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**INTERNATIONAL UNION FOR THE PROTECTION OF NEW VARIETIES OF PLANTS**

Geneva

**CONSULTATIVE COMMITTEE****Eighty-Fifth Session  
Geneva, March 22, 2013****FINANCIAL SITUATION IN RELATION TO THE PROGRAM AND BUDGET OF THE UNION  
FOR THE 2012-2013 BIENNIUM***Document prepared by the Office of the Union*

1. The purpose of this document is to:

(i) review the current financial situation in relation to the Program and Budget for the 2012-2013 Biennium, in order to provide the latest available information as a basis for the preparation of the Program and Budget for the 2014-2015 Biennium, as set out in document CC/85/4; and

(ii) propose an approach for a situation where, after the closure of the 2012-2013 Biennium, the amount of the reserve fund exceeds 15 percent of the total income for the 2012-2013 Biennium.

I. CURRENT FINANCIAL SITUATION IN RELATION TO THE PROGRAM AND BUDGET FOR THE 2012-2013 BIENNIUM

2. Tables 1, 2 and 3 provide an overview of actual income and expenditure for the 2008-2009 and 2010-2011 biennia and provide the estimated income and expenditure for 2012 in relation to the budget for the 2012-2013 Biennium. The estimate for 2012 is based on the financial situation for the period January to December 2012, before closure. The 2012 income and expenditure estimate does not include adjustments related to the application of the International Public Sector Accounting Standards (IPSAS). UPOV will prepare its first set of financial statements in accordance with IPSAS for the year ended December 31, 2012.

**Table 1: Income, Expenditure 2008-2009, 2010-2011 and 2012-2013**  
(in thousands of Swiss francs)

	<i>2008-2009 Actual</i>	<i>2010-2011 Actual</i>	<i>2012-2013 Budget</i>	<i>2012 Estimated</i>	<i>2012 Estimated % of Biennium</i>
1. Income	6,771	6,900	6,798	3,384	49.8%
2. Expenditure	6,381	6,479	6,798	2,902	42.7%
Difference (1-2)	390	422	-	482	

**Table 2: Expenditure 2008-2009, 2010-2011 and 2012-2013: Resources**  
(in thousands of Swiss francs)

	<i>2008-2009 Actual</i>	<i>2010-2011 Actual</i>	<i>2012-2013 Budget</i>	<i>2012 Estimated</i>	<i>2012 Estimated % of Biennium</i>
1. Personnel Resources	4,369	4,271	4,542	1,900	41.8%
2. Non-Personnel Resources					
<i>Travel and contractual services</i>	743	908	990	377	38.1%
<i>Operating expenses, furniture and supplies</i>	1,269	1,300	1,266	625	49.4%
3. Grand Total	6,381	6,479	6,798	2,902	42.7%

**Table 3: Expenditure 2008-2009, 2010-2011 and 2012-2013: Object of Expenditure**  
(in thousands of Swiss francs)

	<b>2008-2009 Actual</b>	<b>2010-2011 Actual</b>	<b>2012-2013 Budget</b>	<b>2012 Estimated</b>	<b>2012 Estimated % of Biennium</b>
<b>Object of Expenditure</b>					
<b>A. Personnel Resources</b>					
Posts	4,291	4,055	4,382	1,819	41.5%
Short-term expenses	77	216	160	81	50.6%
<b>Total</b>	<b>4,369</b>	<b>4,271</b>	<b>4,542</b>	<b>1,900</b>	<b>41.8%</b>
<b>B. Non-Personnel Resources</b>					
<b>Travel and Fellowships</b>					
Staff missions	445	437	470	215	45.7%
Third Party Travel	72	184	90	41	45.6%
<b>Total</b>	<b>517</b>	<b>621</b>	<b>560</b>	<b>256</b>	<b>45.7%</b>
<b>Contractual Services</b>					
Conferences	152	224	250	103	41.2%
Experts	3	3	100	4	4.0%
Publishing	63	48	70	14	20.0%
Other	8	11	10	0	-
<b>Total</b>	<b>226</b>	<b>287</b>	<b>430</b>	<b>121</b>	<b>28.1%</b>
<b>Operating Expenses<sup>1</sup></b>					
<b>Total</b>	<b>1,247</b>	<b>1,274</b>	<b>1,236</b>	<b>620</b>	<b>50.2%</b>
<b>Equipment and Supplies</b>					
Furniture and Equipment	14	6	10	4	40.0%
Supplies and Materials	8	21	20	1	5.0%
<b>Total</b>	<b>22</b>	<b>27</b>	<b>30</b>	<b>5</b>	<b>16.7%</b>
<b>GRAND TOTAL</b>	<b>6,380</b>	<b>6,479</b>	<b>6,798</b>	<b>2,902</b>	<b>42.7%</b>

#### Income

3. The estimated figure for 2012 indicates that income is slightly lower than the budgeted figure. The Program and Budget for the 2012-2013 Biennium anticipated 70 members of the Union at the start of the 2012-2013 Biennium and 71 members of the Union paying contributions in 2013. However, there will be only 70 members of the Union making contributions in 2013. In addition, the estimated income from interest in 2012 (7,700 Swiss francs) is considerably lower than the budgeted figure of 70,000 Swiss francs.

#### Personnel Resources

4. The estimated expenditure for 2012 indicates that personnel resource expenditure was lower (41.8%) than budgeted. The reduced expenditure in personnel resources was the result of one of the posts in the professional category being vacant and changes of grade due to personnel changes. In response to those developments, there will be increased expenditure on experts in the Biennium (see below). The 2012 expenditure on personnel resources does not include the costs incurred in 2012 for the repatriation grant for the former Vice Secretary-General (82,526 Swiss francs) and also for the increased costs arising from the amended terms and conditions for the three staff recruited as temporary appointments, which will have

<sup>1</sup> From 2008-2009 Operating Expenses are no longer subdivided.

retroactive effect from July 1, 2012 (figure not yet available) related to amendments in the Staff Regulations and Rules. There will also be increased costs in 2013 as a result of the two staff members that were employed at 80%, returning to work at 100%. However, there will be a consequential reduction in the cost of overtime.

#### Non-Personnel Resources

##### *Travel*

5. Travel costs in 2012 are broadly in line with budgeted costs.

##### *Contractual Services*

6. The estimated expenditure for Conferences in 2012 does not include all the costs of the UPOV sessions in October/November 2012 and the Symposium on the Benefits of Plant Variety Protection for Farmers and Growers held on November 2, 2012.

7. The estimated expenditure for Experts in 2012 does not include the expenditure on information technology (IT) experts that will be incurred later in the 2012-2013 Biennium in relation to the development of an electronic application form (see document C/45/4 Rev.2 "Program and Budget for the 2012-2013 Biennium", Section 2.2.4(6)(f) and document CAJ/66/8 "Report on the Conclusions", paragraphs 22 to 26) and an electronic template for Test Guidelines (see document TC/49/3 "Matters arising from the Technical Working Parties"). Furthermore, in the 2012-2013 Biennium, there will be significant expenditure on experts to supplement the work of the UPOV staff, for example in relation to the development of the advanced distance learning training course "Examination of applications for plant breeders' rights" (DL-305) (see documents C/45/4 Rev.2, Section 2.3.3(ii) and CC/84/3 "UPOV Distance Learning Course") (Euros 20,000) and the administration of the DL-205 course "Introduction to the UPOV System of Plant Variety Protection under the UPOV Convention". Therefore, the expenditure in the 2012-2013 Biennium is expected to be at least as high as the budgeted figure.

8. As a result of delays in the dispatch of the UPOV-ROM Plant Variety Database (UPOV-ROM), the costs of publishing the 6 editions have not been reflected in the estimated costs.

##### *Operating Expenses*

9. Operating Expenses in 2012 are broadly in line with budgeted costs.

##### *Equipment and Supplies*

10. Expenditure on Equipment and Supplies will not have a significant impact on the 2012-2013 Biennium.

#### RESERVE FUND

11. Regulation 4.6 of document UPOV/INF/4/2 "Financial Regulations and Rules" states that:

"The use, other than for the covering of any deficits, of the reserve fund is a matter for the decision of the Council. If after the closure of the financial period, the amount of the reserve fund exceeds 15 percent of the total income for the financial period, the amount in excess shall be reimbursed to the members of UPOV, unless otherwise decided by the Council. Any member of UPOV may request that the reimbursement attributed to it be deposited in a special account or trust fund specified by it."

12. The amount of the reserve fund at the end of the 2012-2013 Biennium will be presented to the Council in October/November 2014. However, a financial statement for 2013 as at December 31, 2013, will be submitted to the External Auditor by March 31, 2014, a copy of which will be transmitted to the Consultative Committee (see document C(Extr.)/30/2 "Adoption of Documents", Annex "Document UPOV/INF/4/3: Financial Regulations and Rules of UPOV (Revision): Proposed Amendments").

13. With regard to the reserve fund, document CC/84/12 "Reserve Fund", paragraph 7, explained that the Balance Sheet as at December 31, 2011, and the corresponding reserve fund do not reflect the International Public Sector Accounting Standards (IPSAS). As indicated in the Annex to document CC/82/4 "Transition to International Public Sector Accounting Standards (IPSAS)", the impact of IPSAS adoption on the reserve fund, as at December 31, 2011, is anticipated to reduce the reserve fund to considerably less than

15 percent of the total income for the financial period 2010-2011. Therefore, it should not be anticipated that, on the basis of the financial situation as at December 31, 2011, and the Program and Budget for the 2012-2013 Biennium (document C/45/4 Rev.2), the reserve fund will necessarily exceed 15 percent of the total income at the end of the financial period 2012-2013. However, in anticipation of the possibility of the reserve fund at the end of the 2012-2013 Biennium exceeding 15 percent of the total income for the 2012-2013 Biennium, and in order to allow sufficient time for discussion of possible options, it is proposed that a document be prepared for a first consideration by the Consultative Committee at its eighty-sixth session, to be held on October 23, 2013, proposing a method for reimbursing members of the Union and presenting proposals for a special account or trust fund.

14. *The Consultative Committee is invited to:*

*(a) note the estimated income and expenditure for 2012, as set out in Tables 1, 2 and 3, and the comments in relation to anticipated income and expenditure for the 2012-2013 Biennium, as set out in paragraphs 3 to 10, in relation to its consideration of document CC/85/4 "Preparation of the Draft Program and Budget of the Union for the 2014-2015 Biennium"; and*

*(b) request the Office of the Union to prepare a document for consideration by the Consultative Committee at its eighty-sixth session, to be held on October 23, 2013, proposing a method for reimbursing members of the Union and presenting proposals for a special account or trust fund in the event that the reserve fund at the end of the 2012-2013 Biennium exceeds 15 percent of the total income for the 2012-2013 Biennium.*

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