

Program and Budget Committee

Thirty-First Session
Geneva, September 7 to 11, 2020

SUPPLEMENTARY CAPITAL MASTER PLAN PROJECTS

prepared by the Secretariat

OVERVIEW

1. The Assemblies of the Member States of WIPO in 2013 approved WIPO's Capital Master Plan (CMP)¹. The CMP 2014-19 represented a plan of seven key capital investment projects to be financed from the Reserves, meeting the requirements of the Policy on Reserves and Principles Applied in Respect of Use of Reserves². The plan covered a six-year period encompassing three biennia (2014/15, 2016/17 and 2018/19) with a total budget of 11.2 million Swiss francs.

2. The Assemblies of the Member States of WIPO, in 2017³, approved the funding from the Reserves for projects presented in the Capital Master Plan (CMP) 2018-2027 for the biennium 2018/19 amounting to a total of 25.5 million Swiss francs. The CMP 2018-27, being a living document, provides for recognizing new requirements and opportunities that emerge for the Organization as it undertakes its program of work in any given biennium. In this context, the Secretariat identified, in the course of 2018, opportunities, which had arisen from the rapidly evolving Information Technology (IT) landscape and, in particular, cloud technology, enabling the Organization to remain agile and to adapt to a changing external environment.

¹ Document A/51/14

² Document WO/PBC/15/7 Rev.

³ Document WO/PBC/27/9

3. The Assemblies of the Member States of WIPO, in 2018⁴, subsequently approved two supplementary high-priority cloud technology capital master plan projects with a total budget of 3 million Swiss francs.
4. In 2019, the Assemblies of the Member States of WIPO⁵ approved the funding of projects for the biennium 2020/21, amounting to 19 million Swiss francs.
5. The present document includes a proposal for three supplementary capital master plan projects as follows:
 - i. Enterprise Performance Management (EPM) 2nd generation cloud-based;
 - ii. Establishment of a Long-term Capability for WIPO to Utilize Cloud Service Providers and Migration of Legacy Applications – Phase II; and
 - iii. Security Enhancement, Data Encryption and User Management Phase II: Identity Access Governance (IAG).
6. The current supplementary CMP project proposal is driven by two main considerations: an organizational risk that the ERP application underpinning the implementation of results-based management of WIPO (EPM) will no longer be supported by the supplier, and the need for continuing and/or completing current projects without interruption (Cloud Migration Project Phase II and IAG Project Phase II, respectively). A detailed description of the benefits of each project is included in the Annex.

REVISED POLICY RELATED TO RESERVES

7. At its twenty-third Session, the WIPO Assemblies approved the Revised WIPO Policy related to Reserves⁶. The purpose of the policy is to further strengthen financial and risk management, provide enhanced guidance to the Secretariat on the on-going management of the Reserves, including target levels and liquidity, and clarify the requirements for reporting on Reserves. The policy includes a set of principles on the use of the Reserves and Working Capital Funds (RWCF).

STATUS OF CAPITAL MASTER PLAN PROJECTS FINANCED FROM THE RESERVES

8. Regular reporting on the status of implementation of individual Capital Master Plan projects is included in the annual and biennial WIPO Performance Reports (WPRs) submitted to the PBC. The progress of each project as at end 2019 is included in the WPR for 2018/19⁷, Annex XIII.
9. Table 1 provides, for each project, an update on the status of budget utilization as at June 16, 2020, and projected expenditure for the remainder of 2020.

⁴ Document WO/PBC/28/13

⁵ Document WO/PBC/30/11

⁶ Document WO/PBC/23/8

⁷ Document WO/PBC/31/6

Table 1: Status of CMP Projects

(in thousands of Swiss francs)

	Total Project Budget	Cumulative Expenditure to Dec 31, 2019	Remaining Balance in Special Projects Reserve Dec 31, 2019	To be Returned to Accumulated Surpluses	2020 Estimated Expenditure		Projected Special Projects Reserve Dec 31, 2020
					Actual Expenditure ¹ as at June 16	Estimated Expenditure June 17 - Dec 31	
The Madrid System Goods and Services Database (MM/A/42) ²	1,200	1,134	-	-	-	-	-
Enterprise Resource Planning (ERP) (A/48) ³	25,341	22,933	2,409	2,409	-	-	-
Sub-total	26,541	24,066	2,409	2,409	-	-	-
Capital Master Plan Projects (A/51)							
Security Enhancement: Data Encryption and User Management	700	221	479	-	220	259	-
Enterprise Content Management (ECM)	2,068	1,977	91	-	16	75	(0)
Renovation of the Facades and Cooling/Heating Installation of the PCT Building ³	6,000	5,845	155	155	-	-	-
AB Building – Phase I of Basement Renovation ²	960	956	-	-	-	-	-
Sub-total CMP (A/51)	9,728	8,998	726	155	236	334	(0)
Capital Master Plan Projects (A/57)							
WIPO IP Portal ⁴ - Phase I	4,547	3,390	1,157	-	176	74	907
PCT Resilient and Secure Platform - Phase I	8,000	2,410	5,590	-	508	2,250	2,832
Madrid IT Platform	6,000	-	6,000	-	17	233	5,750
Integrated Conference Services Platform	930	100	830	-	-	306	523
Multi-Media Studio ⁵	2,360	1,969	391	-	239	151	1
PCT Building Additional Works ³	1,950	1,727	223	223	-	-	-
Electrical Systems and Mechanical Installations							
Power Outage Mitigation in AB Building - Phase I	700	61	639	-	5	384	250
Functional Lighting System in AB Building ³	600	574	26	26	-	-	-
Elevators in AB Building - Phase I	430	73	357	-	-	254	102
Installation of Fire Doors and Walls in GB Building ³	220	186	34	34	-	-	-
Dynamic Incident Management (DIM)	400	29	371	-	17	94	260
Sub-total CMP (A/57)	26,137	10,519	15,618	283	962	3,747	10,626
Supplementary Capital Master Plan Projects (A/58)							
Migration of Email to the Cloud	912	199	713	-	37	571	105
Establishment of a Long-term Capability for WIPO to Utilize Cloud Service Providers and Migration of Legacy Applications	2,095	452	1,643	-	294	523	826
Sub-total CMP (A/58)	3,007	651	2,356	-	330	1,094	931
Capital Master Plan Projects (A/59)							
WIPO IP Portal ⁴ - Phase II	6,960	-	6,960	-	646	2,530	3,784
Hague Externalization Project	3,001	-	3,001	-	-	725	2,276
ECM Implementation - Phase II	2,718	-	2,718	-	208	243	2,266
Web CMS Technology Replacement	911	-	911	-	-	182	728
Treasury Management System (TMS)	250	-	250	-	-	-	250
Power Outage Mitigation (AB and GB Buildings) - Phase II	1,750	1	1,749	-	46	674	1,029
Modernization of Elevators Motorization Systems - Phase II	1,420	1	1,419	-	18	840	560
Fire and Gas Safety	325	-	325	-	-	77	248
Renewal of Critical Physical Security Systems Hardware	602	-	602	-	51	330	221
Upgrade of Critical SSCS Security ICT Systems	447	-	447	-	-	69	378
Sub-total CMP (A/59)	18,383	2	18,381	-	970	5,670	11,741
Total Reserve Funded Projects	83,796	44,238	39,489	2,847	2,499	10,845	23,298

¹ 2020 Actual expenditure excludes pre-encumbrances and encumbrances.

² These projects have been closed and their remaining budget balances have been returned to the Accumulated Surpluses.

³ These projects have been completed. They will be closed and their remaining budget balances will be returned to the Accumulated Surpluses.

⁴ The Global IP Platform has been renamed WIPO IP Portal.

⁵ Multi-media studio includes additional budget of 660,000 Swiss francs, approved in A/59 (document A/59/7) for the finalization of the project.

10. At the end of 2019, the remaining balance in the Special Projects Reserve amounted to 39.5 million Swiss francs, of which it is estimated that a total of 2.8 million Swiss francs will no longer be required and will therefore be returned to the Reserves in 2020. This is on account of the completion of the following projects: (i) the Enterprise Resource Planning (ERP) project (2.4 million Swiss francs); (ii) the Renovation of the Facades and Cooling/Heating Installation of the PCT Building project (155,144 Swiss francs); (iii) the PCT Building Additional Works project (222,727 Swiss francs); (iv) the Functional Lighting System in AB Building project (26,241 Swiss francs); and (v) the Installation of Fire Doors and Walls in GB Building project (34,161 Swiss francs).

11. Regarding the PCT Resilient and Secure Platform (RSP) project, approved by the WIPO Assemblies in 2017, the implementation of a cloud-based solution based on emerging industry trends is progressing following a thorough re-design and re-costing of the project. Given the continued availability of funds for Phase I, the presentation to the PBC of an updated proposal for Phase II has been deferred to 2021.

UPDATE ON THE FUTURE PROJECT FOR THE PROVISION OF DAYCARE SERVICES

12. As regards the future project for the provision of daycare services, the Secretariat embarked in 2019 on a two-track approach consisting of a two-year pilot covering the scholastic years 2019-2020 and 2020-2021 and the exploration of options for a long-term solution⁸.

13. The two-year pilot program was launched in September 2019 with a daycare facility located near the WIPO campus in Geneva. During the 2019-2020 school year, a total of 10 children of WIPO staff members were enrolled in the daycare facility. The cost of the first year of the pilot amounted to 52,184 Swiss francs.

14. As regards the exploration of a long-term solution for the provision of daycare services, the Director Generals of WIPO and UNOG engaged in regular discussions at the end of 2019 with a view to exploring the feasibility of a joint UNOG-WIPO daycare facility project in the vicinity of their respective headquarters. Subsequently, meetings facilitated by the Permanent Mission of Switzerland, were also held between WIPO and the Geneva Cantonal Departments (land, constructions, forest, transport), and City of Geneva pre-school (daycare or "crèche") services ("*Petite Enfance*"). To date, the following progress has been made:

Real estate and construction-related matters:

- UNOG has identified a potential plot of land on its compound on which a daycare center could be built and that could be the subject of a long-term (90-year) lease to WIPO;
- In June 2020, a Request for Quotations for a feasibility study was launched by WIPO (estimated cost between 20,000 and 50,000 Swiss francs). Subject to the evolving COVID-19 situation, the selection of the architect firm by WIPO and UNOG is expected in the third quarter of 2020. The feasibility study is planned to be completed by the end of 2020; and
- It is envisaged that WIPO would be in charge of the management of the daycare construction project and its financing.

Scope and specificities of daycare services:

- The future daycare facility is estimated to have between 60 and 100 places. This constitutes the minimum number of places for a viable and cost efficient service according to local Host Country references;
- It is envisaged that UNOG and WIPO would have access to a guaranteed number of places, while leaving some places open for other International Organizations, members of the Diplomatic Community and/or local residents; and

⁸ WO/PBC/30/11 paragraphs 11 to 13.

- It is envisaged that the management of the daycare services would be handed over to a dedicated City of Geneva entity in charge of such services.

15. Due to the complexity of the project, both Organizations have taken a prudent approach in seeking advice from both private as well as public sector experts. In addition, given the evolving COVID-19 situation, the scope and specificities of the future daycare services will be revalidated. This will inform the future capital master plan proposal to the PBC.

SUPPLEMENTARY CAPITAL MASTER PLAN PROJECT PROPOSAL

SUPPLEMENTARY CAPITAL MASTER PLAN 2020 DRIVERS

16. The main drivers for the proposed supplementary capital master plan projects are outlined below. The drivers facilitate the assessment of whether projects meet the principles mandated by the WIPO Policy related to Reserves.



- **Business need** - building or acquiring new assets, which will enable the Organization to improve or expand services delivered to Member States and WIPO's customers;
- **Cost efficiency** - taking advantage of new technology, equipment and systems improvements to reduce recurring operating expenses;
- **Lifecycle** - effective lifecycle management of equipment and facilities assets, including essential refurbishment and renovation works or renewal of worn assets, to prevent risks related to safety and non-operability of such assets;
- **Security, safety and information assurance** - implementing preventive and protective measures to reduce WIPO's vulnerability in case of threats and to safeguard WIPO staff, delegates and visitors as well as WIPO's physical and information assets.

SUMMARY OF SUPPLEMENTARY CAPITAL MASTER PLAN PROJECT PROPOSAL

17. The total estimated one-time cost of the proposed supplementary capital master plan projects amounts to 1.792 million Swiss francs.

Table 2: Supplementary Capital Master Plan Projects

(in thousands of Swiss francs)

Projects	Total
Enterprise Performance Management (EPM) 2 nd Generation Cloud Based	825
Establishment of a Long-term Capability for WIPO to Utilize Cloud Service Providers and Migration of Legacy Applications - Phase II	560
Security Enhancement, Data Encryption and User Management Phase II - Identity Access Governance (IAG)	407
Total	1,792

18. Each proposed project/project-phase is self-contained. The implementation of the projects is foreseen from 2020 to 2022. There are therefore no operating/recurring costs for the projects in the current biennium. A detailed description of each of the proposed projects is included in Annex I.

STATUS OF THE UTILIZATION OF RESERVES

19. The first principle (Principle 1) set out for use of the Reserves in the Revised Policy related to the Reserves pertains to the availability of amounts above the reserve target level. The balance of Reserves in excess of the mandated reserve target level and the Special Projects Reserve is estimated at 234.9 million Swiss francs at the end of 2020. For the purposes of prudence, the calculation of available reserves excludes: (i) the Working Capital Funds and Revaluation Reserve Surplus, as per Principle 2 of the Revised Policy related to the Reserves; and (ii) the projected Overall Result after Reserve Expenditure for 2020.

Table 3: Estimated Status of the Reserves end 2020

(in millions of Swiss francs)

Total Reserves¹ at 31.12.19 (actuarial gains/(losses) ² excluded)	457.9
<i>of which:</i>	
Accumulated Surpluses at 31.12.19	418.4
Special Projects Reserve at 31.12.19	39.5
<i>Estimated Movements of Special Projects Reserve in 2020</i>	
Estimated to be Returned to Accumulated Surpluses	(2.8)
Estimated Expenditure on Projects Financed from the Reserves in 2020	(13.3)
Proposed Supplementary CMP Projects	1.8
Special Projects Reserve (estimated) at 31.12.20	25.1
Total Reserves (estimated) excluding Special Projects Reserve at 31.12.20	432.8
RWCF Target 2020/21³	198.0
Balance of Reserves in Excess of Reserve Target Level⁴	234.9

¹Excluding Working Capital funds (WCF) and Revaluation Reserve Surplus

²Actual gains/(losses) at 31.12.19 amounted to 118.6 million Swiss francs.

³Reserve target is based on targets for the Unions determined in the Revised Policy on Reserves i.e. 25.8% of the total 2020/21 biennial budget of 768.4 million Swiss francs.

⁴Does not take into account the projected Overall Result after Reserve Expenditure for 2020.

20. As illustrated in Table 3, the proposed funding of 1.792 million Swiss francs for the supplementary CMP projects can be absorbed without affecting the required target level of Reserves, as the projected balances can prudently accommodate the expenditures under the proposed projects.

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

ALLOCATION OF PROPOSED SUPPLEMENTARY CMP PROJECTS TO THE UNIONS

22. The proposed supplementary CMP projects are allocated to the Unions based on the extent to which they directly or indirectly benefit the Union(s):

Enterprise Performance Management (EPM) 2nd generation cloud-based;

- Indirectly benefits all Unions
- Cost allocated as indirect admin expenditure to all Unions
(*capacity to pay principle*)

Establishment of a Long-term Capability for WIPO to Utilize Cloud Service Providers and Migration of Legacy Applications – Phase II;

- Some applications directly benefit specific Unions – the associated costs are allocated as direct union expenditure
- The cost of applications benefiting the Finance and Business Solutions Divisions are allocated as indirect administrative and indirect union expenditure respectively (*capacity to pay principle*)

Security Enhancement, Data Encryption and User Management Phase II: Identity Access Governance (IAG)

- Indirectly benefits all Unions
- Cost allocated as indirect admin expenditure to all Unions
(*capacity to pay principle*)

23. Table 4 provides an overview of the allocation of the costs of the proposed projects by Union. Table 4a provides an overview of the estimated movements of the Special Projects Reserve by Union in 2020. It should be noted that the estimated level of the Reserves at the end of 2020 by Union does not take into account the projected Overall Result after Reserve Expenditure for 2020.

Table 4. Estimated Status of the Reserves end 2020 by Union
(in thousands of Swiss francs)

	CF Unions	PCT Union	Madrid Union	Hague Union	Lisbon Union	Total
Total Reserves¹ at 31.12.19 (actuarial gains/(losses) ² excluded)	22,111	410,481	72,263	(44,241)	(2,711)	457,903
<i>of which:</i>						
Accumulated Surpluses at 31.12.19	21,715	383,349	63,523	(47,462)	(2,711)	418,414
Special Projects Reserve at 31.12.19	396	27,131	8,740	3,221	-	39,489
<i>Estimated Movements of Special Projects Reserve in 2020</i>						
Estimated to be Returned to Accumulated Surpluses	(64)	(2,531)	(252)	-	-	(2,847)
Estimated Expenditure on Projects Financed from the Reserves in 2020	(154)	(10,962)	(1,380)	(847)	-	(13,344)
Proposed Supplementary CMP Projects	37	1,398	273	84	-	1,792
Special Projects Reserve (estimated) at 31.12.20	215	15,036	7,382	2,457	-	25,090
Total Reserves (estimated) excluding Special Projects Reserve at 31.12.20	21,896	395,445	64,881	(46,698)	(2,711)	432,813
RWCF Target 2020/21³	19,255	135,790	38,152	4,753	-	197,950
Balance of Reserves in Excess of Reserve Target Level⁴	2,641	259,655	26,730	(51,451)	(2,711)	234,863

¹ Excluding Working Capital funds (WCF) and Revaluation Reserve Surplus

² Actual gains/(losses) at 31.12.19 amounted to 118.6 million Swiss francs.

³ Reserve target is based on targets for the Unions determined in the Revised Policy on Reserves i.e. 25.8% of the total 2020/21 biennial budget of 768.4 million Swiss francs.

⁴ Does not take into account the projected Overall Result after Reserve Expenditure for 2019.

Table 4a. Estimated Movements of Special Projects Reserve in 2020 by Union
(in thousands of Swiss francs)

	CF Unions	PCT Union	Madrid Union	Hague Union	Lisbon Union	Total
Special Projects Reserve at 31.12.19	396	27,131	8,740	3,221	-	39,489
<i>Estimated Movements of Special Projects Reserve in 2020</i>						
Estimated to be Returned to Accumulated Surpluses	(64)	(2,531)	(252)	-	-	(2,847)
Estimated Expenditure on Projects Financed from the Reserves in 2020						
Capital Master Plan Projects (A/51)	(15)	(498)	(58)	-	-	(571)
Capital Master Plan Projects (A/57)	(38)	(4,248)	(423)	-	-	(4,709)
Supplementary Capital Master Plan Projects (A/58)	(30)	(983)	(289)	(122)	-	(1,424)
Capital Master Plan Projects (A/59)	(71)	(5,234)	(609)	(725)	-	(6,640)
Sub-total Estimated Expenditure	(154)	(10,962)	(1,380)	(847)	-	(13,344)
Proposed Supplementary CMP Projects	37	1,398	273	84	-	1,792
Special Projects Reserve (estimated) at 31.12.20	215	15,036	7,382	2,457	-	25,090

24. As the Reserve balances for the Lisbon and the Hague Unions were in deficit at the end of 2019, the indirect Union and indirect admin costs are allocated to the Contribution-Financed (CF), the PCT and the Madrid Unions.

IMPACT ON CASH FLOWS AND LIQUIDITY LEVELS OF THE RESERVES

IMPACT ON CASH FLOW

25. After setting aside the operational reserve target of 22 per cent of the Program and Budget (160.4 million Swiss francs for 2018/19) and the Reserves established for the funding of after-service employee benefit liabilities (Strategic Cash amounting to 125.8 million Swiss francs at the end of 2018, and 190.2 million Swiss francs at the end of 2019), the balance of Core Cash, including the Special Projects Reserve, is as follows:

Table 5: Reserves as per Investment Policy		
<i>(in millions of Swiss francs)</i>		
	31-Dec-19	31-Dec-18
Total Cash and Investments*	754.1	616.0
Operating Reserve (RWCF target 2018/19)	160.4	160.4
Strategic Cash	<u>190.2</u>	<u>125.8</u>
Core Cash**	403.5	329.8

* The 2018 comparative presentation has been amended by a reclassification of 314 thousand Swiss francs of derivative financial instrument liabilities to investments.

** Core Cash includes the Special Projects Reserve

26. The balance of cash and investments increased by 138.1 million Swiss francs between December 31, 2018, and December 31, 2019. The Organization retains sufficient liquidity available for cash requirements.

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

LIQUIDITY LEVELS OF THE RESERVES

28. The liquid portion of WIPO's net assets has been defined as the excess of its current assets over its current liabilities after certain adjustments are made based on IPSAS requirements. The position of the liquid portion of the net assets has moved from 297.6 million Swiss francs at the end of 2018 to 371.9 million Swiss francs at the end of 2019.

29. During 2018 and 2019, the Organization continued to make significant investments as part of its Policy on Investments. In the 2018 and 2019 Annual Financial Statements, the portion of Core and Strategic Cash invested is included in non-current assets, since the Organization plans to hold these balances in investments which exceed a one-year

timeframe in order to maximize return while preserving capital. The Strategic Cash is invested for the longer term, resulting in a reduction of liquid reserves. The Core Cash has been invested in such a way as to ensure that the funds remain available should they be required to meet any contingencies. Therefore, for the calculation of Reserve liquidity, the Core Cash investments are considered liquid. However, it is important to note that the Core Cash is invested with the objective of generating a positive return over rolling five-year periods.

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

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

Table 6: Evolution of Net Liquid Reserves
(in millions of Swiss francs)

	31-Dec-19	Position after Adjustments 31-Dec-19	31-Dec-18	Position after Adjustments 31-Dec-18
Current Assets*	300.0		307.8	
Core Cash non-current investments		354.5		261.1
Accounts Receivable PCT		(59.1)		(55.6)
Adjustment for inventories		-		(1.3)
Net liquid current assets		595.4		512.0
Current Liabilities	537.3		510.6	
Adjustment for advance receipts		(313.8)		(296.2)
Net liquid current liabilities		223.5		214.4
Net current assets	(237.3)		(202.8)	
Liquid portion of net assets		371.9		297.6

* The 2018 comparative presentation has been amended by a reclassification of 314 thousand Swiss francs of derivative financial instrument liabilities to investments, and 210 thousand Swiss francs from non-current receivables to current receivables.

31. WIPO's available cash and the liquid element of its reserves are both more than sufficient to fully finance the level of cash outflow proposed for the supplementary CMP projects and the balances of the existing CMP projects.

SUPPLEMENTARY CMP PROJECTS AND RESERVE POLICY PRINCIPLES

32. The below provides a synopsis of the analysis of compliance for each of the principles contained in the Revised Policy related to Reserves for the use of the Reserves.

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

Compliance with Principle 1: The balance of the Reserves (excluding WCF, Revaluation Reserve Surplus and actuarial gains/(losses) as at end 2019 amounted to 457.9 million Swiss francs. The proposed funding of the Supplementary CMP projects in 2021 and 2022 amounting to 1.8 million Swiss francs is, therefore, well within the estimated Balance of Reserves in Excess of the Target Level, amounting to 234.9 million Swiss francs at the end of 2020.

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

Compliance with Principle 2: The calculation of the available Reserves excludes the WCF and Revaluation Reserve Surplus (Tables 3 and 4 refer).

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

Compliance with Principle 3: The proposed projects are one-time, key capital investments related to IT and information assurance. Please see the descriptions of projects and their drivers in Annex I.

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

Compliance with Principle 4: Table 2 and Annex I provide a comprehensive overview of the key supplementary capital investments proposed in 2021 and 2022,

including the full one-time cost of each project and/or project phases. The annual recurring costs for each project is included in Annex I.

In addition, the Supplementary CMP proposal is not estimated at having any negative impact on cash flows and liquidity levels of the Reserves (please see paragraphs 25 to 31).

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

Compliance with Principle 5: Subject to the WIPO Assemblies' approval of the proposed Supplementary CMP projects/project phases, implementation of the projects may start in the 4th quarter of 2020 and continue into 2021/22.

33. The following decision paragraph is proposed.

34. The Program and Budget Committee (PBC) recommended to the Assemblies of WIPO, each as far as it is concerned, to approve, from the WIPO Reserves, the funding of three Supplementary CMP Projects, amounting to a total of 1.792 million Swiss francs.

[Annex follows]

ANNEX I – Supplementary CMP Proposals

ENTERPRISE PERFORMANCE MANAGEMENT (EPM) 2ND GENERATION CLOUD BASED

Business Case

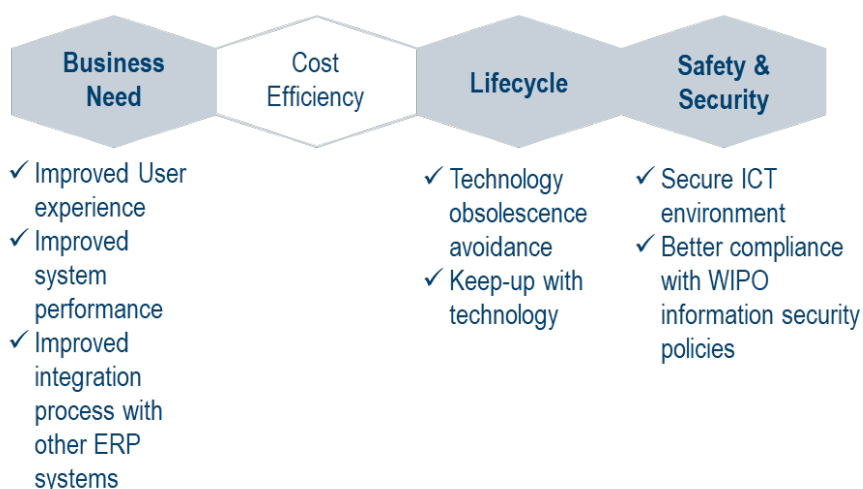
WIPO's Enterprise Performance Management (EPM) system supports and facilitates the implementation of Results-Based Management, including biennial and annual planning and budgeting, implementation and monitoring, performance assessment and forecasting. The EPM system was implemented in 2013 as part of the ERP portfolio of projects approved by Member States in 2010⁹.

The EPM application is currently based on Oracle's on-premise version 11.1.2.1. The infrastructure of the EPM system is hosted and managed by UNICC.

An assessment of WIPO's current EPM application has revealed that the software is outdated. The following issues and risks have been identified:

- Outdated user interface (look and feel) affecting user experience and performance;
- Current EPM software and operating system no longer supported by the supplier;
- Compatibility limited to Internet Explorer (old version). Incompatible with several other web browsers;
- Integration with other ERP systems being complex and not always fully automated;
- Limited flexibility for accommodating new business requirements due to a high level of customizations; and
- Lack of basic features, *inter alia*, ad hoc data analysis, uploading/retrieving data from excel or other sources, limited self-service functionalities and mobile access.

In order to ensure business continuity, EPM must be replaced with a modern cloud-based version. The current trends in the EPM technology space indicate a paradigm shift from on-premise solutions to more modern and efficient cloud-based solutions, which is expected to address current challenges and open the doors to new advanced features.



⁹ Document WO/PBC/15/17

Objectives

The objective of the project is to identify and implement a cloud-based EPM solution that meets WIPO's business needs to support its full performance cycle and associated processes. The project will introduce new technologies to enhance user experience, system functionalities and performance as well as leverage advanced features.

The EPM cloud project will ensure that WIPO's EPM system is future-proof and is operating in a supported and secure environment. The advanced features of the EPM cloud will enable quick deployments and provide enriched user experience with more value-added results.

The project will include the implementation of an EPM cloud-based solution to cover current business needs while enhancing the intuitiveness and look and feel of the existing user interfaces, ensuring compatibility with current versions of web browsers, improving the performance of the application, and simplifying integration with other ERP systems.

Expected Benefits

The expected benefits of the project are:

- Improved user experience;
- Improved performance of the application;
- Seamless, reliable and improved integration processes with other ERP systems;
- Future-proof in terms of information security compliance and browser compatibility; and
- Enhanced agility and flexibility to address new business needs.

Deliverables and Budget

The expected deliverables for the EPM 2nd generation cloud-based project and the associated budget are shown in the table below.

Deliverables	Budget <i>(in Swiss francs)</i>
Implementation of cloud-based EPM	200,000
Integration with other ERP application and data conversion	250,000
User Training	50,000
EPM Cloud Product Subscription for first year	175,000
Sub-total	675,000
Project management	150,000
Total	825,000

The project is expected to be completed by end 2021.

Estimated Recurring Operational Costs

The estimated recurring costs are estimated at 325,000 Swiss francs per year as from 2022.

Recurring Operational Costs	Budget <i>(in Swiss francs)</i>
Yearly subscription	175,000
Technical support resources	150,000
Total	325,000

Establishment of a Long-term Capability for WIPO to Utilize Cloud Service Providers and Migration of Legacy Applications – Phase II

Business Case

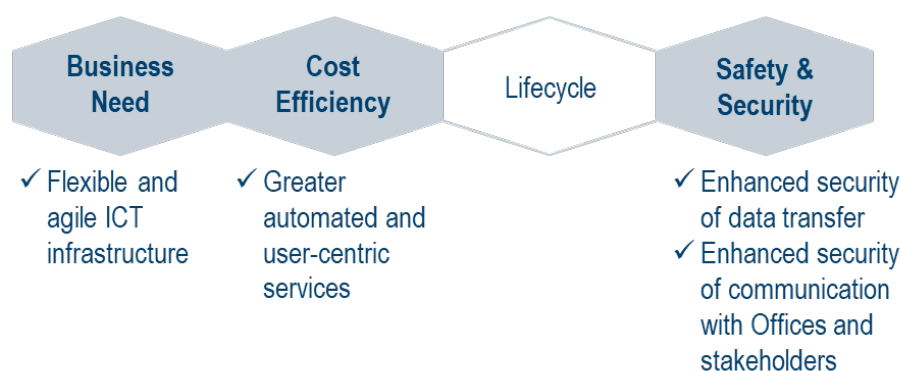
Starting in 2017, the Secretariat investigated options for improving the cost effectiveness, resilience, security and agility of providing ICT infrastructure to support a wide range of business services. A landscape survey of service providers was conducted in 2017 and a tender process was completed in 2018 to contract cloud service providers for ICT infrastructure and related services.

In May 2018, WIPO adopted a “Cloud First” policy and established a Cloud Management Unit to coordinate the cloud transition activities. Subsequently, the Cloud Migration Project (Phase I) was initiated.

There are currently more than 100 ICT applications maintained by the Secretariat, of which around 60 provide services to external users such as the Global IP systems (PCT, Madrid and Hague), online databases, platforms for data exchange, public-private partnerships and other applications. As part of the first phase of the project, a total of 40 applications is expected to have been migrated to the cloud by the end of 2020. A cloud management platform has been established, enabling efficient operations of the migrated applications, and ensuring increased resilience and security.

As at July 2020, the project has made the following progress:

- In 2018, contracts were signed with cloud service providers. Work started on configuring the "landing zone" for the WIPO enterprise cloud environment. At the end of 2018, the first two production workloads were live in the cloud environment.
- During 2019, work continued on enhancing the cloud environment, including improvements to connectivity, account management, security, etc. An additional nine applications were migrated or newly deployed in the cloud. A centralized storage management solution was created and more than 50TB of data was migrated. The Organization's development teams have converged on a DevSecOps approach and a centralized CI/CD pipeline has been created which enables automated deployment and upgrades of cloud-hosted applications. Training was organized for more than 60 internal IT staff.
- During 2020, further applications have been migrated, with a total of 22 as at July 2020. Projects are underway, and will continue into 2021, for high priority and critical applications, including those supporting the Global IP Systems and Global Databases. Some administrative applications and supporting IT services will continue to be hosted by the UNICC at two data centers in Geneva for the foreseeable future.
- Security architecture patterns have been established and implemented. Standard configurations have been created for backup and business continuity strategies. A cost management platform has been implemented and cost optimization strategies are in the process of being deployed. A strategy is under development for centralized monitoring and alerting of errors and other events. An ongoing training strategy has been implemented.



Objective

The objective of the Phase II of the project is to ensure that the migration of applications to the cloud can continue in an uninterrupted manner until the end of 2021.

Expected Benefits

- **Cost optimization:** Cost savings are expected on support, maintenance and management of ICT infrastructure. Costs can also be optimized by right-sizing the resources allocated in the cloud, for example by automatically scaling resources up and down to follow demand patterns;
- **Increased agility and flexibility:** More responsive and nimble provision of ICT infrastructure for new applications, one-off needs (e.g. resources for AI) and for unplanned changes in demand;
- **Improved service delivery to external stakeholders:** By distributing services worldwide on the cloud, response times will be improved; and
- **Improved business continuity:** Correct utilization of cloud infrastructure will enable backup and recovery to be implemented quickly and cost effectively. Exposure to loss of service due to power, internet and other failures will be reduced as will dependencies on single service providers.

Deliverables and Budget

The expected deliverables for the Phase II of the project and the associated budget are shown in the table below.

Deliverables	Budget (in Swiss francs)
Cloud contracts administration and cost management (Business)	52,800
Creation, strategic definition and management of the Enterprise Cloud Platform (Platform)	132,100
Security design and configuration, risk governance and compliance assessments (Security)	42,300
Service delivery implementation and operations management (Operations)	79,200
Pilot design, applications migration roadmap definition and implementation (Applications)	253,600
Total	560,000

Estimated Recurring Operational Costs

The annual recurring costs of maintenance and operation of using cloud services will in the medium to long-term replace the recurring cost of the current on-premises hosting of WIPO's ICT infrastructure. The costs will be included in the successive Program and Budget proposals as part of the regular budget.

SECURITY ENHANCEMENT, DATA ENCRYPTION AND USER MANAGEMENT PHASE II: IDENTITY ACCESS GOVERNANCE (IAG)

Business Case

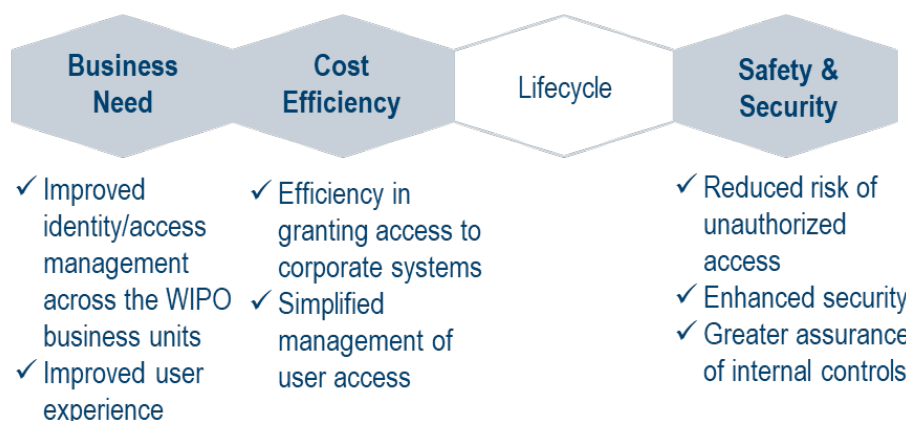
Phase I of the CMP project Security Enhancement, Data Encryption and User Management aimed at implementing a user access rights management capability to manage user access rights across WIPO systems in a streamlined and consistent manner.

Over the 2016/17 biennium, in line with the Identity and Access Management (IAM) roadmap, the reference architectures were applied to two business areas namely ePCT and PeopleSoft Finance to identify and standardize user access entitlement and segregation of duties models. The delivery of an Identity and Access Governance (IAG) solution was postponed due to the adoption of the WIPO cloud first strategy which required an adaptation of the IAM roadmap.

In the 2018/19 biennium, the IAM reference architectures were adapted and applied to several applications that migrated to the cloud in the biennium. An IAG solution was procured factoring the requirements of other key projects such as the PCT Resilient and Secure Platform (RSP) and the Hague Platform. In parallel, role and entitlement modelling for various business systems continued.

In parallel, in 2020, an Access to Information Assets Policy was promulgated providing guiding principles for access to WIPO's information assets based on the principles of "need to know" and "least privilege". Based on the policy, the implementation of the IAG solution is currently in progress for the Finance and Human Resources ERP applications.

Building on the foundation of Phase I, Phase II of the project will progressively expand the use of the IAG solution to other WIPO business systems and applications thereby reducing the complexity of managing access rights, reducing the risk exposure from excessive rights and therefore unauthorized access, improving productivity, and ensuring users have access based on a "need to know" principle. The Phase II is expected to be completed at the end of 2022.



Objectives

The objectives of the Phase II of the project are to:

- Expand visibility of user access rights across most of the WIPO environment and ensure consistent and standardized management of user roles and entitlements throughout the user lifecycle from onboarding through to separation; and
- Enable business units to make complex decisions on access rights management and segregation of duties through a self-service and easy to use capability.

Expected Benefits

Phase II will enable WIPO to realize the wide-ranging benefits of enterprise IAG capability, notably:

- Improved security by reducing the risk of unauthorized access or disclosure of WIPO's information assets in line with WIPO's Access to Information Assets Policy;
- Improved user experience by providing visibility, intelligence and a self-service capability to understand and manage complex access rights across WIPO's systems and applications; and
- Increased assurance of internal controls by implementing and enforcing segregation of duties in an automated fashion;

Deliverables and Budget

The expected deliverables for the IAG Phase II and the associated budget are shown in the table below.

Deliverables	Budget <i>(in Swiss francs)</i>
License support & maintenance for 2,500 users of Sailpoint Identity IQ & File Access Manager	80,000
Design IAG solution	30,500
Integrate the IAG solution with other target business systems and applications	161,000
Configure and roll out Segregation of Duties, auditing and reporting capabilities	27,000
Training and business change management	8,500
Sub-total	307,000
Project Management	100,000
Total	407,000

Estimated Recurring Operational Costs

The recurring costs for UNICC hosting, technical maintenance and support of the IAG application, license maintenance, and an IAM resource were already foreseen under Phase I and will be included in the Regular Budget for the biennium 2022/23. The estimated recurring costs after completion of Phase I and Phase II is estimated at 400,000 Swiss francs per year.