create two additional posts in the professional category in order to correspond to the growing need for advice and cooperation in the Asia and Pacific Region and in African and Arabic countries, as well as with a view to strengthening the activities in the technical field. It was explained that it would be possible to finance these additional posts for a period of two years, 2000 and 2001, from the accumulated resources not required for reserve purposes of the Union. It was also indicated that, if the suggestions concerning staffing levels were to be adopted, it would be advisable to consider an increase in

contribution for the 2002-2003 biennium. The Consultative Committee took note of the suggestions made (see document CC/59/7, paragraphs 19 to 25).

20. The new structure was implemented by April 2001. The new structure of the Office which, if previous consultancies are taken into account, amounts to a net gain of one additional staff member in the Professional category, allows for additional activities, mainly in the African and Arabic world, which needs to be underpinned by an increase mainly in operating costs, expenditures for staff missions and participation of external lecturers in workshops, seminars and training courses.

Structure of the Draft Program

21. At the sixty-first session of the Consultative Committee in April 2001, the medium term work program of the Office of UPOV was discussed (see document CC/61/4). This plan proposed a set of strategic goals and objectives, to which specific activities were related. Furthermore, a diagram, mapping activities to the sub-program structure for 2000-2001, was also provided. The strategic goals and objectives of the medium-term work program will be guidelines for the 2002-2003 biennium as well. The activities, however, will have to be prioritized taking into account the available financial and personnel resources.

22. After a review of this mapping, it was concluded that the sub-program structure of the 2002-2003 biennium could be more streamlined than the 2000-2001 biennium with the additional benefit of simplifying the clustering of activities and resources. The breakdown proposed for the 2002-2003 biennium is as follows:

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

Sub-program 2: Improved Services to Contracting Parties / 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 Contracting Parties.

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

Part D (revised budget for 2000-2001) provides a mapping between the sub-program structure for the 2000-2001 biennium and that proposed for the 2002-2003 biennium.

Structure of the Draft Budget

23. The proposed budget for the 2002-2003 biennium amounts to Sfr7,538,000. This reflects an increase of Sfr1,551,000 or 25.9 percent over the revised budget for 2000-2001 of Sfr5,987,000. The income for the 2002-2003 biennium is estimated at Sfr6,411,000 which reflects an increase of Sfr223,000 or 3.6 percent over the revised income for 2000-2001 of Sfr6,188,000. The proposed budget presents a deficit of Sfr1,328,000 which is financed from accumulated reserves. Table 1 presents a summary comparison of budget, income and reserves. A more detailed explanation of the budget is provided in the sections that describe the revised 2000-2001 budget and the proposed 2002-2003 budget.

Table 1. Budget, Income and Reserves 2000-2001 and 2002-2003
(in thousands of Swiss francs)

| | 2000-2001 | | Variation | | 2000-2001 | | Variation | | 2002-2003 |
|--------------------------|-----------|-------|-----------|-------|-----------|---------|-----------|--|-----------|
| | Initial | | | | Revised | | | | |
| | A | B | B/A (%) | C=A+B | D | D/C (%) | E=C+D | | |
| A. Budget | 6,591 | (604) | (9.2) | 5,987 | 1,551 | 25.9 | 7,538 | | |
| B. Income | 6,166 | 22 | 0.4 | 6,188 | 223 | 3.6 | 6,411 | | |
| Difference, B-A | (425) | 626 | | 201 | (1,328) | | (1,127) | | |
| C. Reserves ^a | 1,500 | | | 2,126 | | | 999 | | |

^a End biennium

24. It appears that the Program and Budget for the 2002-2003 biennium is financially viable because of substantial financing of activities through the reserves. Their level is anticipated at Sfr2,126,000 at the end of 2001, which represents 36 percent of budgeted expenditures in the current biennium. Document CC/59/5 suggests a sustainable level of reserves and working capital funds in the range of 10 percent of budgeted expenditures. By end 2003, their level is anticipated to come down to Sfr999,000.

25. Concerning financial sustainability for biennia beyond 2003, and considering that no significant financing appears possible from the reserves as they would come close to the 10 percent of budgeted expenditures, the Program and Budget would require either to increase income, or to decrease activities, or both. The section on income further elaborates on some possible income increases beyond next biennium.

Performance Assessment

26. The introduction of a strategic budget in UPOV in the biennium 2000-2001 meant a shift in focus from activities to results, articulated in the Program and Budget 2000-2001 through objectives, expected results and performance indicators for each sub-program. In the forthcoming biennium, this results-oriented programming and budgeting framework will be further developed. A system for the assessment of UPOV's performance will thus be introduced, using performance indicators to measure actual performance. The purpose of performance assessment in UPOV will be twofold. Firstly, it will increase transparency

towards Member States, and secondly it will constitute a learning-tool through which UPOV's long-term performance will be enhanced. The findings of performance assessments will be presented in annual performance assessment reports, the first of which will be submitted to the UPOV Consultative Committee in spring 2003, providing an account of progress made in the year 2002 towards achieving the expected results defined in the Program and Budget for the 2002-2003 biennium. A biennial performance assessment report will be submitted to the Consultative Committee in spring 2004, and will provide an account of to what extent expected results, for the biennium as a whole, were achieved.

[Section B follows]

B. Proposed Program and Budget for the 2002-2003 Biennium

27. The total program of activities to be conducted by UPOV in the 2002-2003 biennium amounts to Sfr8,368,000. This amount includes Sfr7,538,000 within the regular budget (see Table 1 within the chapter "Policy Considerations"), Sfr830,000 financed from extra-budgetary resources. It is anticipated that of the total extra-budgetary resources of Sfr830,000, approximately Sfr430,000 will be provided under trust fund arrangements and Sfr400,000 by WIPO for joint project activities of mutual interest. Contributions in kind are not included in these estimates. Table 2 provides a resource plan for the 2000-2001 and the 2002-2003 biennia.

Table 2. Resource Plan 2000-2001 and 2002-2003
(in thousands of Swiss francs)

| <i>Budget and Resource Availability</i> | <i>Regular Budget A</i> | <i>Extra- Budgetary B</i> | <i>Total Resources C=A+B</i> |
|---|---------------------------------|-----------------------------------|--------------------------------------|
| Budget 2000-2001 | | | |
| 1. Revised budget | 5,987 | 611 | 6,598 |
| Resource availability 2000-2001 | | | |
| 2. Revised Income | 6,188 | 611 | 6,799 |
| 3. +/- Transfer from/to fund balance | (201) | -- | (201) |
| 4. Total, resources | 5,987 | 611 | 6,598 |
| Budget 2002-2003 | | | |
| 5. Initial budget | 7,538 | 830 | 8,368 |
| Resource availability 2002-2003 | | | |
| 6. Initial income | 6,411 | 750 | 7,161 |
| 7. +/- Transfer from/to fund balance | 1,127 | 80 | 1,207 |
| 8. Total, resources | 7,538 | 830 | 8,368 |
| <i>Fund Balance</i> | <i>Regular Budget A</i> | <i>Extra- Budgetary B</i> | <i>Total Resources C=A+B</i> |
| 9. Level 31/12/1999 | 1,925 | 262 | 2,187 |
| 10. +/- Transfer to/from fund balance | 201 | -- | 201 |
| 11. Level 31/12/2001 | 2,126 | 262 | 2,388 |
| 12. +/- Transfer to/from fund balance | (1,127) | (80) | (1,207) |
| 13. Level 31/12/2003 | 999 | 182 | 1,181 |
| 14. Percentage of Budgeted Expenditure | 13 | n/a | n/a |

28. The resource table 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, it can be observed that an excess of income over expenditure for the 2000-2001 period increases the reserves by that amount, whereas an excess of expenditures over income for the 2002-2003 biennium decreases the reserves symmetrically. It can also be noted that by end 2003, the level of reserves within the regular budget is expected to be 13 percent of budgeted expenditures. This compares to a required reserve level of Sfr754,000 or 10 percent of budgeted expenditures. The level of the reserve is therefore sufficient to cover income-related risks, such as fluctuation of income and payments of contributions as well as the separation cost of staff.

29. Budget variations by object of expenditure between the 2000-2001 and the 2002-2003 biennia are shown in Table 3. Actual expenditures in 1998-1999 amount to Sfr5,894,000. Revised budget for 2000-2001 amounts to Sfr5,987,000 or an increase of less than two percent. Proposed budget for the 2002-2003 biennium reaches Sfr7,538,000 or an increase of 25.9 percent from the revised 2000-2001 budget. This increase can be further attributed to either program variations or cost variations. As detailed in Part D, the 25.9 percent budget increase is mainly due to a large cost increase of 31.9 percent attributable to the full-biennium impact of decisions reflected in the revised budget for 2000-2001. Inflation is responsible for annual cost increases of 1.8 percent. Program variations shown in column C reflect a decrease of 6.0 percent.

Table 3. Budget 2002-2003: Budget Variation by Object of Expenditure
(in thousands of Swiss francs)

| Object of Expenditure | 1998-1999 Expend. | 2000-2001 Revised Budget A | Resource Variation | | | | | | 2002-2003 Proposed Budget G=A+F |
|--|----------------------|-------------------------------------|--------------------|---------------|--------------|-------------|-----------------|---------------|--|
| | | | Program | | Cost | | Total | | |
| | | | Amount C | % C/A | Amount D | % D/A | Amount E=C+D | % E/A | |
| Staff Expenses | | | | | | | | | |
| Posts | 3,004 | 2,916 | (127) | (4.4) | 1,809 | 62.0 | 1,682 | 57.7 | 4,598 |
| Short-term Expenses | 127 | 20 | - | - | - | - | - | - | 20 |
| Total | 3,131 | 2,936 | (127) | (4.3) | 1,809 | 61.6 | 1,682 | 57.3 | 4,618 |
| Official Travel and Fellowships | | | | | | | | | |
| Staff Missions | 357 | 350 | 17 | 4.9 | 13 | 3.7 | 30 | 8.6 | 380 |
| Government Officials | 43 | 80 | 17 | 21.3 | 3 | 3.8 | 20 | 25.0 | 100 |
| Fellowships | - | 20 | (1) | (5.0) | 1 | 5.0 | - | - | 20 |
| Total | 400 | 450 | 33 | 7.3 | 17 | 3.8 | 50 | 11.1 | 500 |
| Contractual Services | | | | | | | | | |
| Conferences | 140 | 200 | 2 | 1.0 | 8 | 4.0 | 10 | 5.0 | 210 |
| Consultants | 167 | 290 | (174) | - | 4 | - | (170) | - | 120 |
| Publishing | 31 | 50 | (2) | (4.0) | 2 | 4.0 | - | - | 50 |
| Other | 236 | 220 | (104) | (47.3) | 4 | 1.8 | (100) | (45.5) | 120 |
| Total | 574 | 760 | (278) | (36.6) | 18 | 2.4 | (260) | (34.2) | 500 |
| Operating Expenses | | | | | | | | | |
| Premises & Maintenance | 174 | 175 | 66 | 37.7 | 9 | 5.1 | 75 | 42.9 | 250 |
| Communication & Other | 1,523 | 1,600 | (56) | (3.5) | 56 | 3.5 | - | - | 1,600 |
| Total | 1,697 | 1,775 | 10 | 0.6 | 65 | 3.7 | 75 | 4.2 | 1,850 |
| Equipment and Supplies | | | | | | | | | |
| Furniture & Equipment | 76 | 50 | (2) | (4.0) | 2 | 4.0 | - | - | 50 |
| Supplies & Materials | 16 | 16 | 3 | 18.8 | 1 | 6.3 | 4 | 25.0 | 20 |
| Total | 92 | 66 | 1 | 1.5 | 3 | 4.5 | 4 | 6.1 | 70 |
| TOTAL | 5,894 | 5,987 | (361) | (6.0) | 1,912 | 31.9 | 1,551 | 25.9 | 7,538 |

30. Most of the changes for non-staff expenditures reflected in Table 3 refer to redistributions within major objects of expenditure, as overall amounts for these main categories have limited fluctuations. The aggregate change in non-staff expenditures results in a decrease of Sfr131,000 which compares with an increase of Sfr1,682,000 in staff expenditures.

31. In the travel category, the proposed increase in mission travel is required for an expanded workplan and staffing base, as it is the case for the proposed financing of government officials travel. The proposed amount for fellowships remains constant at the 2000-2001 level.

32. Operating expenses for the biennium 2002-2003 amount to Sfr1,850,000 which include an amount of Sfr250,000 for premises and maintenance and an amount of Sfr1,600,000 for other expenses. The amount of Sfr250,000 reflects an increase of Sfr75,000 due to the need for more office space. The amount for communication and other expenses of Sfr1,600,000 is maintained at the level indicated for the revised budget 2000-2001 and represents the reimbursement for services provided by WIPO to UPOV. The reimbursement amounts to 21.2 percent of UPOV's budget for the biennium 2002-2003. The amount has been determined following a review of the services provided by WIPO to UPOV and on the basis of anticipated volume and associated costs of such services for the biennium 2002-2003.

33. Equipment and supplies are basically maintained at the 2000-2001 revised budget level, with small adjustments owing to inflation.

34. Staff expenses change significantly between the revised 2000-2001 budget and the proposed 2002-2003 budget. Moreover, it should be noted that, on the one hand, the number of posts remains unchanged from the revised 2000-2001 budget, and, on the other hand, the amount for short-term expenses remains unchanged. The total number of posts for the Office of UPOV remains at 14. In contrast with the revised budget for 2000-2001, where some of these posts remained vacant for most of the biennium, therefore producing significant savings for this biennium, these posts are anticipated to be fully occupied during the next biennium. The cost increase that can be observed within these two biennia is mostly attributable to the cost impact of the posts fully occupied. Program variations include regrading of some posts, in particular the proposed reclassification of a D-level post as a P-level post. Table 4 reflects the current and proposed number of posts, as well as their distribution 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.

Table 4. Budget 2002-2003: Variation by Post Category
(in thousands of Swiss francs)

| <i>Post Category</i> | <i>2000-2001 Initial Budget A</i> | <i>Variation B-A</i> | <i>2000-2001 Revised Budget B</i> | <i>Variation C-B</i> | <i>2002-2003 Proposed Budget C</i> |
|----------------------|---|--------------------------|---|--------------------------|--|
| Directors | 3 | 1 | 4 | (1) | 3 |
| Professionals | 3 | 1 | 4 | 2 | 6 |
| General Service | 6 | - | 6 | (1) | 5 |
| TOTAL | 12 | 2 | 14 | - | 14 |

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

Table 5. Budget 2002-2003: Allocation by Detailed Object of Expenditure
(in thousands of Swiss francs)

| <i>Object of Expenditure</i> | <i>Sub-program</i> | | | | <i>Total</i> |
|--|--------------------|--------------|--------------|--------------|--------------|
| | <i>UV.1</i> | <i>UV.2</i> | <i>UV.3</i> | <i>UV.4</i> | |
| Staff Expenses | | | | | |
| Posts | 335 | 1,746 | 1,306 | 1,211 | 4,598 |
| Short-term Expenses | 5 | 5 | 5 | 5 | 20 |
| Total | 340 | 1,751 | 1,311 | 1,216 | 4,618 |
| Official Travel and Fellowships | | | | | |
| Staff Missions | - | 30 | 200 | 150 | 380 |
| Government Officials | 11 | 5 | 84 | - | 100 |
| Fellowships | - | - | 20 | - | 20 |
| Total | 11 | 35 | 304 | 150 | 500 |
| Contractual Services | | | | | |
| Conferences | 50 | 50 | 60 | 50 | 210 |
| Consultants | - | 60 | 60 | - | 120 |
| Publishing | - | - | - | 50 | 50 |
| Other | 10 | 20 | 40 | 50 | 120 |
| Total | 60 | 130 | 160 | 150 | 500 |
| Operating Expenses | | | | | |
| Premises & Maintenance | - | 250 | - | - | 250 |
| Communication & Other | - | 1,600 | - | - | 1,600 |
| Total | - | 1,850 | - | - | 1,850 |
| Equipment and Supplies | | | | | |
| Furniture & Equipment | - | 50 | - | - | 50 |
| Supplies & Materials | - | 20 | - | - | 20 |
| Total | - | 70 | - | - | 70 |
| TOTAL | 411 | 3,836 | 1,775 | 1,516 | 7,538 |

36. As already outlined in the chapter "Policy Considerations," the proposed Program and Budget for the 2002-2003 biennium is split into four sub-programs: overall policy on plant variety protection, improved services to contracting parties and ensuring an effective system of plant variety protection, extending the coverage of protection of new variety 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. Concerning non-staff expenditures, they have been distributed by sub-program in anticipation of their respective programs of activities. It should be noted that common expenditures with WIPO are consolidated in full under sub-program 2.

[Section C follows]

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* form of plant variety protection. This Sub-program provides the framework for policy making, management and coordination of the Union and the other Sub-programs of UPOV's overall program as carried out by the Secretary-General and the Governing Bodies (Council and Consultative Committee).

Activities

- ◆ Two sessions of the Council and two sessions of the Consultative Committee per year.
- ◆ Coordination, monitoring and performance assessment of Program and Budget for the 2002-2003 biennium.
- ◆ Preparation and adoption of Program and Budget for the 2004-2005 biennium.

Sub-program UV.2

Improved Services to Contracting Parties / 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, as it has evolved over nearly 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 earth and to States with largely differing situations of economic development and ongoing activities in neighboring policy areas require UPOV Contracting Parties to apply the Convention under permanently changing conditions. It is essential to secure an agreed interpretation 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 in its relevant characteristics and if it is stable, that means if its relevant characteristics remain unchanged after repeated propagation. 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 national 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 must organize these meetings and produce the relevant documents.

| <u>Expected Results</u> | <u>Performance Indicators</u> |
|---|---|
| 1. Increased international harmonization of the implementation of the UPOV Convention. | 1. Administrative and legal guidance on how to implement the UPOV Convention proposed to or adopted by the UPOV Council or its Committees. |
| 2. Increased international harmonization of technical specificities for the examination of distinctness, uniformity and stability of new varieties. | 2. Technical guidelines on the examination of distinctness, uniformity and stability of new varieties proposed to or adopted by the UPOV Council 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. Increased international harmonization of variety denominations. | 4. Updated UPOV guidelines on variety denominations proposed to or adopted by the UPOV Council. |

Activities

- ◆ Four sessions of the Administrative and Legal Committee, two meetings of the Technical Committee, twelve meetings of Technical Working Parties.
- ◆ Development and updating of technical guidance and legal advice.
- ◆ Assessment of new approaches to DUS examination.
- ◆ Drafting of a standard document on the administrative and legal implementation of the UPOV Convention.
- ◆ After adoption of the new General Introduction to the Examination of Distinctness, Uniformity and Stability and the Development of Harmonized Descriptions of New Varieties of Plants, preparation and adoption of accompanying technical documents (TGP documents).
- ◆ Elaboration of a concept for a database on variety descriptions and their publication.
- ◆ Review of UPOV guidelines on variety denominations.

Sub-program UV.3

Extending the Coverage of Protection of New Varieties of Plants

Objectives:

- ◆ To assist governments in implementing effective plant variety rights systems.
- ◆ To assist governments, 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 Contracting Parties, that have acceded to the Union in the more recent past, 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 Contracting Parties 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, in all Continents, that are not Contracting Parties, but have shown a clear interest in developing a plant variety protection system based on the principles developed by the Union. Many of them 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 required in each particular case. The methods range from initial visits to governments 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 (government officials, breeders' and farmers' associations), workshops to highlight specific elements of plant variety protection and training courses for technical examiners and administrators. The extension of the regional coverage 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. Accordingly, a major function of this program is to provide a framework within which the Office of UPOV seeks to supplement its resources with extra-budgetary resources and support-in-kind made available by Contracting Parties and other bodies. Examples of relevant extra-budgetary support are:

- ◆ The Funds-in-Trust provided by the Japanese Government.
- ◆ Resources made available under the WIPO Cooperative Program.

- ◆ Financial support from the Spanish Government to seminars organized in Latin America.
- ◆ Support-in-kind provided by the French and German Governments.

| <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. | 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. |
| 2. Implementation of plant variety protection. | 2.1 Concept for training and assistance, e.g. distance learning, proposed to or adopted by the Council. 2.2 Number of training activities initiated/implemented. |
| 3. Geographical expansion of the UPOV system. | 3. Additional number of Contracting Parties. |
| 4. Strengthening of international cooperation and specialization in plant variety protection. | 4.1 Number of bilateral and regional arrangements on plant variety protection. 4.2 Publication of information on available experience in DUS testing. |
| 5. Incentives for the development of agriculture and the overall economy of the States concerned. | 5.1 Number of titles granted. 5.2 Number of titles in force. |

Activities

- ◆ Elaboration and adoption of a concept for providing training and assistance to Contracting Parties, that have recently joined the Union, and States planning to implement a system of plant variety protection, including a set of standard documents.
- ◆ Advice to governments, organization of 16 seminars / technical meetings (two per year for Latin America, Africa, Countries in transition, Asia and Pacific Region).
- ◆ Systematic approach to matching offer and demand, including finance, for extended training of DUS examiners and administrators.

Sub-program UV.4

External Relations

Objectives:

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

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 ongoing revision of the International Undertaking on Plant Genetic Resources for Food and Agriculture (IU). The mutual implications of these international agreements with the UPOV Convention have become more and more evident.

45. Technological progress and the need to provide effective protection, concern about the preservation of indigenous knowledge and the definition of farmers' rights, have highlighted the role of the UPOV system as a *sui generis* form of intellectual property protection. Against this background, UPOV needs to explain and to clarify its role and the answers which it provides to questions raised in these related policy fields.

46. There is a need to use to a larger extent and in a systematic way modern means of communication, including printed material and electronic media, in order to explain UPOV's role and positions effectively to a broader public.

| <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 international, governmental and non-governmental organizations. 1.2 Incorporation of provisions which reflect UPOV principles in international agreements. |
| 2. Better understanding of the basic principles of the UPOV Convention by a broader public. | 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 web site. |

Activities

- ◆ Inventory and updating of UPOV's information material and information methods (printed material and web site) including a pricing policy.
- ◆ Study on the impact of implementing a system of plant variety protection.
- ◆ Participation in meetings with international organizations, including NGOs.
- ◆ Examination of the effects of the patenting of biotechnological inventions; organization of a seminar in 2002.

[Section D follows]

D. Revised Budget for the 2000-2001 Biennium

47. The draft Program and Budget document for UPOV in the 2000-2001 biennium (see document C/33/4) included regular budget income of Sfr6,166,000, expenditure of Sfr6,591,000 and 12 regular staff positions. This document was amended by an addendum to the draft Program and Budget for the 2000-2001 biennium (see document C/33/4 Add.). This addendum did not modify the budgetary allocations, but provided for the reclassification of a P-level post into a D-level post. Subsequently, at the thirty-third ordinary session of the UPOV Council, held in Geneva on October 20, 1999, the Program and Budget for the 2000-2001 biennium (documents C/33/4 and C/33/4 Add.) was approved (document C/33/18, paragraph 31).

48. Subsequently to the decision above, the fifty-ninth session of the Consultative Committee, held in Geneva on April 7, 2000, considered a document on the evolution of activities and organizational structure of the Office of UPOV (document CC/59/5). This document included staffing considerations (it noted the regrading of a P-level position into a D-level position, and proposed the creation of two new P-level posts), and alerted about its budgetary implications on both the income and the expenditures side. In particular, it indicated that contributions from member States may have to be increased in the future. The Committee noted these proposals (document CC/59/7, paragraphs 19 et seq.).

49. Finally, the Office has made a preliminary review of the financial situation for the current 2000-2001 biennium, taking specifically into consideration accession of new member States and delays that occurred in the organization and subsequent staffing of the Office. These delays resulted in savings of some anticipated expenditures. Higher income and lower expenditures in the 2000-2001 biennium led to an increase in the anticipated fund balance, therefore increasing the reserves available for future periods and postponing the need for increased contributions from member States in the 2002-2003 biennium.

50. Table 1 shows the net changes in income, expenditures and fund balance between the 2000-2001 initial budget and the 2000-2001 revised budget. Income is anticipated to increase by Sfr22,000 to Sfr6,188,000 mainly due to new accessions of member States. Expenditures are expected to decrease by Sfr604,000 to Sfr5,987,000 mainly due to staff vacancies (see Table 3).

51. At the sub-program level, the Program and Budget for the 2000-2001 biennium is structured in seven sub-programs, whereas the proposed Program and Budget for the 2002-2003 biennium is structured into four sub-programs. Changes in the organization of the Office as well as different emphasis provided to activities are responsible for this new layout. In order to facilitate inter-biennial comparability, Table 6 provides a mapping for the 2000-2001 revised budget according to the new program structure applicable during the 2002-2003 biennium. The revised budget for the 2000-2001 biennium according to the new program structure is the reference point for the comparison with the proposed budget for the 2002-2003 biennium.

Table 6. Revised Budget 2000-2001 According to Program Structure 2002-2003: Budget Allocation
(in thousands of Swiss francs)

| <i>Revised Budget 2000-2001</i> | | <i>Revised Budget 2000-2001</i> | |
|--|---------------|--|---------------|
| <i>Program Structure 2002-2003</i> | <i>Amount</i> | <i>Program Structure 2000-2001</i> | <i>Amount</i> |
| UV01 Overall Policy on Plant Variety Protection | 233 | UV01 Governing Bodies of UPOV - Council and the Consultative Committee | 233 |
| UV02 Improved Services to Contacting Parties/ Ensuring an Effective System of Plant Variety Protection | 3,299 | UV02 Progressive Development of International Law and Administrative Practices Relating to the Protection of Plant Varieties | 377 |
| | | UV03 Technical Enhancement of the UPOV Plant Variety Protection System and Monitoring of Emerging Technologies | 1,076 |
| | | UV07 Administrative Support Services | 1,846 |
| UV03 Extending the Coverage of Protection of New Variety of Plants | 1,168 | UV05 Technical Assistance | 1,168 |
| UV04 External Relations | 1,287 | UV04 Cooperation with governments of Member States and non-member States, with Intergovernmental Organizations (IGOs), particularly WIPO, and with Non-Governmental Organizations (NGOs), in relation to issues which impact upon UPOV | 647 |
| | | UV06 External and International Communications and Public Affairs | 640 |
| TOTAL | 5,987 | TOTAL | 5,987 |

[Section E follows]

E. Income for the 2002-2003 Biennium

52. The resource plan included in the section which describes the proposed Program and Budget for the 2002-2003 biennium (see Table 2) includes three different types of resources: (i) those under the regular budget, (ii) funds-in-trust, and (iii) contributions under cooperation arrangements with WIPO.

(i) Regular income in the 2002-2003 biennium: Total income under the regular budget in the 2002-2003 biennium is expected to be Sfr6,411,000. This income figure is Sfr201,000 or three percent higher than the revised income for the 2000-2001 biennium of Sfr6,188,000. Initial income for the 2000-2001 biennium was budgeted at Sfr6,166,000 (see Table 1). The main changes for next biennium are due to anticipated additional contribution income due to increased UPOV membership. In particular this projection assumes 56 contribution units in 2002 and 57 contributions unit in 2003 (up from 54.8 contribution units in 2001) 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 member States whose membership is known for the period.

In addition to contributions from member States, UPOV generates income from sales of publications, interest earned by bank deposits from the reserves and working capital funds, and other miscellaneous income including FIT reimbursements. Excluding contributions, all these sources combined are anticipated to generate five percent of UPOV regular income in the 2002-2003 biennium. Table 7 details income, by source, in both biennia.

Table 7. Income 2000-2001 and 2002-2003: Variation by Source of Income
(in thousands of Swiss francs)

| | 2000-2001 | | Variation | | 2000-2001 | | Variation | | 2002-2003 | |
|---------------|--------------|-----------|------------|------------------|------------|------------|--------------------|--|-----------|--|
| | Initial A | B | B/A (%) | Revised C=A+B | D | D/C (%) | Estimated E=C+D | | | |
| Contributions | 5,836 | 22 | 0.4 | 5,858 | 203 | 3.5 | 6,061 | | | |
| Publications | 70 | - | - | 70 | 30 | 42.9 | 100 | | | |
| Interest | 200 | 20 | 10.0 | 220 | (20) | (9.1) | 200 | | | |
| Other | 60 | (20) | (33.3) | 40 | 10 | 25.0 | 50 | | | |
| TOTAL | 6,166 | 22 | 0.4 | 6,188 | 223 | 3.6 | 6,411 | | | |

(ii) Extra-budgetary resources: Extra-budgetary resources include funds-in-trust which are voluntary financial donations provided to the Office of UPOV by a member State, usually provided to finance a specific program of activities mutually agreed between the Office and the donor country. In the 2000-2001 biennium, UPOV received funds-in-trust from governments coming to an anticipated total of Sfr350,000 (see Table 2). Without pre-judging sovereign decisions from donor countries, it is assumed the overall amount of Funds-in-trust next biennium will remain at the same level. It could be noted that non-monetary contributions (contributions in kind), particularly on technical assistance and training activities, are not recorded in UPOV's budget. In addition, a contribution of approximately Sfr400,000 is also expected from WIPO.

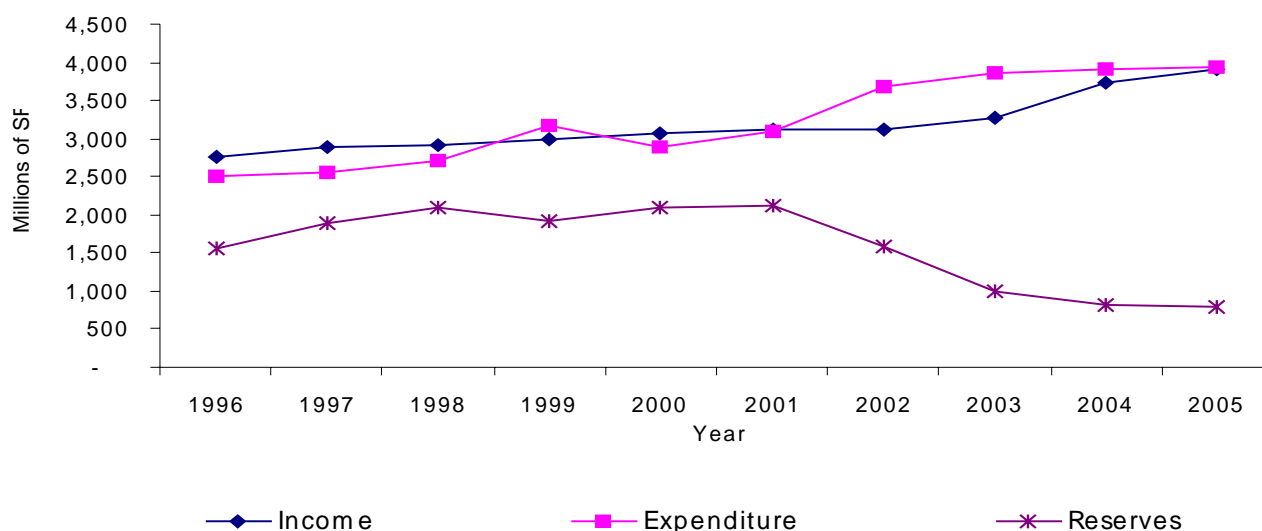
[Section F follows]

F. Financial Indicators 1996-2005

53. The Program and Budget for the 2002-2003 biennium includes for the first time 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 2002-2003 biennium into context: indicating trends and assessing future financial sustainability. This information is provided to facilitate member States' review and decision on the proposed Program and Budget, and it should not be construed as to constitute any specific financial commitment or approval beyond 2003. Table 8 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 8. Income, Expenditure and Reserves for 1996-2005
(In millions of Swiss francs)

| | <i>Actual</i> | | | | | <i>Estimate</i> | | | | |
|-------------|---------------|-------|-------|-------|-------|-----------------|-------|-------|-------|-------|
| | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Income | 2,750 | 2,886 | 2,927 | 2,990 | 3,075 | 3,113 | 3,129 | 3,282 | 3,726 | 3,910 |
| Expenditure | 2,499 | 2,553 | 2,715 | 3,179 | 2,893 | 3,094 | 3,679 | 3,859 | 3,900 | 3,950 |
| Reserves | 1,547 | 1,880 | 2,092 | 1,925 | 2,107 | 2,126 | 1,576 | 999 | 825 | 785 |



54. It can be seen that the level of income has exceeded the level of expenditures for the last three biennia, thereby increasing the fund balance. Full program and budget implementation in the 2002-2003 biennium would lead to a significant reduction in the reserves, bringing them closer to their target level of 10 percent of budgeted expenditures. In the subsequent biennium for 2004-2005, it is still anticipated that expenditures would exceed income so that reserve levels are brought to their target level. However, it would not be possible in that biennium to have expenditures exceed income by the same amount, and operational deficit would have to be reduced by a factor of five. In order to achieve such target, both income and/or expenditures would have to be modified. Current expectations from the Office are outlined below:

55. Expenditure levels beyond 2003: Expenditure level for 2004-2005 is assumed to increase due to inflation. With a number of regular posts remaining constant at 14, and activity levels of similar order as in the 2002-2003 biennium, regular budget expenditures are estimated at Sfr7,850,000. This figure is purely tentative and no approval is sought from member States about that expenditure level.

56. Income sources beyond 2003: Income levels for 2004-2005 are required to increase in view of the program of activities and the need for a lower operational deficit. An income level of some Sfr7.6 million is anticipated. An outline of the possibilities of increasing each income source is provided below:

- ◆ Contributions from member States: The value of the contribution unit has remained unchanged at Sfr53,641 since 1995. Failure to update the contribution unit with increases in inflation has led to a cumulative loss in value of 11 percent for the 8-year period from 1995 until the end of 2003. Moreover, taking into account the below-inflation adjustments of the contribution unit since 1980, the cumulative loss of value is over 40 percent during those 23 years. Indexing the value of the contribution unit to anticipated inflation beyond 2003 seems a smooth way to support UPOV's financial sustainability over the medium-term. Additional membership would increase income, albeit workload would also increase.
- ◆ Publications income: At present the following UPOV products are sold: the UPOV CD-ROM, Collections of important texts and documents, Collection of laws and treaties, Seminar records, and other ad hoc publications. The Office intends to examine the pricing and charging policy for these products and plans to assess whether there are other products and services which could be developed for a suitable market.
- ◆ Interest income: Treasury amounts of reserves and working capital funds would continue to yield interest earnings. It is anticipated that with reduced levels of reserves, these earnings would decrease compared to the current biennium.
- ◆ Support costs: Funds-in-trust provide for a proportion of administrative overhead, usually in the amount of 13 percent. As funds-in-trust are expected to remain stable over the medium-term, these support costs would also remain stable.
- ◆ New income sources: The forty-third session of the Administrative and Legal Committee requested the Office to examine the possibility of setting up a database of variety denominations and descriptions. This database could be used to assist Contracting Parties in the examination as to whether conditions of protection of candidate varieties are fulfilled. Breeders and other third parties could also be interested in the information provided. An adequate pricing policy for querying this database is to be examined as a new income source.

57. Concerning extra-budgetary resources from Funds-in-trust or contributions from WIPO, amounts over the medium term are anticipated at similar levels as in previous biennia. Any increases to these amounts would relieve the financial stress on the regular budget by enabling alternative income sources for UPOV's program of activities.

[Annexes follow]

ANNEX I

BUDGET METHODOLOGY

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 initial budget for 2000-2001, elaborates the revised budget 2000-2001, and concludes with the proposed budget for the 2002-2003 biennium by incorporating the resource variation between the revised 2000-2001 and the proposed 2002-2003 biennium. The resource variation between the two biennia is explained either as a program variation or as a cost variation. Table 1 summarizes the main indicators discussed in this Annex.

Initial budget 2000-2001: The starting point for the budget is that presented in document C/33/4 and its addendum.

Revised budget 2000-2001: The revised budget is obtained by adding resource variations approved by member States in CC/59/5 to the initial budget. In addition, expenditure estimates have been reduced based on anticipated savings, and income has been increased as a result of further accessions to the UPOV Convention. Reduced expenditure estimates should not be seen as a decrease of the budget authority provided by member States to the Office of UPOV, but rather as an attempt to realistically evaluate the level of reserves and working capital funds which could be available towards the end of 2001.

Revised budget for the 2000-2001 biennium in accordance to program structure for the 2002-2003 biennium: The revised budget also includes a table which enables inter-biennial comparison, by reformatting the revised budget according to the 2002-2003 proposed structure.

Proposed budget for the 2002-2003 biennium: The proposed budget is the result of adding the resource variation to the revised 2000-2001 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 UPOV.

A 10-year resource plan is presented in the 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 over the medium term.

[Annex II follows]

ANNEX II

CONTRIBUTIONS OF MEMBER STATES

(in Swiss francs)

| 2000 Actual | 2001 Actual | Member States | Number of Units | Payable in January 2002 | Payable in January 2003 |
|----------------|----------------|---------------------|--------------------|-------------------------------|-------------------------------|
| 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 |
| 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 |
| 26,820 | 26,820 | Czech Republic | 0.50 | 26,820 | 26,820 |
| - | - | Croatia | 0.20 | 10,728 | 10,728 |
| 80,462 | 80,462 | Denmark | 1.50 | 80,462 | 80,462 |
| 10,728 | 10,728 | Ecuador | 0.20 | 10,728 | 10,728 |
| - | 10,728 | Estonia | 0.20 | 10,728 | 10,728 |
| 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 |
| 10,728 | 10,728 | Kenya | 0.20 | 10,728 | 10,728 |
| - | 10,728 | Kyrgyzstan | 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 |
| - | - | Nicaragua | 0.20 | 10,728 | 10,728 |
| 53,641 | 53,641 | Norway | 1.00 | 53,641 | 53,641 |
| 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 |
| 10,728 | 10,728 | Republic of Moldova | 0.20 | 10,728 | 10,728 |
| - | - | Romania | 0.20 | 10,728 | 10,728 |
| 26,820 | 26,820 | Russian Federation | 0.50 | 26,820 | 26,820 |
| 26,820 | 26,820 | Slovakia | 0.50 | 26,820 | 26,820 |
| 10,728 | 10,728 | Slovenia | 0.20 | 10,728 | 10,728 |

| 2000 Actual | 2001 Actual | Member States | Number of Units | Payable in January 2002 | Payable in January 2003 |
|------------------------|------------------------|--------------------------|----------------------------|--|--|
| 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 |
| 26,820 | 26,820 | Ukraine | 0.50 | 26,820 | 26,820 |
| 268,205 | 268,205 | United Kingdom | 5.00 | 268,205 | 268,205 |
| 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 |
| 2,918,066 | 2,939,522 | | 55.40 | 2,971,706 | 2,971,706 |

[Annex III follows]

ANNEX III

DEFINITIONS OF BUDGET HEADINGS

Sources of Income

Contributions

Contributions of member States under Article 26 of the UPOV Convention.

Publications Income

Revenue from the sale of publications and from subscriptions to periodicals published 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.

Participation of Government Officials and Lecturers

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

Conference Services

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 and Experts

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 Contractual Services

All other contractual services, in particular: fees of translators of documents; rental of computer time; costs of staff training; recruitment costs; and other external contractual services.

Operating and Other 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

Expenses including the cost of telephone, telegrams, facsimile and mail, postage and carriage of documents; all general operating expenses not described above, 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; and expenses not specifically provided for. 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]