



WO/IAOC/68/2
ORIGINAL: ENGLISH
DATE: MAY 17, 2023

WIPO Independent Advisory Oversight Committee

Sixty-Eighth Session
Geneva, March 20 to 24, 2023

REPORT

adopted by the WIPO Independent Advisory Oversight Committee

INTRODUCTION

1. The 68th session of the WIPO Independent Advisory Oversight Committee (IAOC) took place from March 20 to 24, 2023. Present were Mr. Igors Ludboržs (Chair), Mr. Bert Keuppens (Vice-Chair), Messrs. German Deffit, Guan Jian, David Kanja, Danil Kerimi, and Kamlesh Vikamsey.

AGENDA ITEM 1: ADOPTION OF THE AGENDA

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2. The Committee adopted its Agenda with minor edits, which is attached to this report as Annex I. A list of session documents is attached as Annex II.

AGENDA ITEM 2: INTRODUCTION OF NEW MEMBERS AND DECLARATION OF NO CONFLICT OF INTEREST AND TECHNICAL MATTERS

3. Members present were asked to disclose any actual or potential conflict of interest. No conflict of interest was reported.

AGENDA ITEM 3: MATTERS ARISING FROM PREVIOUS SESSION

4. The Chair drew the attention of the Committee's new members to one pending item, namely the review of the IAOC Terms of Reference (ToR). In 2022, the previous membership of the Committee discussed proposed changes to the ToR to reflect the recommendations by the JIU, the evolving practices within the UN system, and IAOC's own experience. Specific items were previously discussed with the Secretariat, and a draft was informally shared with the Regional Group Coordinators.

5. The current membership of the Committee decided to take this up, and they deliberated on each point and came to a consensus. The revised draft will again be presented to the Regional Group Coordinators for further review. Eventually, a final draft will be presented to the Program and Budget Committee for approval.

AGENDA ITEM 4: IAOC MANDATE AND WORKING METHODS

6. The Chair presented to the Committee's new members the IAOC mandate, which is stipulated in the ToR. Together with the Vice Chair, they described the working methods of the Committee, including the challenges they had encountered in the past sessions because of the pandemic. The new members of the Committee shared their experiences from other oversight committees and made suggestions on how to further enhance the effectiveness of IAOC.

AGENDA ITEM 5: OVERVIEW OF THE ORGANIZATION AND STRATEGIC OBJECTIVES – THE DIRECTOR GENERAL

7. The Director General, the Assistant Director General for Finance, Administration and Management Sector, and the Controller welcomed the Committee, which included five new members. In introducing WIPO, particularly to the new members, he started by describing the transformation of WIPO over the last two years since he joined in October 2020. He particularly emphasized WIPO Medium-Term Strategic Plan and his focus on changing the perception of intellectual property and making WIPO relevant to women, youth, and small and medium enterprises. The Committee further elicited the Director General's insights on significant risks to WIPO as well as other pertinent matters.

AGENDA ITEM 6: MEETING WITH THE CHAIR OF THE WIPO GENERAL ASSEMBLY AND THE CHAIR OF THE COORDINATION COMMITTEE

8. The Committee had an engaging meeting with the Chair of the WIPO General Assembly and the Chair of the WIPO Coordination Committee (the Chairs). Discussions focused on how the IAOC can continue to meet the expectations of these governing bodies. The Chairs also provided feedback on their interaction with IAOC. The Committee was thankful for the time provided by the Chairs.

AGENDA ITEM 7: OVERVIEW OF THE ADMINISTRATION, FINANCE AND MANAGEMENT SECTOR (AFMS)

9. The Assistant Director General for the Administration, Finance and Management Sector and his Management Team gave the Committee a comprehensive briefing about his Sector. The Assistant Director General and the Committee had an engaging conversation on various operational matters, including finance, procurement, travel, information technology, languages, security, legal counsel, external offices, business continuity, knowledge management, and renovation of the WIPO campus.

10. The Controller presented some of her colleagues from the Department of Program Planning and Finance. A comprehensive briefing was provided to the Committee regarding WIPO Medium-Term Strategic Plan and the regulatory frameworks, risk-based management, financial and risk management, internal controls and enterprise solutions. The Committee also inquired about the selection of the new External Auditor and how WIPO Performance Reports were being prepared and validated.

AGENDA ITEM 8: OVERVIEW OF THE INTERNAL OVERSIGHT DIVISION (IOD) (INCLUDING REVIEW OF THE DRAFT INTERNAL OVERSIGHT PROCEDURES)

Internal Oversight Division (IOD) Activity Report

11. The line managers of IOD presented to the Committee the quarterly IOD Activity Report dated March 10, 2023. Two engagement reports were issued since the 67th Session, and these two were reviewed in detail by the Committee in this current session.

12. The Committee suggested using an overall rating for each engagement report. The Committee noted that IOD is moving towards providing an overall opinion on the state of internal controls. The Committee also suggested that key performance indicators for timeliness of audits, evaluations and investigations be included in the IOD quarterly activity reports, in addition to these being already included in their annual report.

13. The Committee inquired about the combined engagements, like audit and evaluation, as well as audit and investigation, considering that these are different disciplines following different standards. On quality assessments, IOD informed the Committee that an external assessment is conducted every five years for internal audit, evaluation and investigation functions. Only the internal audit function is internally assessed every two years.

Draft Internal Oversight Procedures on the Oversight Engagement Process and the Management of Recommendations

14. The Committee took note of the Draft Internal Oversight Procedures. However, considering the potential inputs by the Committee's new members, the Chair decided to postpone the discussion.

IOD Engagements

15. The first report reviewed by the Committee was the Advisory Report on Behavioral Science Intervention to Increase the Use of Evaluation Recommendations in Intellectual Property and Development Programs. The objective of the engagement was to use behavioral science to identify barriers, reduce frictions and other contextual elements, to enable managers to timely implement recommendations issued through evaluation reports. The engagement resulted in eight proposed “nudges” to be tested by IOD in 2023 and 2024. IOD clarified to the Committee the nature of the engagement as it was an advisory to IOD itself exploring innovative ways to improve the implementation rate of evaluation recommendations. The Committee took note of the report and IOD’s planned assessment of the effectiveness of using these “nudges”.

16. The second report reviewed by the Committee was the Report on the Combined Audit and Evaluation of the Office of the Legal Counsel (OLC). The results showed that the services of OLC were consistent with its mandate and relevant to the Organization’s strategic directions. The report contained two recommendations, which were well received by the OLC. OLC was encouraged to develop a structured system to manage stakeholders’ feedback. In discussing the recommendation regarding developing an appropriate key performance indicator (KPI), OLC mentioned the challenge of developing a suitable KPI for their qualitative work. The Committee drew the attention of OLC to reflect on IOD’s suggestions that were described in the report as a source of inspiration for developing KPIs. OLC assured the Committee that they were comfortable with the implementation timeframe for the two recommendations, stating that some preliminary work had already been initiated.

Investigations

17. The Committee received the update on the status of investigation cases. Since the last report as of November 30, 2022, nine new cases were opened, while 10 old cases were closed, of which six were after a preliminary evaluation and four after a full investigation. There were two cases where allegations of misconduct were substantiated. One Management Implication Report was issued during the period under review, pertaining to the obligations of staff members concerning residence in the duty station area. As of March 9, 2023, there were 23 pending investigation cases, five under preliminary evaluation, eight under full investigation and 10 on hold. Of the 23 pending cases, four were registered in 2021, 13 in 2022 and six in 2023.

18. The Committee discussed the appropriateness of the Investigation Section undertaking one investigation case for a Geneva-based UN organization because of resource implication on IOD. One member of this Committee excused himself from taking part in this discussion because of the potential perceived conflict of interest since that member is currently part of the oversight committee of that other Organization.

19. The Committee had a private session with the Head of the Investigation Section, who was also the Officer-in-Charge, IOD.

AGENDA ITEM 9: REVIEW OF HIGH-PRIORITY OVERSIGHT RECOMMENDATIONS

20. The Committee reviewed with IOD line managers and the Controller in attendance the status of the implementation of recommendations as of February 28, 2023. There were a total of 82 oversight recommendations that were issued, out of which 64 were from IOD, 12 from the External Auditor, one from IAOC, and five from the Joint Inspection Unit (JIU). The JIU recommendations were being followed up by the Office of the Controller and

reported to the PBC. Excluding those from JIU, twenty-three per cent or 18 of 77 outstanding recommendations from IOD, External Auditor and IAOC were of high priority.

21. Substantial progress in the implementation of recommendations was noted. Since the last update as of November 30, 2022, the number of pending oversight recommendations from 2015, 2017, and 2018 decreased from nine to two. During the same reporting period, the number of outstanding JIU recommendations decreased from 18 to five.

22. Overall, the Committee was satisfied with the follow-up process, including the manner of ensuring that recommendations were closed based on the review of supporting documents. The Committee noted that apart from managing the follow-up of the implementation of recommendations through the audit software, IOD also worked closely with the Office of the Controller in proactively reminding managers to implement recommendations.

23. For transparency in reporting and to enable better management of the follow-up process, the Committee suggested that the number of times the implementation date was revised be documented. Since the audit software only showed the last revised implementation date, the Committee suggested that additional information be noted in the IOD quarterly Memorandum on Open Recommendations, which is addressed to the Director General and copied to IAOC, showing several revised implementation dates, if applicable, and the reason(s) for the revisions. The Committee also suggested including the details of high-priority recommendations in the said quarterly Memorandum.

AGENDA ITEM 10: DRAFT FINANCIAL REPORT AND FINANCIAL STATEMENTS

24. The Controller and Director, Department of Program Planning and Finance, together with the Director, Finance Division, the Treasurer and the Assistant Controller, provided a comprehensive briefing to the Committee about the main activities of the Finance Division, including an overview of WIPO's income, business cash flows and transaction volumes for 2022. The Director of the Finance Division presented the draft Statement of Financial Performance and Statement of Financial Position, explaining the significant changes in the year 2022 compared to the year 2021. The Committee also had an extensive discussion on investments with the Treasurer, taking into account prior year performance and current economic events. The Committee looked forward to more in-depth discussions regarding investments of the WIPO, including the investment governance framework. The Committee provided some suggestions, which were timely because of the upcoming internal review. The Committee also looked forward to receiving the draft 2022 Financial Statements by the end of March 2023.

AGENDA ITEM 11: EXTERNAL AUDIT – UPDATE ON 2022 AUDITS (FINANCIAL AND FINANCIAL REPORTING)

25. The Committee met with the representative of the External Auditor, who provided an update on the ongoing audit of 2022 Financial Statements. Management was also in attendance. The Committee inquired further into the focus areas identified by the External Auditor. Also, the Committee confirmed the timelines as to when the final Audit Completion Report and draft long-form audit report would be made available by the External Auditor to enable IAOC to carry out its mandate of reviewing the audit reports prior to submission to the Program and Budget Committee. This is expected in mid-May 2023.

26. In accordance with its ToR, the Committee had a private session with the representative of the External Auditor.

AGENDA ITEM 12: OVERVIEW OF THE PATENTS AND TECHNOLOGY SECTOR (PTS)

27. The Deputy Director General for the Patents and Technology Sector and her senior managers presented a comprehensive briefing to the Committee. The Committee took note of the Sector's focus areas, namely, enhanced customer service, more outreach and staff training. The Committee also noted the tasks and responsibilities of the Patent and Technology Law Division, PCT Legal and International Affairs Department, and PCT Services Department. The Committee further noted the IP and gender program, action plan, and expectations for 2023. The Committee inquired into digitalization, which the Deputy Director General stated was part of the enhanced customer service.

AGENDA ITEM 13: OVERVIEW OF THE BRANDS AND DESIGNS SECTOR (BDS)

28. The Deputy Director General for the Brands and Designs Sector and her senior managers briefed the Committee regarding the Madrid System for the International Registration of Marks, the Hague System for the International Registration of Industrial Designs and the Lisbon System for the International Registration of Appellations of Origin and Geographical Indications. Further, they briefed the Committee on how they administer WIPO's programs relating to the law of trademarks, industrial designs, and geographical indications. The Committee inquired into why some regions have low registration rates and how they dealt with the challenges pertaining to small and medium-sized enterprises (SMEs).

AGENDA ITEM 14: OVERVIEW OF THE HUMAN RESOURCES MANAGEMENT DIVISION (HRMD)

29. The Director of the Human Resources Management Division briefed the Committee about human resources in WIPO. The Director presented the number of workforce, the geographical representation of staff, where WIPO stands in terms of gender balance and its targets for 2023, as well as gender and geographic balance for current staff and applicants. The Director also gave a comprehensive presentation of the human resources strategy, describing the organizational objectives and the respective challenges, including remote working arrangements, planned activities and corresponding metrics and accountabilities. The Committee inquired further into the use of employees' background checking software, the main risks facing the Division, and initiatives being done to prevent staff misconduct. The Committee was given an update on the recruitment status of the Director, IOD.

AGENDA ITEM 15: OVERVIEW OF THE OFFICE OF THE LEGAL COUNSEL (OLC)

30. The Acting Legal Counsel, together with the heads of the Contracts and General Legal Section, Legal and Constitutional Affairs Section, and Administrative Law Section, presented a briefing to the Committee about the operations of the Office of the Legal Counsel (OLC). The Committee took note of the roles and responsibilities as well as services and clients of the three functional sections. The Committee inquired further into OLC's role in IOD's investigations, in the work of the Ethics Officer, and the role of the Chief Compliance Officer. The Committee noted that OLC was involved in the selection of External Auditor, in addition to its secretariat role in the selection process of IAOC members.

AGENDA ITEM 16: ETHICS – OVERVIEW OF ETHICS AT WIPO AND WORKPLAN IMPLEMENTATION UPDATE

31. The Chief Ethics Officer provided a comprehensive briefing to the Committee on the main activities of the Ethics Office, highlighting training and outreach, confidential advice and guidance, policy revision and financial disclosures. The Chief Ethics Officer also provided

an update on the implementation of the 2023 Workplan. The Committee inquired further into the policy on protection against retaliation and how it was being implemented in WIPO. The Committee also followed up on the mandatory ethics training and advised the Chief Ethics Office to coordinate with the External Auditor regarding the latter's question on the compliance rate. The Committee noted the policies currently being developed regarding gifts and outside activities and suggested to develop a conflict of interest policy.

AGENDA ITEM 17: INFORMATION MEETING WITH MEMBER STATES' REPRESENTATIVES

32. As provided in the IAOC ToR, an information meeting was held with Member States. The Committee briefed the representatives of Member States on deliberations during the present session and responded to questions posed by the attending delegates.

AGENDA ITEM 18: OTHER MATTERS

WIPO Investment Reports

33. Management submitted to the Committee the Investment Performance Reports and the Investment Monitoring Reports for December 2022 and January 2023, prepared by the Investment Advisors and the Custodian, respectively.

34. The Committee reviewed the documents received. It noted that the information provided showed that during the period reviewed, and based on the investment benchmarks, all the vehicles in WIPO's investment portfolio delivered results which were broadly in line with the benchmarks and were managed in accordance with the stated investment guidelines and strategy. In addition, the Committee noted that the Custodian did not report any breaches, active or passive, or justified exceptions.

35. The Committee clarified that its role is limited to conveying information contained in the Investment Performance Report and Investment Monitoring Report and did not provide any assurances in that regard.

Next Session

36. The next session is scheduled to take place from May 30 to June 2, 2023. The draft Agenda for the next session was discussed and prepared by the Committee for adoption at the beginning of the meeting:

- (1) Adoption of the Agenda
- (2) Declaration of No Conflict of Interest and Technical Matters
- (3) Matters arising from previous Session
- (4) Meeting with the Director General
- (5) Internal Oversight (including 2022 IOD Annual Report and Review of the Draft Internal Oversight Procedures)
- (6) Follow-up on Oversight Recommendations (including Joint Inspection Unit (JIU) Recommendations, External Auditor Recommendations and IAOC Recommendations)

- (7) Update on Program and Budget Committee Matters (Preparation for PBC 36th Session)
- (8) Update on Risk Management and Internal Control Framework
- (9) Financial Reporting: Annual Financial Report and Financial Statements 2022
- (10) Update on Investment Governance Framework and Policies
- (11) External Audit: Report of the External Auditor and the Audit Opinions
- (12) Update on the Selection Process of the External Auditor
- (13) Ethics: 2022 Ethics Office Annual Report and Implementation of 2023 Workplan
- (14) Ombudsperson: 2022 Activity Report
- (15) Proposed Amendments to the IAOC Terms of Reference
- (16) IAOC 2022 Annual Report
- (17) Information Meeting with Member States' Representatives
- (18) Other Matters

[Annexes follow]



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DRAFT AGENDA

prepared by the WIPO Independent Advisory Oversight Committee

1. Adoption of the Agenda
2. Introduction of New Members and Declaration of No Conflict of Interest and Technical Matters
3. Matters arising from previous Sessions
4. IAOC Mandate and Working Methods
5. Overview of the Organization and Strategic Objectives – the Director General
6. Meeting with the Chairs of the WIPO General Assembly and of the Coordination Committee
7. Overview of the Administration, Finance and Management Sector (AFMS)
8. Overview of the Internal Oversight Division (IOD) (including Review of the Draft Internal Oversight Procedures)
9. Review of High-Priority Oversight Recommendations
10. Draft Financial Report and Financial Statements
11. External Audit: Update on 2022 Audits (Financial and Performance Reporting)

12. Overview of the Patents and Technology Sector (PTS)
13. Overview of the Brands and Designs Sector (BDS)
14. Overview of the Human Resources Management Division (HRMD)
15. Overview of the Office of the Legal Counsel (OLC)
16. Ethics: Overview of Ethics at WIPO and Workplan Implementation Update
17. Information Meeting with Member States' Representatives
18. Other Matters

[Annex II follows]



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PROV. LIST OF DOCUMENTS

ITEM 1: ADOPTION OF THE AGENDA

- [1a] Agenda
- [1b] Timetable
- [1c] List of Documents

ITEM 2: STATEMENT OF NO CONFLICT OF INTEREST DECLARATION AND TECHNICAL MATTERS

No document: Oral account.

ITEM 3: MATTERS ARISING FROM PREVIOUS SESSION

No document: Oral account.

ITEM 4: IAOC MANDATE AND WORKING METHODS

- [4a] WIPO Financial Regulations and Rules booklet (Applicable as of January 1, 2023)

ITEM 5: OVERVIEW OF THE ORGANIZATION AND STRATEGIC OBJECTIVES

No document: Oral account.

ITEM 6: MEETING WITH THE CHAIRS OF THE WIPO GENERAL ASSEMBLY AND OF THE COORDINATION COMMITTEE

No document: Oral account.

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ITEM 7: OVERVIEW OF THE ADMINISTRATION, FINANCE AND ADMINISTRATION SECTOR (AFMS)

[7a] Overview of the Regulatory Frameworks, RBM, Financial and Risk Management (AFMS/DPPF), March 21, 2023

ITEM 8: OVERVIEW OF THE INTERNAL OVERSIGHT DIVISION (IOD) (INCLUDING REVIEW OF THE DRAFT INTERNAL OVERSIGHT PROCEDURES)

Internal Oversight Division:

[8a] Draft IOD Procedures on the Oversight Engagement Process and the Management of Recommendations, November 28, 2022

[8b] IOD Activity Report – 68th Session, March 10, 2023
(Reference: IOD-IAOC023/01)

Audit:

[8c] Combined Audit and Evaluation of the Office of the Legal Counsel, February 16, 2023 (Reference: IA 2022-01)

Evaluation:

[8d] Consultancy – Behavioral Science Intervention (Nudges) to increase the Use of Evaluation Recommendations in IP and Development Programs, February 28, 2023
(Reference: EVAL: 2022-04)

Investigation:

ITEM 9: REVIEW OF HIGH-PRIORITY OVERSIGHT RECOMMENDATIONS

[9a] Open Oversight and Joint Inspection Unit (JIU) Recommendations, as of February 28, 2023

[9b] Revised Open Oversight and Joint Inspection Unit (JIU) Recommendations, as of February 28, 2023

ITEM 10: DRAFT FINANCIAL REPORT AND FINANCIAL STATEMENTS

[10a] PowerPoint Presentation: Introduction to the Finance Division, March 22, 2023.

[10b] PowerPoint Presentation: Draft Financial Statements 2022, March 22, 2023.

ITEM 11: EXTERNAL AUDIT: UPDATE ON 2022 AUDITS (FINANCIAL AND PERFORMANCE REPORTING)

No document: Oral account.

ITEM 12: OVERVIEW OF THE PATENTS AND TECHNOLOGY SECTOR (PTS)

[12a] PowerPoint presentation – Briefing for IAOC, Patents and Technology Sector, March 23, 2023

[12b] PowerPoint presentation – PCT Legal and International Affairs Department, March 23, 2023

[12c] PowerPoint presentation – PCT Services Department (SD), March 23, 2023

[12d] PowerPoint presentation – Patent and Technology Law Division, March 22, 2023

[12e] PowerPoint presentation – PCT Update, March 23, 2023

[12f] PowerPoint presentation – PTLD – Treaties, March 23, 2023

ITEM 13: OVERVIEW OF THE BRANDS AND DESIGNS SECTOR (BDS)

[13a] PowerPoint presentation – Overview of the Brands and Designs Sector March 23, 2023

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- ITEM 14: OVERVIEW OF THE HUMAN RESOURCES MANAGEMENT DIVISION (HRMD)**
[14a] PowerPoint presentation – Human Resources in WIPO, March 20, 2023
- ITEM 15: OVERVIEW OF THE OFFICE OF THE LEGAL COUNSEL (OLC)**
No document: Oral account.
- ITEM 16: ETHICS: OVERVIEW OF ETHICS AT WIPO AND WORKPLAN IMPLEMENTATION UPDATE**
[16a] Ethics Office Update – March 23, 2023
[16b] Ethics Office – Workplan Implementation Update – March 23, 2023
- ITEM 17: INFORMATION MEETING WITH MEMBER STATES' REPRESENTATIVES**
No document: Oral account.
- ITEM 18: OTHER MATTERS**
[18a] Report – Sixty-Seventh Session (document WO/IAOC/67/2)
[18b] IAOC Rolling Agenda, 68th to 71st Sessions
- Investment Reports:**
[18c] Credit Suisse – Investment Monitoring Reports for December 2022, and January 2023
[18d] MBS Capital Advice – Investment Performance Reports for December 2022, and January 2023

[End of Annex II and of document]