

Consultative Committee**CC/98/4****Ninety-Eighth Session
Geneva, October 28, 2021****Original:** English
Date: July 21, 2021

LONG-TERM FINANCIAL ISSUES OF UPOV*Document prepared by the Office of the Union**Disclaimer: this document does not represent UPOV policies or guidance***EXECUTIVE SUMMARY**

1. The purpose of the document is to report on developments concerning the issues on which the Consultative Group on Long-Term Financial Issues of UPOV had prepared recommendations that were accepted by the Consultative Committee in 2005 and any other relevant developments on matters considered by the Consultative Group.

2. The Consultative Committee is invited to note:

(a) the developments and measures that have been taken within UPOV since 2006, concerning the issues on which the Consultative Group had prepared recommendations that were accepted by the Consultative Committee and other relevant developments on matters considered by the Consultative Group;

(b) that measures to address the long-term financial issues of UPOV are systematically addressed in the Strategic Business Plan and the Program and Budget;

(c) that opportunities for individual members of the Union to improve the financial situation of UPOV include, as appropriate:

(i) joining UPOV PRISMA and:

- offering coverage for all crops and species for which protection is available;
- requiring all applications to be made via UPOV PRISMA;
- providing a discounted application fee for applicants applying via UPOV PRISMA

(ii) increasing their number of contribution units;

(iii) establishment of Funds-in-Trust;

(iv) making professional personnel available to the Office of the Union at no, or minimal, cost.

BACKGROUND

3. The Consultative Committee considered document CC/97/7 "Summary of the Work of the Consultative Group on Long-Term Financial Issues of UPOV" by correspondence in 2020 and requested the Office of the Union to report to the Consultative Committee, at its ninety-eighth session, on developments concerning the issues on which the Consultative Group had prepared recommendations that were accepted by the Consultative Committee, as set out in paragraphs 19 and 20 of document CC/97/7, and any other relevant developments on matters considered by the Consultative Group.

Issues previously addressed by the Consultative Committee

4. The issues on which the Consultative Group prepared recommendations that were accepted by the Consultative Committee were as follows:

(a) Number of Units of Contribution for Acceding States

- (b) Number of Units of Contribution for Existing Members of the Union
- (c) Working Capital Fund
- (d) Stable Budgeting Procedure
 - (i) Indexing the budget to inflation
 - (ii) Excluding downward adjustments of the number of contribution units applicable to a member of the Union
- (e) Services in Non-UPOV Languages
- (f) UPOV Mission Expenses

Issues on which recommendations were not made to the Consultative Committee

5. The Consultative Group also reported its discussions on the following matters in the Annex to document CC/70/3, on which recommendations were not made to the Consultative Committee, as set out in paragraph 21 of document CC/97/7. Document CC/97/7 reported on the following measures that UPOV was taking or considering that are relevant to those issues:

- (g) UPOV levy on each title of protection granted
- (h) Organization of training, seminars, etc.
- (i) UPOV Technical Working Party meetings
- (j) Other funding possibilities

DEVELOPMENTS CONCERNING FINANCIAL ISSUES OF UPOV

6. This section reports on developments since 2006, concerning the issues on which the Consultative Group prepared recommendations that were accepted by the Consultative Committee and other relevant developments on matters considered by the Consultative Group.

Issues previously addressed by the Consultative Committee

(a) *Number of Units of Contribution for Acceding States*

7. The following table provides information on the number of units of contribution applicable for new members of the Union.

Year	Date	Number of Contribution Units	New member of the Union
2006	03-May-06	0.20	Iceland
2006	08-Oct-06	0.20	Morocco
2006	24-Dec-06	0.20	Viet Nam
2007	18-Nov-07	0.50	Turkey
2007	16-Jun-07	0.20	Dominican Republic
2008	29-Nov-08	0.20	Georgia
2009	21-Jan-09	0.20	Costa Rica
2009	22-Nov-09	1.00	Oman
2011	04-May-11	0.20	North Macedonia
2011	08-Aug-11	0.20	Peru
2013	05-Jan-13	0.20	Serbia
2014	10-Jul-14	0.20	OAPI
2015	24-Sep-15	0.20	Montenegro
2015	22-Nov-15	0.20	United Republic of Tanzania
2017	10-Nov-17	0.20	Bosnia and Herzegovina
2019	01-Dec-19	0.20	Egypt
2021	22-Mar-21	0.20	Saint Vincent and the Grenadines

(b) Number of Units of Contribution for Existing Members of the Union

8. The following members of the Union have increased their number of contribution units since 2006:

Member of the Union	Previous Number of Contribution Units	New Number of Contribution Units	Year of Increase
Republic of Korea	0.75	1.50	2011
Russian Federation	0.50	2.00	2019
China	0.50	2.00	2020

(c) Working Capital Fund

9. If a member of the Union increases its number of contribution units, it is called upon to make a one-time payment into the Working Capital Fund in proportion to the increase in the number of contribution units it has officially chosen. In accordance with that requirement, China, the Republic of Korea and the Russian Federation paid into the Working Capital Fund a one-time payment in proportion to the increase in the number of contribution units they had officially chosen (see paragraph 8).

*(d) Stable Budgeting Procedure**(i) Indexing the budget to inflation*

10. In accordance with Recommendation 5 of the Consultative Group, the budget is results based and the program and budget are developed according to defined activities. The costs of the activities considered within the budget take into account the effects of inflation as appropriate and the Council decides on the program and budget accordingly.

(ii) Excluding downward adjustments of the number of contribution units applicable to a member of the Union

11. At its twenty-third extraordinary session, held in Geneva on April 7, 2006, the Council decided that members of the Union should not adjust downwards their number of units of contribution without considering the implications for UPOV and considering how such a reduction would be compensated by other members of the Union. In particular, members of the Union should not reduce their number of units of contribution during a budget period approved by the Council, except under exceptional and unavoidable circumstances.

(e) Services in Non-UPOV Languages

12. UPOV materials and resources are made available in English, French, German and Spanish. However, as UPOV expands and interest in UPOV membership increases, there are important benefits in making UPOV material and resources available in a wider range of languages. Providing translations of materials and making resources available in a range of languages has substantial resource implications and success in this objective will require a range of measures involving cooperation with interested members of the Union. However, rapid advances in machine translation technology provide new opportunities, which will be pursued as a matter of priority to reduce translation costs for UPOV documents in UPOV languages and to make UPOV materials available in a wider range of languages.

13. Consideration of policy on translation, including the use of machine translation technology to reduce translation costs and increase language coverage is reported in document CC/98/9 "Policy on translation". Developments concerning specific languages are considered in document CC/98/7 "Program for the use of the Russian language in UPOV" and document CC/98/8 "Possible use of the Chinese language in UPOV".

14. In addition to these initiatives, the draft Program and Budget for the 2022-2023 Biennium (document C/55/4), Sub-program UV.2: Services to the Union for Enhancing the Effectiveness of the UPOV System includes an activity under the Web-based TG Template to provide a module for members of the Union to develop individual authorities' test guidelines (IATG) in their desired language.

(f) UPOV Mission Expenses

15. The Consultative Group recommended that the Office should investigate the possibility of establishing funds-in-trust for members of the Union, not only for the purpose of covering mission expenses, but also as a means of providing funds for particular projects or activities.

16. A report on extrabudgetary funds, including funds-in trust is provided in the section “Other funding possibilities”.

Other relevant developments on matters considered by the Consultative Group

(g) UPOV levy on each title of protection granted

17. Document CC/66/6 “Financial Situation of the Union”, submitted by the Delegation of Germany Section 2.4, contained a proposal to “consider a levy in favor of UPOV on every protection title issued”. The Consultative Group considered that this was an interesting proposal, but it noted that such a scheme would require the establishment of a suitable legislative and administrative basis, which would be difficult to develop, at least in the short to medium term.

18. There are no plans to introduce a levy on each title of protection granted for the reasons observed by the Consultative Group. However, UPOV PRISMA provides income that is related to the number of applications for plant breeders’ rights.

UPOV PRISMA

19. The income from UPOV PRISMA will be determined by the attractiveness of the system for users, which will depend on the number of members of the Union that participate in UPOV PRISMA, the number of crops/species covered, the languages in which UPOV PRISMA can be navigated and the UPOV PRISMA fee.

20. Document CC/96/4 “UPOV PRISMA” identified measures that members of the Union could take in order to increase the success of UPOV PRISMA, including: joining UPOV PRISMA according to the Terms of Use and offering coverage for all crops and species for which protection is available; and providing incentives for applicants to use UPOV PRISMA (e.g. discounted application fee when UPOV PRISMA is used). The following section provides information on the latest situation.

(i) UPOV PRISMA coverage

21. The following tables present information on the coverage of UPOV PRISMA as of June 2021 in terms of members of the Union and the total number of applications received by those members of the Union in 2019 (latest available figures). The total number of applications received by members of the Union in 2019 is used to indicate the potential number of applications that could be made via UPOV PRISMA (i.e. if all applications were submitted via UPOV PRISMA) and does not refer to the number of applications actually received via UPOV PRISMA.

(ii) Members of the Union offering UPOV PRISMA coverage for all crops and species for which protection is available

Member of the Union	Total number of PBR applications received in 2019 ¹
African Intellectual Property Organization (OAPI)	12
Australia	281
[Bolivia (Plurinational State of)] ²	[n/a]
Chile	82
Colombia	107
Costa Rica	4
Dominican Republic	20
Ecuador	71
France	113
Kenya	65
Mexico	205

¹ See document C/54/INF/7 “Plant variety protection statistics for the period 2015-2019” (https://www.upov.int/meetings/en/details.jsp?meeting_id=55680). Note: the total number of applications received by members of the Union in 2019 is used to indicate the potential number of applications that could be made via UPOV PRISMA and does not mean the number of applications actually received via UPOV PRISMA

² Currently, applications cannot be made via UPOV PRISMA, pending the provision of certain information.

Member of the Union	Total number of PBR applications received in 2019 ¹
Netherlands	767
New Zealand	101
Norway	18
Peru	55
South Africa	282
Sweden	2
Switzerland	54
Tunisia	10
Turkey	227
United Kingdom	187
Uruguay	68
Members of the Union: 22	2,731
29% of members of the Union	13% of all applications in UPOV

(iii) *Members of the Union participating in UPOV PRISMA for selected species*

Member of the Union	Total number of PBR applications received in 2019 ¹
[Argentina] ³	[377]
Canada	366
China	7,834
[European Union] ⁴	[3,525]
Georgia	5
Morocco	80
Paraguay ⁵	n/a
Republic of Korea	695
Republic of Moldova	16
Serbia	51
Trinidad and Tobago	n/a
United States of America	1,590
Viet Nam	194
Members of the Union: 13	14,733
17% of members of the Union	69% of all applications in UPOV

³ Status concerning UPOV PRISMA Terms of Use under discussion. Currently, applications cannot be made via UPOV PRISMA.

⁴ Applications can be made via UPOV PRISMA but not in full accordance with the UPOV PRISMA Terms of Use.

⁵ Currently, applications cannot be made via UPOV PRISMA, pending the provision of certain information.

(iv) *Members of the Union not participating in UPOV PRISMA*

Member of the Union	Total number of PBR applications received in 2019 ¹
Albania	n/a
Austria	0
Azerbaijan	n/a
Belarus	n/a
Belgium	2
Bosnia and Herzegovina	n/a
Brazil	283
Bulgaria	25
Croatia	2
Czech Republic	59
Denmark	11
Egypt	n/a
Estonia	6
Finland	8
Germany	58
Hungary	38
Iceland	n/a
Ireland	5
Israel	117
Italy	8
Japan	822
Jordan	10
Kyrgyzstan	0
Latvia	3
Lithuania	10
Montenegro	n/a
Nicaragua	0
North Macedonia	n/a
Oman	n/a
Panama	1
Poland	127
Portugal	1
Romania	30
Russian Federation	765
Singapore	3
Slovakia	13
Slovenia	0
Spain	69
Ukraine	1,238
United Republic of Tanzania	10
Uzbekistan	77
Members of the Union: 41	3,801
54% of members of the Union	18% of all applications in UPOV

(v) *Incentives for applicants to use UPOV PRISMA*

22. In addition to participating in UPOV PRISMA, members of the Union can increase the use of UPOV PRISMA by providing incentives to applicants. The following approaches could be considered:

(a) Require all applications to be made via UPOV PRISMA

23. For PVP offices that would like to introduce an online application system and receive application data in an electronic format, requiring all applications to be submitted via UPOV PRISMA would achieve this objective without having to develop their own system. Currently, the United Kingdom requires all applications to be submitted via UPOV PRISMA.

(b) Discounted application fee

24. Currently, no members of the Union are offering a discounted fee for applications made via UPOV PRISMA. However, in conjunction with the introduction of the requirement for all applications to be submitted via UPOV PRISMA, the United Kingdom reduced its application fee by significantly more than the CHF90 UPOV PRISMA fee, so that the cost of applications was reduced overall. This approach recognized that UPOV PRISMA helped to streamline the administration of the United Kingdom's National Listing and Plant Breeders' Right's application process.

Organization of training, seminars, etc.

25. In the Consultative Group, reference was made to other means of imparting information using "technical aids, such as video-conferencing, video training packages or the like". Since that time, UPOV has introduced and extended its program of distance learning courses. Furthermore, the Strategic Business Plan (document CC/97/3) and preparation of the Draft Program and Budget for the 2022-2023 Biennium (see document CC/97/8) consider opportunities, particularly in the context of the COVID-19 situation, to reduce travel, and therefore travel costs, while enhancing training.

26. Document CC/98/6 "Training and assistance strategy" provides more information about the plans to develop cost-efficient training and assistance programs.

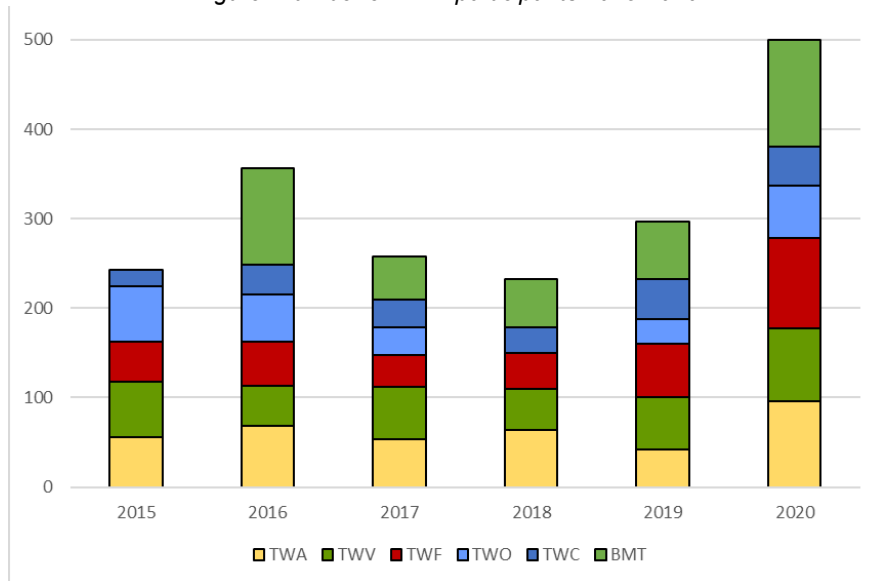
UPOV Technical Working Party meetings

27. The Consultative Group received comments that "UPOV Technical Working Parties meet all over the world, and give rise to costs not only for the Office, but also for the host country in which the meeting takes place, and indeed for the members who send their delegates to such meetings. A question to be asked against this additional financial background is the extent to which these sessions could rather be organized in Geneva in a concentrated manner, especially as the Technical Committee is convened in Geneva in Spring, and therefore a large number of delegations are present for that meeting".

28. The Consultative Group "noted that the delegates to the TC might not be the same persons as the experts attending the Technical Working Parties (TWP) and also noted that, for many members of the Union, the cost of travel to, and accommodation in, Geneva was probably higher than for most other locations. The Consultative Group further heard that, in the 2002-2003 biennium, the various TWP sessions had been hosted by eight countries, covering the Americas (6 meetings), Asia/Pacific (3) and Europe (2). There had been a total of 462 participants, of which 216 (47%) were from local plant variety protection offices, local breeding companies or attending local training activities. The Office reported that several members of the Union were very keen to host future sessions of the TWPs and explained that, to improve cost efficiency, the sessions were increasingly being used as the basis for training exercises in the country and regions concerned. Nevertheless, the Office explained that it was aware of these costs concerning experts from the members of the Union and explained that it would keep the situation under constant review to ensure the most efficient use of available financial and personnel resources within UPOV."

29. While acknowledging the importance of TWPs being hosted by members of the Union, for the reasons explained to the Consultative Group, the COVID-19 situation has necessitated the organization of TWPs by electronic means in 2020 and 2021. This has provided an opportunity to review whether the effectiveness of TWPs might be enhanced by the use of electronic meetings, including increasing the number of participants and participating members of the Union and observers. The following graph illustrates the increased level of participation at TWP sessions held by electronic means in 2020:

Figure: Number of TWP participants 2015-2020



30. Although it is anticipated that physical meetings of the TWP will resume in due course, the TWPs have been invited to consider proposals to increase the effectiveness of the meetings and increase participation, while minimizing costs for the Office of the Union, members of the Union and observers.

31. The Technical Committee, at its fifty-sixth session, held via electronic means on October 26 and 27, 2020, agreed to invite the TWPs to consider the following possible measures for physical and virtual participation at TWP meetings:

- (a) To organize Test Guidelines subgroup discussions by electronic means prior to the TWPs instead of during the TWPs. The conclusions from the subgroups would be reported to the TWP session in the same way as the current procedure.
- (b) To organize virtual preparatory workshops prior to the TWPs. Those preparatory workshops to be recorded and be made available on the UPOV website.
- (c) To offer the possibility to provide comments and questions on documents in advance of the meeting.
- (d) To organize electronic participation during the TWPs, using one of the following options, according to host facilities:
 - (i) The host to provide the platform for virtual participants (with integrated audio/video on site), in addition to onsite participation in the meeting.
 - (ii) The UPOV Office to provide the platform for virtual participants. All participants (present on site or remotely) would be invited to join to the platform using their personal equipment.
- (e) To have virtual meeting sessions for part of the day (e.g. 2 sessions of 2 hours per day) with sessions for onsite participants for the following:
 - (i) visits to DUS trials or related facilities;
 - (ii) pre-organized bilateral discussions/ meetings on cooperation;
 - (iii) sessions to facilitate discussion or exchange of knowledge for DUS examination.

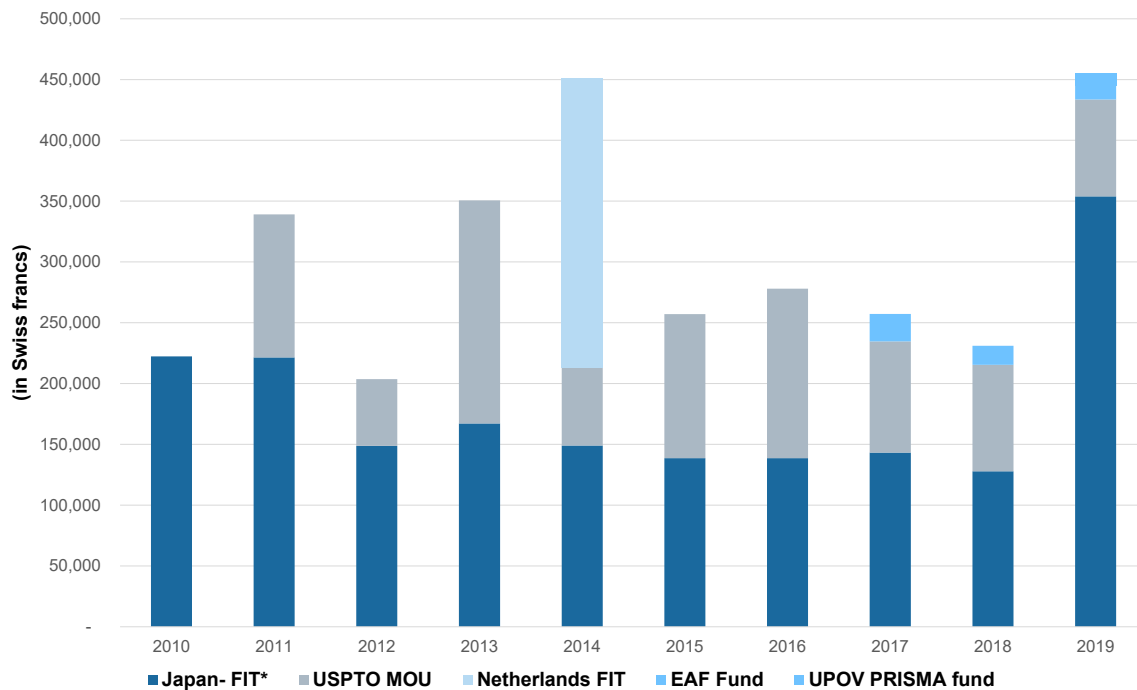
32. The conclusions of the TWPs at their sessions in 2021 will be considered by the Technical Committee at its fifty-seventh session, to be held on October 25 and 26, 2021.

Other funding possibilities

33. The Consultative Group recommended that the Office should investigate the possibility of establishing funds-in-trust for members of the Union, not only for the purpose of covering mission expenses, but also as a means of providing funds for particular projects or activities. It also agreed that the Office should investigate possible sources of funding other than from members of the Union, which might be linked to particular projects or activities.

34. The Strategic Business Plan (document CC/97/3) recognizes the importance of extrabudgetary funds. UPOV has greatly benefited from extrabudgetary funds provided by members of the Union, for example in the form of Funds-in-Trust. The figure shows the evolution of extrabudgetary funds since 2010. Income from extrabudgetary funds in 2020-2021 will be substantially affected by the COVID-19 situation because the majority of such funds cover travel and daily subsistence allowance (DSA).

Figure: Evolution of extrabudgetary funds



**The Japan FIT funds for 2015 and 2016 were both received in 2016 but have been split between 2015 and 2016 for the purposes of this graph.*

35. With the exception of funds provided by breeders' organizations for the development of UPOV PRISMA (EAF Fund), all other extrabudgetary funds have been provided by members of the Union. Experience within UPOV, including in relation to the World Seed Partnership (WSP), has demonstrated the difficulty for organizations such as UPOV to obtain funds for training and assistance from sources other than member of the Union authorities responsible for PVP. Typically, the main donor agencies require the potential recipient States and organizations to instigate and lead requests for funds, rather than organizations such as UPOV. Therefore, the approach in UPOV is to seek to ensure that donors are aware of the UPOV system and to provide guidance on how to provide training and assistance in an effective way and provide information and support for members of the Union when seeking to obtain funds.

36. An additional means by which members of the Union can provide further support for UPOV's work is to make professional personnel available to the Office of the Union at no cost, or minimal cost, for example via fellowships or the UN Junior Professional Officer Program. Since 2017, the Development Center for Science and Technology (DCST), Ministry of Agriculture and Rural Affairs (MARA) of China has made a series of staff members available to work at the Office of the Union at a modest cost for the Office of the Union, latterly for periods of one year.

37. *The Consultative Committee is invited to note:*

(a) developments and measures that have been taken within UPOV since 2006, concerning the issues on which the Consultative Group had prepared recommendations that were accepted by the Consultative Committee and other relevant developments on matters considered by the Consultative Group;

(b) that measures to address the long-term financial issues of UPOV are systematically addressed in the Strategic Business Plan and the Program and Budget;

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(i) joining UPOV PRISMA and:

- offering coverage for all crops and species for which protection is available;*
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(ii) increasing their number of contribution units;

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(iv) making professional personnel available to the Office of the Union at no, or minimal, cost.

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