

Financial and Program Implementation Overview as at end July 2020

Introduction

The present document has been prepared to provide Member States with an update on the impact of the COVID -19 pandemic on the implementation of WIPO's programs and its income and expenditure, as at end July 2020, within the framework of the approved Program and Budget for the biennium 2020/2021. WIPO also published an online Crisis Management Dashboard on April 15, 2020 allowing Member States to monitor the Organization's operations during the COVID-19 pandemic. The Dashboard provides a monthly update on the demand for WIPO's services and its income and expenditure¹.

The WIPO Performance Report for 2020, which will be submitted to the Program and Budget Committee in 2021, will provide the full financial and programmatic reporting for the year 2020, as per the Financial Regulations and Rules.

WIPO Financial Results end July 2020

The below table and graph provide an overview of WIPO's financial results as at end July 2020 and its monthly evolution since January.

WIPO Financial Results

As at end July 2020
(in millions of Swiss francs)

	2020/21 Approved Budget	Jan-July 2020		
		Target ¹	Actuals ²	as % of Target
Income (accrual basis)	882.8	253.1	273.2	108%
Expenditure (budgetary basis)				
Personnel	475.9	132.7	123.3	93%
Non-personnel	292.5	72.4	63.4	88%
Total, Expenditure	768.4	205.1	186.7	91%
Result (budgetary)	114.4		86.4	
IPSAS adj. to Reg. Budget expd	(18.5)		(13.9)	
Operating Result (Before Reserve Expenditure)	95.8		72.5	
Reserve-Funded Projects	(36.7)		(3.9)	
IPSAS adj. to Expd on Reserve-Funded Projects	17.3		0.4	
Total, Reserve-Funded Projects	(19.3)		(3.5)	
Investment gains/(losses) ³	(1.7)		(6.6)	
Overall Result	74.8		62.3	

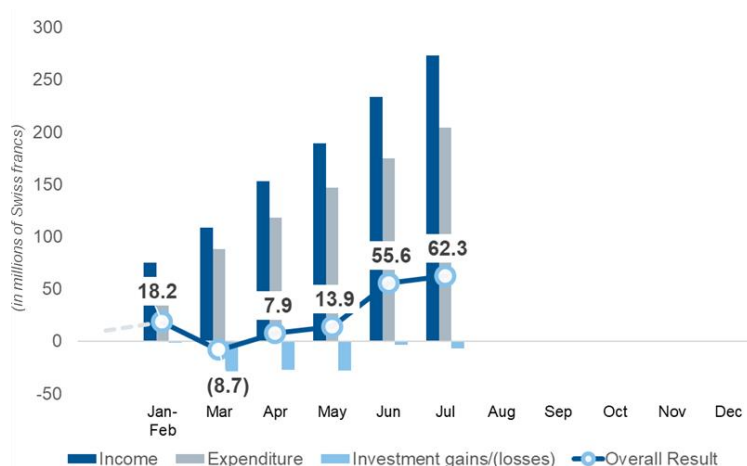
¹ Targets have been calculated using (i) the monthly pro-rata of the 2020 income estimates; and (ii) the historical monthly expenditure patterns applied to the 2020 budget.

² Actuals are unaudited.

³ WIPO's investment strategy is based on a long-term investment horizon. However, the fair value of the investment portfolio is updated on a quarterly basis.

¹ https://www.wipo.int/export/sites/www/covid-19/en/dashboard/crisis_mgt_dashboard.pdf

Overall Financial Result (cumulative)



Demand for WIPO's Products and Services and Status of Program Implementation

The COVID-19 pandemic has impacted the demand for WIPO services and the implementation of WIPO's activities in 2020 to varying degrees. The below section of this report provides a summary of the impact by Strategic Goal Cluster.

Strategic Goal I – Balanced Evolution of the International Normative Framework for IP

Programs 1 (Patent Law), 2 (Trademarks, Industrial Designs and Geographical Indications), 3 (Copyright and Related Rights), 4 (Traditional Knowledge, Traditional Cultural Expressions and Genetic Resources)

Progress in the balanced evolution of the international normative framework for IP has been delayed due to the cancellation of meetings and the postponement of sessions of the Standing Committees and the Intergovernmental Committee on Intellectual Property and Genetic Resources, Traditional Knowledge and Folklore (IGC).

Capacity building and technical assistance activities related to Programs 1, 2, 3 and 4 have witnessed an impact of similar magnitude to the activities described under Strategic Goal III. The Programs are in the process of adapting delivery methods in order to respond to the constraints caused by the pandemic.

Resource Utilization by Program (in thousands of Swiss francs)

	2020 Budget after Transfers ¹			2020 Expenditure ²			2020 Utilization Rate		
	Personnel	Non-personnel	Total	Personnel	Non-personnel	Total Expenditure	Personnel	Non-personnel	Total
1 Patent Law	2,095	896	2,990	1,003	60	1,063	48%	7%	36%
2 Trademarks, Industrial Designs and Geographical Indications	2,130	625	2,755	1,124	12	1,136	53%	2%	41%
3 Copyright and Related Rights	5,408	4,683	10,091	3,080	1,178	4,258	57%	25%	42%
4 Traditional Knowledge, Traditional Cultural Expressions and Genetic Resources	2,394	1,614	4,008	1,277	144	1,421	53%	9%	35%

¹2020 Budget after Transfers as at June 30, 2020

²Expenditure excludes encumbrances

Strategic Goal II – Provision of Premier Global IP Services

Programs 5 (PCT), 6 (Madrid), 31 (the Hague), 32 (Lisbon) and Program 7 (WIPO Arbitration and Mediation Center)

The demand for services under WIPO's global IP systems overall has remained relatively strong considering the unprecedented circumstances. The table below provides an overview of filing activities, as at filing date at National IP Offices.

Filing Activities (as at filing date at National IP Offices)

As at end July 2020

		2020/21 Estimates	Jan-July 2020		
			Target ¹	Actuals ²	as % of Target
PCT:	International Applications	549,900	157,500	148,591	94%
Madrid:	Applications	136,000	38,850	33,208	85%
Hague:	Applications	15,340	4,282	3,428	80%

¹ Targets have been calculated based on the 2020 estimates (Table 3 of the P&B 2020/21).

² 2020 Actuals are based on information received at WIPO as at August 11, 2020. Figures are therefore preliminary. Source: Chief Economist.

The number of international PCT applications reached 94 per cent of its target at the end of July. The number of applications under the Madrid System reached 85 per cent of its target at the end of July, whereas registrations and renewals reached 99 and 96 per cent of their targets respectively. It should be noted that delays in the receipt of filing information from receiving Offices and from Offices of Origin continue to be observed.

The number of applications under the Hague System reached 80 per cent of its target at the end of July. The number of registrations reached 127 per cent of its target following the reduction in the backlog. Renewals reached 106 per cent of its target.

All Systems have rapidly adapted to the remote working modalities, and, as a result, their productivity indicators quickly returned to above 90 per cent, bouncing back within two weeks of having had to embrace remote working arrangements.

The number of domain name cases received by the WIPO Arbitration and Mediation Center (AMC) has increased considerably in 2020. At the end of July, the number of cases thus surpassed the comparable 2019 level by 13 per cent, from 2,097 to 2,380. As the working modalities of the Center already were highly adapted to the digital environment, the transition to remote working conditions has not caused any interruption to the delivery of the Center's domain name case services.

Resource Utilization by Program
(in thousands of Swiss francs)

	2020 Budget after Transfers ¹			2020 Expenditure ²			2020 Utilization Rate		
	Personnel	Non-personnel	Total	Personnel	Non-personnel	Total Expenditure	Personnel	Non-personnel	Total
5 The PCT System	65,710	44,630	110,340	33,703	22,184	55,886	51%	50%	51%
6 Madrid System	20,178	10,088	30,266	11,047	3,852	14,900	55%	38%	49%
7 WIPO Arbitration and Mediation Center	4,815	1,786	6,601	2,310	823	3,133	48%	46%	47%
31 The Hague System	5,921	1,776	7,697	3,326	863	4,189	56%	49%	54%
32 Lisbon System	597	101	698	351	12	363	59%	12%	52%

¹2020 Budget after Transfers as at June 30, 2020

²Expenditure excludes encumbrances

Strategic Goal III – Facilitating the Use of IP for Development

Programs 8 (Development Agenda Coordination), 9 (Africa, Arab, Asia and the Pacific, Latin America and the Caribbean Countries, Least Developed Countries), 10 (Transition and Developed Countries), 11 (The WIPO Academy) and 30 (SMEs and Entrepreneurship Support)

The activities under Strategic Goal III, which are largely dependent on traditional, in-person implementation modalities for the holding of meetings and capacity building events, have been significantly impacted by the pandemic, in particular in Programs 8, 9, 10, 11 and 30. These Programs are in the process of adapting their content and delivery methods in order to respond to the temporary constraints caused by the pandemic.

On the other hand, there has been a marked increase in the demand and delivery of the WIPO Academy's distance learning courses (DL courses). At the end of July, a total of 90,014 DL course registrations had been recorded, an increase of 49 per cent as compared to the same period in 2019.

Resource Utilization by Program
(in thousands of Swiss francs)

	2020 Budget after Transfers ¹			2020 Expenditure ²			2020 Utilization Rate		
	Personnel	Non-personnel	Total	Personnel	Non-personnel	Total Expenditure	Personnel	Non-personnel	Total
8 Development Agenda Coordination	1,196	747	1,943	610	57	667	51%	8%	34%
9 Africa, Arab, Asia and the Pacific, Latin America and the Caribbean Countries, Least Developed	9,992	4,241	14,233	5,901	441	6,343	59%	10%	45%
10 Transition and Developed Countries	3,621	969	4,590	1,912	187	2,099	53%	19%	46%
11 The WIPO Academy	3,644	3,109	6,753	2,156	624	2,780	59%	20%	41%
30 SMEs and Entrepreneurship Support	2,213	833	3,046	1,290	130	1,421	58%	16%	47%

¹2020 Budget after Transfers as at June 30, 2020

²Expenditure excludes encumbrances

Strategic Goal IV – Coordination and Development of Global IP Infrastructure

Programs 12 (International Classifications and Standards), 13 (Global Databases), 14 (Services for Access to Information and Knowledge) and 15 (Business Solutions for IP Offices)

Global databases, including its Advanced Technologies Applications Center (ATAC), has continued implementation of its work program in an almost uninterrupted manner. Some minor delays have been experienced in the development of IT tools related to international classification and standards. The delivery of support services to IP Offices as well as capacity building activities across all Programs under this Strategic Goal have been affected, due mainly to the global slowdown in travel. The transition to digital means are, however, well underway for the implementation of these activities.

Resource Utilization by Program (in thousands of Swiss francs)

	2020 Budget after Transfers ¹			2020 Expenditure ²			2020 Utilization Rate		
	Personnel	Non-personnel	Total	Personnel	Non-personnel	Total Expenditure	Personnel	Non-personnel	Total
12 International Classifications and Standards	2,795	1,047	3,842	1,554	73	1,627	56%	7%	42%
13 Global Databases	4,412	1,217	5,629	2,409	636	3,045	55%	52%	54%
14 Services for Access to Information and Knowledge	3,106	728	3,834	1,823	231	2,054	59%	32%	54%
15 Business Solutions for IP Offices	3,553	2,507	6,060	1,859	891	2,749	52%	36%	45%

¹2020 Budget after Transfers as at June 30, 2020

²Expenditure excludes encumbrances

Strategic Goal V – World Reference Source for IP Information and Analysis

Program 16 (Economics and Statistics)

The activities under this Strategic Goal have been largely unaffected by the pandemic. The preparation of the Global Innovation Index is proceeding as planned, and developments related to other economics and statistics-related activities are well underway.

Resource Utilization by Program (in thousands of Swiss francs)

	2020 Budget after Transfers ¹			2020 Expenditure ²			2020 Utilization Rate		
	Personnel	Non-personnel	Total	Personnel	Non-personnel	Total Expenditure	Personnel	Non-personnel	Total
16 Economics and Statistics	3,333	587	3,920	1,752	321	2,073	53%	55%	53%

¹2020 Budget after Transfers as at June 30, 2020

²Expenditure excludes encumbrances

Strategic Goal VI – International Cooperation in Building Respect for IP

Program 17 (Building Respect for IP)

Capacity building activities related to building respect for IP have witnessed an impact of similar magnitude to the activities described under Strategic Goal III. Traditionally dependent

on in-person implementation modalities, the Program is in the process of adapting delivery methods in order to respond to the constraints caused by the pandemic.

Resource Utilization by Program
(in thousands of Swiss francs)

	2020 Budget after Transfers ¹			2020 Expenditure ²			2020 Utilization Rate		
	Personnel	Non-personnel	Total	Personnel	Non-personnel	Total Expenditure	Personnel	Non-personnel	Total
17 Building Respect for IP	1,901	449	2,350	1,051	29	1,079	55%	6%	46%

¹2020 Budget after Transfers as at June 30, 2020

²Expenditure excludes encumbrances

Strategic Goal VII – IP and Global Challenges

Program 18 (IP and global Challenges)

Activities related to WIPO GREEN and WIPO Re:Search have continued as per the workplan. Budget utilization has been lower than expected, primarily due to virtual rather than in-person attendance in meetings.

Resource Utilization by Program
(in thousands of Swiss francs)

	2020 Budget after Transfers ¹			2020 Expenditure ²			2020 Utilization Rate		
	Personnel	Non-personnel	Total	Personnel	Non-personnel	Total Expenditure	Personnel	Non-personnel	Total
18 IP and Global Challenges	2,092	414	2,505	1,218	125	1,344	58%	30%	54%

¹2020 Budget after Transfers as at June 30, 2020

²Expenditure excludes encumbrances

Strategic Goal VIII – A responsive Communications Interface between WIPO, its Members and all Stakeholders

Programs 19 (Communications) and 20 (External Relations, Partnerships and External Offices)

Activities in the Communications area have continued largely unaffected and have even intensified during the first seven months of 2020. Internal communication to staff was amplified, ensuring frequent updates as the Organization transitioned to a remote working environment. Similarly, frequent communication to Member States via WIPO's website detailed WIPO's response to the pandemic, including: (i) the launch of a Tool to Track IP Policy Information in Member States during the COVID-19 Pandemic; (ii) the WIPO Crisis Management Dashboard; and (iii) media coverage of the Second Session of the Conversation on IP and AI. The launch of WIPO Proof was also supported through important related marketing campaigns.

On the other hand, cancellation/postponement of UN-related meetings has resulted in cancelled/virtual participation, and therefore, a lower budget utilization rate in Program 20.

Resource Utilization by Program
(in thousands of Swiss francs)

	2020 Budget after Transfers ¹			2020 Expenditure ²			2020 Utilization Rate		
	Personnel	Non-personnel	Total	Personnel	Non-personnel	Total Expenditure	Personnel	Non-personnel	Total
19 Communications	6,562	1,752	8,313	3,070	966	4,036	47%	55%	49%
20 External Relations, Partnerships and External Offices	5,531	2,196	7,726	2,900	497	3,397	52%	23%	44%

¹2020 Budget after Transfers as at June 30, 2020

²Expenditure excludes encumbrances

Strategic Goal IX – Efficient Administrative and Financial Support

Programs 21 (Executive Management), 22 (Program and Resource Management), 23 (Human Resources Management and Development), 24 (General Support Services), 25 (ICTD), 26 (Internal Oversight), 27 (Conference and Language Services) and 28 (Information Assurance, Safety and Security)

The activity rate of many Programs under Strategic Goal IX, which are providing administrative and management services internally, is dependent on the activity levels of Programs under other Strategic Goals. The activities of Programs 24, 27 and 28, in particular, have been affected, as the need for travel-related support, translation and interpretation services, as well as physical security both at WIPO premises and in relation to travel has seen a considerable decrease. This has, to a large extent, been offset by the increased level of support provided by the Information and Communication Technology Division and Conference Services in support of a well-functioning remote working environment and hybrid and/or virtual meetings. Expenditure to date with regards to remote meeting and access capabilities, as well as for the purchase of ICT equipment amounted to approximately 2.3 million Swiss francs at the end of July.

The lower budget utilization rate in Program 21 has been due primarily to the suspension of national events and travel. Program 23 has seen lower expenditure on staff development, partially offset by higher expenditure on medical services and related supplies. Lastly, Program 22 has observed some delays in the implementation and development of certain Enterprise Resource Planning (ERP) applications (single-sign on, AIMS portal,...).

Resource Utilization by Program
(in thousands of Swiss francs)

	2020 Budget after Transfers ¹			2020 Expenditure ²			2020 Utilization Rate		
	Personnel	Non-personnel	Total	Personnel	Non-personnel	Total Expenditure	Personnel	Non-personnel	Total
21 Executive Management	10,966	2,676	13,642	5,935	445	6,380	54%	17%	47%
22 Program and Resource Management	12,811	7,592	20,404	6,719	2,456	9,175	52%	32%	45%
23 Human Resources Management and Development	10,469	3,467	13,936	5,450	1,547	6,996	52%	45%	50%
24 General Support Services	8,609	11,492	20,101	4,932	3,869	8,800	57%	34%	44%
25 Information and Communication Technology	7,368	18,087	25,455	3,975	14,526	18,500	54%	80%	73%
26 Internal Oversight	2,188	406	2,594	1,334	77	1,410	61%	19%	54%
27 Conference and Language Services	12,835	5,435	18,271	6,353	1,499	7,852	49%	28%	43%
28 Information Assurance, Safety and Security	3,047	10,044	13,091	1,878	4,695	6,573	62%	47%	50%

¹2020 Budget after Transfers as at June 30, 2020

²Expenditure excludes encumbrances

Outlook

The standard forecast model by the Chief Economist used to estimate income in the Program and Budget is based on historical filing data. By design, it does not account for sudden shocks, such as the current COVID pandemic. The Chief Economist is currently in the process of examining alternative forecasting models, including models based on GDP movements. Until such time as any forecasting model is considered to yield sound predictions, the evolution of demand for WIPO's fee-paying services is being monitored closely by the Chief Economist in close cooperation with the main IP offices around the world.

Despite the COVID-induced crisis, as at end July 2020, income from the global IP systems remains on track vis-à-vis the estimated income in the Program and Budget 2020/21. Based on the income trend observed in 2020 as at the end of July, it is expected that income for the year will remain close to the budgeted estimate.

As regards expenditure, it is expected that the overall budget utilization rate at the end of July, i.e. 91 per cent, will remain stable until the end of the year. It should be noted that expenditure in the PCT and ICT areas, including Global Databases, at the end of July was higher than estimated.