

## **Program and Budget Committee**

**Thirtieth Session**  
**Geneva, July 8 to 12, 2019**

REPORT

*adopted by the Program and Budget Committee*

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1. The 30<sup>th</sup> session of the WIPO Program and Budget Committee (PBC) was held at the Headquarters of WIPO from July 8 to 12, 2019.
2. From October 2017 to October 2019 (ref. WO/GA/51/1), the Committee is being composed of the following Member States: Algeria, Angola, Argentina, Azerbaijan, Bangladesh, Brazil, Bulgaria, Cameroon, Canada, Chile, China, Colombia (2019), Costa Rica (2018), Czech Republic, Ecuador, Egypt, El Salvador, Estonia, Ethiopia, France, Gabon, Germany, Greece, Guatemala, Hungary, India, Iran (Islamic Republic of), Italy, Japan, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Malaysia, Mexico, Morocco, Nigeria, Oman, Panama, Republic of Korea, Romania, Russian Federation, Singapore, South Africa, Spain, Sweden, Switzerland (*ex officio*), Tajikistan, Thailand, Turkey, Uganda, United Arab Emirates, United Kingdom, United States of America (53).
3. Members of the Committee represented at this session were: Algeria, Angola, Argentina, Azerbaijan, Bangladesh, Brazil, Cameroon, Canada, China, Colombia, Czech Republic, Ecuador, Egypt, El Salvador, France, Gabon, Germany, Guatemala, Hungary, India, Iran (Islamic Republic of), Italy, Japan, Kazakhstan, Latvia, Lithuania, Malaysia, Mexico, Morocco, Nigeria, Republic of Korea, Romania, Russian Federation, Singapore, South Africa, Spain, Sweden, Switzerland (*ex officio*), Tajikistan, Thailand, Turkey, Uganda, United Arab Emirates, United Kingdom, United States of America (43).
4. In addition, the following States, members of WIPO but not members of the Committee, were represented as observers: Australia, Bahamas, Barbados, Belarus, Belgium, Bolivia (Plurinational State of), Brunei Darussalam, Croatia, Dominican Republic, Djibouti, Finland, Holy See, Honduras, Indonesia, Iraq, Ireland, Israel, Kenya, Kuwait, Malta, Monaco, Myanmar, Pakistan, Philippines, Poland, Portugal, Democratic People's Republic of Korea, Republic of Moldova, Saudi Arabia, Slovenia, Trinidad and Tobago, Yemen (33).

## **ITEM 1 OPENING OF THE SESSION**

5. The Chair opened the thirtieth session of the Program and Budget Committee (PBC) by welcoming the delegations and noting that the agenda was a particularly heavy one. The Chair called for constructive collaboration that week to ensure the meeting progressed as effectively and efficiently as possible to reach conclusions and decisions. With that in mind, the Chair recalled that one of the key objectives was to recommend an agreed Program and Budget for the Organization to the General Assembly in October. The Chair mentioned that the timing of the PBC meetings shifted compared to previous biennia, which was designed to address the concern from delegations that there was not enough time before the WIPO General Assembly to discuss the Program and Budget. The Chair noted that that would only work, however, if the Committee could make necessary progress that week and resolve the outstanding issues. The Chair looked forward to a productive week and turned to the Director General to present his opening remarks.
6. The Director General opened by thanking the Chair for all of the extraordinary work that he had been doing over the past months, since the first session of the Program and Budget Committee that year, in endeavoring, amongst other things, to resolve the outstanding issues. As the Chair had mentioned, this was the second meeting and it was a very comprehensive agenda, despite all of the great work that was done by the Committee last session. There were items on the audit and oversight reports, the program performance and financial review, the Proposed Program and Budget for the biennium 2020/21, the Capital Master Plan 2020-2029, a revision of the investment policy, and an update on the Status of the Constitutional Reform. On audit and oversight, the first of those items, in addition to the usual reporting from each of the audit and oversight bodies, namely, the Independent Advisory Oversight Committee (IAOC), the External Auditor and Internal Oversight Division (IOD), the delegations had received recommendations from the Chair of the selection panel for the replacement of two outgoing

members of the IAOC. The delegations would consider the progress report and implementation of the Joint Inspection Unit's recommendations addressed to the legislative bodies of the Organization. The Director General took the opportunity to thank the Chair and the members of the IAOC, the Internal Oversight Division and the External Auditors for all of the invaluable contributions to the work of the Organization. The Director General recalled that at the last session, he had given the delegations an overview of the programmatic results and financial results for the year 2018. They had been very positive for 2018, as 72 per cent of the Organization's program performance indicators were well on track towards achieving the Expected Results for the current biennium. The overall financial result for 2018 was a surplus, after taking into account the IPSAS adjustments, of 42.5 million Swiss francs. The net assets of the Organization at the end of last year, December 31, 2018, stood at 261.4 million Swiss francs, and the addition, as a consequence of last year, of the 42.5 million, which represented the surplus, to the net assets, fortunately resulted in an increase in the liquid component of the assets. On the audited financial statements, the Director General thanked the External Auditors for their engagement in the course of the previous year. The Director General was very pleased that the Organization had received an unqualified audit report from the External Auditors. Throughout 2018 and 2019, as a consequence of the Organization's good financial management, there had been an increase in the maturity and strengthening of the Organization's risk management and internal controls. At the last PBC, the Committee undertook a comprehensive reading of the Draft Program and Budget and the revised proposal reflected all of the delegations' suggested changes. In addition, the implications of the personnel costs of the ILO Administrative Tribunal Judgment No. 4138 had been assessed for the 2020/21 biennium and a Corrigendum had been issued. The overall impact was estimated to be 13.2 million Swiss francs. The Director General noted that he would come back to that judgment and say a few words about it at the end of his opening remarks. The Director General noted that the Chair had been heavily engaged in consultations about the four outstanding issues, namely, the performance indicator related to the translation of WIPO publications and official languages, the rewards and recognition program, the proposed digital timestamping service and the union allocation methodology. The Director General hoped, as the Chair had mentioned, that delegations would be able to reach a resolution on the outstanding issues, so a clear recommendation could be made to the Assemblies, when it would meet that year, for the next biennium. The Director General then proceeded to discuss the Capital Master Plan. The methodology was that any surplus generated by the Organization at the end of the financial period was paid into the reserves, and would become a part of the reserves of the Organization. The Capital Master Plan would be approved by the delegations, in respect of the use of those reserves above the target level for capital items, which usually were ICT projects, infrastructure, premises, and safety and security. The Director General pointed out that there was an update as well as a proposal for certain new projects in respect to the Capital Master Plan for the period 2020-2029. The key projects in that regard were, first, the second phase of the WIPO IP portal. This was a very important project. The Organization had historically IT systems that had developed differently. Those were systems for the PCT, the Madrid System, and the Hague System, as well as for arbitration and mediation. The aim of the IP portal was to provide a uniform and consistent customer experience across all of those, since very frequently the users in one system were the same as the users in another system. If they had different tools and systems that they were confronted with, in using the Organization's systems, or applying for international intellectual property protection under one of the systems, then that was extremely inconvenient. A great deal of progress had been made on that, but there was still a second phase to be undertaken. A second Capital Master Plan concerned the Hague System. Part of the Capital Master Plan, up until then, had been the first phase of the new IT platform for the Hague system for the International Registration of Industrial Designs. That first phase contained the internal processing of the applications under the Hague system. The second phase concerned the externalization of the system. The internal system had been successfully deployed and was working well. The Director General noted the need for focus on the transmission of data in relation with offices, first of all, and secondly, the transmission of data in

relation with users of the system – this was what the Capital Master Plan project was about. There was, in addition, a continuation and rollout of the Enterprise Content Management project, which was well underway. There was a proposal for the replacement of the Organization's web content management system, so as to give a better experience for the numerous visitors and users of the WIPO website. The Treasury management system was a further project in the Capital Master Plan. With negative interest rates, Treasury management had become a much more challenging task. The Treasury Management system would allow the Organization to more effectively monitor and manage risks concerning treasury. In addition, the Capital Master Plan proposed a continuation of three critical building related projects which were the elevators, power outage mitigation, upon which all the Organization's I.T. systems and the whole Organization depended, and the finalization of the multimedia studio. There were two other safety and security related projects. The aim of those were to ensure the safety and security of staff, delegates and visitors to the Organization. The Director General recalled the previous discussion about the possible provision of day care services or a crèche, where there was a shortage of available services in this city. The Secretariat had done a large amount of work on that since the last session. The Organization proposed a two-phased approach. The phase one would deal with the immediate future and scholastic years for 2019-20 and 2020-21. That would be an interim solution. With regard to the long-term solution, the Secretariat had not been able to formulate a proposal yet, because it had not found a satisfactory solution for it. The Organization would continue its work on the longer-term solution and see if it could be resolved before too long. In respect to the financial management of the Organization, there was a proposal to slightly revise the investment policy in two respects. First, the frequency of investment strategy reviews. The relatively new investment policy had been fully implemented. This was simply a question of giving the investment committee, the Advisory Committee on Investments, the flexibility to decide on the frequency of its meetings. The second part was to provide some clarity on the proportion of investments permitted by the policy to be held in high yield assets. Regarding the ILO judgement delivered the previous week, the Director General stated that it was a matter of great concern for all of the Geneva based organizations. The Administrative Tribunal of the International Labor Organization delivered the judgment the week before, concerning the complaints of about 1,300 Geneva based staff of the UN system. In all cases, the Tribunal decided that the action on the part of the affected agencies to reduce the salaries of the complainants based on the ICSC, the International Civil Service Commission's decisions, were "legally flawed", and were set aside. With respect to WIPO, in its judgment, the ILO Administrative Tribunal addressed the complaints filed by over 250 staff members. The Tribunal decided that the Director General's decision to implement the pay cut as of March 2018, should be set aside. It held that, "WIPO shall pay... an amount equivalent to the difference between the remuneration actually paid to staff in March 2018 and the remuneration that would have been paid to them during the same period but for the implementation of the ICSC decisions, together with interest at a rate of 5 per cent..." It was worth noting that the Tribunal made a number of observations about the way the ICSC decided on the modifications which included that "the ICSC did not have power to decide itself, the amounts of post adjustments with the ultimate consequence that the salaries of Geneva-based Professional category and above be reduced. The ICSC could only make recommendations and not decide on amounts." Consequently, the Tribunal observed that the ICSC's decisions were, "...on this matter without legal foundation, and that the unlawfulness of the WIPO administration's decision flowed from the unlawfulness of the decision of the ICSC." The Tribunal recalled repeatedly that while an international organization or a body such as the ICSC was free to choose the methodology, system or standard of reference for determining salary adjustments, it must be a methodology which ensured that the results were stable, foreseeable and clearly understood or transparent. It found, however, that "...the alteration of the operative percentage in the gap closure measure was without real explanation as to the rationale in statistical, mathematical, methodological or otherwise scientific terms." Importantly, the Tribunal warned that to the extent that there was information known to the proper intergovernmental oversight body, which in that case was the United Nations General Assembly, which in a material way bore upon

whether it should accept and act on the recommendation of the ICSC or reject the recommendation, then it must have regard to that information or material. In the present case, that would include the report of the independent expert retained by the ICSC and the reasons advanced by the Geneva based organizations, founded in particular, on the report of the statisticians they had retained. It also must have regard to the purpose for which the whole scheme of post adjustments was established. That purpose was not to create economies by reducing salaries. The Director General also noted that the Tribunal, in its judgment, did not address a multiplicity of other issues. It had sufficient grounds for its decision on the basis of what he had just quoted and said. The Director General stated that there should be awareness that the Tribunal observed that a number of other issues raised by staff complainants had raised issues of real substance. It was not, however, necessary, to address them. The Director General recalled to the Member States that two years before, when the Committee was deliberating over the Proposed Program and Budget for the 2018/19 biennium, he had shared his concerns with respect to the decision of the ICSC and the question of its application. The Director General was under an obligation to exercise due diligence with respect to the implementation of the ICSC decision, which was obligated by the jurisprudence of the Tribunal. The long-standing jurisprudence counsels executive heads not to blindly apply the decisions of the ICSC, but to ensure a decision is taken upon correct grounds. Collectively, the affected Geneva based agencies had undertaken a review that revealed a number of significant flaws in the methodology and the application of that methodology. The Director General noted that he had shared those assessments with the delegations and provided them the information on the amount of the proposed expenditure that would be affected as a result of the impact to the ICSC decision, including the legal and financial liabilities, which the Organization might be faced with, if that decision were to be implemented. While the Director General regretted the liabilities that were anticipated and expressed to the Committee, he welcomed the prompt delivery of the judgment of the Tribunal and the clarity and finality that that decision brought to the matter of the application of the reduced post adjustment multiplier and to the concerns raised by staff over the previous two years. As with all judgments of the ILO Tribunal, which were final and binding, WIPO would fully and faithfully implement Judgment No. 4138 with respect to all staff affected by the revised post adjustment in Geneva. The Organization was looking at the precise modalities for the implementation of the decision without delay. Any delay would cause interest to be accrued at the rate of 5 per cent so the Organization would look to an expeditious implementation of this. The Director General reminded the delegations of the Corrigendum to the Proposed Program and Budget 2020/21 of 13.2 million Swiss francs. The Organization believed at that stage, and it remained a good approximation that the impact on the current biennium would be nine million Swiss francs and 13.2 million Swiss francs for the next biennium. As the Director General noted to staff, the Organization was committed to working with the ICSC and other U.N. common system organizations regarding the post adjustment system, specifically, and the basis and methodologies upon which salary adjustments were made more generally. The Organization would continue to engage closely with the ICSC in its own review of the decision and the methodologies as it came to consider the matter.

## **ITEM 2 ADOPTION OF THE AGENDA**

7. Discussions were based on document WO/PBC/30/1 Prov.3.

8. The Chair introduced the draft agenda, set out in document WO/PBC/30/1 Prov.3. The Chair explained that in order to facilitate the review and discussions of the various items that week, the agenda had been structured in accordance with the following high level groupings: Audit and Oversight; Program Performance and Financial Reviews; Planning and Budgeting; Proposals; and items following decisions of PBC 28 and the 2018 Assemblies of WIPO Member States. The Chair opened the floor for comments and asked if the agenda was acceptable to the delegations. As there were no requests for the floor, the decision was adopted.

9. The Program and Budget Committee (PBC) adopted the agenda (document WO/PBC/30/1).

10. The Chair noted that he had asked the Secretariat to provide copies of the timetable, which he was proposing in order to allocate time in the most judicious manner possible. The proposed timetable followed the order of the items on the draft agenda with the exceptions of agenda items 3 and 4. The Chair explained that if there was a discussion on a particular item that could not be concluded within the allotted time, the discussions on the next agenda item would follow, and any outstanding discussions could be taken up at a later stage. The first day of the meeting would cover the substantive items under the high level grouping Audit and Oversight, with one exception, the Report by the External Auditor, which would be discussed the second day. The Chair explained that the PBC would start with item 4, the WIPO Independent Advisory Oversight Committee Membership Rotation, and continue on to item 3, the Report by the IAOC, which was designed to allow the Chair of the IAOC Selection Panel to be with the PBC that morning. Item 6, the Annual Report by the Director of the IOD, item 7, the Progress Report on the Joint Inspection Unit's (JIU) Recommendations, and item 5, Report by the External Auditor would follow. Discussions would continue on to the section on Program Performance and Financial Reviews, with agenda item 8, WIPO Performance Report (WPR) 2018, followed by agenda item 9, Annual Financial Statements 2018 and the Status of Payment of Contributions as of June 30, 2019. The Chair noted that that would include an oral update on any contributions received since the issuance of WO/PBC/30/9 on the status of contributions. The last agenda item under that section, item 10, the Annual Report on Human Resources, would then follow. Moving to the Planning and Budgeting section, the PBC would continue with the Proposed Program and Budget for the 2020/21 biennium and the Capital Master Plan for 2020-29 under agenda item 11. The Chair recalled that there had been a constructive and comprehensive first reading of the Draft Proposed Program and Budget 2020/21 at the last PBC session in May where there was an examination, program by program, of that document. The Secretariat had provided a revised document based on those discussions and on the decisions approved at the 29th PBC session. The Chair wanted to focus on those outstanding items, recalling that the DG set out four outstanding items that the PBC agreed on in the May session so the PBC could conclude those and formulate a clear recommendation to the Assemblies. As the DG noted in his opening remarks, there was one Corrigendum to the document relating to the decision of the ILO Tribunal, document WO/PBC/30/10 Corrigendum, released on July 5, 2019. The PBC would proceed to agenda item 12, which was the Proposed Revisions to WIPO's Investment Policy, which was the only item under the Proposal section. Afterwards, the PBC would move to agenda item 13, the Status of the Constitutional Reform Process. That agenda item followed previous decisions of the PBC and WIPO General Assembly (GA). Thursday afternoon and Friday morning would be left open for pending items before the session closure on Friday afternoon. Before turning to the opening statements, the Chair explained that all members and observers had the opportunity to make interventions under each agenda item during the course of the meeting. In calling for a high priority to the efficiency of the PBC's work and timeliness of the sessions, the Chair explained that the morning sessions would start at 10:00 a.m. until 1:00 p.m. and the afternoon sessions would start at 3:00 p.m. to 6 p.m. The Chair opened the floor for general statements from the Regional Coordinators.

11. The Delegation of Croatia, speaking on behalf of the Central European and Baltic States Group (CEBS) thanked the Chair and Vice Chairs, and the Secretariat for the preparatory work that contributed to the organization of that session. The Group was fully convinced that those preparations together with the Chair's able guidance would contribute to a constructive week of discussions. That especially referred to the Draft Proposed Program and Budget for the 2020/2021 biennium as outlined in the document WO/PBC/30/10 by the Department of Program Planning and Finance, but also to the External Auditor, the IAOC and the IOD for their crucial contributions to that meeting. The Delegation reiterated the commitment of the CEBS Group to the PBC. The Group would intervene on different agenda items during the PBC 30 session with

the aim to contribute constructively to the discussions so at the end of the week the PBC would be able to send positive messages to the GA.

12. The Delegation of Singapore, speaking on behalf of the Asia and the Pacific Group for which the Delegation would be formally taking over as coordinator on July 15, 2019, thanked the Chair and the Vice-Chairs. The Group had confidence in the Chair's experience and able leadership, and believed the desired result would be achieved under his guidance. The Group thanked the Secretariat for the preparation of the meeting and providing all relevant documents. On the Audit and Oversight matters, the Group looked forward to the report by the Selection Panel of the WIPO Independent Advisory Oversight Committee (IAOC) Membership. The Group noted the Report by the External Auditor in document WO/PBC/30/4 and that WIPO management had accepted most of the recommendations thus far. Turning to the matter of Program Performance of Financial Review, the Group noted the WIPO Performance Report 2018 and relevant financial statements. The Group was heartened by the generally positive financial report and that 72 per cent of the performance indicator evaluations were on track. The Group looked forward to continued good progress in 2019. The Group took note of the amendments to the Proposed Program and Budget for the 2020/21 biennium, in document WO/PBC/30/10, to reflect the proposals by Member States from the last PBC session. The Group noted the active discussions among Member States to make progress on the remaining issues and would continue to engage constructively to work towards finalizing the Program and Budget. The Group looked forward to further discussions that would yield mutually acceptable results, which were not only in the interest of the Organization, but all its Member States and stakeholders.

13. The Delegation of Tajikistan, speaking on behalf of the Group of Central Asia, Caucasus and Eastern European Countries (CACEEC), expressed its pleasure with the Chair and Vice-Chair's work. Under the Chair's leadership, the Group expressed that it was sure it would get to a fruitful end of the PBC's work. The Group was grateful to the Secretariat for the organization of the session and for the intersessional briefings. The Group was ready to work constructively on the issues of the methodologies for the Unions and the work of WIPO, including changes with the new digital timestamping. The Group was particularly interested in the issue of additional financing for translation of all the works of WIPO into the official languages to help broaden access of the works of the Organization on IP issues. The Group was very grateful to the DG, the Secretariat and the Committee for their fruitful work. The Group hoped for successful work during the session.

14. The Delegation of Honduras, speaking on behalf of the Group of Latin American and Caribbean Countries (GRULAC), was pleased with the Chair's work in leading the PBC. The Group was confident that under the Chair's leadership, the PBC could succeed in carrying out its work that week, which included work on complex and technical issues. The Group took note of the documents prepared for the session and thanked the Secretariat for their efforts in preparing those documents and the meetings organized for the different Regional Groups. With regard to the proposed agenda, the Group looked forward to the debates to be held for each agenda item. The Group recognized the important role Member States played in the discussions to be held that week and the importance of reaching consensus on the results that the Group wished the Organization to achieve during the next biennium, 2020/21. The Group therefore hoped to participate proactively and contribute in a constructive manner to discussions. The Group stated that during that week of intensive work, the Chair could count on the Group's support to advance in the conclusion of a document that was ambitious, met the set objectives and was ready to be adopted by the upcoming General Assemblies in September.

15. The Delegation of China thanked the Chair and the Secretariat for the informative documents and other preparatory work. According to the WPR, in the previous year there had been many positive progresses made in keeping healthy financial positions of the Organization, further expanding of the Treaty coverage and the number of applications in the global IP system



was on the constant rise. The Delegation was pleased with those results and extended its appreciation to the Director General and the management team for their leadership, and to all the WIPO staff for their efforts. The IAOC, the IOD, and the External Auditor reports had taken stock of all the work in the past year, and that work was evaluated. Those reports put forward a lot of constructive opinions which would be conducive for WIPO to better implement all the strategic goals and missions. The Delegation recalled that under the Chair's able leadership at the last session, there had been a comprehensive discussion on the Draft Proposed Program and Budget for 2020/21. However, there had been some outstanding issues to be resolved at the present session. The Delegation reaffirmed that it was necessary for WIPO to further implement the language policy, and that the publications should be in all UN languages. Those measures were important to provide better service to Member States and to raise the visibility of WIPO. On the allocation methodology of the income and expenditures of various Unions, the Delegation noted that the global IP service system had been a healthy development. The Delegation urged precautions to be exercised with regard to existing allocation measures. The Delegation would participate in the discussions of various agenda items with a positive and open attitude, and hoped constructive results would be achieved at that session.

16. The Delegation of Uganda, speaking on behalf of the African Group, appreciated the Chair's work on the current PBC session and thanked him for his professional leadership in his work in the previous session, which enabled the PBC to cover a tremendous amount of work in the discussion of the Draft Proposed Program and Budget for the 2020/21 biennium. The Group was very hopeful that that would be replicated in the current session. The Group thanked the Secretariat for the professionalism and tireless logistical efforts for the session and excellent preparation of the documents in a very short period of time. Four issues were outstanding from the previous session, but the Group was very optimistic that with constructive engagement and flexibility of all Member States, the PBC should be able to reach mutually acceptable outcomes and recommend to the 2019 GA to approve the Program and Budget for the 2020/21 biennium. The Group attached great importance to all items on the agenda of the PBC for discussion that week. That included the viewing of the Programmatic and Financial Performance of the Organization, consideration of the Audit and Oversight matters, including reports of various oversight bodies, the IAOC, the IOD, the JIU, the External Auditor, and governance issues, including the rotation of membership of the IAOC and the status of constitutional reforms and others. The PBC would also analyze a proposal relating to the investment policy of the Organization and would consider appropriate allocation of financial resources for the Organization's medium and long-term investment and the Capital Master Plan. The Group reiterated its commitment to continue constructively supporting the collective efforts of all delegations, showing flexibility and pragmatism to facilitate negotiations on issues, as well as the four outstanding issues in the Program and Budget document. In conclusion, the Group hoped all Member States would engage constructively with maximum flexibility to assure that the Committee reached mutually acceptable outcomes.

17. The Delegation of Canada, speaking on behalf of Group B, thanked the Chair for his continued commitment to the work of the PBC. The Group looked forward to counting on his leadership to guide the discussions. The Group thanked the Secretariat, including the Department of Program Planning and Finance, for its work in the preparation of the session's critical documents, including the revised Draft Proposed Program and Budget for the 2020/21 biennium. As the session would consider a number of audit reports, the Group expressed its continued gratitude to the External Auditor, the IAOC and the IOD for their ongoing work and reporting to the PBC. The Group was grateful for the essential role they played in the audit mechanism of the Organization and in supporting Member States in the exercise of their stewardship role. In order to save time for discussions that week, the Group noted that it would deliver substantive comments individually under the relevant agenda items. The Group was convinced that the Chair's wise guidance and the delegations' collective efforts throughout the session would lead the PBC to fruitful discussions and positive outcomes. The Group noted that it would provide full support in that endeavor.

**ITEM 3 REPORT BY THE WIPO INDEPENDENT ADVISORY OVERSIGHT COMMITTEE (IAOC)**

18. Discussions were based on documents WO/PBC/30/2 and WO/PBC/30/14.

19. The Chair introduced item 3, and noted that there were two documents under the item: the “Report by the WIPO Independent Advisory Oversight Committee (IAOC)”, document WO/PBC/30/2, and the “Targeted Timelines in the Investigation and Related Processes”, document WO/PBC/30/14. In accordance with their Terms of Reference, the IAOC submitted written reports on its activities to the PBC. Those were presented in the Report by the IAOC. The Chair invited the Chair of the IAOC to present that document as well as document WO/PBC/30/14 “Targeted Timelines in the Investigation and Related Processes.”

20. The Chair of the IAOC made the following Statement:

“Thank you, Chair. I have recently been elected Chair of the IAOC, and I am accompanied by Ms. Tatiana Vasileva, the new Vice-Chair of the IAOC. I will present the annual report of the IAOC, which is document WO/PBC/30/2.

“First and foremost, I would like to express on behalf of the IAOC, our deep gratitude to the outgoing Chair and Vice-Chair of the Committee, Mr. Gabor Amon and Mr. Egbert Kaltenbach, respectively, whose terms of office will expire in January 2020. Their dedicated service to the Committee for six years has been invaluable. A number of policies and rules adopted by WIPO during their tenure in office at the Committee is testament to their tireless work for WIPO. We wish them lots of success and happiness in their future endeavors.

“As you all know, the IAOC engages in a number of oversight and advisory activities. You will find a complete record of our work in our report. During the reporting period, the Committee held four in-person meetings and conducted extensive consultations by mail and telephone to deal with urgent matters that cropped up between meetings. I will now provide a brief summary of the salient activities of the IAOC and I will discuss External Audit, questions raised on the methodology of the election of new members, Internal Oversight and Ethics.

“With respect to the External Audit, during the reporting period the Committee interacted regularly with the new External Auditor, the UK National Audit Office, discussing both their audit planning and audit results. The Committee was satisfied that the audit plan covered significant audit risks including areas of special interest or of potential concern to Member States. The Committee was very pleased to note that WIPO has obtained an unqualified audit opinion, that the External Auditor attested to the high quality of WIPO’s Financial Statements, and acknowledged the high quality and maturity of WIPO’s internal control framework. The Committee commends the External Auditor on the quality, reader friendliness and timeliness of the report and looks forward to continued interaction with them.

“With respect to the methodology of the selection of the new members, of which we just heard the report, we have a few comments. As the mandate of the two members representing the Central European and Baltic States (CEBS Group) and Group B will expire in 2020, the Committee was asked to assist in the selection process described in the relevant rules that have been established. If you wish to consult this, it is in paragraph 28 of document WO/GA/39/13. In accordance with the process that was established, the applications submitted for the Committee’s assessment contained candidates from Regional Groups that were already represented in the Committee. That is to say, candidates from groups that were not from Group B or CEBS, and were

therefore highly unlikely to be selected. In the Committee's view, the process would be more efficient if in future, the selection process focused exclusively on applications from the priority groups, that is to say, those groups who will no longer be represented in the Committee. The Committee is very aware that any procedural changes would require a revision of the process of selection and rotation of IAOC members, as contained in the current document WO/GA/39/13 and therefore wishes to signal to you, at this early stage, this issue for consideration by Member States prior to the commencement of the next selection process.

“With respect to Internal Oversight, which is one of our main functions, at its session in December 2018, the Committee reviewed and provided comments on the proposed Oversight Annual Workplan for 2019, throughout the year, and on the basis of quarterly activity reports provided by the Director, Internal Oversight Division (IOD). The Committee has reviewed the progress in implementing the oversight workplan. The Committee wants to express its satisfaction with the progress made by IOD in implementing workplans and overall the quality of the results produced. This is notwithstanding that during the reporting period, IOD faced several, and sometimes protracted, vacancies. We are concerned with the length of the recruitment process in these cases and its impact or possible impact on the oversight capacity. We therefore acknowledge especially the efforts made by the Director, IOD to achieve planned results, despite staffing constraints.

“Lastly, when reviewing the draft Annual Report by the Director, IOD, the Committee noted that it shares the view of the External Auditor that it would be desirable to align the current reporting period, which is July 1 to June 30 with the period of the IOD Annual Workplan, which is from January to December. This would not only ensure that planning and reporting are matched, but would also prepare the ground for an annual assurance statement on internal controls.

“With respect to Evaluation, the Committee reviewed the Terms of Reference of the External Quality Review of the evaluation function which, in accordance with the Internal Oversight Charter, is required every five years. The Committee has suggested to include in the aspects to be examined, the user-friendliness of the evaluation product. At each of the sessions, the Director, IOD apprised the Committee on the status of investigation cases, caseload trends, providing a breakdown of complaints received and complaints substantiated by category of misconduct. In accordance with the Internal Oversight Charter, in cases involving potential conflict of interest on the part of the IOD, the Committee reviewed each case in detail and provided advice to the Director and to others. The Committee is satisfied with the overall timeliness in which IOD addressed complaints and completed investigations; however, the Committee reiterated its concerns about significant delays in certain cases due to the lack of cooperation by investigation subjects or complainants during the investigation. I have to note also that delays have sometimes occurred due to conflict of interest or other reasons; IOD was unable to undertake an investigation, resulting in the need to engage external investigators. At the recommendation of the Committee, the Director, IOD is establishing a roster of preselected investigation consultants for use by the Committee. The Committee is convinced that this roster, when operational, will facilitate in engaging external investigations in a more timely manner.

“With respect to the Ethics Office, it has been a bit challenging for the Committee to discharge its functions in the ethics area. As you know, according to the Terms of Reference, the Committee shall, at its last session of the previous year, review and advise on the proposed annual workplan of the Ethics Office. As the Committee did not receive the proposed 2019 Ethics plan for review, it was obliged to review and take note of the workplan already approved by Management. The workplan contained various

activities under the areas of responsibility assigned to the Ethics Office and indicated, *inter alia*, priority levels, expected results, and applicable targets as we had suggested. The Committee suggested to further improve the format of future workplans by including expected caseload, for example, so this year, the Committee expects the Chief Ethics Officer to submit the proposed Annual Workplan prior to its finalization, for the Committee's review and advice, prior to its submission to Management. The Terms of Reference of our Committee also require us to review and advise on proposed ethics policies. Currently, the work of the Ethics Office is still governed by the outdated June 2010 Office Instruction on the WIPO Ethics Office. The document is Office Instruction 25/2010. In May 2018, we provided extensive comments and suggestions on the proposed new Office Instruction to the Ethics Office. During the reporting period, the Committee regularly followed up on the status of the policy document, which we consider key for the governance and mandate of the Ethics Office. At the time of the report, the Committee has not yet received a revised version. The Committee urged the Chief Ethics Officer to share a revised draft prior to the Committee's 54th session for further review and discussion.

“Finally, at the 53rd session, the Committee reviewed and proposed changes to the WIPO Policy on Financial Disclosure and Declaration of Interest and was satisfied with the explanations provided by the Ethics Officer.

“Lastly, to conclude, I will mention some special projects, in which the Committee has been involved. At the 28th session, the PBC requested the IAOC to review and propose amendments to the WIPO Internal Oversight Charter or the Investigation Policy with a view to provide clarification of targeted timelines in the reporting and investigation processes. Having reviewed the applicable WIPO policies, and taking into account relevant reports of the Joint Inspection Unit (JIU) and practices in other UN system organizations, the Committee concluded that the targeted timelines established by WIPO were generally adequate and that no amendments to the WIPO Internal Oversight Charter were warranted. The Committee has recommended certain amendments to the Investigation Policy and the Policy to Protect against Retaliation with the view to enhance, clarify and ensure consistency in the application of established timelines. To that effect, the Committee shared with the Secretariat a draft report on “Targeted Timelines for the Investigation and Related Processes”. This document contained the Committee's assessment and several recommendations addressed to the Director General and to the Director, IOD. During the 52nd session, the Committee finalized the report, taking into account the comments received from the Secretariat and the Legal Counsel, and that is submitted in WO/PBC/30/14.

“And finally, I would like to express on behalf of the IAOC, my appreciation to the Director General, the Director, IOD, the Legal Counsel, the Chief Ethics Officer and other senior managers, as well as the External Auditors, for their availability, their openness and their regular interaction with the Committee. I will be attending this PBC meeting, during this week, if delegates wish to consult me or discuss matters.

“And with this, I conclude, and thank you, Mr. Chair.”

21. The Delegation of Canada, speaking on behalf of Group B, thanked the IAOC for the report in document WO/PBC/30/2. The Group reiterated its gratitude to the IAOC for its essential role in WIPO's audit and oversight mechanism and appreciated the IAOC's continued availability including through Information Sessions for Member States. The Group also welcomed the interaction of the IAOC with the External Auditor, which improved the follow-up process on recommendations and enhanced cooperation. The Group appreciated the IAOC's review of the financial investment reports as it was an important function that provided Member States with additional assurances that an independent body oversaw the implementation of the

investment policy over the year. As it was the last time the PBC was hosting the IAOC in its current composition, the Group took the opportunity to acknowledge the outgoing members and thanked them for their invaluable service.

22. The Delegation of Croatia, speaking on behalf of the CEBS Group, thanked the IAOC for the report contained in document WO/PBC/30/2 and for the work in the domain of audit and oversight, including the information session organized by WIPO Member States. The Group noted with pleasure the interaction of the IAOC and the External Auditor and felt that significantly improved the process of the implementations of the issued recommendations. The Group also thanked the outgoing IAOC members for their important work done while serving as IAOC members.

23. The Delegation of China thanked the Chair of the IAOC for the detailed reports and the work done by the IAOC in the past year. The Delegation was pleased to see that many useful recommendations by the IAOC had been adopted and it had played a positive role in the work of the Committee. The Delegation wished that the IAOC would continue to play that role and the Delegation would continue to support the work of the IAOC.

24. The Delegation of Uganda, speaking on behalf of the African Group, commended the IAOC for its report contained in document WO/PBC/30/2, which provided an overview of the Committee's activities for the period under review. The Group stated the IAOC played an important role in providing oversight, and checks and balances to various WIPO bodies in the execution of their functions, as well as in the efficacy of the policies that govern those bodies. Those checks and balances ensured that the Organization was able to achieve its mandate in an efficient manner. The Group was pleased with the manner in which the IAOC conducted its work, which included interaction with various WIPO bodies, Senior Program Managers and their teams, among others, to gain practical insights and comprehensive overviews in their functions and activities. That guaranteed that the IAOC made its findings and recommendations from an informed point of view, but also ensured that recommendations that it made should also be acceptable to those responsible to implement them. The IAOC overall projected a positive outlook of the Organization in the planning and execution of various programs and activities, reporting mechanisms, internal investigations, as well as the progressive improvement of its internal processes. However, the Group believed that there was still scope for improvement, as was reflected by the IAOC's recommendations. The Group saw a lot of merit in all of the recommendations made which were geared towards improving operations across the section of WIPO bodies. The Group supported those recommendations and asked the Secretariat to ensure that full implementation of all the recommendations, giving priority to the long-standing ones.

25. The Delegation of Singapore, speaking on behalf of the Asia and the Pacific Group, thanked the IAOC Chair for the detailed report and noted the contents of the report. The Group acknowledged the outgoing IAOC members from the CEBS Group and Group B. The Group stated that it looked forward to working closely with the new members of the IAOC looking into the recommendations as well as for the scope of improvement of the audit for the general welfare of the Organization.

26. The Delegation of the United States of America supported the statement made by the Delegation of Canada on behalf of Group B and thanked the IAOC for the informative reports and for their work throughout the year. The Delegation recognized the IAOC's valuable efforts to strengthen oversight of the Organization and appreciated the Secretariat's support of the Committee's mission. The Delegation also noted the IAOC's concern about the protracted length of time to recruit IOD staff, and requested more information from the Secretariat as to the reasons for the delays in filling positions. The Delegation agreed with the External Auditor and the IAOC recommendation to align the IOD reporting period with IOD's workplan and looked forward to that change being reflected as soon as possible. The IAOC reported that it

welcomed the efforts of the Secretariat to address fraud awareness and prevention, including a revision of WIPO's anti-fraud policy. The Delegation stated that it would appreciate a status update regarding the ongoing revisions, and clarification as to whether the IAOC would review the policy before implementation. Regarding the Ethics and Ombudsman functions, the Delegation was concerned that the work of the Ethics Office was still governed by the outdated 2010 Office Instruction on the WIPO Ethics Office. The Delegation noted that it had been over a year since the IAOC had reviewed the revised Office Instruction. The Delegation stated that it would appreciate a status update as to the implementation status of the new Office Instruction. The Delegation believed that ensuring the Ethics Office was aligned with current best practices and recent changes to WIPO Ethics and oversight policies should be made a priority. Lastly, the Delegation stated that it strongly agreed with the IAOC's view that the Member States would benefit from the information contained in the Activity Report of the Ombudsman. This was also a JIU recommendation raised in two separate JIU reports, including the recent report on the review of whistleblower policies and practices in UN system organizations. The Delegation requested that the Secretariat submit that report at the next meeting of the Coordination Committee.

27. The Delegation of Australia thanked the Secretariat for their preparation work in advance of the PBC meeting. The Delegation highly valued the work of the IAOC and its role in providing independent expert advice and oversight. The Delegation was pleased to see in its report, that the IAOC was generally satisfied with respect to many areas of work including internal oversight, external audit and financial reporting. The Delegation considered the role of the Ethics Office at WIPO to be essential, and the IAOC played an important advisory role with respect to that function. The Delegation also welcomed collaboration between the IAOC and the Ethics Office to support best practice operations.

28. Taking the floor for the first time, the Delegation of the Russian Federation welcomed the Chair of the PBC and expressed its confidence that the session would be constructive and successful under his leadership. Referring to the annual report of the IAOC, the Delegation noted the important role played by the independent experts as a body of the WIPO General Assembly and the Program and Budget Committee in overseeing and assessing the financial functions. The Delegation thanked the IAOC Chair and its members for their active work and welcomed the positive assessment of the Committee with regard to the issues they had considered with respect to the issues covered in the report, including the internal oversight of the audit, the financial accounting of WIPO, risk management, the internal oversight mechanisms and the implementation of the recommendations on oversight and follow-up. The Delegation would continue reviewing those types of PBC documents, including documents dealing with the investment policy, accounting reporting, and other issues. The Delegation believed that providing the PBC with the opinion of independent experts on a broad spectrum of issues was very positive and had a positive influence on the decision-making process, thereby ensuring the sustainable financing of the Organization.

29. The Delegation of Canada, speaking in its national capacity, welcomed the report and expressed its gratitude to the IAOC for its work. The Delegation supported the proposed decision language and would welcome more details, including from the Secretariat, with respect to the aspects of the IAOC's report regarding the Ethics Office and delays in providing the proposed annual workplan of the Ethics Office as well as updates to the 2010 Office Instruction on the WIPO Ethics Office.

30. The Chair noted that there had been several comments and questions related to ethics and in particular, the work of the Chief Ethics Officer. As the Chief Ethics Officer was not in Geneva that week and unable to come to the PBC in person, the Chair suggested that the Secretariat would take note of the comments and questions and revert to the Chief Ethics Officer remotely and respond to the PBC later in the week following consultations with the Chief

Ethics Officer. The Chair invited the Director, IOD to respond to the query related to the IOD's work and recruitment process.

31. Addressing the question on delays and recruitment raised by the Delegation of the United States of America, the Director, IOD stated that, with the exception of a position at G-4 Assistant which he had hoped would be filled shortly, the Division was presently functioning with a full complement of staff. The recruitment for the P-4 Senior Audit Officer had been completed, and the incumbent would start on August 1, 2019. The recruitment of a Head of Internal Audit had encountered some delays, primarily due to issues with the notification, and consequently the notification had to be done a second time. Barring that, the Division had managed fairly well over the four-month period, the average time it took to fill a vacancy.

32. The Chair then stated that there were two decisions under the agenda items in which the PBC was being asked to take note of the reports. The Chair proposed to proceed to agree on those agenda items but to leave the item open until later in the week for those further explanations from the Chief Ethics Officer.

33. The Delegation of the United States asked if the document on "Targeted Timelines in the Investigative and Related Processes" would be presented separately for the delegations' comments or if a decision was being taken then as well.

34. The Chair clarified that the PBC would take the decision on both documents together. The Chair commented that the Chair of the IAOC had said everything that she would like to say by way of presentation. The Chair then opened the floor for questions or comments on both the "Report by the Independent Advisory Oversight Committee (IAOC)" and the "Targeted Timelines in the Investigative and Related Processes."

35. Commenting on the Targeted Timelines in the Investigative and Related Processes document, the Delegation of Canada, speaking on behalf of Group B, thanked the IAOC for its central role in the audit and oversight mechanism of WIPO for the purpose of meeting effectiveness, efficiency and relevance of management activities of the Organization. The Group supported the IAOC amendments towards consistency of the applicable time units and took note of the observations made regarding the lack of horizontal best practices within the UN common system. The Group also noted that in paragraph 4(e) the Internal Oversight Charter did not establish a timeline for decisions to be made upon receipt of the IAOC's advice, and that it would appreciate the IAOC's opinion as to whether that was a concern that needed to be addressed. The Group thanked the IAOC for its excellent work and looked forward to the continued key and active role that the IAOC played in the audit and oversight mechanism over the Organization.

36. The Delegation of the United States of America supported the statement made by the Delegation of Canada on behalf of Group B, on the Targeted Timelines in the Investigative and Related Processes document. The Delegation supported the implementation of IAOC's recommendation and noted that the IAOC considered the targeted timelines established in WIPO as generally adequate. However, the Delegation noted that in paragraph 4(e), the IAOC reported that the Internal Oversight Charter did not establish a timeline for the decision made upon the receipt of the IAOC's advice, and there was not a recommendation from the IAOC associated with that observation. The Delegation asked if the IAOC considered the lack of a timeline for decisions to be problematic. As there was a reference to workplace related conflicts and grievances in paragraph 4(i), the Delegation requested more information on how that process would work, specifically when did the Director General take a decision on complaints of discrimination, harassment and/or abuse of authority versus those types of complaints being referred for an investigation. Lastly, since the policy to protect against retaliation would be amended to take into account the IAOC's recommendations regarding timeframes, the Delegation encouraged the Secretariat to use that as an opportunity to ensure that the policy

met all of the best practice indicators from the JIU report on review of whistleblower policies and practices in UN system organizations.

37. The Delegation of Croatia, speaking on behalf of the CEBS Group, thanked the IAOC for having reviewed and proposed amendments to the WIPO Internal Oversight Charter on the investigation policy, in line with the Terms of Reference of the IAOC, with the view to provide clarification of targeted timelines in the reporting and investigation processes to ensure cases were addressed in a timely manner and taking into account best UN practices. The Group noted the IAOC findings at its 51<sup>st</sup> session concluded that the general timelines established at WIPO were found to be adequate, but also that amendments to the Investigation Policy and to the Policy to Protect against Retaliation were needed. The Group supported the changes on using calendar days and months instead of working days for the definition of targeted timelines, both for the Investigation Policy as well as the Policy against Retaliation. The Group found it important that the Director General and the IOD would concur with the recommendations, and that the IOD had already initiated amendments to the Investigation Policy. As mentioned, recommendations would strengthen the audit and oversight mechanisms of WIPO.

38. The Chair of the IAOC had one comment with respect to the questions raised by the Delegations of the United States of America and Canada concerning paragraph 4(e) which stipulated that the Internal Oversight Charter did not establish a timeline for decisions to be made upon receipt of advice from the IAOC. The IAOC did not feel that an amendment was required, as it interacted constantly with the Director, IOD, and provided advice, which was accepted on a regular basis. Establishing a timeline would mean that advice that did not require immediate action would have to be taken in a certain time, and that would probably be cumbersome for the conduct of the IAOC's business with the IOD.

39. Adding to the comments of the Chair of the IAOC, the Director, IOD, stated that the Division was already following the 30 days timeline for completing preliminary evaluations and six-month timeline for full investigations, which was part of the Investigation Policy and manual. In that respect, for IOD, there was a timeline, which was systematically adhered to, except in cases where there were delays because of external factors like the subject not cooperating or on medical leave. As far as the advice from the IAOC was concerned, the Director, IOD assured the PBC that the Division promptly accepted and acted upon it, and that there had not been any case of delay in accepting the advice of the IAOC. IOD followed the six-month timeline to finish all of the investigations, including the time in which it received the advice from the IAOC.

40. The Chair noted that there was still one outstanding question relating to paragraph 4(i) of the report that was going to require more consultation within the Secretariat. There were also some questions and comments directed at the Chief Ethics Officer, which would be reviewed when the relevant agenda item was discussed later that week. In light of that, the Chair did not propose to close that agenda item at that moment, but suggested that the PBC look at the two decision points, to take note of the reports, and to revert to the agenda item to hear the explanations from the Chief Ethics Officer and the Secretariat.

41. Referring to the agenda item left open, the Chair recalled that delegations had questions for the Chief Ethics Officer and asked the Secretariat to deliver the response.

42. The Secretariat recalled that under agenda item 3, when the Chair of the IAOC made the presentation of the annual report of the IAOC, there were questions related to the Ethics Office, the update of the Office Instruction on the WIPO Ethics Office and the workplan of the Ethics Office. The Chief Ethics Officer had provided responses to the questions remotely and those responses had been shared with the Chair of the IAOC. The Secretariat proceeded to read out that response as follows: Following multiple consultations with the WIPO Independent Advisory Oversight Committee, the Ethics Office was finalizing its Office Instruction and should be



presenting it, as requested, to the IAOC for its consideration. The Chief Ethics Officer confirmed that the draft Office Instruction would be shared with the IAOC prior to its 54<sup>th</sup> session from September 16 to 20, 2019. The Chief Ethics Officer also noted that the workplan for 2019 had been submitted to and discussed with the IAOC. The Chief Ethics Officer would be available for any bilateral discussions with delegations, as required.

43. The Chair proceeded to read out the decision paragraphs, which were adopted.

44. The Program and Budget Committee (PBC) recommended to the WIPO General Assembly to take note of the “Report by the WIPO Independent Advisory Oversight Committee (IAOC)” (document WO/PBC/30/2).

45. The Program and Budget Committee (PBC) took note of the contents of document WO/PBC/30/14.

#### **ITEM 4 WIPO INDEPENDENT ADVISORY OVERSIGHT COMMITTEE (IAOC) MEMBERSHIP ROTATION – PROPOSAL OF THE SELECTION PANEL**

46. Discussions were based on document WO/PBC/30/3.

47. The Chair opened item 4, the WIPO Independent Advisory Oversight Committee membership rotation. The Chair explained that the document for the item included the recommendation that the Committee was invited to endorse. The Chair then passed the floor to the Chair of the IAOC Selection Panel to introduce the document.

48. The Chair of the IAOC Selection Panel, H.E. Ambassador Vesna Batistić Kos made the following statement:

“Thank you very much, Mr. Chair and the Committee, for slightly reversing the order of work this morning to enable me to present the Report of the Selection Panel. Appointed as a representative of Croatia, I had the honor to Chair the Selection Panel for the appointment of the new members of the WIPO Independent Advisory Oversight Committee in the last few months. I would like to start by thanking the members of the Selection Panel as well as the Secretary, Madame Koppe and her team for their diligent work and smooth proceedings of the Panel. First, I would like to recall that two members of the IAOC needed to be replaced, one from CEBS and one from Group B. The Progress Report on the first part of this process was presented in the previous PBC session in May, and an oral update also was provided during that session. The process has culminated in the Report with reference WO/PBC/30/3, as you mentioned Chair, which contains the recommendations of the Selection Panel. I would like to highlight that Panel's recommendation, that is contained in paragraph 19 of the Report, was unanimous, and also that the process was Member State driven. The process is described in the Report itself in detail, so I will just briefly highlight a number of matters. The 78 eligible applications were forwarded to the IAOC for a ranking-based assessment with names and the nationalities of the candidates suppressed. The IAOC then ranked the candidates using an evaluation matrix that had been prepared by the Selection Panel and in relation to which the IAOC had been consulted. The IAOC passed its assessment to the Selection Panel, following which the names and nationality were restored. The Selection Panel considered the IAOC ranking-based assessment and established a short list of nine candidates which we wished to interview taking into account regional representation. The interviews took place via video-conference. The Selection Panel included questions in relation to areas that the IAOC had indicated it was unable to assess on the basis of only paper applications. The Selection Panel unanimously agreed on the two candidates to be recommended, coming from each of the two Priority Groups and their summary biographies you can find also attached to the Report. In closing, I would like to underline

the process was thorough and fair, that there was a good pool of applicants, that the IAOC was fully involved, and that the outcome represents the best and most suitable candidates, while respecting the principle of geographical representation. The Panel hopes the decision as proposed will find your support. I thank you, Mr. Chair.”

49. The Delegation of Uganda, speaking on behalf of the African Group, underscored the important role played by the Selection Panel of the WIPO Independent Advisory Oversight Committee in assisting Member States to select suitable candidates with the right skill mix to replace two members of the IAOC whose terms are due to expire in 2020. The Group thanked the Selection Panel for its final Report contained in the document. The Report laid out in a user-friendly chronological order, the entire process that the Panel followed to fulfill its mandate. The Group was satisfied with the sound, transparent and democratic evaluation process that was adopted by the Panel in selecting replacement members, including reviewing of publications as well as independent interviews with applicants. The Group was pleased to note that as part of that decision-making process, the Panel preserved and also took into account equitable representation of all WIPO Regional Groups as well as consideration of gender balance. In sum, the Group had no reservations on the two unanimously agreed candidates for membership of the IAOC and the Group was ready to join the consensus regarding those two candidates.

50. The Delegation of Croatia, speaking on behalf of the CEBS Group, thanked the Secretariat for the preparation of the document, and for the information on the selection of two new members of the IAOC as representatives of CEBS and Group B. The CEBS Group thanked the members of the Selection Panel and Chair, her excellency Ms. Vesna Batistić Kos, for their important work. The Group believed that the proposed new members from Group B and CEBS were highly qualified and would be able to perform their tasks as new IAOC members very efficiently. The CEBS Group congratulated them on receiving the support of the Selection Panel and were ready to endorse the proposal by the Panel.

51. The Delegation of Canada, speaking on behalf of Group B, thanked the Selection Panel for the report and its work, as well as the Secretariat, for its constant and invaluable support to the Selection Panel. Group B was pleased to support the candidacies for CEBS and Group B and looked forward to working with them. The Group wished to thank all candidates for their interest.

52. As there were no further requests for the floor, the Chair proceeded to read out the decision paragraph, which was adopted.

53. The Program and Budget Committee (PBC) approved the recommendations of the Selection Panel for selection of two new members of the WIPO Independent Advisory Oversight Committee (IAOC), which appear in paragraph 19 of the Selection Panel's Report (document WO/PBC/30/3).

## **ITEM 5 REPORT BY THE EXTERNAL AUDITOR**

54. Discussions were based on documents WO/PBC/30/4 and WO/PBC/30/4 Add.

55. The Chair introduced agenda item 5, documents WO/PBC/30/4 and 4 Add. and reminded the delegations that according to Chapter 8, Regulation 8.11 of the WIPO Financial Regulation and Rules, “the reports of the External Auditor on the annual financial statements, together with reports from other audits, shall be transmitted to the General Assembly, to other Assemblies of WIPO Member States and of the Unions through the Program and Budget Committee, together with the audited annual statements, in accordance with any directions given by the General Assembly, other Assemblies of WIPO Member States and of the Unions.” The Chair invited the External Auditor to present the report.

56. The External Auditor (represented by Mr. Brewitt) made the following Statement:

“Chairman and Distinguished delegates

“On behalf of the Controller and Auditor General of the United Kingdom, I am pleased to have this opportunity to present the findings from our audit directly to you, the Program and Budget Committee. It is important to us that we engage you in the issues we highlight from our audit, which is undertaken to give you independent and objective insight in accordance with the Terms of Reference under which we are appointed.

“In my presentation, I will cover the three main areas of the work, firstly the audit of the financial statements and financial management, and then I will cover the two substantive topics which are contained in our report, namely governance and assurance and Results-Based Management, focusing on the Human Resources Program. We identified these as important areas in this, the first year of our mandate.

“Turning first to the results of our audit of the financial statements, I am pleased to confirm the External Auditor's opinion was unqualified, and that the audit revealed no errors or weaknesses which we considered material to the accuracy, completeness, and validity to the Financial Statements as a whole. It also confirms that expenditure has been incurred in accordance with the authorities and regulations set by you as Member States.

“Overall, WIPO's financial statements and accompanying financial commentary were prepared to a high quality and key accounting judgements were supported by detailed analysis. It is safe to say that is not always the case in the system. It is important to acknowledge the good practice here at WIPO. Within our work we identified areas for consideration by management, these related to the scope to review the level of detail contained in both the financial statements and the financial commentary. A greater focus on material and key financial performance elements will focus the reader on the more significant aspects of the accounts. Overall our audit results were positive and identified no significant errors or control weaknesses, we reported the detail of this work to the IAOC.

“On financial management, WIPO enjoys a strong financial position with good cash flows and a pipeline of future revenue. It has developed a clear plan to resource future liabilities such as its after-service health insurance and has dedicated funds set aside for other capital investment initiatives using prior years' surpluses. Having a high level of cash-backed reserves requires a sound investment policy with appropriate oversight mechanisms.

“During 2018, WIPO divested itself of its investment property in accordance with the regulations, and now all investments are in line with the overall investment policy and strategy, which has been adopted by the Organization. Strategic cash is invested over the long-term to achieve capital growth, with the objective to generate an overall positive return over time. In taking a longer-term view there will inevitably be periods when investments will decline in value. In 2018, WIPO reported unrealized losses of 17.0 million Swiss francs, reflecting wider market volatility. This is consistent with our understanding of the relevant markets during the period and was highlighted in the December 2018 meeting of the Advisory Committee on Investments. While we understand that the IAOC has been tasked with reviewing monthly investment reports, we consider that there is scope for more comprehensive reporting on investment activity by the Secretariat to Member States. In our experience, it is not normally within the scope of an oversight committee, such as the IAOC, to have a responsibility for confirming such a specific compliance role. In the course of our audit we noted that

WIPO paid all qualifying staff members an “Organizational Performance Reward” grant of 2,000 Swiss francs under the Rewards and Recognition Program. The total awards accrued in 2017 were within the limits recommended by the International Civil Service Commission and the Commission's guidelines do not specifically preclude such an award. WIPO's legal office also confirmed that they considered that the Director General had the authority to make such an award. With this said, the Organization should be mindful of the views of the Commission and that of the United Nations Fifth Committee on this matter, both bodies expressed serious concern at the decision of WIPO to pay such an award to all staff. Such changes to awards would be better discussed with Member States in advance, as a matter of good practice.

“Moving to the first topic of the performance reporting, which speaks to the issues of governance and assurance which provide Member States with confidence and assurance over the management of resources. We are pleased to note that WIPO has taken a positive and proactive approach to developing sound governance mechanisms and from our experience we consider that they are at the forefront of developments within the wider-UN system.

“Members will be aware of WIPO's Accountability Framework and the update provided by the Secretariat at the last meeting in May 2019. We found that management had actively engaged in reviewing and developing the quality of the internal control framework and WIPO has a sound basis to support the assertions made in its Statement on Internal Control. The Secretariat is developing an approach to data analytics to leverage more from its IT systems, by automating controls and utilizing reporting functionality to validate compliance and controls. We fully support these developments, and will engage with the Secretariat to share our wider experience in how such analytics can support continuous monitoring of key business processes and identify unexpected results.

“Fraud can result in a significant loss to an organization in terms of resource and reputation. In our experience, international organizations' fraud prevention and response measures can be weak and instances of reported fraud across all UN organizations are well below expected benchmarks. During 2018, WIPO established a new anti-fraud roadmap and subsequently, with the existence of external consultants, has undertaken a systematic fraud risk assessment to identify areas where it is susceptible to fraud. WIPO has revised the anti-fraud policy and provided staff with additional guidance and training on fraud awareness. Given these recent positive developments, we intend to perform a more detailed review of the fraud risk assessment and WIPO's responses later in our mandate, but it has again shown a proactive approach towards improvement.

“In line with good corporate governance, the Director General provides a Statement on Internal Control to Member States which is a vehicle to provide a transparent and accountable report of the control environment. The Organization was an early adopter of the concept of the Statement and from our experience it is one of the more mature within the UN system and supported by assessments of the control environment. We have recommended three key areas for improvement to enable the Organization to further develop and embed the Statement. Firstly, to enhance the visibility of the work of the Internal Oversight Division and provide more information on the operational risks and the actions to mitigate the risks. Secondly, to ensure the focus of the Statement is on providing a conclusion on the operational effectiveness of the internal control environment. Thirdly, aligning the planning and reporting period of the IOD to provide a more comprehensive suite of assurances to further support the Statement.

“Turning to our observations on WIPO's Results-Based Management and human resources, focusing on reporting the outcomes from the use of resources, the results-based reporting framework is a key element of the WIPO's Accountability Framework. In this, our first audit, we combined a high-level assessment of WIPO's approach to Results-Based Management with a more detailed consideration of the results for the Human Resources Management and Development Program, which is one of the 31 programs reported under WIPO's RBM framework.

“Overall, we found that WIPO had a well-established framework in place with the biennial Program and Budget listing expected results against each strategic goal, with key performance indicators intended to measure progress in the achievement of each program. The Internal Oversight Division validate a sample of key performance indicators to assess the adequacy of the data systems and have generally concluded positively on the data collection systems. This form of validation by IOD, in our experience, is quite unusual within the framework. Again, another positive that we noted. We noted during our own review of the framework that WIPO uses five criteria to rate achievement. It assessed the achievement of 80 per cent of a target as being “fully achieved”, in our view such an approach risks presenting an overly positive assessment of performance.

“Turning to the specifics of the HR Program 23, we reviewed the detail of the performance indicators in the context of the program as a whole, in doing so we identified a number of areas which could be further developed to measure progress in achieving results.

“We highlight that in the July 2018 Performance Report, the most recent available at the time of our audit, four out of 12 indicators were not assessed as data systems were not in place, or targets were not specified. Consequently, some important measures, such as staff satisfaction and the measure of efficiency of HR operations were removed from the 2018-19 Program and Budget.

“While the RBM framework supports formal accountability to Member States, we consider there is scope to align it to WIPO's internal reporting through the HR balanced chart scorecard. For example, the measures of recruitment in the Program and Budget were not included in the HR balanced scorecard, whereas data on sickness absence reported in the balanced scorecard was not reported in the Program and Budget. If indicators are significant enough to be reported to Member States, they should be measured internally on a regular basis. We found that the various indicators set out in the Program and Budget did not fully correlate with the expected results and we believe there is scope to broaden the indicators to provide a more rounded assessment against each of the expected results, an issue which we consider to apply more widely across other programs within the framework.

“I would like to highlight the main areas we identified in assessing how performance information supported priority areas set out in WIPO's 2017-2021 Human Resources Strategy. We identified scope to ensure indicators adequately addressed priority areas of the HR strategy. As an example, in support of a sustainable future WIPO identifies the need to align linguistic skills with geographical demand and the acquisition of Artificial Intelligence skills. No indicators exist to directly monitor this progress. We also noted a number of targets which were repeatedly achieved and would merit review on whether they remain relevant and sufficiently challenging as a performance measure. Baselines and targets should provide a real indication of progress between biennia.

“In setting out to achieve a diverse and inclusive workforce, WIPO has slowly improved the gender parity. An updated gender parity action plan was approved by the Director

General at the end of 2018 following updated gender targets agreed with Member States in 2017. There are, however, no target performance measures established for geographical balance, reflecting the ongoing debate amongst Member States.

“In measuring the effectiveness of talent management, we considered that the two performance indicators would provide only a limited view, looking only at the percentage of staff performing mandatory training and the percentage of staff whose performance is evaluated against objectives and competencies. Measures do not exist to consider the adequacy and effectiveness of learning and development or staff well-being. Recent evaluation reports found that the structure and resources for career development were insufficient to meet future organizational needs. In our view there is scope for a general review of learning and development across the Organization and to establish indicators to measure effectiveness.

“While resignation trends and measures of productivity provide partial insights on staff well-being, there are other measures of that which appear less positive. The results from the 2018 Health and Performance survey, a separate UN sponsored survey and relatively high levels of sickness absence suggest that a wider staff survey would be beneficial. Staff and user surveys can measure whether WIPO has effective customer-oriented processes and communications. Measuring results on an annual or biannual basis would provide a clear baseline against which future performance could be assessed and provide valuable data on staff morale.

“To conclude, I can confirm that good progress was made in closing and implementing recommendations from previous years and we are pleased to note the positive responses from the Secretariat to the recommendations we have made. We will review these implementation plans as part of our interim audit during the autumn and will have an ongoing dialogue with the IAOC on this matter.

“Finally, I wish to give thanks to the Director General and his staff for their support and cooperation in facilitating our audit, especially since the first year of a new audit engagement is always challenging for both the Secretariat and ourselves.

“Thank you for your kind attention and I would be happy to take any questions or to provide further background to our audit. Thank you.”

57. The Chair thanked the External Auditor for the presentation and for the comprehensive report. The Chair opened the floor for questions or comments to the External Auditor.

58. The Delegation of Honduras, speaking on behalf of GRULAC, welcomed the presentation on the report by the External Auditor and noted the high quality of the report. The Group accepted the recommendations made by the External Auditor and called to improve auditing procedures so that the Group could support the statement made by the External Auditor for the Organization.

59. The Delegation of Canada, speaking on behalf of Group B, thanked the Controller and Auditor General of the United Kingdom and the National Audit Office for its first report as WIPO External Auditor. The Group noted the External Auditor's observation of the high quality of WIPO Financial Statements including on how the considerations of key issues complied with IPSAS requirements. The Group took note of the External Auditor's observation that WIPO had taken a positive and proactive approach to developing good governance mechanisms including towards meeting the threshold of being at the forefront of governance developments within the UN system. The Group welcomed the fact that WIPO had a clear plan to resource its future liabilities, such as ASHI, as observed by the External Auditor. The Group was pleased to take note of the External Auditor's positive assessment of the quality of WIPO's internal control

framework. The Group thanked the External Auditor for its recommendations and in particular, strongly supported recommendation 4 on aligning the IOD planning and reporting cycle to the financial period. The Group was pleased to note that the IOD accepted that recommendation. The Group supported recommendation 5 and noted with concern the reference to the IOD's 2018 survey whereby one-third of the respondents did not believe that the Results-Based Management monitoring systems and tools were regularly used for management purposes. The Group was pleased to note that management had accepted that recommendation. The Group supported recommendations 6 and 7 regarding key performance indicators and was pleased to note that management had accepted those recommendations. The Group also noted that of those responding to a 2018 WIPO Health and Performance survey, 48 per cent of staff reported being at risk of psychological distress. WIPO respondents to a 2018 UN sponsored survey were getting an above average proportion of staff feeling they had experienced or witnessed behavior that might qualify as sexual harassment in the workplace. The Group recognized the efforts underway by WIPO to address those deeply troubling survey results and the Group would be interested in regular updates on the participation rate in the organization-wide campaign and on the Organization's development of its well-being strategy. In that regard, the Group strongly supported recommendation 16 and believed that was a constructive and pragmatic recommendation that might assist WIPO management in better understanding underlying workplace challenges related to a number of important themes. The Group was pleased to note that management had accepted that recommendation and the Group encouraged management to include questions in the survey related to the Organization's ethical culture.

60. The Delegation of Singapore, speaking on behalf of the Asia and the Pacific Group, thanked the work done by the External Auditor in providing independent assurance to the Member States through the long form audit report in document WO/PBC/30/4. The Group believed that the report and its recommendations would be valuable to the financial management of WIPO and in fulfilling the objectives of the Organization and its members. The Group was heartened by the information of WIPO's strong financial position which had been echoed on numerous occasions in the current PBC session. WIPO had in place a sound governance system and comprehensive assurances for the discharge of oversight responsibilities. The Group noted the findings and recommendations where human resources were concerned. Overall the Group noted the positive acceptance of the recommendations by WIPO's management and looked forward to their implementation.

61. The Delegation of Croatia, speaking on behalf of the CEBS Group, thanked the Controller and Auditor General and the UK National Audit Office for their report in their function as WIPO's External Auditor as contained in the document WO/PBC/30/4. The Group was satisfied that the External Auditor had noted that the revenue and expenses had been applied to the purposes intended by the GA and that the financial transactions conformed to the Organization's Financial Regulations and Rules. The Group appreciated the findings on the quality of WIPO's financial statements as well as that they complied with IPSAS requirements. That also applied to the External Auditor's remark on developing a good governance mechanism and the conclusion that WIPO was at the forefront of governance developments within the UN system. The Group also noted that the External Auditor's findings on the Organization's well developed Results-Based Management and the suggestion to do more on ensuring that indicators identified to measure WIPO program performance were supported by practical and relevant data systems. The same went for the remark on the RBM indicators to more comprehensively measure progress in delivering all key elements of the Human Resource Management. The Group was pleased with the fact that some earlier recommendations by the IOD had been accepted by the management and already implemented, like number 5 from the 2018 IOD on Results-Based Management. Equally, management had accepted the recommendations in the latest External Auditor's report as contained in the document WO/PBC/30/4 Add., especially those contributing to work ethics. Following that, the Group was convinced that WIPO management would follow the External Auditor's recommendation to have

a more comprehensive and systematic review of open items of working capital and a greater consideration of aged balances reported in the Statement of Financial Position.

62. The Delegation of Uganda, speaking on behalf of the African Group, underscored the important role played by the External Auditor to the governance of the Organization. The External Auditor ensured, on behalf of Member States, efficient checks and balances for the efficient running of the Organization. Therefore, the Group wished to thank the External Auditor and his team for the report which focused on WIPO's Results-Based Management and human resources. The Group welcomed his conclusion that there was generally a high level of adherence to the WIPO Financial Regulations and Rules for which he had given an unqualified opinion of the Organization's performance. The External Auditor had found that WIPO's management of risks and other internal governance processes were more mature compared to other organizations within the UN system, and for that, the Group commended the Secretariat for those best practices. However, there was still scope for further improvement, and the Group took note of the areas that the auditor had identified for further improvement as well as his recommendations. The Group was pleased to note that the Secretariat had positively welcomed those recommendations and intended to implement them in due course. Some of the areas identified for improvement were the need for more comprehensive and systematic review of open items of working capital, greater consideration of aged balances reported in the Statement of Financial Position, and some scope for more detailed reporting on investment performance to the PBC. The Group wished to highlight some of the recommendations which they were convinced required immediate implementation since they touched on the Proposed Program and Budget for the 2020/21 biennium. In that regard, the Group requested the Secretariat to ensure the implementation of the recommendations in the short run. In recommendations 9 and 10, which related to the Human Resources Program for the Program and Budget for the 2020/21 biennium, the External Auditor invited WIPO to assess the extent to which existing performance indicators adequately measured progress in addressing the full priorities, set out in the 2017-21 HR Strategy, with a view to developing new or replacement indicators where significant gaps or disproportionate emphasis existed. Under recommendation 10, the External Auditor invited WIPO to ensure that the portfolio of performance indicators in the Program and Budget were capable of stand-alone interpretation by Member States and that its best lines and targets provided the indications of progress between biennia. The Group invited the Secretariat to implement those recommendations in the short run.

63. The Delegation of China thanked the External Auditor and team for their fruitful effort. The Delegation also applauded the External Auditor for the professionalism and excellence in their work. The audit report raised 16 very constructive proposals, especially about the RBM framework and HR plan. The Delegation had taken notice that the External Auditor's comment on staff human resource of the organization language capability. The Delegation referred to paragraph 3.17 from the Report of the External Auditor which stated that, "The 2018-19 Program and Budget states that 42 per cent of patents were in Chinese, Japanese and Korean in 2016 whereas management information indicated that just 14 per cent of translators in the Patents and Technology Sector had capability in these languages in 2018." In HR competency plans, there were no performance indicators to record the overall HR human language capabilities diversity, even though this performance indicator has strategical significance. The contract agreement was important and the performance indicator in PCT was important as well. The Delegation agreed with that comment. PCT produced about 75 per cent of income for WIPO. WIPO should make sure that the language capability of the staff could catch up with the changing trend of PCT clients to make sure that WIPO could offer timely, accurate, high quality services to the clients of WIPO to make sure a PCT system could stay healthy and develop over the long-term. The Delegation supported that, in the future, while making plans and making draft budget plans in the PCT plan and in HR plans, WIPO HR language diversification progress indicators should be incorporated. The Delegation also agreed with other comments on performance. Only when those performance indicators were appropriate could the work and



targets within WIPO in various fronts be measured in order to change the performance of WIPO in the future. The Delegation was happy to note that WIPO's management had accepted the majority of the audit comments. The Delegation hoped WIPO would actively implement those suggestions.

64. The Delegation of the Russian Federation thanked the External Auditor for the preparation of the report and its presentation. The Delegation was pleased to note the positive conclusions of the External Auditor with regard to the financial reporting of WIPO, and the External Auditor's conclusion about the high quality of their financial records. The Delegation was pleased that a number of the issues with regard to governance were better than most of the rest of the UN system. The Delegation welcomed the high quality of the system of internal controls, the considerable reserves to ensure the sustainable financing of the Organization, the proactive approach with regard to the various different levels of risk and the governance system based on concrete management goals. The Delegation noted the recommendations of the External Auditor in a number of areas in which it would be possible to make some improvements, including the systematic monitoring of the reserves, strengthening of the governance system, and the Results-Based Management system, taking into account the importance of an effective policy in risk management. In light of the decision taken at the 29th session of the PBC, the Delegation believed that it would be appropriate to have meetings of the IAOC with the External Auditor on a regular basis in order for briefings to be undertaken with regard to the effective functioning of the risk management system and the reporting system and implementation of that in WIPO. The Delegation believed that recommendations on the program on human resources required careful consideration including the development of geographical representation, and diversification of linguistic abilities among the staff, which would enable the requirements of the Organization to be met with regard to broadening of the geographical scope of the WIPO administered treaties. The Delegation thanked the Secretariat for their operational response to the External Auditor's recommendations and providing information on the implementation of those recommendations most fully.

65. The Delegation of the United States of America supported the statement made by the Delegation of Canada on behalf of Group B. The Delegation thanked the External Auditor for their report and welcomed the clean audit opinion of the 2018 audited financial statements. Reviews by the External Auditor were an important part of WIPO's oversight structure to ensure funds were used in the most efficient and effective manner. The Delegation encouraged the Secretariat to adopt the audit recommendations in a timely manner. The Delegation noted that in the External Auditor's view there remained scope for regular reporting of the investment activity by the Director General to the PBC. The Delegation welcomed more explanation from the External Auditor on that observation and supported further oversight. In paragraph 2.21, the External Auditor reported that WIPO had a low level of reported fraud based on the 2018 cases of wrongdoing. The Delegation asked if the External Auditor believed there was an underreporting of fraud at the Organization. The Delegation appreciated the initiatives that had been implemented or were underway to improve fraud awareness among staff members and looked forward to further updates and assessments from the External Auditor in that regard. However, the Delegation noted from the Staff Health and Performance survey that respondents frequently referenced a culture of fear, discrimination and inequality, and the Organization's high rates of sickness absences. That was concerning information that could point to a possible toxic work culture. The Delegation asked if the External Auditor planned on monitoring and assessing the success of the well-being strategy moving forward. Lastly, in regard to the External Auditor's observations on the organizational performance reward, the Delegation clarified that Member States' concerns were not related to the authority of the Director General to distribute rewards or the total amount of the reward itself. The concern was that the reward was not distributed based on individual merit or performance. The Delegation appreciated the External Auditor encouraging consultations with the Member States on such a reward in the future but wondered why it was not included in the report itself. Given the concerns raised in the report about managers not using the performance assessment gradings appropriately, with

only two people receiving either an improvement in performance needed or unsatisfactory performance score in 2017, the Delegation believed that the merit of that reward was further questionable.

66. The Delegation of Mexico supported the statement made by the Delegation of Honduras on behalf of GRULAC. The Delegation thanked the External Auditor for his excellent work. The Delegation took note of the results of the evaluation of management and Human Resources Management and also thanked the Secretariat for accepting the recommendations and their specific short term elements. The Delegation thanked the External Auditor for his verbal presentation of the WIPO Rewards and Recognition Program, taking into account what had been mentioned with regard to a direction of resources for that program always being undertaken in consultation with members of the Organization.

67. In response to the comment on how the External Auditor worked with the IAOC, the External Auditor confirmed that it attended each IAOC meeting and gave a presentation and update on the work that it undertook. In terms of the content of those presentations and the information it provided to the IAOC, it was very much in line with the International Standards on Auditing requirements in terms of what was needed to be formally presented to meet professional standards. It was also used as a good opportunity to have dialogues on issues such as risk management and other issues the Organization was facing. From its perspective, it was a productive arrangement. Following the first year of the External Auditor's work with the IAOC, the External Auditor wanted to build on that going forward so that it could give the IAOC its best advice and observations in terms of what it saw through its audit work. The IAOC could then draw upon that information when they reported to the PBC. In respect of the oversight of investment performance, the External Auditor felt that the Financial Regulations and Rules, as they currently stood, required the Director General to inform the PBC on a regular basis on the investments made by the Organization. The External Auditor felt that the balance of that reporting could be changed so that there was more reporting from the Secretariat than from the IAOC. It was important for the Secretariat to draw upon their knowledge and experience. There was scope for the Advisory Committee on Investments (ACI) to draw more heavily upon external independent advice to feed into the Committee so that it would be drawing on that advice from independent experts within the investment field rather than looking to the IAOC to provide that advice. The External Auditors saw the IAOC as giving a view on how the control, including the ACI, operates rather than giving direct assurance on the investment strategies and performance. The External Auditor was keen to work with the Committee and with the Secretariat to see how that might be developed further to make sure that the emphasis changed within the reporting. The External Auditor noted that very regularly at its meetings, it commented on the underreporting of fraud. The External Auditor did not feel that there was any specific issue at WIPO that was unusual in comparison to the rest of the UN system. The External Auditor felt that it was rather a generic issue. The positive elements for the Member States to draw upon were the ways in which the Secretariat had engaged in the issue of fraud risk. Undertaking a fraud risk assessment was the first step to proactively consider how many fraud risks the Organization had and by focusing its efforts on those risk areas, it was more possible to identify and ensure that internal audit work and other controls addressed the fraud risk. By enhancing the environment in terms of the antifraud strategies and risk assessments, it would position the Organization in a much better place to respond, report, identify, and mitigate fraud risks. Throughout the system, there was a reluctance to engage in those fraud risk assessments. The External Auditor saw it as a positive step that WIPO had undertaken that. It was very much something that the External Auditor would look at to see that having undertaken that risk assessment, it was actually embedded and it would become mature in the Organization and it would be a regular feature of the External Auditor's reporting in terms of the progress on those recommendations. In respect of the well-being strategy, the External Auditor would monitor the progress that WIPO had made in respect of the recommendations the External Auditor had made in that area. It was something that the External Auditor would continue to look at and report through its responses to the implementation of recommendations. It would be

positive for the Secretariat to report those indicators and progress to the Member States. It was something that the External Auditor would keep sight of through the audit process. In respect of the WIPO Rewards and Recognition Program, the audit was very much focused on auditing to ensure compliance with the regulations. The External Auditor focused its observations to confirm that there was nothing within the ICSC's rules or Financial Regulations that meant that the award was inappropriate or contrary to the authorities which govern the Organization. That was very much the formal audit response. As the Delegation of the United States of America emphasized, it would be prudent to follow from that observation the idea of the Secretariat engaging with the Member States in terms of how such awards might be taken forward in the future. Bearing in mind some of the observations by the UN Fifth Committee and the ICSC, it would certainly be prudent to look at those elements going forward and to engage with the Member States.

68. The Secretariat thanked the External Auditors for the work carried out in the first cycle. In respect of investments, guided by the recommendations received from the External Auditors, the Secretariat had taken the opportunity the previous day as part of the presentation on the financial statements to give the delegations far more detail on investments, how they were performing, the control environment and the governance around investments. In specific terms, the Secretariat assured the PBC that the Secretariat relied on the advisors and their expertise for investment advice. They were part of the proceedings in the Advisory Committee on Investments. The Secretariat was in touch with them on a continuous basis for monitoring and any changes that needed to be made. In the addendum to the document, the Secretariat had accepted all of the recommendations and tried to implement some of the recommendations as it saw the opportunity, for example, the HR indicators, for Program 23. Those would be presented as part of the revised Program and Budget. The Secretariat had incorporated those indicators. The alignment of the IOD reporting to the timeline had also been implemented. In respect of the investment reporting, what the Secretariat presented the day before was in response to that recommendation. However, the Secretariat would be guided by the Committee and the Auditors in terms of any further reporting that might be necessary. As the External Auditor had not been present the previous day when the Director General made his opening remarks, the Secretariat took the opportunity on his behalf and on behalf of the Secretariat, to thank the External Auditor for the positive and constructive engagement with the Secretariat and for all the valuable contributions made to the work of the Organization.

69. The External Auditor thanked the delegations for their positive comments and noted many of the observations they made. The External Auditor noted that it would build that into its planning for the following year's audit. The External Auditor remarked that it was a very positive report. It had highlighted a significant number of issues where WIPO had been demonstrating good practice. One of the consequences of being good practice was that the External Auditor would be looking to see how the Secretariat would further build on those arrangements. The External Auditor would continue to ensure that its audit kept the Secretariat on its toes and concluded that it had been a positive engagement.

70. As there were no requests for the floor, the Chair proceeded to read out the decision paragraph, which was adopted:

71. The Program and Budget Committee (PBC) recommended to the General Assembly and other Assemblies of the Member States of WIPO, to take note of the "Report by the External Auditor" (document WO/PBC/30/4).

## **ITEM 6 ANNUAL REPORT BY THE DIRECTOR OF THE INTERNAL OVERSIGHT DIVISION (IOD)**

72. Discussions were based on document WO/PBC/30/5.

73. The Chair opened item 6 explaining that, in accordance with the WIPO Internal Oversight Charter, the Director of the Internal Oversight Division (IOD) was to submit, on an annual basis, a summary report to the PBC, providing an overview of the internal oversight activities conducted during the reporting period. The report gave an overview of the IOD activities conducted during the reporting period from July 1, 2018 to June 30, 2019. The Chair invited the Director IOD to present the report.

74. The Secretariat (Director of the IOD) reported that in line with the Internal Oversight Charter, it was pleased to present an overview of oversight activities undertaken by IOD during the reporting period, July 1, 2018 through June 30, 2019. The annual report was included in document WO/PBC/30/5. The IOD Oversight Plan for 2019 had been prepared considering a number of factors including: risk ratings; relevance; country impact; the oversight cycle; and feedback received from WIPO Management, Member States and available resources. In line with paragraph 28a of the Charter, prior to its finalization, the draft Oversight Work Plan was also submitted to the Independent Advisory Oversight Committee for its review and advice. At the reporting date, IOD had fully implemented the 2018 oversight plan and the implementation of the 2019 work plan was on track. During the reporting period, IOD audits and evaluations covered the following key operational areas: Physical access security systems; Enterprise Resource Planning Portfolio; Funds-in-Trusts Managed by WIPO; Implementation of WIPO Information Assurance Strategy; PCT Netting Pilot; the Pilot Program on Professional and Career Development (Phase 2); the Regional Bureau for Asia and the Pacific; *ex officio* corrections to the Madrid Registry; and customer query management systems. Some of the new initiatives which IOD had taken in the area of technology would be integrated in IOD's toolbox with continued use of audit management systems to encourage integrated workflows, the use of business intelligence dashboards to better inform on recommendations management, expansion of data analytics tools to support internal controls and risk management and the use of infographics to streamline evaluation reports. A computerized Case Management System (CMS) had been developed in house and implemented in the IOD Investigation Section early that year. The CMS was intended as a repository for all investigative records and documentation. It allowed for the tracking of investigative activities and facilitated access to documents and evidence for each investigation case. IOD also encouraged organizational learning by developing an online module to learn how to use evaluations as part of the management cycle. IOD had initiated joint exercises between audit and evaluation sections, to among others, leverage on the potential synergies, avoid duplicate efforts, and add more value. The ongoing joint audit and evaluation of the WIPO Policy on gender equality served as a pilot. During the reporting period, 21 new cases were registered, which constituted a 47 per cent decrease over the previous reporting period for investigations, and 19 investigation cases were closed. As of June 30, 2019, 14 cases were pending, including four at a preliminary evaluation stage, eight after a full investigation stage, and two on hold because of the prolonged absence of a concerned staff member or pending action by another entity. Of the pending cases, six were opened in 2019, six in 2018, one in 2017, and one in 2016. As of July 1, 2019, the average length of time it took for cases to be processed, was 5.5 months. The Secretariat also mentioned that regarding the recommendation of the IAOC to change from calendar months to calendar days, those changes had already been put in the draft investigation policy and the manual, and the drafts after consultation internally and with the IAOC, were currently with the Member States for comments. On the recommendations, IOD continued to manage and report on recommendations using the TeamCentral system, which enabled interactive dialogue with Program Managers and their Alternates, for an effective follow-up of implementation of open recommendations. At the date of the present report, there were 155 open recommendations, including 68 of high and 87 of medium priorities. IOD recommendations constituted 85 per cent of all open oversight recommendations. No IOD recommendations were closed without implementation during the reporting period. The External Auditors closed four recommendations from a compliance audit of travel and fellowship undertaken in 2015, on the basis that management had accepted the related risks. In addition to its planned oversight work, IOD continued to provide professional advice on organizational policy and procedures,

risk management and internal controls. IOD had continuing interaction with IAOC, reporting on the implementation of the internal oversight plan, discussing oversight results and other aspects concerning the work and functioning of the Division, and seeking IAOC's advice where necessary. IOD maintained good working relations with the External Auditor by having regular meetings on audit, internal control and risk management issues. IOD met regularly with the Ombudsperson and with the Chief Ethics Officer to ensure good work, organization and complimentary support. As part of its ongoing effort to better explain and advocate for the internal oversight function, IOD continued to reach out to colleagues within WIPO through presentations given to new staff in the induction training, the IOD newsletter, the IOD dashboard and presentations to Directors and Senior Managers as and when required. IOD continued to seek feedback from colleagues on the quality of its oversight work through client-satisfaction surveys after each assignment. The analysis of the consolidated results indicated an average satisfaction of 85 per cent for post assignment service and 77 per cent for after one-year service. During the reporting period, IOD continued its active and useful collaboration and networking with other UN system organizations and entities. In particular, IOD actively participated in annual networking meetings of the UN representatives of audit, evaluation and investigation. To discharge its mandate, IOD had been provided with a biennial budget of 5.072 million Swiss francs which represented 0.73 per cent of WIPO's budget for the 2018/19 biennium. Overall, the level of current human and financial resources had been adequate for IOD to effectively cover the high priority areas as identified in its Work Plans. For continued professional development, IOD staff attended various training activities to acquire new knowledge, technical skills and other competencies to increase IOD's operational effectiveness and efficiency in undertaking oversight assignments. On average, each IOD staff member attended 10 days of training, which included fraud prevention and detection, investigative research techniques, data analytics, Tableau visualization application, digital data capturing, cybersecurity, conflict management, evaluation of science and innovation policies, and TeamMate. The Secretariat informed the Committee that having accepted the recommendations from the External Auditors, IOD had decided to align the planning and reporting cycle to the financial period allowing the outputs to feed into the statement of internal control assurances instead of the current period of July 1 to June 30. Consequently, the next annual report during 2020 would cover a six-month period during the transition. From the year 2021 onwards, reporting would be on a calendar year basis aligned with the annual financial statements. Having concluded its remarks, the Secretariat thanked the delegations for their kind attention and was happy to answer any questions or listen to comments.

75. The Chair thanked the Secretariat for presenting the report. Before opening the floor for comments, the Chair noted the final paragraph of the report where it was proposed to move the period of reporting to align it with the annual financial statements as well as the report of the External Auditor. That proposal was picked up in line with the proposal by the External Auditor. The Chair proposed opening the floor for comments and questions on the report generally, including on that particular issue if it was agreeable to the delegations. The Chair proposed to change the decision paragraph very slightly to reflect that. The Chair stated that he would read out what the decision paragraph would look like, stressing, if the delegations agreed with the External Auditor recommendation put to the delegations by Director IOD. The Chair then read out the draft decision on that item. The Chair stated that the decision would read as follows: The Program and Budget Committee (PBC) took note of the "Annual Report by the Director of the Internal Oversight Division (IOD)", document WO/PBC/30/5 and requested, for future reports, that the Director of the Internal Oversight Division align the reporting timelines for the Annual Report with those of the IOD's annual workplans, as well as the annual financial statements. The Chair noted that the Director of IOD had set out a transition plan for the alignment of the reporting timeliness, if the delegations agreed, in terms of the next two PBC years. The Chair then opened the floor for questions or comments both on the report and the presentation, but also on that particular decision point. The Chair noted that that decision was coming around in hard copy and opened the floor for comments.

76. The Delegation of Croatia, speaking on behalf of the CEBS Group, thanked the IOD Director for the annual report as laid out in document WO/PBC/30/5. The Group believed that the IOD played a crucial role in ensuring internal control of WIPO's finances and together with the External Auditor, contributed to the transparent management of finances. The Group noted that most of the open recommendations were of high and medium priorities and believed that the Secretariat would implement them accordingly in order to ensure transparency. The Group appreciated the ones already undertaken by the IOD. On the second question, so far, the Delegation had not consulted the CEBS Group, but the Delegation found it acceptable.

77. The Delegation of Canada, speaking on behalf of Group B, appreciated the continuous efforts of the IOD in cooperation with the IAOC and External Auditor to achieve its crucial role of ensuring the effective internal controls and efficient use of resources at WIPO. The Group thanked the IOD for the report contained in document WO/PBC/30/5. The report, as in previous years, gave a comprehensive overview of the Organization's functions and the Group considered it as a valuable source of information as well as point of reference throughout the year. As always, the Group encouraged the Secretariat to implement internal audit recommendations in a timely manner. The Group welcomed the fact that the various activities had been undertaken by the IOD in a positive and independent manner. As to the question from the Chair on the alignment of the periodicity of the reports, the Group did not have any specific views at that time, but indicated that individual Member States might have a few words to say on this.

78. The Delegation of the United States of America appreciated the work of the Internal Oversight Division and thanked the IOD for the comprehensive report. The Delegation encouraged the Secretariat to implement open IOD audit recommendations as soon as possible, especially the high priority recommendations prior to 2017 which exposed the Organization to significant risk the longer those recommendations remained open. The Delegation thanked the Secretariat and the IOD for their continued efforts to implement and close audit recommendations. The Delegation would appreciate more information from the Secretariat regarding current efforts being taken to implement the 34 pending recommendations made between 2011 and 2015. The Delegation noted that four programs owned 50 per cent of the open high priority recommendations including communications and human resources. The Delegation welcomed more information on progress of the implementation of those recommendations especially for those programs that had a significant number of open audit recommendations during the last reporting period as well. Regarding the investigation activities, the Delegation noted a nearly 50 per cent decrease in the number of open cases compared to the last reporting period and requested more information on potential reasons for the significant decrease, especially since the External Auditor raised the concern of underreporting in the Organization. To clarify, out of the 19 cases that were closed, five cases were substantiated. The Delegation asked if the remaining 14 cases were closed because they were unsubstantiated or unfounded.

79. The Delegation of Uganda, speaking on behalf of the African Group, commended the Director of IOD for the report contained in WO/PBC/30/5 which summarized the internal oversight activities undertaken in the reporting period in accordance with the Internal Oversight Charter. The Group underscored the important role played by the IOD in ensuring the efficient operation of the Organization through strengthening internal controls and transparency, as well as proposing innovative tools for the execution of mandates of various WIPO bodies. The Group was pleased with the progress made by the IOD to achieve its mandate, including identifying and investigating staff complaints, auditing resource utilization, auditing of physical access security systems, auditing Funds-in-Trusts managed by WIPO, among others. The Group underlined the importance of ongoing evaluations, including audit of the WIPO Policy on gender equality and external quality assessments. The Group welcomed the new focus by the Division to fight against fraud and abuse through proactive and preventative activities, including participation in fraud risk assessment exercises and the design of the fraud awareness-training

model together with the Office of the Controller. The Group thanked the IOD for a number of recommendations that had been made. However, the Group was concerned that the large number of those recommendations, including long-standing ones, were yet to be implemented. The Group therefore encouraged the WIPO bodies to whom those recommendations applied, to ensure their implementation, giving priority to long-standing ones. Regarding the periodicity of the report, the Delegation had no view at that time until after consultation with Member States.

80. The Delegation of China thanked the Director of the Internal Oversight Division for his informative and detailed Report. The Delegation thanked the IOD for all its efforts to increase the internal control and to mitigate risks. The Delegation stated that it was pleased to see that in order to increase the efficiency and working skills of the employees in IOD, it had provided many trainings to its employees. Concerning the audit activity of IOD, the Delegation sought clarification on the PCT netting pilot and paragraph 43. In paragraph 43, it mentioned that it was proposed to make amendment to the PCT Regulations to reflect current netting procedures and practices. That project was a pilot. At different occasions, the Delegation had expressed that with China's current financial regulations, China could not participate in the pilot. Under those circumstances, the Delegation wanted to know in that case, if it was necessary to make amendments to PCT Regulations. The Delegation asked if there was an amendment, then what kind of amendment, and would this amendment to be discussed further by the PCT Working Group before they could draw a conclusion.

81. The Delegation of Singapore, speaking in national capacity, thanked the IOD for the work on the comprehensive report. The Delegation looked forward to the improvement in user experience the visualization could bring. The Delegation noted the positive outlook of the Regional Bureau of the Asia and the Pacific, or ASPAC Bureau in short, in terms of the impact in contributing to WIPO's Strategic Goals and potential growth. The Delegation noted the recommendation for the ASPAC Bureau not to increase the number of projects beyond existing ones, and focusing on quality as they did in paragraph 54. The Delegation sought clarification on the evaluation process of quality and if there were considerations for the continuation of existing projects or possible replacements.

82. The Delegation of Japan supported the statement made by the Delegation of Canada on behalf of Group B. The Delegation thanked the Director of the IOD for his detailed report which provided a comprehensive overview of the IOD's oversight work. The Delegation was of the view that the importance of internal oversight activities should not be underestimated because such activities were essential to ensure that sound management practices were implemented at any organization. The Delegation hoped that the Secretariat would take appropriate steps to address the recommendations made by the IOD.

83. The Secretariat noted that a number of delegations were concerned about the implementation of the outstanding recommendations. The Secretariat stated that it would be remiss if it did not make its traditional intervention on this item. If the delegations looked carefully at the report from IOD, in paragraph 63 it was very clear that the Director General was responsible for ensuring all recommendations made by the Director, IOD and other oversight entities were responded to promptly. The Director General did respond to this call and discharged the responsibility through Program Managers who took that responsibility also equally seriously. The Secretariat pointed out, as it had done in the past, that often the number of audit recommendations that were put forward by the IOD in a given year outpaced those that were closed. In that particular instance, the Secretariat was happy to note that it closed 67 out of the 180 open recommendations. That represented about 37 per cent closed. The Director IOD and his team had added a further 42, which was an increase of 23, which meant that the Secretariat had closed 25 more than were opened in that particular instance. That could be found on page 16 of the Report. The Secretariat also pointed out that on the issue of the open items for more than three years and those which were high priority, the Secretariat had discussed that, as noted from the report of the Chair of the IAOC. Paragraph 43 of the annual

report of the IAOC stated that in view of the high number of long outstanding recommendations by the IOD, the Committee suggested a periodic review to ascertain their continued relevance and to reassess a residual risk level. The Secretariat stated that they also suggested that the IAOC was informed that the Secretariat and the IOD planned to review, by the end of the year, those recommendations that had been made at least three years before. That was a work in progress. The Secretariat hoped that the next time it came back to that Report, it would have a better understanding of the high priority ones or those which were no longer relevant and the figures might correspondingly go down. The Secretariat took that opportunity to stress that it had a very good working relationship with the Internal Oversight Division and were grateful to the IAOC for facilitating that sort of follow-up in order to facilitate its work.

84. In addressing the questions from the Delegation of the United States of America, the Secretariat (Director, IOD) explained that the decrease in the number of cases that year could be attributed to organizational maturity and also, the previous year was exceptionally high with more than 40 cases. That was a very abnormal year. The Secretariat averaged around 30 cases a year, as shown in the past years' data. The decrease could partly be explained due to organizational maturity, and the previous year, there were two initiatives in collaboration with the Office of the Controller on fraud awareness, which was a very extensive program. There was a training module also available online. Therefore, it was a result of all of those activities together. When the External Auditors mentioned underreporting, the Secretariat explained that what was meant by the External Auditors was that in any organization, there could be potential underreporting. The Secretariat pointed out that in the Report, the External Auditors had also compared WIPO's trend to the findings of the UN Panel of External Auditors where it was said that it was within the acceptable limits. To that extent, it was quite normal. On the 14 pending cases, the Secretariat noted that those were cases pending as on the reporting date. They did not include the cases which had been closed because they were unsubstantiated. Coming to the intervention made by the Delegation of China on the PCT Netting Pilot, the Secretariat explained that there were colleagues present who could shed more light on that. From the auditor's perspective, during the audit, the Secretariat found that the pilot project had been extremely successful. Referring to the Report, the Secretariat mentioned that there were considerable savings and ease of operations. Having taken note that the pilot was successful, the Secretariat planned to roll it out further. With that in view, the recommendation for the Secretariat was to make a change in that rule which would facilitate the further unrolling of the netting concept, which had become successful in the pilot.

85. With regard to the intervention made by Delegation of China, which expressed some concerns that China would not be ready yet or for the foreseeable future to move to the netting system, the Secretariat noted that the proposal to move to a netting system had been extensively discussed by the PCT Working Group at its June session a month before. The Working Group unanimously agreed to send a package of proposed rule changes to the PCT Assembly for approval that year. It was very important to note that that package of amended rules would foresee a very flexible system. In essence, for those offices and countries which were ready to move to netting, they would be able to do so based on the amended legal framework under the PCT. For those offices that were not ready to move, they would continue to transfer fees as they did at present. While there was an expectation that offices made an effort to move to the new netting system in the medium to long-term, those offices which might never be ready to move to such a system would still find a legal basis to continue to transfer fees as they did at the moment. Should China not be in a position to move to a netting system in the foreseeable future, it would be able to continue to transfer fees as it did at present.

86. Regarding the intervention by the Delegation of Singapore on the Regional Bureau of the Asia and the Pacific, the Secretariat (Director, IOD) explained that the recommendation it made on not scaling up the projects beyond the existing 10 projects essentially flowed from the concept of sustainability. For evaluations, the Secretariat followed the United Nations evaluation group standards and guidelines, and also the OECD guidelines, as mentioned in the



Charter. With those guidelines, when the Secretariat looked at the concept of sustainability, that recommendation flowed from there, but it did not mean that in the future there could not be any expansion. The Report pointed out that the Secretariat should consolidate on what the Bureau had been doing at that moment and then only take up any further expansion.

87. The Chair retook the floor to reassure delegations that in terms of process, he had heard from one or two of the delegations that they would like more time to consult with Regional Groups on the proposed change to the decision language, in particular the change to the reporting timelines. The decision had been circulated in hard copy for the delegations to review. The Chair informed the delegations that he would come back to the decision paragraph immediately after the lunch break when the plenary reconvened which would give the delegations time to digest it, as necessary, and to talk in their Groups. Before adjourning the agenda item before lunch, the Chair reopened the floor again for further questions, comments, clarifications from the Director of IOD, or from the Secretariat. As there were no further requests for the floor, the Chair proceeded to adjourn agenda item 6. The Chair noted that he would take the formal decision after lunch, whereby the delegations would take note of the annual report and also amend the reporting timelines to bring them in line with other WIPO documents and procedures.

88. After the lunch break, the Chair reopened agenda item 6 and noted that there was an amended draft decision that was circulated in hard copy before lunch, and opened the floor for any comments on that draft decision under agenda item 6.

89. The Delegation of Canada, speaking on behalf of Group B, stated that it had discussions with the Controller and the Assistant Controller, and understood that the wording that would capture the intent would be in the last clause after the comma, would be for that to read, “as well as those of the annual financial statements.” The Group requested the Secretariat to confirm if that was their understanding as well and that it was comfortable with the clarity of the direction that had provided, which would be very helpful.

90. The Chair thanked the Delegation of Canada, speaking on behalf of Group B. The Chair confirmed that the Secretariat agreed that that was coherent, congruent with their understanding, which was about timelines. The Chair proceeded to read out the decision paragraph, which was adopted.

91. The Program and Budget Committee (PBC) took note of the “Annual Report by the Director of the Internal Oversight Division (IOD)” (document WO/PBC/30/5), and requested, for future reports, that the Director of the Internal Oversight Division align the reporting timelines for the Annual Report with those of the IOD’s annual workplans, as well as those of the annual financial statements.

## **ITEM 7 PROGRESS REPORT ON THE IMPLEMENTATION OF THE JOINT INSPECTION UNIT’S (JIU) RECOMMENDATIONS**

92. Discussions were based on document WO/PBC/30/6.

93. The Chair opened agenda item 7, the Progress Report on the Implementation of the Joint Inspection Unit’s (JIU) Recommendations, presented in document WO/PBC/30/6. The Chair explained that that document complemented previous progress reports submitted to the PBC, providing Member States with an update on the progress made on the implementation of the outstanding recommendations addressed to the WIPO legislative bodies resulting from the reviews of the JIU during the period 2010 to the end March 2019. The Chair invited the Secretariat to introduce item 7.

94. The Secretariat explained that the document submitted for the review of the PBC provided an update on the progress in the implementation of the outstanding recommendations addressed to the WIPO Legislative Bodies resulting from the reviews of the JIU during the period 2010 to end March 2019, together with the Secretariat's proposals for the status of those, for consideration by Member States. It was recalled that recommendations addressed to the Executive Head were submitted to the IAOC for their review. Since the last report submitted to Member States, document WO/PBC/28/6, on the same subject, the JIU issued eight Reviews, of which four were relevant to WIPO. New Reviews had been signaled in the Progress Report as such, with the status updates from previous reports highlighting the change from the previous reporting period. As at end March 2019, subject to the endorsement of Member States in respect of recommendations contained in the present report, there would be only one recommendation addressed to WIPO's Legislative Bodies, which would remain outstanding, all other recommendations having been closed, implemented, considered not relevant to WIPO, or not accepted. The Secretariat further explained that as at end March 2019, 86 per cent of all of the 320 JIU recommendations made since 2010, and relevant to WIPO, would have been implemented, with a further nine per cent closed, not relevant or not accepted, and five per cent accepted and in progress of implementation. Finally, the Secretariat wished to highlight that in addition to the monitoring of outstanding JIU recommendations, it continued its work to facilitate and coordinate responses to the JIU's questionnaires, surveys and interviews in relation to ongoing and new reviews. In line with the JIU's Program of Work, six reports were scheduled to be launched that year, with five to be completed from those launched in 2018.

95. The Delegation of Croatia, speaking on behalf of the CEBS Group, thanked the Secretariat for the preparation of document WO/PBC/30/6, Progress Report on the Implementation of the Joint Inspection Unit's Recommendations. The Group noted with pleasure, that 86 per cent of the JIU's recommendations had already been implemented, five per cent were in the process of being implemented and nine per cent were closed as not relevant or not accepted. The Group requested more information on when the remaining five per cent, which were currently being implemented, would be finalized as well as details on the outstanding recommendations on the list of laws, policies and practices.

96. The Delegation of Canada, speaking on behalf of Group B, welcomed the Progress Report on the Implementation of the JIU's Recommendations. The Group was pleased to note that 86 per cent of the 320 WIPO relevant JIU recommendations had been implemented, with further nine per cent closed, not related or not accepted, and five per cent accepted and in the process of being implemented. The Group welcomed more information about how the recommendations from the JIU reports on the review of Whistleblower Policies and Practices in the UN system were implemented since, according to the progress reports, only two recommendations remained outstanding. The Group welcomed information about those two outstanding recommendations and the plan for their implementation.

97. The Delegation of China thanked the Secretariat for updating the Progress Report on the Implementation of the JIU's Recommendations. The Delegation appreciated that as of the end of March 2019, 86 per cent of the recommendations had been implemented. The Delegation believed that the implementation of the recommendations was conducive to improving the work of WIPO, and also could be more coordinated with the UN system. The Delegation looked forward to further work in that area.

98. The Delegation of the Russian Federation thanked the Secretariat for the preparation of the report. The report helped the Delegation understand what had been achieved and the successes in that direction. The Delegation noted with pleasure that at the end of March 2019, 86 per cent of all of the recommendations of the JIU from 2010 onwards had been implemented and five per cent more were being implemented. The Delegation saw ongoing progress with regard to the Legislative Bodies undertaking a system-wide approach. The Delegation asked for additional information on those recommendations which had not been implemented. In the

future, the Delegation hoped to work together closely with WIPO and the JIU in preparation of reports on the provision of services, and also on the report on multilingualism within the UN system, which was expected for 2020. The Secretariat had taken all of the necessary measures and the Delegation thanked them once again for preparation of that report.

99. The Delegation of the United States of America supported the statement made by the Delegation of Canada on behalf of Group B. The Delegation thanked the Secretariat for the report and its efforts to implement new Joint Inspection Unit recommendations. Though much progress had been made in implementing the JIU recommendations, the Delegation encouraged the Secretariat to implement additional measures to ensure adequate evaluation of the implementation of those recommendations. The Delegation noted that two of the recommendations in the JIU Report on the review of the Whistleblower Policies and Practices in the UN system were listed as outstanding and addressed to the Executive Head. The Delegation requested clarification on what those recommendations were and whether the rest of the recommendations from that report were considered implemented. The Delegation noted that all the recommendations from that report applied to WIPO except for recommendations 1, 2 and 4. The Delegation encouraged the Secretariat to fully implement the recommendations from that Report, including the best practice indicators under recommendation 3. Lastly, the report stated that recommendation 2 from the JIU report on air travel policies in the UN system was accepted and in progress. The Delegation reiterated its question from the 28th PBC session as to whether the JIU intended that recommendation on the elimination of the first-class travel to include the Heads of UN organizations. The Delegation believed that Executive Heads of organizations should lead by example and not travel first-class as much as possible. Heads of organizations should consider not only the costs but also the public optics of consistently traveling first-class leading a UN organization.

100. The Delegation of Mexico thanked the Secretariat for the information provided on the various recommendations from the Joint Inspection Unit. The Delegation supported the implementation of those recommendations. The Delegation then referred to the recommendation on accessibility for persons with disabilities, recommendation 10. The Delegation welcomed the commitment to the implementation of recommendation 10, which would enable the Delegation to receive information periodically on the implementation of various measures for providing accessibility within the Organization for persons with disabilities. Recommendation 3 indicated that the Organization ought to designate a focal point on the accessibility for persons with disabilities. The Delegation asked whether the Secretariat was going to implement that or if there was already a focal point on that topic within the Organization. The Delegation noted that it would be pleased to hear the Secretariat's comments on that and were also interested in a response from the Secretariat on the question that had been raised by the Delegation of the United States of America.

101. The Secretariat thanked the delegations for their various comments. The Secretariat explained that with the JIU, there were two sets of recommendations, those that were addressed to the Legislative Bodies, which the Secretariat presented to the PBC every year as a standing item, and those that were directed at the Executive Head, which were then reported to the IAOC. The Secretariat referred the delegations to paragraph 45 of the IAOC report, where it was clearly marked that the IAOC was satisfied with the progress made in the implementation of the recommendations addressed to the Executive Head and were appreciative of the structured manner in which the Secretariat monitored and reported on their implementation. At the time of that report, there were only 14 outstanding recommendations from JIU reports issued in 2018 and prior years, most of which were under active implementation, and those referred to the Executive Head. What was outstanding was one recommendation, which pertained to the air travel, which was discussed extensively the previous year, and still remained open. The feedback from the JIU was that it was not specifically addressed to the Executive Heads of UN entities, but it was left to each entity to decide whether they wished to or not wished to apply to their respective Executive Heads or

take that one forward. At the moment, the recommendation remained open because the Secretariat had not yet internally decided on the way forward. It would be nice, maybe in future years, to have those recommendations addressed to Executive Head, on which the Secretariat reported to the IAOC, be tackled directly at the debrief the delegations had with the IAOC, where the IAOC had gone through the JIU recommendations addressed to the Executive Heads rather than bring it to the PBC. However, given the fact that there had been a request on that particular issue, the Secretariat read out the two recommendations which were still open. As far as the Whistleblower report was concerned, "By the end of 2019, executive heads of United Nations system organizations should ensure that all supervisors and managers are required to complete specific training on whistle-blowing policies and on how to appropriately respond to and handle misconduct/wrongdoing and retaliation reports." The second open recommendation stated, "By 2020, executive heads of the United Nations system organizations should conduct global staff surveys on a biennial basis, in order to gauge staff views on the "tone at the top" issues, accountability and ethics-related topics and to develop a comprehensive action plan to address the issues identified." The Secretariat was very happy to report that on both of those counts, the Secretariat would be addressing those and closing those in the course of 2021. On the question regarding accessibility from the Delegation of Mexico, the Secretariat confirmed that it had a focal point in HRMD who coordinated with various entities including the Premises and Infrastructure Division, which looked at all of the physical aspects and infrastructure aspects which needed to be adopted. The Secretariat had commissioned various studies and there was another one the Secretariat would be looking at carefully going forward. The Secretariat would be very happy to take that one forward. The Secretariat was working on a brochure to clarify and address that issue at a future Assemblies.

102. As there were no further requests for the floor, the Chair read out the decision paragraph which was adopted:

103. The Program and Budget Committee (PBC):

- (i) took note of the present report (document WO/PBC/30/6);
- (ii) welcomed and endorsed the Secretariat's assessment of the status of the implementation of recommendations under:
  - JIU/REP/2018/7 (Recommendation 9);
  - JIU/REP/2018/6 (Recommendation 10);
  - JIU/REP/2017/7 (Recommendation 1); as set out in the present report; and
- (iii) called on the Secretariat to propose assessments for the open recommendations made by the Joint Inspection Unit (JIU) for Member States' consideration.

## **ITEM 8 WIPO PERFORMANCE REPORT**

104. Discussions were based on document WO/PBC/30/7.

105. The Chair turned to the Program Performance and Financial Reviews section, agenda item 8, the WIPO Performance Report for 2018. The Chair explained that the WIPO Performance Report (WPR) for 2018 was a self assessment of progress in delivery towards the achievement of organizational results for 2018. The Chair suggested that the PBC structure its discussion on the WPR by Strategic Goal. The Chair mentioned that the Secretariat would coordinate the availability of Program Managers as discussions proceeded. The Chair then invited the Secretariat to introduce the document.

106. The Secretariat explained that the WIPO Performance Report for 2018 was a mid-biennium report, focusing on progress made towards achieving the Expected Results with the resources approved in the Program and Budget 2018/19. Based on the assessment of the performance data for 2018 for each of the 440 program performance indicator targets: 317 were assessed as “On Track”, which constituted 72 per cent; 88 were assessed as “Not on Track”, which constituted 20 per cent of the indicators; 21 were assessed as “N/A 2018”, which constituted 4.8 per cent; five were assessed as “Not Assessable”, which constituted one per cent; and nine were assessed as “Discontinued”, which constituted 2 per cent. In assessing performance, the impact of risks identified in the Program and Budget 2018/19 were duly taken into consideration. A more in-depth risk analysis and impact on the delivery of expected results, as well as the lessons learned, would be provided in the WIPO Performance Report for the full biennium 2018/19. The Secretariat recalled that the design, planning and implementation of WIPO's activities continued to be guided by the relevant Development Agenda (DA) Recommendations in 2018. A detailed reporting on the implementation of the DA recommendations would be provided in the WIPO Performance Report for the biennium 2018/19.

107. The Chair opened the floor for general comments on the financial and results overview of the WIPO Performance Report for 2018.

108. The Delegation of Latvia, speaking on behalf of the CEBS Group, thanked the Secretariat for the preparation of the document WO/PBC/30/7 which presented a comprehensive financial and results overview as well as performance dashboard by strategic goal. The Group noted with pleasure the positive achievements in different areas, notably as regards treaty accessions, which included 44 accessions in 2018, which was another record year in the use of WIPO's IP services. The Group also noted an 87 per cent growth in the use of the Inventor Assistance Program, the developments regarding the cutting-edge Artificial Intelligence (AI) neural machine translation tool, and the enhanced interest in the Global Innovation Index and Accessible Books Consortium.

109. The Delegation of China thanked the Secretariat for the WPR for 2018. The WPR allowed Member States to comprehensively understand the work carried out and the achievements made by WIPO in 2018. The Delegation noted its appreciation that over the past year, the overall work of the Organization had been carried out smoothly and that 72 per cent of indicators were “On track”, and results had been achieved under various strategic goals. In particular, 44 Member States had acceded to the 26 WIPO-administered treaties, a record high, which further expanded the range and influence of the WIPO-administered treaties, the PCT System, the Hague System and the Madrid System. The Delegation noted that various service applications were growing constantly. PATENTSCOPE, the Global Brands Database and the Global Designs Database had further expanded. Technology Innovation Support Centers (TISCs) networks globally had increased by 10 per cent. At the same time, in implementing Sustainable Development Goals, WIPO had also achieved a certain progress. WIPO Re:Search had established 18 new research and development (R&D) collaborations and WIPO GREEN had also resulted in three agreements. With regard to the achievements made by WIPO in 2018, the Delegation extended its appreciation and hoped that the Secretariat would strengthen the relevant work; in particular, the indicators that were “Not on Track”, as well as the “Not Assessable” and “Discontinued” indicators should be further assessed to see whether they could be reused. The Delegation hoped that at the end of the 2018/19 biennium, the Organization would achieve more results according to its plan.

110. The Delegation of Canada, speaking on behalf of Group B, thanked the Secretariat for the preparation of the comprehensive WPR for 2018. The Group welcomed the record year for WIPO across several areas of programmatic performance, including treaty accessions, the use of WIPO services, the growth of the Inventor Assistance Program, the interest in the Global Innovation Index and the popularity of the Accessible Books Consortium.

111. The Delegation of Japan commended the Secretariat for its hard work in preparing the detailed version of the WPR 2018 for the 30<sup>th</sup> PBC session. According to the financial and results overview, the total income after IPSAS adjustment was 420.1 million Swiss francs, 51 per cent of 2018/19 budgeted estimate of 829.6 million Swiss francs. The total expenditure after IPSAS adjustment was 360.8 million Swiss francs, i.e. 47 per cent of the 2018/19 budgeted estimate of 764.6 million Swiss francs. The Delegation welcomed the increase in fee-based income and acknowledged that fee income from the PCT System accounted for a large part of the total increase in fee-based income. The Delegation appreciated the Organization's work to reduce expenses and looked forward to the Organization's continuous effort in that regard. Regarding Performance Dashboards by Strategic Goal in 2018, the Delegation stated that out of a total of 440 performance indicator ratings in the Program and Budget for 2018, 317 indicators, or 72 per cent, had been assessed as "On Track". The Delegation was pleased to see the hard efforts made by the Secretariat in implementing the programs. In particular, the Delegation strongly supported WIPO's efforts for Program 13 (Global Databases) to develop global databases such as the PATENTSCOPE, WIPO CASE, Global Brand Database, and Global Design Database; and establish a WIPO Advanced Technology Applications Center (ATAC) to provide research and development work in finding ways to use advanced technologies such as AI. In addition, Programs 9, 18, 25 and 30 were essential programs conducted by the Organization. The Delegation looked forward to improvements in those areas in the future.

112. The Delegation of the Russian Federation thanked the Secretariat for preparing the WPR for 2018. The Delegation noted with satisfaction the good financial results for 2018. As a result of sustained increase in demand for WIPO services, there had been a growth in the registration systems because more countries had signed up to the WIPO treaties. The Delegation noted with satisfaction the progress in achieving the Expected Results, an achievement rate of 72 per cent. It also noted that the number of States represented in the WIPO Secretariat, had increased to 121. However, there was a need not only to seek growth in the number of States represented, but also in the distribution of posts among them. More work was required to guarantee a fair geographical distribution. Furthermore, the Delegation noted that the expenditure of Program 23 – HRMD had reached 62 per cent in 2018 of the approved 2018/19 budget. The Delegation believed it was important to include in the work program, new machine translation systems using AI as it would be useful to use that tool to translate materials of interest to Member States. In particular, by using automated means, translations into Russian could be prepared for international patent classifications which would enable patent examiners to better classify patent documents, and to better carry out their searches. Among the important results achieved that year, the Delegation also noted the setting up of a new database, Pat-INFORMED (the Patent Information Initiative for Medicines) on medicines and an expansion of the distance learning programs of about 40 per cent. That was a significant contribution to further enhancing knowledge about IP. The Delegation noted with satisfaction the effective functioning of the External Offices. Those External Offices were important for achieving WIPO's goals, and providing global services in various parts of the world.

113. The Delegation of the Republic of Korea expressed gratitude to the Secretariat for preparing the WPR for 2018. The Delegation was pleased with the key achievements in the programs related to development of a Balanced International Normative Framework for IP, Global IP Services, Global IP Infrastructure, and Efficient Administrative and Financial Support. In particular, the Delegation took note of the achievements regarding WIPO Translate, the cutting-edge AI-based neural machine translation tool for translating patent documents that had been launched in 2016, and which had been adopted by the Republic of Korea in 2018. That AI-based translation tool outperformed other products. The Delegation expected that this tool and service would provide IP users with high quality translation services and easy access to information on patents and new technologies.

114. The Chair retook the floor and proposed to review the WPR by Strategic Goal in order to pick up any technical questions or comments from delegations. The Chair opened the floor for comments on Strategic Goals I, II, III, IV and V.

115. The Delegation of Brazil was very pleased to be under the Chair's leadership and for him to guide the delegations on the remaining subjects regarding the PBC. The Delegation thanked the Secretariat for its hard work in preparing the documents, especially the WPR for 2018. The Delegation highlighted the progress made in Program 4 as regards Genetic Resources, Traditional Knowledge and Cultural Expressions and expressed high expectations on reaching positive legislative outcomes in the Intergovernmental Committee on Intellectual Property and Genetic Resources, Traditional Knowledge and Folklore (IGC).

116. The Secretariat thanked the delegations for their positive comments that were received on the WPR. The Secretariat had also noted the areas of importance that the delegations wished the Secretariat to focus on and make improvements going forward.

117. The Chair opened the floor for comments on Strategic Goals VI, VII, VIII, IV, Annexes and Appendices.

118. Coming back to Strategic Goals I-IV, the Delegation of Brazil stated that under Program 5 (The PCT System), it was pleased with the results of 90 per cent on the level of satisfaction of PCT users in 2018 and of 98 per cent on the level of satisfaction of institutes and international authorities. The Delegation was committed to an integrated and harmonized IP System. Under Program 6 (The Madrid System), the Delegation noted with satisfaction the results achieved, and was pleased to announce that on July 2, 2019, Brazil had joined the Madrid System. As of October 2, 2019, Brazilian companies would be able to file a single application for trademarks that could be valid in up to 120 countries benefiting brand owners in Brazil and beyond. The Delegation was currently discussing, with the Madrid Legal Division, the translation of the Madrid goods and services list into Portuguese enabling the proper functioning of the Madrid Protocol and System in its Trademark Office. Integration of the Industrial Property Administration System (IPAS) version utilized by its Trademark Office with the Madrid System was also advanced. The entry into force of the Madrid Protocol for Brazil would lower the cost of doing business in the country and allow Brazilian companies to benefit from a much simpler procedure to register trademarks worldwide. By joining the Madrid System, Brazil underlined its commitment to the multilateral IP System, to the modernization of its economy and to economic prosperity in innovation in a market economy environment. Moving to Program 11 (The WIPO Academy), the Delegation was pleased with the level of cooperation achieved with the WIPO Academy, especially the customization of courses and the number of participants reached which helped increase further knowledge in IP. In Program 12 (International Classifications and Standards), the Delegation believed it was important for WIPO to properly follow and adjust to the adaptation capacity of Member States especially concerning ST.26. Performance data indicated that only six offices were preparing to implement ST.26, which might indicate that national offices were facing further difficulties in the transition and adaptation of the tool. That demonstrated that more consultations were needed as regards support and technical assistance, with the aim of improving the uptake. Finally, in Program 15 (Business Solutions for IP Offices), the Delegation supported the inclusion of the performance indicator measuring the level of satisfaction of national patent offices as regards implementation, maintenance and improvement of IPAS. The Delegation hoped that IPAS could be expanded to other fields such as industrial design and geographical indications.

119. As there were no further requests for the floor, the Chair proceeded to read out the decision paragraph, which was adopted.

120. The Program and Budget Committee (PBC), having reviewed the WIPO Performance Report (WPR) for 2018 (document WO/PBC/30/7), and recognizing its

nature as a self assessment of the Secretariat, recommended that the Assemblies of WIPO note the positive financial performance and Programs' progress towards achieving the expected results in 2018.

## **ITEM 9 ANNUAL FINANCIAL STATEMENTS 2018; STATUS OF THE PAYMENT OF CONTRIBUTIONS AS AT JUNE 30, 2019**

### **(A) ANNUAL FINANCIAL REPORT AND FINANCIAL STATEMENTS 2018**

121. Discussions were based on document WO/PBC/30/8 Rev. and WO/PBC/30/9.

122. The Chair introduced agenda item 9 (a), the Annual Financial Report and Financial Statements for 2018, document WO/PBC/30/8 Rev. The Chair explained that in accordance with Regulation 8.11 of the Financial Regulations and Rules, the PBC is required to examine the Financial Statements and to forward them to the General Assembly with comments and recommendations. The Chair invited the Secretariat to introduce the report.

123. The Secretariat stated that the Annual Financial Statements for 2018 included the Annual Financial Report and the Financial Statements for the year ended December 31, 2018. The Financial Statements had been prepared in accordance with International Public Sector Accounting Standards, or IPSAS, and had received an unqualified audit report. For the first time, the document also included WIPO's Statement on Internal Control, which had previously been included with the Report of the External Auditor. The Financial Report provided a discussion and analysis of the results for the year and gave a detailed explanation of the constituent parts of the financial statements themselves which was to be found under "Overview of the Financial Statements" on page 5 of the English version. The statements themselves were followed by two tables in annexes I and II, which were non-obligatory for IPSAS compliance purposes but provided details of the financial position and financial performance of the Organization by business unit. The Organization's result for 2018 showed a surplus for the year of 42.5 million Swiss francs with total revenue of 430.6 million Swiss francs, total expenses of 375.9 million Swiss francs, and investment losses of 12.2 million Swiss francs. That could be compared to a surplus of 18.6 million Swiss francs in 2017, with total revenue of 409.1 million Swiss francs, total expenses of 394.8 million Swiss francs, and investment gains of 4.3 million Swiss francs. Total revenue in 2018 was up by 21.5 million Swiss francs, or 5.3 per cent on the 2017 figure. Total expenses in 2018 were down by 18.9 million Swiss francs, or 4.8 per cent, compared to 2017. The Organization's net assets, consisting of its Reserves and Working Capital Funds, had increased from 202.7 million Swiss francs in 2017 to 261.4 million Swiss francs as at December 31, 2018. That increase was a result of WIPO's surplus for 2018, and also actuarial gains from the latest valuation of WIPO's liability for after-service health insurance (ASHI) at the end of 2018. Both the External Auditor and the IAOC in their recent reports had suggested that additional reporting on investments be made to the PBC. The Secretariat took the opportunity to provide information which supplemented the extensive disclosure contained within the Financial Statements, notably under note 4. Implementation of the investment strategies for Strategic and Core cash, in accordance with the Policy on Investments, commenced in September 2017 and was completed by February 2018. In 2017, WIPO invested approximately 172.1 million Swiss francs of Core cash and 92.8 million Swiss francs of Strategic cash. Subsequent to the implementation, monitoring and reporting of WIPO's investments had been carried out on a regular basis by the Organization's investment advisors, custodian bank, Finance team and by the Advisory Committee on Investments which received regular reports. The Organization's External Auditors were satisfied with their reviews of the Organization's investments during the financial audits carried out in respect of 2017 and 2018. Additionally, the IAOC, in its review of WIPO's reporting on investments in 2018 confirmed that adequate mechanisms had been established by the Organization to manage, maintain and monitor the Organization's investments. In 2018, the Organization added approximately



32.1 million and 96 million Swiss francs into its Strategic and Core cash portfolios respectively. The additional investments in the strategic cash portfolio reflected the increase in the amount attributed to the funding of Long-term Employee Benefits, namely ASHI. For the Core cash portfolio, the additional investments were possible using cash generated by the Organization over and above the amount required to cover the Organization's operating cash requirements. Similarly, another 1.5 million and 46.1 million Swiss francs were added to Strategic and core cash portfolios respectively in the first half of 2019. In a very challenging year for investments in 2018, the Organization's investment returns within the Strategic and Core cash portfolios recorded losses of -5.3 per cent, and -4.1 per cent or approximately -6.3 million and -9.6 million Swiss francs respectively. Despite the difficult market conditions, the investment returns were consistent with the performance benchmarks that were assigned to the strategies. During the first half of 2019, the Organization's investments within the Strategic and Core cash portfolios recouped the 2018 losses by recording gains of 8.3 per cent and 7.1 per cent or approximately 10.1 million and 19.1 million Swiss francs respectively. The investment strategies for Strategic and Core cash reflected the medium and long-term objectives of the Organization and remained unchanged since their inception in 2017.

124. The Delegation of Canada, speaking on behalf of Group B, thanked the Secretariat for preparing and introducing the Annual Financial Report and Financial Statements for 2018. The Group welcomed the positive financial result for 2018 and noted that it was once again attributable to continued growth in the use of WIPO services. The Group called for continued financial and management caution and prudence. The Group was pleased to see that view was shared and applied by the Secretariat.

125. The Delegation of Latvia, speaking on behalf of the CEBS Group, thanked the Secretariat for the preparation and introduction of the Annual Financial Report and Financial Statements for 2018, as outlined in the document WO/PBC/30/8/Rev. The Group shared its satisfaction with the very positive financial performance of the Organization, and noted another record year in the use of WIPO's IP services. The Group equally appreciated responsible management of financial resources of the Organization, and believed the Organization would remain on that path.

126. The Delegation of China thanked the Secretariat for the informative report on the Annual Financial Report and Financial Statement for 2018. That report as well as its annexes reflected fully the transparency and the prudence and management style of the Organization. The Delegation thanked and congratulated WIPO for its sound financial situation for so long a time, and stated that it was mainly because of the development of PCT, the Hague and Madrid System as well as the increase of application numbers. The Delegation was of the view that at the moment of the globalized economy and the many challenges and problems, there were many uncertainties. The Delegation expressed that it wanted to see the Organization continue its investment in the IP services systems by increasing the resources in human resources and IT, so that services would be of better quality in order to attract more and more clients to use IP services.

127. The Delegation of the United States of America acknowledged WIPO's strong overall financial performance during 2018. Prudent cost containment in the areas of personnel and furniture and equipment, coupled with strong revenue from two of the unions for the period, had yielded a surplus of 42.5 million. During that period of financial surplus, 3.5 million went toward the ASHI liability. The Delegation asked if consideration should be given to increasing the contribution towards that unfunded liability from the surplus achieved which would further strengthen the financial position of the Organization. An ongoing concern for the Delegation was the underperformance of the Lisbon and Hague Systems which did not cover their own expenses or contribute meaningfully to the Organization's finances.

128. As regards to the Statement on Internal Control on page 24 of the document and in light of the IOD case and procurement reference by the External Auditor on page 19 of the Report by the External Auditor, the Delegation of Canada was interested in understanding some of the rationale for the revised procurement policy and procedures. Specifically, the alternative sought to competitive processes and the strengthening of vendor confidentiality.

129. The Delegation of the Russian Federation thanked the Secretariat for preparing the document. The Delegation noted that WIPO was achieving positive financial results and hoped that it would keep up its positive results in the next few years. The Delegation welcomed the good results on the surplus, which was 42.5 million Swiss francs, and noted that there was a 21 million franc increase in the income, which was thanks in part to the increased revenue from the PCT. The Delegation hoped that positive trend would continue in the future and would lead to a growth in all the systems of the Organization.

130. The Delegation of Japan supported the statement made by the Delegation of Canada on behalf of Group B. The Delegation thanked the Secretariat for preparing the Annual Financial Report and Financial Statements for 2018. The Delegation was pleased with the positive financial situation in 2018, during which WIPO recorded a surplus of 42.5 million Swiss francs after IPSAS adjustment. The positive financial situation was the result of WIPO's proper administration of international filing systems. The Delegation hoped that the Secretariat would continue to make efforts in that regard.

131. In addressing the point raised by the Delegation of the United States of America on the proposal that was made at the previous PBC session to increase the financing of the Long-term Employee Benefits liability, the Secretariat recalled that it had made a proposal to restore the coverage level back to 50 per cent, which was the original proposal in 2013. That proposal was accepted by the PBC in the 29th session, and a proposal to raise the financing by 38.3 million Swiss francs would go forward to the Assemblies. In addition to that, it was possible that at the end of 2019, the Organization would be able to make a top-up towards the financing of the ASHI liability. If actual personnel expenditure came in below budgeted personnel expenditure, there would be a margin to use and it might be able to add to that financing still further. For the moment, the proposal to the Assemblies would bring the coverage up to 50 per cent. On the question from the Delegation of Canada on procurement, the Secretariat recalled that in 2017, the procurement rules within the Financial Regulations and Rules were changed and strengthened. That needed to be reflected adequately as a follow up in the procurement manual. One of the outstanding audit recommendations was to have a procurement manual brought up-to-date and that manual was finally completed in 2018 and reflected all the measures taken to strengthen the internal controls.

132. As there were no further requests for the floor, the Chair proceeded to read out the decision paragraph, which was adopted.

133. The Program and Budget Committee recommended to the General Assembly and other Assemblies of the Member States of WIPO, to approve the "Annual Financial Report and Financial Statements 2018" (document WO/PBC/30/8 Rev.).

#### (B) STATUS OF THE PAYMENT OF CONTRIBUTIONS AS AT JUNE 30, 2019

134. Discussions were based on document WO/PBC/30/9.

135. The Chair introduced agenda item 9 (b), the Status of the Payment of Contributions as at June 30, 2019, document WO/PBC/30/9. The document provided details of the status of the payment of contributions as at June 30, 2019, including information concerning the evolution, since 2009, of the arrears in contributions and in payments towards the Working Capital Funds. The Chair invited the Secretariat to introduce the report.

136. The Secretariat stated that the document contained information concerning the arrears in annual contributions of Member States and in payments towards the Working Capital Funds, as at June 30, 2019. The annexes contained information regarding the unitary contribution system and the status of contributions and working capital funds for the 2018/19 biennium. One country, Uruguay, had paid its contribution for 2019 since preparation of the document, which was an amount of 5,697 Swiss francs.

137. As there were no requests for the floor, the Chair proceeded to read out the decision paragraph, which was adopted.

138. The Program and Budget Committee (PBC) took note of the “Status of the Payment of Contributions as at June 30, 2019” (document WO/PBC/30/9).

## **ITEM 10 ANNUAL REPORT ON HUMAN RESOURCES**

139. Discussions were based on document WO/PBC/30/INF/1.

140. The Chair introduced agenda item 10, the Annual Report on Human Resources, document WO/PBC/30/INF/1. The Chair explained that the document had been submitted to the PBC for information purposes in accordance with the decision taken by the PBC at its September 2012 session, when it “requested that the Human Resources annual report to the Coordination Committee be also presented in the Autumn Session of the PBC for consideration.” The Chair reminded the delegations that there was no decision under that agenda item. The Chair invited the Secretariat to present the report.

141. The Secretariat stated that the focus of Program 23 in 2020/21 would be to provide the enabling environment for WIPO to successfully implement its ambitious and forward looking program of work which included IP services to global clients, development services to Member States and businesses, and the advancement of the normative agenda among others. The workforce of WIPO was key to the achievement of the proposed program of work. The roadmap for the management of the workforce was outlined in the Human Resources Strategy which had the following pillars: to support a sustainable future for WIPO as a self-funding specialized agency of the UN in a fast-changing environment; to ensure a diverse and inclusive workforce to create an innovative workplace; to promote WIPO as an employer of choice through best talent management practices; and to provide efficient customer service-oriented processes, client-responsive communication and data-driven decision-making. The details of that were available in the Human Resources (HR) report. In the sourcing of talent, the Organization faced a number of challenges, which were specific to its mandate and which might not apply to the same extent in other UN organizations. One of those challenges was related to the fact that the Organization’s services were largely based on IT platforms and systems which were subject to significant and rapid evolution of technology which presented both opportunities and risks. Opportunities were in the potential improvement of existing services and emergence of new services. Risks lay in ensuring that the Organization had the staff with the right skills to develop and operate new technologies and systems. In a number of specialized fields, there was significant global competition for talent. There was great talent in the Organization and it had been successful in developing systems related to its mandate which were innovative and which benefited its global clients. To retain such talent, the Organization had to provide space and opportunity for innovation and a package of benefits attractive and comparable to what other international employers offered. Another area to which the Organization needed to pay close attention was geographic diversity. The Organization’s professional workforce currently consisted of 123 nationalities, however, there was still a long list of unrepresented Member States. The Secretariat had been directed by the WIPO Assembly in 2016 to undertake further outreach measures and to address the imbalances, and those outreach efforts were underway. Several outreach missions were undertaken in the reporting period. There had been good engagement by Member States which resulted in the appointment of focal points which assisted

the Organization in ensuring potential job applicants received information about vacancies in a timely manner. The Organization would continue to make progress on gender balance and gender mainstreaming. More work needed to be done in the coming biennium in advancing gender balance at senior levels. Creating and enabling a work environment with family friendly policies, flexibility in working hours and a good benefits package were key elements for attracting good female candidates to the Organization. WIPO Talent Pools, mentoring, coaching and staff development programs were some of the tools to help advance in that area. The Organization was an active member in the UN common system and engaged in human resource policy development at the UN common system level. The Organization's policies were closely aligned with those of other UN organizations. In January 2020, the Organization would introduce retirement age of 65 for all staff. The Organization expected for the coming years nearly no staff would retire which posed challenges for workforce planning and renewal. The two-year delay approved by the WIPO Coordination Committee in 2017 had been very helpful in addressing skills imbalances, and particularly, to increase the Organization's capacity in Asian languages in the PCT. With regards to the WIPO Rewards and Recognition Program, the Secretariat noted that it had some discussions with the delegations on that subject and recalled that WIPO's Rewards and Recognition Program was first introduced in 2013 as a pilot. Since then it had been refined and modified several times. In 2016, an evaluation by the Internal Oversight Division was undertaken and the recommendations of that evaluation were integrated in a revised policy. The program was an integral part of the Organization's performance management system and encouraged desirable behavior through public acknowledgment and appreciation reflecting WIPO's core values. There were a number of financial rewards, and it was granted to individuals and teams every year. WIPO's Senior Management Team played a key role in deciding which staff members and teams should receive those rewards. In 2019, 26 staff members would receive individual financial rewards for outstanding work accomplished in 2018 and five teams would get a financial reward for exceptional team performance. The Organization would also recognize four staff members for achievement related to innovation and efficiency gains, three staff members would receive a financial reward for making significant contributions to a positive and harmonious work environment in 2018. The organizational performance reward, which was paid in 2018, was made following the good financial performance of the Organization in the 2016/17 biennium. WIPO's policy reflected the guidance provided by the ICSC which included that the financial reward should not exceed 10 per cent of net remuneration and that the overall budgetary cap for cash and non-cash rewards should not exceed 1.5 per cent of overall remuneration costs. In 2019, an amended policy was issued and included the request from Member States to exclude from organizational rewards, any staff whose performance was rated below effective. The annual report would be made available to the Coordination Committee. It provided an overview of HR management achievements and policy developments, for example, a new time management system was introduced in January 2019 which gave staff options for flexible working and it improved work life balance. In 2018, the Organization had established its own Medical Unit which drove the staff well-being strategy. A day care pilot for preschool children of WIPO staff would start in September 2019. That was a temporary arrangement for an initial two-year period while the Secretariat explored longer-term options. A year-long initiative was underway to eradicate all forms of harassment including sexual harassment at WIPO. The Organization was working closely with other UN system organizations in aligning WIPO's tools and policies in that regard. The WIPO Internship Program was updated recently in line with JIU recommendations. The Organization was celebrating 20 years of the Internship Program and in that period, some 650 interns had graduated from WIPO. The HR report was accompanied by a brochure which provided a number of HR statistics for information.

142. The Delegation of Croatia, speaking on behalf of the CEBS Group, thanked the Secretariat for drafting the Annual Report on Human Resources as contained in the document WO/PBC/30/INF/1 and acknowledged efforts invested in its preparation. The Group supported the efforts towards greater geographical distribution and gender balance among the employees. The Group took note that the sound financial situation had also been attributed to the efficient

performance of staff and the Group thanked them for their work and cooperation. The Group also believed that efficiency should be adequately rewarded as it enhanced motivation.

143. The Delegation of Singapore, speaking on behalf of the Asia and the Pacific Group, thanked the Secretariat for the preparation of the Annual Report on Human Resources. The Group noted the increase in workforce productivity attributable to the PCT and Madrid Systems. The Group appreciated WIPO's commitment to gender balance and the continued implementation of the Organization's Gender Action Plan 2019-2021. The Group was heartened by the renewed effort in improving geographical distribution of the staff and looked forward to improved outreach efforts to unrepresented Member States for enhancing geographical distribution. The Group also noted numerous programs aimed at staff development and learning, as well as support for staff welfare.

144. The Delegation of Canada, speaking on behalf of Group B, thanked the Secretariat for the preparation of the Annual Report on Human Resources. The Group welcomed the continuous improvement of the report which established its role as a key source of information for Member States on the WIPO human resources issues. The Group continued to expect WIPO, as a member of the UN common system, to follow closely the guidance of the ICSC on issues such as salary level, compensation packages and rewards programs. The Group looked forward to discussions on those issues at the next session of the Coordination Committee. With respect to recruitment, the Group reiterated the importance that recruitment should be conducted based on merit and on the highest standards of efficiency, competence and integrity. That overarching principle was essential in order to achieve the unique mandate of the Organization. With that in mind, the Group appreciated and supported the Secretariat's ongoing efforts towards greater geographical diversity and improved gender balance.

145. The Delegation of Uganda, speaking on behalf of the African Group, thanked the Secretariat for preparing and presenting the Annual Report on Human Resources. The Group acknowledged HRMD's continuing efforts to improve the skill sets and welfare of staff, as well as a harmonious working environment through innovative policies and programs. The Group welcomed progress made in the implementation of WIPO's policy on gender equality and expressed its appreciation for the contribution of WIPO to the UN system-wide action plan on gender equality and employment of women. The Group was also pleased to note that from 2016, the percentage of female candidates that were selected for WIPO positions had been increasing and encouraged the Secretariat to intensify efforts aimed at sustaining that positive trend and more generally to promote effective gender equality at all levels. With regard to geographical representation, the Group noted the positive progress in efforts to bridge existing gaps in Member States' representation with six Member States newly represented among WIPO staff in 2018. The geographical diversity saw the number of Member States represented grow to approximately 121. However, the Group remained concerned that some geographical regions remained inequitably represented. In that regard, the Group encouraged the Secretariat to provide more concise information on the regional distribution of WIPO staff by positions and categories, as well as on the regional staff representation with regard to advancement and promotion framework. The Group welcomed improvements introduced to WIPO's Internship Program especially with regard to increasing the participation from nationals of unrepresented Member States. The Group encouraged the Secretariat to promote more initiatives to expand the number of interns taking part in the program especially from unrepresented and underrepresented Member States.

146. The Delegation of Honduras, speaking on behalf of GRULAC, welcomed the Annual Report on Human Resources. The Group gave great importance to the human resources of the Organization particularly so that it could be ensured that there would be a greater geographical and gender balance. The Group underlined the importance of ensuring that there was greater representation of Member States in regards to the Professionals in the Organization. The Group welcomed the progress made. Nonetheless, there was a way to go so that there would

be greater proportionality within WIPO regarding the Member States. The Group noted that 30 different nationalities represented only 20 per cent of the geographical representation. The Group noted that many of those came from Western Europe and the Asia and Pacific area. The Group believed that there needed to be a greater geographical balance and called on all Member States of WIPO to continue to make efforts on that. The Group believed that it would be a good opportunity to improve representation to call on young people from Member States that were underrepresented. The Group congratulated WIPO on the continued progress on the gender equality indicator for the United Nations particularly regarding previous results. Nonetheless, there needed to be a better policy so that there would be greater inclusion of women in the Organization, particularly regarding high-level positions. Professional support systems and talent identification tools should be explored further. The Group called for identifying the barriers so that they could be removed. The Group was also pleased to see that in the HR Strategy, there would be a new post created in the Organization for that.

147. The Delegation of China thanked the Secretariat for elaborating the detailed HR Annual Report and thanked the Secretariat for timely translating it into other languages, allowing Member States to understand the content. The Delegation was glad to see that in the past year, the Organization, with regard to HR aspects, undertook lots of activities and achieved results including endeavoring to achieving gender balance through an internship system to provide opportunities to young talents. In strengthening the geographic balance, the Delegation was glad to see that the participation of training increased 60 per cent. At the same time, the Delegation hoped that the Secretariat would effectively implement the recommendation of the External Auditor regarding the representation of Member States. With regard to the WIPO Rewards and Recognition Program, the Delegation was of the view that appropriate rewards and recognition had to be in place to maintain the dynamism and competence of the Organization.

148. The Delegation of India thanked the Secretariat for the preparation and presentation of the Annual Report on Human Resources. The Delegation appreciated that the workforce productivity had continued to increase, owing to the strong performance of the PCT and Madrid registration systems. The Delegation was pleased to note the continuous positive efforts made by the Secretariat to implement its policy on gender equality in line with the overall UN mandate on gender parity. On the subject of geographical distribution of staff, the Delegation noted with appreciation the efforts made by the Secretariat for improvement in that area, which was reinforced by the figures in the report on increased applications from unrepresented Member States. However, the Delegation believed that significant gaps still existed in the geographical distribution of staff. The Delegation was confident that the Secretariat would make every possible effort to further bridge those gaps in the future.

149. The Delegation of Iran (Islamic Republic of) was thankful for the preparation and presentation of the document and commended the Secretariat for its achievement and progress on human resources matters, in particular with regard to the geographical distribution of the staff. Although the Delegation was of the view that more initiatives and strategies needed to be undertaken to fully address the remaining gaps on geographical representation of Member States, the Delegation welcomed initiatives for building sustainable capacity for future and transitioning young people to the world of work. The Delegation underlined the importance of promoting a peaceful and harmonious workplace free of harassment, in particular, conducting training session for staff in that regard.

150. The Delegation of Mexico welcomed the report and requested more information regarding the survey on harassment within the United Nations system.

151. The Delegation of the United States of America supported the statement made by the Delegation of Canada on behalf of Group B. The Delegation appreciated the informative report and was pleased that WIPO continued to make progress in the areas of gender parity and staff

development and learning. The Delegation noted WIPO's programs and outreach initiatives to improve geographical representation and gender parity in the Organization and encouraged the Secretariat to continue those efforts. However, the Delegation was unclear on what progress had been made as it pertained to underrepresented regions and appreciated more information on the initiatives undertaken to address underrepresented regions besides the focal point initiative. The Delegation welcomed clarification as to whether the WIPO Talent Pools served as rosters and if so, how they would be used to fill vacant positions, or if the pools were only used as an outreach mechanism to notify possible applicants of vacancy notices. Regarding the information on the WIPO Rewards and Recognition Program, the Delegation noted the program was launched in 2013 and that certificates of appreciation were given to staff with outstanding performance. The Delegation asked if those nonmonetary certificates were still provided to staff that received outstanding performance rating in the current system. The Delegation again noted recommendation 14 in the External Auditor Report regarding the need for managers to utilize the full range of performance assessment ratings. The Delegation asked how human resources planned on implementing that recommendation. While the Delegation agreed that a significant number of staff ratings of effective and outstanding could lead to the conclusion that WIPO staff were high performing, the Delegation had also seen that it might demonstrate a lack of understanding by managers on the appropriate use of grading, or the reluctance to deal with a possible conflict with a staff member over their rating. The Delegation noted a pilot program would be launched for daycare services and welcomed more information on the number of spaces that would be assigned to WIPO staff for that pilot. The Delegation asked whether WIPO's financial contribution would cover all daycare expenses for the participants in the pilot program and clarification if whether WIPO had ownership of the daycare being used in the pilot program. Regarding the development of the well-being strategy, the Delegation appreciated more information about the specific initiatives being developed to address the issues from the staff health and performance survey. The Delegation was pleased that the Secretariat was implementing measures to combat sexual harassment. The Delegation was concerned by the pervasive problem of harassment in the UN system including sexual harassment. Harassment in all its forms undermined the mission of UN organizations and compromised the well-being of staff members. The Delegation requested more information regarding the Secretariat's plans to implement recommendations from the UN Chief Executives Board (CEB) task force on sexual harassment.

152. The Delegation of the Russian Federation thanked the Secretariat for the information provided in the document and for the presentation. The Delegation noted with pleasure, the continued progress of WIPO in ensuring gender parity, professional development and training of the staff. The Delegation highlighted the importance of having an approach based on the UN Charter to taking on staff, particularly based on their qualifications. That was the most important criteria for taking on workers. The Delegation welcomed the conclusions with regard to the increased performance of staff and also the positive outcomes of the WIPO Talent Pools, including work with talented workers. The Delegation was particularly pleased to note the information on the various different types of contracts including those which had been prequalified to permanent posts. The Delegation took note of the initiative of the Secretariat on information sessions on work to provide fair geographical distribution of posts and called upon the Secretariat to continue that work. In the context of measurements, the Delegation believed that particular note should be taken of recommendation 12 of the External Auditor of WIPO on working together with Member States for the aim of getting particular determination with regard to the geographical basis for staff. Taking that recommendation by the Secretariat would enable productive work through the session of the Coordination Committee and would make it possible to ensure that there would be the best representation of all of the regions including Eastern and Central Europe and Eurasia. The Delegation was convinced of the great importance for WIPO of undertaking measures to stimulate effective work by its workers, and the most important value of the Organization was indeed its staff. Therefore it was important that all of those measures should be within the guiding principles established by the International Civil Service Commission. The Delegation believed it was absolutely vital for

continued work on developing internships, and the Junior Professional Officer Program. The Delegation believed that creating career paths for junior professionals was an important step to the effective work of human resources in the Organization. The Delegation believed that carrying out that program would be useful in fulfilling the recommendations of the External Auditor on the need for diversification of linguistic capabilities of the Organization's staff to the benefit of the Organization.

153. The Delegation of France thanked the Secretariat for presenting the report and asked questions about external mobility. The Delegation referred to the Staff Regulations and Rules, Article 3.25 which promotes the mobility towards External Offices. There was a WIPO policy for mobility for non-Headquarters offices that was published in 2017. The Delegation understood that the time of duty depended on the WIPO needs and it was not a minimum or maximum compulsory duration. It did not mean they would be automatically integrated into the headquarters. The Delegation understood that for External Office duties, it should be five years. The Delegation asked if a staff member who was working in an External Office for more than five years could be able to have the same level of responsibility once they came back to Headquarters. The Delegation also asked if the person, after having worked in an External Office, had to go through the competition again if returning to Headquarters. The Delegation questioned if they would be given a similar level position as had been done in the past.

154. The Delegation of Japan supported the statement made by the Delegation of Canada on behalf of Group B. The Delegation appreciated the fact that the Secretariat had been continuing activities and initiatives involving human resources. The Delegation believed that appropriately managing human resources was essential to ensure sound organizational administration. In light of the fact that the personnel costs of the Organization accounted for approximately two-thirds of its annual expenditure, the Delegation wanted the Secretariat to continue improving HR management, while providing effective services to users and all the IP stakeholders. The core mission of WIPO was to provide better services to users and the financial foundation of the Organization was supported by the revenue generated from its global IP services. Therefore, the Delegation believed that the Organization should consider the geographical distribution of international applications, registrations, users, and the languages used in international application registrations and the individual abilities of candidates during the recruitment process.

155. The Delegation of Indonesia thanked the Secretariat for the presentation of the Annual Report on Human Resources noting that human resources were one of the most important resources of the Organization. The Delegation welcomed the progress made in the overall human resources management. The Delegation appreciated the Secretariat's efforts toward achieving gender balance and more equitable geographical representation. The Delegation was also of the view that more work needed to be done on the inclusion of women, and more staff from unrepresented Member States and underrepresented Member States. The Delegation noted that there was only one Indonesian citizen working in the Organization. The Delegation took note of and supported efforts by the Secretariat in motivating WIPO staff for their excellent work, making sure that efficient service to users would be delivered and would help make WIPO the employer of choice in the global labor market. The Delegation looked forward to further discussion in the Coordination Committee with regard to the human resources matter.

156. The Delegation of Morocco congratulated the Chair for his able leadership of the PBC session. The Delegation supported the statement made by the Delegation of Uganda on behalf of the African Group and thanked the Secretariat for the detailed Annual Report on Human Resources. There was no doubt that many efforts had been made on the geographical representation front and the gender balance. The Delegation commended the Secretariat for those efforts. With regard to gender balance, it was a highly important matter due to the importance of the untapped potential in the many female competencies that were still not



employed. With regard to the recruitment in the D2 level, there was a decrease of 16.7 per cent in 2018 and further to 15.4 per cent in 2019. The Secretariat was looking for a 20 per cent increase, which would be a further 5 per cent increase compared to 2019 for the D2 level. With regard to the P5 level, the percentages decreased from 36 per cent in 2016, to 35 per cent in 2017, to 33 per cent in 2018 and 32 per cent in 2019. The Secretariat was foreseeing 40 per cent which was a difference of 8 per cent to 2019. The Delegation asked what were the reasons for those decreases and the decline in percentage. The Delegation also asked what were the measures that had been undertaken by the Secretariat to address that matter.

157. The Delegation of the Republic of Korea extended its appreciation to the Secretariat for preparing the Annual Report on Human Resources. Considering that human resources was one of the most important resources for the Organization and most highlighted issue among Member States, the information contained in that report was very useful in proceeding with ongoing discussions regarding geographical distribution. The Delegation stressed that the core mission of WIPO was providing global IP services, which was the main financial source of the Organization. Therefore, WIPO's personnel and material resources had to be managed in a way that carried out that mission efficiently and effectively. In that regard, the geographical distribution had to be discussed in consideration of constructing WIPO's global IP service in a user-friendly environment.

158. The Delegation of Brazil thanked the Secretariat for the presentation of WIPO's Annual Report on Human Resources. The Delegation also appreciated the conclusions of the Annual Report on Human Resources. The Delegation believed that the generation of specific data in that area and its proper evaluation was a relevant practice for producing better policies for WIPO staff in the future. The Delegation supported GRULAC's intervention on that topic. In particular, the Delegation commended WIPO for its continuous progress on the gender equality marker. Compared to previous results the improvements were considerable. Data showed, however, that better and faster policies were needed for the effective inclusion of women in the Organization, especially in high managerial positions. Career support services and talent identification were valuable tools and should be further explored and improved. There needed to be focus on identifying barriers against wider participation of women in the Organization and all career levels and act to prevent them. That was also true for geographical representation. The report showed a minimal volume increase in geographical distribution of staff members compared to previous years. As imbalances still remained, outreach should be broadened and deepened in scope to present robust improvements in the years to come. Targeting younger generations of underrepresented Member States was a valid option since many lacked resources for investing in specific support programs. In both gender and geographical representation, the recruitment phase was very important. Specific policies in that area could also be studied by the Organization with a view to improving inclusion policies. The use of AI in streamlining recruitment was an interesting idea to be discussed. The Delegation welcomed more information on its suitability in the next PBC session. The Delegation was ready to engage with GRULAC and WIPO in that regard.

159. The Chair retook the floor and noted that there was a rich series of interventions for questions and comments. The Chair then passed the floor to the Secretariat to respond to the questions from the delegations.

160. On the topic of geographical diversity, the Secretariat recalled that there was a 1975 accord that existed and had not been formally taken out of use. It was not being applied because the Member States were not happy with that instrument. It had never been overtaken by anything else. On recommendation number 12 of the External Auditors, which stated that the Secretariat should "Work with Member States to resolve the lack of clarity around geographical representation of the workforce", the Secretariat noted that it was something which would require significant engagement and agreement by Member States to provide that clarity. The Secretariat recalled that in 2016, an effort had already been made by Member States to

bring more clarity. The Secretariat would be greatly appreciative if there was more clarity because at the moment, what was there was quite vague. The Secretariat could not speak about underrepresented Member States because there was no clear definition for that so the Secretariat could only distinguish between Member States represented and those not represented. The outreach the Secretariat conducted was primarily to Member States that were unrepresented. The Secretariat recalled that that morning, there were comments that the Organization should have quotas and systems. That was something that Member States had to discuss and then, the Secretariat could support that discussion by providing data. The Member States had to come up with a new system, if that was what the consensus was, so the Secretariat could then apply it. That had been attempted in 2016 and some rounds of discussions were held. At the end, the Secretariat was directed to do more outreach to achieve a broader representation. There was no agreement about a new system. In the absence of that, the Secretariat was happy to engage with Member States in case they wanted to revisit that discussion. That was something that the Secretariat could support, but the Secretariat could not drive that. Until the Secretariat had new guidance from Member States, it would continue to do what it was instructed, i.e., to do more outreach and to encourage applications from as broad a geographic basis as possible. For that purpose, the Secretariat visited countries, made presentations to potential job applicants, and explained how the recruitment process worked. The Director of HRMD was in the Republic of Korea the previous week on a mission like that, and engaged with nationals there who were potential applicants for WIPO jobs so that the Secretariat could recruit candidates on merit for all of the vacancies. That was another request that some of the delegations had stated quite clearly. Unless there was a replacement of the 1975 accord, the Secretariat had been directed to increasing outreach. The Secretariat reiterated that it was ready to engage if the delegations were to direct the Secretariat to do something else. The gender issue was quite a challenging one for the Secretariat. As a small organization, WIPO did not have a large number of posts. When there was a classification drive, where the Secretariat reclassified posts and decisions were made about moving people to higher grades, that immediately impacted the statistics on gender. Unfortunately, the Secretariat had reclassified more men than women into P5 levels, which had an impact on the numbers. That answered the question about why the Secretariat had gone backwards. The Secretariat had to make significant efforts. The Secretariat mentioned that the Talent Pools for women candidates were used to invite women to apply for jobs to make sure they had the information about the vacancies available. The Secretariat also had internal systems to support the women internally to apply for higher level jobs. That had some success and more needed to be done. The Secretariat had a long road ahead in order to make progress in the area of gender for senior posts. There were no easy answers and the Organization was in the same league like every other UN organization. The Secretariat made progress but it had to work very hard to ensure it did not slide backwards. The Internship Program was a success story. The Internship Program was one of the most attractive in the UN system and there was a huge amount of interest and applications for that program. The Secretariat did not take in too many interns because it wanted to ensure that managers could give the interns due attention so there was actual learning and professional work accomplished by those interns. The Secretariat had improved the Internship Program in light of the JIU recommendations. The Secretariat had taken away the waiting period at the end of internships so interns could apply for vacancies while they were still interns and highlighted that those interns had to be qualified for those vacancies. The Secretariat had set aside slots specifically for unrepresented Member States and nationals that came from developing countries who could not normally afford to sustain themselves in Geneva and to travel to Geneva from their home countries. The Secretariat hoped that that would also be a good opportunity to increase its geographic reach and to give opportunities to young people. There were also other initiatives for young professionals. The Secretariat engaged with the UN EMERGE Program and that had been quite helpful. The Fellowship Program also offered training opportunities, usually young or younger professionals that came from Member States that came to WIPO for specific training and then went back to their home countries. The Junior Professional Officer (JPO) Program of WIPO was another

area. The Secretariat had quite a good record of retaining JPOs at the end of their two or three years of assignments. The Secretariat had discussions recently in Rome, where there was a UN system-wide JPO event and when the Secretariat visited the Member States in their countries, it talked about the JPO program. The Secretariat was interested in broadening the geographic scope of its JPO program. On the harassment topic, the Organization's staff had participated in the safe space survey of the UN system and the Secretariat received results which were related specifically to WIPO. The results were not good news. There seemed to be a too high occurrence of harassment and sexual harassment. The Secretariat had been in the process of engaging in a year-long program to combat that. The Secretariat had taken on the UN system model policy and were about to implement the elements of that. The Secretariat had taken a UN system-training model, an online training. The English version was already live and the French version would follow shortly. Quite a number of staff had already taken the training. The training was mandatory and the Secretariat was engaging with managers. There were going to be workshops between July and September 2019 for every staff member to have trainings and discussions and briefings on that topic. At the end of the year, the Secretariat planned to have an open day and would have a survey to see whether it had actually moved the needle on harassment and sexual harassment. That work was ongoing. On the question from the Delegation of the United States of America about how the rosters were used, the Secretariat explained that it did not pick anyone from rosters for jobs. The Secretariat then distinguished the difference between Talent Pools and rosters. Rosters, which were approved by Member States, had candidates that were recommended for vacancies but were not selected. Those candidates go on a roster for a year and the Secretariat could pick from those rosters within the year period when similar vacancies arose. That did not happen frequently. That happened with generic vacancies, like examiners, where the rosters were useful. The other tool used were Talent Pools where the Secretariat collected applications of potentially good candidates and alerted them to vacancies as and when they arose. Those candidates had to apply and go through the whole recruitment and selection process. On the question about why the Secretariat's managers were not using the full range of performance ratings that were available, the Secretariat explained that there were four ratings which were outstanding, satisfactory i.e. meets the requirements, needs improvement, and unsatisfactory. The outstanding ratings were usually 20 per cent every year. The big bulk was in the middle group. The underperformance was underreported which had to do with the very heavy procedures that protected the staff and made managers reluctant to resort to that because they had to then engage in processes and there could be rebuttals. The Secretariat had seen some cases where managers were accused of harassment when they pushed back on the performance, and that was very unpleasant. That was why managers had been avoiding those confrontations with the staff and as a result, there was underreporting. That was a system-wide problem, not just WIPO. The Secretariat made the point that the needs improvement rating was not necessarily a bad rating and that measures could be put in place to bring the staff performance back to the desired level. Nonetheless, the Secretariat still had work to do there and it was not satisfactory. The Secretariat should have a much higher instance of needs improvement because it was clear that there were quite a number of instances where performance could be improved and staff members should be more open and honest in accepting feedback. There was work to be performed there. On the daycare services pilot that was starting in September 2019 for two years, the Secretariat had budgeted for a maximum of 20 spaces in a daycare service that was within walking distance to WIPO. The fees were shared between the staff member and WIPO. That was on a sliding scale where the Secretariat gave more support to lower incomes and less to the higher incomes. The Secretariat used a model that had been in use by the International Labor Organization (ILO). It was the same kind of support system. Currently, 12 staff members had signed up for that. The Secretariat explained that it was a private daycare facility and it was still expensive compared to what the city of Geneva offered as public crèche. The problem there was that staff were facing long waiting periods and it had not worked for everyone. As a result, the Secretariat found the need to support families in the Organization with that service. The Secretariat discussed having its own facility, but it seemed at the moment very difficult as a

viable option because it was not a large Organization. In order to make a daycare center financially viable, it would have to have at least 60 children. If the service was offered free of charge the Secretariat would have the 60 children, no doubt, but the Secretariat did not think that it should go to that extent. The Secretariat should align itself with what some other organizations had done and what had worked well there. There should be a cost sharing for that service and that was why the Secretariat had implemented what it currently had. The Secretariat would report on that in the coming period. That item was included in the Capital Master Plan in paragraphs 11, 12 and 13. On the progress on the underrepresented regions, the Secretariat found it a little hard to answer such questions because it did not have a definition of what "underrepresented" meant. There were different views among the delegations about that. The Secretariat would rather stay away from that, unless, there was a clear definition. On mobility, the Secretariat stated that there were six External Offices. Some of those had two or three staff and the Singapore Office had slightly more. There were no hard and fast rules about how long people should be out there. There was not an automatic system of bringing people back. It was usually preferred that they should compete for a vacancy like everyone else so that the Secretariat could ensure that they were qualified for vacancies and that they measured themselves with other internal candidates. There was no strict policy on that. Regarding the question on data, the Secretariat acknowledged that those points were well taken. There was some room for the Organization to improve in how it used data. That was also something that came out of the audit recommendations that the data analytics were not in top shape so the Secretariat could do more. The Secretariat would have to consult with its IT colleagues to come up with better systems and measuring tools to improve the visibility and the progress that had been made in the HR area. On AI, the Secretariat was in a pilot where it was testing software. That was not something that had been developed by the Organization. It was a screening tool for some categories of vacancies. The Secretariat was in the second phase of the pilot and could report on that down the road as it was a bit too early. The Secretariat was comparing with what else went on in the UN system and some other organizations were doing similar work so the Organization stayed closely aligned. The Secretariat was not ready to go live with that and it needed more time.

161. The Chair reopened the floor for further comments or questions and recalled that there was no formal decision needed as part of that discussion.

162. The Delegation of Indonesia thanked the Chair for the response to the remarks that were put forward and for reminding the delegations of the 1975 principles on geographical distribution. The Delegation was aware of the 1975 principles as reflected in document WO/CC/IX/2. With regard to that, the Delegation stated that it would be happy to take that further after the PBC. The nomenclature on the distribution of conformity of the geographical grouping with regard to the nomenclature of regions was different than the groupings in the Organization because the 1975 principles followed the General Assembly of the United Nations for the purposes of geographical distributions. So with regard to that, the Delegation was interested to find out in the calculation of the Asia and the Pacific region, who were the countries there, and which contributions of the Member States were counted to make sure that that region should have that many posts to be filled.

163. The Delegation of Trinidad and Tobago congratulated the Chair on his effective handling of the meeting and thanked the Secretariat for the comprehensive report. The Delegation commended the improvements in gender parity and geographical representation. The Delegation noted that six new countries had been added to the staffing. The Delegation recognized that it was a work in progress and it should continue to be important to WIPO, especially for women in professional and higher positions. The Delegation was grateful for the updates on the EMERGE Program, Enterprise Learning Management and the year-long program to address cases of sexual harassment. The Delegation commended the initiative of daycare services to be offered to staff. The Delegation asked for the Secretariat to provide

more information on the internship, fellowship, and JPO Program and how Member States could become more involved.

164. The Delegation of Turkey aligned itself with the statements made by Group B. The Delegation thanked the Secretariat for the preparation of the Annual Report on Human Resources, which was very detailed and informative, and which submitted to the Member States a very good opportunity to learn about specific initiatives and strategic planning in terms of human resources. Human resources were one of the most important resources for the Organization and one of the most highlighted issues among Member States. The Delegation appreciated the results achieved in the implementation of the HR strategy and the efforts made in improving geographical diversity and gender balance. The Organization still faced challenges to improve geographic diversity. The Delegation called upon the Secretariat to increase its efforts to achieve a better and equitable geographic representation, especially by giving priority to the unrepresented members. Trying to understand the certain contributing factors for that shortcoming would help stimulate the discussion for the members to bridge that gap. Also, the Delegation emphasized the importance that the recruitment process should be conducted merit based with a transparent selection system. The Delegation also appreciated the Fellowship Programs, with particular regard being given to underrepresented regions. The Delegation was thankful for the opportunity to join the Organization with Fellowship Programs in the Madrid and PCT Division since 2012. The Delegation expressed its willingness for the continuation of those Fellowship Programs as it was fruitful and beneficial for the Delegation's National Office.

165. The Secretariat noted the question from the Delegation of Indonesia about the 1975 principles and the way the countries were accounted for and would come back to that in the Coordination Committee. To the question from the Delegation of Trinidad and Tobago about the Fellowship Program, the Secretariat stated that it was best to take that question offline and provide the Delegation with the requested information.

166. As there were no further requests for the floor, the Chair closed item 10, the Annual Report on Human Resources.

## **ITEM 11 PROPOSED PROGRAM AND BUDGET FOR THE 2020/21 BIENNIUM**

167. Discussions were based on documents WO/PBC/30/10, WO/PBC/30/10 Corr. and WO/PBC/30/11.

168. The Chair opened discussions on Agenda item 11, the Proposed Program and Budget for the 2020/21 biennium, and stated that it was a fairly substantive discussion. The Chair recognized that there were discussions ongoing amongst interested parties on the four outstanding issues from the 29th PBC session so he wanted to allow more time for those informal discussions, and sharing of information to continue. The Chair suggested that the PBC come back to the proposed Program and Budget the next day. The Chair encouraged interested delegations that had a stake in those four issues to start having informal conversations to try and find some solutions. The Chair drew the delegations' attention to a non-paper that had been circulated under this agenda item on behalf of the Delegations of Algeria, Bahrain, Belarus, China, Egypt, Iraq, Morocco, the Russian Federation, Tunisia and the United Arab Emirates on the translation of WIPO's publications in all official languages.

169. The Chair began discussion on Agenda item 11, the Proposed Program and Budget for the 2020/21 biennium, under which two documents would be considered, i.e. the Proposed Program and Budget for the 2020/21 biennium (document WO/PBC/30/10) and the Capital Master Plan for 2020 2029 (document WO/PBC/30/11). The Chair recalled that the Secretariat had provided the delegations with a revised Proposed Program and Budget document based on the discussions and approved decisions of the 29th Session of the PBC in May. In addition, the Secretariat had issued a Corrigendum to the Program and Budget for the biennium 2020/21

with the recalculated personnel cost following the ILO Administrative Tribunal Judgment No. 4138. The impact of the change in personnel costs brought the total proposed budget for the biennium to a total of 769.3 million Swiss francs. It was extremely important to focus the effort on making progress on the outstanding items identified during the previous PBC session. The Chair recalled the key elements of that decision and summarized the progress made and the actions taken since the 29th session of the PBC. The PBC had agreed to the modifications proposed by Member States to Program Implementation Strategies, Risks and Mitigation Actions, Results Frameworks, Resource Explanations and Tables, Cross-Program Collaboration charts, and SDG references in Programs 1, 2, 3, 8, 9, 15, 16, 19, 20, 21, 23, 28 and 30. The PBC had requested the Secretariat to issue a revised version of the Draft Proposed Program and Budget for the 2020/21 biennium based on those changes and the current proposal reflected all of those changes. The Secretariat had prepared, for the delegations' reference, an index of changes that had been distributed. The PBC had also taken note that the personnel cost for 2020/21 would be updated in the revised version of the Draft Proposed Program and Budget for the 2020/21 biennium to reflect the impact of the changes to the salary scale for Professional and higher categories with effect from January 1, 2019. The new scale of pensionable remuneration for staff in the Professional and higher categories came into effect in February 2019 and the impact amounted to approximately three million Swiss francs. The current proposal reflected that change. Subsequent to the issuance of the current proposal, the personnel costs had been recalculated. The revised budget amounted to 477.6 million Swiss francs. The PBC had identified the following outstanding issues for further consideration during the 30th session of the PBC. Firstly, the performance indicators related to the translation of WIPO publications in all official languages, Program 19. The Chair recalled that he had convened a preparatory meeting on that topic on June 28, 2019 and requested those interested delegations to formulate a proposal for consideration of all delegations. Secondly, the digital timestamping initiative, Program 28. In that regard, the Secretariat had provided detailed questions and answers to the questions raised during the 29<sup>th</sup> session of the PBC and those were published as part of the Q&A, which had been posted on the website. The Chair wished to understand whether that Q&A provided the necessary clarifications on that subject as that would allow the PBC to move forward towards closing Program 28. Thirdly, the WIPO Rewards and Recognition Program, Program 23. In that regard and in accordance with the PBC decision, the Secretariat had held an information session on June 7, 2019. The information session provided further clarification and answers to the delegations' questions. There remained concerns on that topic and the Chair intended to work with the delegations to make progress on that. Fourthly, the question of the union allocation methodology used for the preparation of Annex III: 2020/21 allocation of income and expenditure by Unions. In that regard, the Secretariat, in compliance with the PBC decision, had provided the requested scenario in the detailed Q&A document, which was on the website. The Chair hoped that the clarifications which had been provided would allow the PBC to make progress on the outstanding issues in the course of the week and the Chair counted on the delegations constructive engagement to address the open items so that it could make clear recommendations to the Assemblies in October 2019. Turning to the Capital Master Plan for 2020-29 in document WO/PBC/30/11, the Chair mentioned that the Capital Master Plan included, firstly, an update to the long term rolling Capital Master Plan for Premises, Safety and Security for 2018-27, and secondly, proposals for specific projects related to ICT and Premises, Safety and Security for 2020/21. The Chair turned to the Secretariat to introduce the two documents in more detail.

170. The Secretariat recalled that at the 29th session of the PBC held in May 2019, the PBC had completed its first reading of the Draft Proposed Program and Budget for the 2020/21 biennium and had agreed to a number of modifications to the Program Implementation Strategies, Risks and Mitigation Actions, Results Frameworks, Resource Explanations and Tables, Cross-Program Collaboration charts, and SDG references in Programs 1, 2, 3, 8, 9, 15, 16, 19, 20, 21, 23, 28, and 30. The relevant text and financial tables had all been revised to reflect the updated personnel costs. At the time of making the proposal to the 29th PBC

session, the Secretariat had not included the impact of the three million related to the ICSC scale changes. The baselines in the Results Framework tables had been aligned with the WIPO Performance Report for 2018. On pages 148 and 149 under Program 23, the Results Framework had been updated to comply with certain recommendations of the External Auditors from the Longform Report. Annex V, Indicators of the International Registration Systems (PCT, Madrid and the Hague) had been replaced with updated versions for 2018, which were published in the WPR for 2018. In Annex VI, Funds-in-Trust Resources Potentially Available for Programming, the tables had been updated to reflect the final audited figures for 2018. The SDG banners had been updated in Programs 2, 10, 11, 14, 17, 18 and 20. On page 17 of Program 3, additional non-personnel resources had been corrected to read 450,000 Swiss francs instead of 615,000 Swiss francs. On page 19, additional resources for the WIPO Rewards and Recognition Program had been corrected to read 2.7 million Swiss francs instead of 2.8 million Swiss francs. On page 22, the text “license fees related to the establishment of a WIPO Digital Time-Stamp Service” had been moved from paragraph 22 to 20. On page 54, in the results framework, the number of registrations for 2021 under Expected Result II.3, the performance indicator for Hague filings, renewals and decisions had been corrected to 6,106, instead of 66,106 (typographical error). On page 135, there had been a correction to the resources for Program 21. In the first paragraph (vi), the transfer of messenger and driver services was from Program 27 instead of Program 24. On page 175, there had been a correction to Table 13: Budget by Program and Union to reflect “in Swiss francs” instead of “in thousands of Swiss francs.” As mentioned by the Chair and the Director General, a Corrigendum to the Proposed Program and Budget for the biennium 2020/21 had been issued with the recalculated personnel costs for 2020/21 following the ILO Administrative Tribunal Judgment No. 4138. The impact of the change in personnel cost brought the total proposed budget for the biennium to 769.3 million Swiss francs due to the increase in personnel costs by 13.2 million Swiss francs. A second Corrigendum had been issued for the French, Spanish and Russian language versions of the Program and Budget as the Cross-Program Collaboration chart was missing in Program 8 in those language versions. The Secretariat thanked the Delegation of Senegal who had brought that to the Secretariat’s attention during the informal regional group briefings. Copies of the Corrigenda were available for delegations outside of the New Conference Hall. Finally, the updated Q&A had been posted on the PBC website. On the Capital Master Plan, the Secretariat recalled that the Director General had spoken on this topic the day before. The Assemblies of the Member States of WIPO, in 2017, had approved funding from the Reserves for projects presented in the Capital Master Plan 2018-27 for the biennium 2018/19 amounting to a total of 25.5 million Swiss francs. The CMP 2018-27 was a living document and, therefore, would need to recognize new opportunities that emerged for the Organization as it undertook its program of work in any given biennium. In that context, the Secretariat had identified, in the course of 2018, opportunities which had arisen from the rapidly evolving IT landscape and in particular, cloud technology, enabling the Organization to remain agile and to adapt to the changing external environment. The Assemblies of the Member States of WIPO, in 2018, subsequently had approved two supplementary high-priority cloud technology Capital Master Plan projects with a total of three million Swiss francs. The present document included an update to the long term rolling Capital Master Plan for Premises, Safety and Security for 2018-27 and the updated rolling 10-year Capital Master Plan for Premises, Safety and Security for the period 2020-29 was included in Annex II of the document. The specific project proposals included: the second phase of one ICT project, the WIPO IP Platform; four ICT projects for which the need had emerged since 2017; the second phases of three premises, safety and security-related projects related to electricity power outage, elevators and fire safety; two safety and security-related projects for which the need had emerged since 2017; and additional budget requirements for the completion of the Multimedia Studio project approved in 2017. The above proposals amounted to a total of 19 million Swiss francs for implementation in the 2020/21 biennium. Regular reporting on the status of implementation of individual Capital Master Plan projects were included in the annual and biennial WIPO Performance Reports submitted to the PBC. The progress of each project as of end 2018 was

included in the WPR for 2018 in Annex X. That document provided, for each project, an update on the status of budget utilization as of June 17, 2019, and projected expenditure for the remainder of 2019. In addition, an analysis of compliance was provided for each of the principles contained in the Revised Policy related to the use of the Reserves.

171. The Chair opened the floor for general statements on those two documents, stating that it would be good to hear the delegations' views on the progress of discussions on the Proposed Program and Budget for the 2020/21 biennium, and their questions and reactions on the Capital Master Plan.

172. The Delegation of Croatia, speaking on behalf of the CEBS Group, thanked the Secretariat, the Program Performance and Budget Division and other stakeholders that had contributed to the preparation of the revised version of the Proposed Program and Budget for the 2020/21 biennium. The Group expressed its satisfaction with the very positive financial outcomes. Equally, the Group was satisfied with Program 10 (Transition and Developed Countries) and the increase of allocations for capacity building activities for improved management of the IP systems in the countries of the region. The Group thanked the Secretariat for the Q&A on the timestamping service and expressed its support for that activity. On the Capital Master Plan, the Group equally thanked the Secretariat for the updates of the Capital Master Plan as it was contained in document WO/PBC/30/11. The Group supported the activities laid out in the Capital Master Plan related to Premises, ICT, and Safety and Security as they were all very relevant to the future work of the Organization.

173. The Delegation of Canada, speaking on behalf of Group B, thanked the Program Performance and Budget Division, and all contributing WIPO Units for the preparation of the revised version of the Proposed Program and Budget for the 2020/21 biennium. The Group was concerned that the revised version of the Program and Budget did not address the concerns raised by the Group at the 29th Session of the PBC in May regarding the Program 23 line item on the WIPO Rewards and Recognition Program and the related footnotes. The Delegation stressed that those concerns remained. The Group looked forward to a timely and acceptable outcome on that issue and was ready to work with colleagues to that end. Regarding performance indicators under Program 19, the Group attached great importance to the availability of WIPO publications in all UN official languages because it promoted inclusiveness and made information available to a wider audience. On that issue, the Group positively welcomed the proposal by the Delegations of China, the Russian Federation, the United Arab Emirates and other countries, and believed it usefully addressed shorter-term needs and longer-term policy dimensions. In relation to the timestamping initiative, the Group thanked the Secretariat for the clarifications provided. The Group was satisfied with the information obtained and were happy to support the inclusion of that initiative. Individual Group B countries would provide general comments on the Proposed Program and Budget for 2020/21 and looked forward to engaging on the remaining programs as well. On the Capital Master Plan, the Group welcomed the update which provided Member States with useful information regarding the progress made on those important projects for the longer-term. The Group welcomed the proposals presented for the second phase of ICT, Premises, Safety and Security projects, and the updated project regarding the multimedia studio and the new proposals regarding ICT, Safety and Security. The Capital Master Plan was a key document aimed at addressing important needs of the Organization in the longer run in the area of ICT, physical and cybersecurity, and buildings. Continuous and forward looking investment in a robust infrastructure that responded to the specific needs of the Organization was key to ensuring that WIPO would be able to continue to deliver high quality services in the future while using its resources efficiently and realizing savings were possible. In that sense, the Group welcomed the proposal by the Secretariat.

174. The Delegation of Singapore, speaking on behalf of the Asia and the Pacific Group, reiterated its appreciation to the Secretariat for the preparation of the documents. In Program



19, the Group noted the non-paper on the translation of WIPO's publications in all official languages. The Group recognized the importance of multilingualism as an important factor in broadening the geographical coverage of WIPO's activities. The Group supported the proposal presented in the non-paper and looked forward to constructive discussions and progress in the consideration of that proposal. The Group also welcomed the introduction of the digital timestamping services and looked forward to its implementation. The Group thanked the Secretariat for the provision of the further clarification in the Q&A document.

175. The Delegation of Tajikistan, speaking on behalf of CACEEC, thanked the Secretariat for preparing the updated Proposed Program and Budget for the 2020/21 biennium and for the informal briefing. The Group was very interested in the further development of multilingualism at WIPO and the translation of WIPO's publications in all official languages. The Group supported the proposal made by a number of countries on the translation of WIPO's publications in all official languages and the provision of additional funds for that Program. That would help achieve the main goals of the Organization by making access to all publications broader. It would facilitate access to information and make conditions for applicants easier throughout the world. The Group welcomed the language policy adopted in 2010, and noted that there was a demand for increased applications in all UN languages so as to achieve equality among all Member States of WIPO.

176. The Delegation of Uganda, speaking on behalf of the African Group, thanked the Secretariat for their effort in preparing and introducing the revised Proposed Program and Budget as well as the updated Capital Master Plan. The Group was pleased to note that the Secretariat had effectively reflected, in a balanced manner, all proposals and amendments as agreed by Member States in the Program and Budget document in a very short period of time from the previous session. The Group also appreciated the information sessions that were held on the digital timestamping and the WIPO Rewards and Recognition Program which had assisted in clarifying issues. The Group was satisfied with the updates in Program 23 to reflect the recommendations of the External Auditors in relation to the performance indicators. The Group also welcomed the joint proposal in the non-paper concerning the translation of substantive WIPO publications in all UN official languages and the commitment to review the language policy at the next PBC session. The Group had always vouched for multilingualism in the Organization and saw a lot of merit in that proposal, and therefore endorsed the proposal. The Group was committed to constructive engagement with pragmatism to ensure successful discussions on the four main outstanding issues and the Capital Master Plan. The Group commended the Secretariat for their effort in preparing and introducing the updated Capital Master Plan for 2020-29 in document WO/PBC/30/11. The objective of the CMP was to make sure the Organization remained agile in its services in light of a rapidly evolving information technology landscape and general changing operational environment. The Group was pleased to note that the previously approved projects in the CMP were on track as reported in progress reports included in the WIPO Performance Report for 2018. For the next cycle, the Group agreed with the identified areas for further improvement, including the second phase of the ICT project, the WIPO IP Platform, the second phases of the Premises, Safety and Security-related projects and the completion of the multimedia studio project approved in 2017. For the 2020/21 biennium, the Group noted that delegations were invited to recommend to the General Assembly, approximately 19 million Swiss francs funding for the outlined Capital Master Plan projects. In accordance with the WIPO Reserve Policy, the Group was pleased to note that the Organization had healthy reserves to adequately cater for the requisite financial requirement. The proposed funding could be absorbed without affecting the required target level of reserves. The Group therefore supported the proposal and agreed to a positive recommendation to the General Assembly in that regard.

177. The Delegation of Honduras, speaking on behalf of GRULAC, attached great importance to multilingualism as a useful tool for translation of all documents and interpretation for all meetings. There had been progress in the implementation of that policy, however, the Group

considered it essential to strengthen it through the allocation of additional resources to increase the scope of the translation of official publications into six official UN languages. Those languages were among the most commonly used in the world and were used widely for communication at the global level. In view of that, the Group expressed its support for the proposal from the Delegations of Algeria, Bahrain, Belarus and other countries.

178. On the Capital Master Plan, the Delegation of the Russian Federation thanked the Secretariat for producing an updated version of the Capital Master Plan, which contained projects related to Premises, Safety and Security, and also a number of other projects related to ICT. Those included the WIPO IP Platform, the modernization of the ICT systems of the Hague System, including the migration to an automatized processing of documents. The approaches proposed in the document aimed at achieving the strategic goals of the Organization and making the international registration systems more reliable. The Delegation believed that an increase in expenditure on IT infrastructure was necessary to make registration systems more efficient and to contain expenditure on services. The introduction of an up-to-date IT system had great potential to reduce procedural delays and to guarantee the quality of the services provided. An increased number of applicants and the use of new cutting edge technologies could optimize the processes without increasing the fees and without increasing the number of staff. Noting the impact on the Reserves, the Delegation expressed its support for the Capital Master Plan.

179. The Delegation of Ecuador thanked the Secretariat for preparing the documents under that agenda item and supported the statement made by the Delegation of Honduras on behalf of GRULAC. Regarding the language policy and translation of WIPO publications into all official UN languages, the Delegation considered that essential to ensure access to documentation in the official languages of the UN. It was necessary and would lead to more efficient work by the Organization in the External Offices. It would achieve greater multilingualism which should be upheld and supported throughout the Organization. Therefore, the Delegation supported the proposal by the Delegations of Algeria, Bahrain, Belarus, China, Egypt and other countries.

180. The Delegation of China thanked the Secretariat and noted that from the 29th PBC Session to the 30th PBC Session a lot of work had been done as a result of the proposals from the 29th Session which had been incorporated in the Proposed Program and Budget for 2020/21. It had been done with high efficiency. Also, the Delegation thanked the many delegations for their interventions. On multilingualism, the Delegation thanked the other delegations for their support. On the Capital Master Plan for 2020-29, the Delegation thanked the Secretariat for preparing the detailed document. Over the past few years the Capital Master Plan had been instrumental in maintaining WIPO premises, safety and security. The Delegation was happy to see that in the WIPO Performance Report for 2018, the projects under the Capital Master Plan for 2020-29 had yielded positive progress. The Delegation commended the Capital Master Plan 2020-29 which had incorporated ICT projects, and WIPO premises, safety and security projects.

181. The Delegation of Switzerland recalled that at the 29th Session of the PBC, the Delegation had commented on the new digital timestamping initiative and had requested further clarifications. The Delegation thanked the Secretariat for the responses provided in PBC 29 and in the Q&A document. That information had responded to the questions raised by the Delegation and consequently the Delegation offered its support to that new initiative. The Delegation hoped to receive further information in the future on how much progress had been made with implementing the new service. On the Capital Master Plan 2020-29, the Delegation welcomed the updates on certain projects for the second phase of the Capital Master Plan. The Delegation acknowledged that WIPO needed to be continually investing in its Premises, Safety and Security, and ICT equipment. That was essential if the Organization was to continue to discharge its mandate by providing high quality services and making the best possible use of its resources. If that was to be done, long term planning was essential because by modernizing in

a proactive way, there would be less spending in the end than if the Organization were to react to developments. That was especially true about premises and equipment. Such an approach meant that planning had to be reviewed and adjusted on a continuous basis. To that end, the Delegation welcomed the updates which had been and were continuing to be provided to delegations. The Delegation noted with satisfaction that when resources had not been entirely used, the unspent balances were being returned to the reserves. Other projects had been amended and updated as and when necessary, taking into account the most recent developments. That had been the case with the PCT Resilient and Secure Platform (RSP) project, for example. The Delegation welcomed the fact that the Secretariat had agreed to defer the second phase for a year because that would make it possible to use cutting-edge technology and to find a better option for the recurring annual cost once the project was finalized. The Delegation continued to support the plans concerning the provision of childcare services for WIPO staff and thanked the Secretariat for the update provided. The Delegation hoped that the service could be provided as quickly as possible while there was continuous work on a more sustainable solution. On the new projects and second phase of certain projects, the Delegation had not looked at them all at that moment, but it welcomed the progress made in the proposal regarding the WIPO IP Portal, which it believed would continue to improve registration services for users. Those were critically important. On financial management, the Delegation hoped that the investment policy could be implemented carefully taking into account any risks involved. For the netting pilot project, it would be very helpful because it would minimize the Organization's exposure to exchange rate fluctuations. The Delegation supported work done to improve and guarantee the safety and security of people in the building and other information technology structures which were both crucial if the Organization was to operate properly. The Delegation was aware of the considerable efforts made by the Secretariat to publish the document before the PBC as the proposals affected many sectors and had involved a long and complex planning procedure. The Delegation thanked the Secretariat for its hard work and were happy to offer its support for the proposal. On the other pending issues, the Delegation would work constructively with others in order to find solutions.

182. The Chair summarized the delegations statements thus far on agenda item 11. He stated that he did not hear any delegation refer to the Corrigendum regarding the ILO Administrative Tribunal Judgment No. 4138. On the Capital Master Plan, he could not recall any delegation state that they did not agree with it. The Chair reiterated that there were four outstanding issues in respect of the Proposed Program and Budget for 2020/21. On two of those four issues, the digital timestamping service and the performance indicators relating to translation, he had heard very positive progress. The Chair thanked those delegations that had provided a proposal on the translation of WIPO publications in all official languages. Many Regional Groups had spoken in support of that proposal. The Chair proposed to take a decision on that and to close Programs 19 and 28 in the afternoon session, which would leave two fairly substantive issues for further discussion starting that afternoon. The Chair adjourned the meeting for the morning and hoped to make progress on the issues for the afternoon session.

183. The Chair opened the afternoon session and turned back to Agenda item 11 and noted that there were a number of outstanding issues across the two documents under that agenda item and that there still was further work ahead. The Chair explained that the discussions on the Proposed Program and Budget 2020/21 and the Capital Master Plan (CMP) 2020-29 would be taken one by one. The Chair recalled that there had been discussions in the 29th PBC session on the digital time-stamping service in Program 28 and mentioned that he did not hear any delegation raise further questions. The Chair proposed to pause to see if the Program could be closed. The Chair stated that most, if not all, of the Regional Groups had spoken in support of that during the morning session. Therefore, he would come back to this point fairly rapidly to reach a decision. The Chair then pointed the delegations to the Proposed Program and Budget 2020/21 Corrigendum on the personnel cost adjustment following the ILOAT

Judgment and paused for questions. The Chair noted that it would leave two further issues to discuss after that, the WIPO Rewards and Recognition Program and the union allocation methodology. The Chair proposed to start with the CMP noting that several delegations in their general statements had expressed support for it so it was not necessary for the delegations to retake the floor to express support. The Chair then opened the floor for questions or comments.

184. The Delegation of the United States of America noted that some of the expenses in the CMP were high. For example, 1.7 million Swiss francs had been approved for the multimedia studio and that through June 17, 2019, a total of 219,000 Swiss francs had been spent. The Delegation requested clarifications as to whether the remaining amount would be spent by the end of the year and why the budget was such a high amount. The Delegation also asked if it was foreseeable that the Secretariat would be under budget on that project.

185. The Delegation of Japan thanked the Secretariat for preparing the Capital Master Plan 2020-29 and welcomed the details about the Hague externalization project. Nevertheless, it noted that that project would increase the projected deficit of the Hague Union, as mentioned in the working document. The Delegation recognized the importance of improving the user friendliness of the Hague System but at the same time, suggested efforts be made in improvements which would contribute to a healthier financial situation of the Hague.

186. The Delegation of Canada noted that it would be interested in additional information regarding table 1 on page 3 that outlined the status of the CMP projects, specifically the relationship between total project budgets, cumulative expenditure to December 2018, and remaining balances and special project reserves. The Delegation asked why some of the existing approved projects had no cumulative expenditure and/or remaining balances to be returned to the reserves, citing the Madrid IT platform, the power mitigation in the AB building phase 1, the multimedia studio and the elevators in the AB building as examples.

187. The Secretariat took the floor and addressed the question by the Delegation of the United States of America on the multimedia studio. The Secretariat stated that in the first year of the biennium in 2018, very extensive studies had been undertaken by the architect and other technical specialists for how to equip the studio. Additionally, an audiovisual specialist had been engaged and had undertaken very extensive studies of what kind of equipment would be required in the studio. It was based on those very detailed technical studies that it was proposed that the budget be revised because as it had been realized that the 1.7 million approved in 2017 would not be sufficient for a well-functioning multimedia studio at the end of the project. Regarding the second question, the Secretariat stated that the whole budget would be used by the end of the project. In response to the question from the Delegation of Canada, the Secretariat further elaborated that the reason why there was a return to accumulated surpluses of the 100,000 on the first phase of the AB elevator project was because that project had been revised slightly and there was a second phase of that project which was proposed in the current proposal. Therefore it was estimated that from the first phase, there would be 100,000, which were not needed, and it was clearly indicated that this amount would then go back to accumulated surpluses. As far as the Madrid IT platform was concerned, that was a very complex project because the Madrid System was a very complex system with many functionalities and transactions. Therefore, there had been a very intensive design process which was currently still underway. For that particular purpose, that had taken some time. The Secretariat thought that it was extremely important to have the design phase thoroughly done before starting implementation, which was why there had been no expenditure on that project, but the project was ongoing with its design stage. In response to the request from the Delegation of Japan on seeking clarity on more details regarding the project related to the Hague System under the CMP, the Secretariat noted that the benefits of the project were detailed on page 4 of the document. The Secretariat further described the scope of the project, noting that there would be five components. One, would be addressing the IT system architecture and more precisely, would concern migrating to the cloud, the full range of services.

Another one would concern exchanges with Officers. A third one would be user services. The Secretariat intended to increase its level of eServices to its users. A fourth component, within the scope of the project, would be the consolidation of the legacy files because it was a registry that WIPO was administering; therefore it was important that the existing files would be fully accessible. Finally, the plan would be to start implementing artificial intelligence in some of the tools, particularly tools made available to the users, possibly in respect to classification, for example. The Secretariat noted that it understood the underlying concern behind the request for further details regarding the current deficit of the Hague Union. All of those measures, and the investment for which the Secretariat was seeking support, was aimed at allowing the Organization to reduce the cost of the Hague System. The Organization spent a lot of time manually processing data exchanges with Offices and certainly Offices on their side were spending a lot of human resources receiving and processing data. It was the same with users. The extension of further automation in respect of the externalization of the administration of the Hague System was aimed at allowing the Organization to be more efficient, and at a lower cost, manage the system.

188. The Chair thanked the Secretariat for the explanations and asked delegations if the responses satisfied their concerns. The Chair then asked if any other member of the PBC wished to raise any questions or issues on the Capital Master Plan. As there were no requests for the floor, the Chair proceeded to read out the decision paragraph which was adopted.

189. 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 the projects presented in the CMP 2020-29 for the biennium 2020/21, amounting to a total of 19 million Swiss francs.

190. The Chair then moved on to the next outstanding item under item 11, the digital timestamping service. The Chair recalled the decision in the May session of the PBC to leave Program 28 open as there were still some questions and concerns over the digital time-stamping initiative. The Chair noted that the PBC did not need to take a decision at that stage but he wished to check his understanding that there was no opposition from the delegations on the digital time-stamping initiative. The Chair suggested that the Committee could close the discussion on Program 28. The Chair then turned to Program 19, which was left open in the 29th PBC session because of the performance indicators. Leaving Program 19 open also resulted in a link across to Program 27 because of the need for resources to fund any agreed changes to the key performance indicators (KPIs) in Program 19. The Chair recalled that all Regional Groups had spoken in favor of the proposal and felt that everyone might be able to agree to that. The Chair then pointed the delegations to the proposed decision and mentioned that that would form part of the decision on the last day of the session, Friday, on the overall Program and Budget. Although the formal gavel of the wording would be done that Friday, it was important that there was agreement on the wording so it would not be a surprise to anyone when the delegations saw it as part of a consolidated decision for agreement later in the week. The Chair paused to see if any delegation had questions or may not be in a position to support it. As there were no requests for the floor, the Chair read out the decision, which would be gavelled on Friday as part of the overall decision on the Program and Budget:

- (i) The PBC agreed to:
  - a. the inclusion of two new performance indicators in Program 19 as follows:
    - Percentage of WIPO Flagship Publications for which the Executive Summary is translated into all official UN languages; baseline 62.5% (5 out of 8); target 100%

- Percentage of WIPO global publications on substantive IP topics published in 2020/21 and translated into all official UN languages; baseline 0% in 2018 (0 out of 4); target 100%
  - b. an increase in the non-personnel budget for Program 27 by 800,000 Swiss francs to enable the achievement of the targets for the performance indicators in a.;
- (ii) requested the Secretariat:
- b. to propose a revision to the Policy on Languages at WIPO at the 31st session of the PBC.

191. The Delegation of the Russian Federation thanked the Secretariat and all the delegations for their support. The Delegation also thanked the Secretariat for the translation of WIPO publications into all official languages of the UN. The Delegation was pleased to see that the proposal had received broad support from Member States representing very different Regional Groups and different languages. This would make it possible to mitigate the imbalance of languages and overcome the language obstacles to foster a broader use of the IP system and greater access to publications and WIPO information. The Delegation was sure that this would stimulate further support and broaden the access of users to WIPO information.

192. The Delegation of the United Arab Emirates (UAE) was delighted with the outcome of the discussions and looked forward to review the language policy in the next session of the PBC in 2020. The Delegation thanked those countries that had supported the proposal from the Arab states, Russia and China.

193. The Delegation of China expressed its happiness that the Committee had adopted the changes to Programs 19 and Program 27 in a very efficient way. The Delegation recalled that in the morning, it had expressed its support for the proposal to translate WIPO publications into all official UN languages. The Delegation thanked the delegations for their support. The Delegation noted that it would continue to be involved in the budgetary discussions in the future in a constructive manner and hoped that in the future, there would be a deeper implementation of the linguistic diversification plan at WIPO.

194. The Chair closed Programs 19 and 27. The Chair noted that there were two issues remaining at that point. The WIPO Rewards and Recognition Program and the union allocation methodology. Before discussing those, the Chair asked if there was anything else members wanted to raise on the Proposed Program and Budget because his understanding was that there were those two issues to which he would add that of the Corrigendum to the Program and Budget following the ILO Administrative Tribunal's judgment. The Chair noted that the Director General had given a lengthy explanation the day before and the document WO/PBC/30/10 Corr. was available. For the sake of absolute transparency, and to ensure that everyone was on the same page, the Chair paused for a moment to see if any delegations would like to raise issues on that or any other issue aside from those two more substantive issues. The Chair opened the floor for comments.

195. The Delegation of the Russian Federation hoped that the Committee would not have to go back to the subject in Corrigendum 1. Before the end of the week, the Delegation however wanted to reserve its right to come back to this issue that was of interest to a number of countries as there might be a need for further clarifications.

196. The Delegation of the United States of America encouraged the Organization to adopt a cautious approach and consult with other organizations affected by that decision, as appropriate, to ensure that different interpretations of the post adjustment methodology were not applied by Geneva-based agencies in order to preserve the UN common system. The

Delegation took note of the information in WO/PBC/30/10 Corr. regarding the 2020/21 budget. The Delegation wished to receive more information on where the funds for the back pay and the 5 per cent interest would come from.

197. In response to the remarks by the Delegation of the Russian Federation, the Chair stated that the Committee would take the decision on Friday so it was important to work collectively to achieve an understanding of where there was content and where there was not. Any delegation was fully entitled to raise any issue where there was no agreement up until the moment the decision was gavelled. The Chair then turned to the Secretariat to address the question from the Delegation of the United States of America.

198. On the 2018/19 financial implications of the back pay and interest, the Secretariat noted that it was in the process of estimating the impact, in conjunction with all other agencies in Geneva. The Secretariat recalled that at the time of preparing the Program and Budget 2018/19, the pay cut had not been known and therefore had not been included in the 2018/19 budget. The 2018/19 expenditure enveloped for personnel therefore could accommodate that expenditure. As mentioned by the Director General, the estimated impact at this stage amounted to 9 million Swiss francs, approximately, but this was a very early approximation since the judgment was announced the previous Wednesday.

199. The Delegation of Croatia asked for clarification on the proposal regarding the WIPO Rewards and Recognition Program. It requested clarification as to what kind of decision the Committee was expected to make versus what should be left to the COCO because it seemed that there were some overlaps.

200. The Chair retook the floor and turned formally to the outstanding issue of the WIPO Rewards and Recognition Program and invited the WIPO Legal Counsel to offer a view on the very pertinent question from the Delegation of Croatia on the way in which the PBC and COCO were interacting.

201. In response to the question from the Delegation of Croatia concerning the role and responsibility of the PBC, the Secretariat referred the Delegation to the relevant Financial Regulations and Rules that define the role of the PBC, starting with Financial Rule 101.3 (d). It defines the PBC as "...the Committee constituted by the General Assembly to deal with program, budget, personal resources, premises, and finance." The other relevant Financial Regulation was Regulation 2.7, which states that "The Program and Budget Committee shall review the program and budget proposed by the Director General and transmit it to the Assemblies of the Member States with its recommendations." The answer to the question with respect to the role and responsibility of the PBC should be found in those two provisions, which the Member States had set for themselves for the PBC, which was constituted by the General Assembly.

202. The Chair opened the floor on the proposal for a WIPO Rewards and Recognition Program.

203. The Delegation of Croatia retook the floor to ask for additional clarification. The Delegation asked if the delegations were to decide the amount which would be allocated or not be allocated for that Program. The Delegation asked if it was just the sum and not how the sum was to be distributed.

204. The Secretariat explained that the PBC made recommendations but did not decide. The only decision it would make was the adoption of the Internal Oversight Charter. With respect to the Program and Budget, the PBC would make a recommendation to the General Assembly. The Secretariat repeated the provision that stated that the Committee shall deal with program, budget, personal resources, premises, and finance, and left the interpretation to the PBC. The

Secretariat further noted that the Committee did not deal with issues that would fall within the mandates of the COCO, which was an entirely separate treaty body, or the General Assembly.

205. The Delegation of Mexico stated that this was a subject of interest to its Delegation and other delegations. There were a number of Groups, including the Delegation of Mexico, that were engaged in consultations on a proposal. The Delegation stated that the explanation given by the Office of the Legal Counsel helped the Delegation to better see in which direction a proposal from the PBC should go. The Delegation requested a few more moments to consider the various approaches of other delegations when thinking about an actual proposal.

206. After having a short break which allowed interested delegations to put a proposal together, the Chair resumed the session and informed the Committee that he had discussions with a number of interested delegations and proposed a way forward for that afternoon and for the next day. The Chair explained that three full days remained to solve those remaining two issues. The Chair noted that a number of interested delegations had suggested that informal consultations might be helpful on the issue of the WIPO organizational performance reward. The Chair therefore proposed moving into informal consultations with Regional Coordinators plus any interested parties on the issue of the WIPO organizational performance reward. The Chair invited the Secretariat to join the delegations so that they could advise them accordingly. Since it was Tuesday and there were three days ahead, the Chair suggested to not reconvene in plenary that day so the remainder of that day would be spent trying to make progress on the issue of the WIPO organizational performance reward. The Chair suggested reconvening the next morning in plenary to start with a first discussion of the other outstanding issue, the union allocation methodology. On the issue of the WIPO organizational reward, the Chair opened the floor for comments from the delegations.

207. The Delegation of Indonesia reiterated the Chair's previous comments that the next day the Committee would go back to the plenary on Annex III, the union allocation methodology. Based on that, the Committee would go to informal sessions with the understanding that the PBC would try to be able to resolve the issue of the WIPO Rewards and Recognition Program. The Delegation stated that it had never seen nor had been in any discussion, be it informally or formally, on any proposal in this regard. The Delegation wished to put on record its position with regard to the WIPO Rewards and Recognition Program because it did not know or did not have any information with regard to whatever proposal was going to be proposed at the informal session that afternoon.

208. The Chair clarified that he had not seen a proposal either and there was no proposal. The Chair explained that the idea that afternoon was for those delegations that were interested, to discuss the issue and share some informal thoughts, and to see whether or not there was something that might be presented to the PBC more generally. The Chair reassured delegations that the PBC would most definitely come back to that issue in plenary format in due course. The Chair adjourned the meeting in the plenary format for that day and requested those delegations that were interested in the WIPO organizational performance reward to meet in NB.107 for informal consultations on that issue.

209. The Chair welcomed the delegations back to the PBC Session the following morning and returned to item 11, the Proposed Program and Budget for the 2020/21 biennium. The Chair stated that very good progress had been made and there was a very solid understanding on the vast majority of the proposed budget. The Chair thanked the delegations for their efficient and constructive engagement over the first two days of the PBC Session. There were two outstanding issues which remained to be resolved in order to put forward a clean recommendation to the General Assemblies in October. One issue pertained to the allocation of expenses and income by Union, Annex III. The Chair understood that some of the interested parties in that discussion were talking informally amongst themselves and he looked forward to an update in due course. The second issue was that of the organizational performance reward.



The Chair mentioned that he had chaired an instructive informal meeting the previous afternoon. In that meeting, a number of delegations had expressed concern over the organizational performance reward. In that discussion there seemed to be no disagreement with the 562,000 CHF set aside for individual and team awards. A number of delegations had expressed concern over the allocation of 2.255 million CHF for an organization wide performance reward. Some believed that was inconsistent with the guidelines offered by the ICSC. The Chair also noted a number of members recognized the constitutional difficulties in making a PBC decision contingent on a future Coordination Committee as many of the details were HR issues which were under the purview of the Coordination Committee. The Chair had detected a strong desire to find a practical solution that week, including a decision on the numbers in the proposed Program and Budget for the 2020/21 biennium. Numbers did not always give the full picture. There was a solid understanding on 99 per cent of the Program and Budget for the 2020/21 biennium. A solution was needed on that remaining one per cent but good progress had been made. The PBC, in recent years, had made a bit of a habit of delaying the most difficult decisions to the General Assemblies. It was not the only governing body in WIPO with a tendency to do that. The Chair suggested that 2019 would be different and the PBC should put a clean recommendation forward. There was a very heavily loaded GA agenda with a number of substantive issues. The Chair mentioned that while he admired the work of the Ambassador from Viet Nam in his capacity as Chair of the WIPO General Assemblies, he did not want to make it more difficult for him as he had a lot of work to do in the Assemblies. The Chair suggested making the process in October as simple as possible. The WIPO Intergovernmental Committee on Intellectual Property and Genetic Resources, Traditional Knowledge and Folklore (IGC) had recently agreed on a decision and the PBC should look to follow in their footsteps. A constructive engagement in the IGC had allowed them, unlike previous biennia, to arrive at a clean decision for the General Assembly. If the PBC could not solve those two issues in three days of uninterrupted discussion amongst the members, it would not send a positive signal about the PBC's ability to engage constructively and efficiently in the PBC. The Chair called on the delegations to look for solutions, to seek the necessary instructions from their capitals to allow the delegations to engage fully in those discussions so that the PBC could find agreement that week. The Chair would open the floor briefly for delegations to make statements and/or provide updates. The Chair explained that there would not be a substantive conversation in plenary format that day. The informal discussions would continue and plenary would reconvene in the afternoon. The informal discussions the previous day on the organizational performance reward had been helpful, but more time was needed for reflection. The Chair requested that the Regional Coordinators plus any interested delegation, meet in room NB.107 to continue discussions on the organizational performance reward. The Chair proposed that the PBC come back in plenary format that afternoon for an update on progress on the two outstanding issues. On the issue of the allocation and expense by Union, the Chair encouraged interested delegations to continue discussions among themselves. As there were no requests for the floor, the Chair adjourned the meeting for that morning.

210. The Chair opened the afternoon session and mentioned that there had been many important and valuable conversations during the informal session in room NB.107. The Chair explained that the PBC would continue conversations on the proposed Program and Budget for the 2020/21 biennium. The Chair recalled that there were two significant outstanding issues, the issue of the union allocation methodology, which he proposed to discuss later, and the issue of the organizational performance reward under Program 23. The Chair proposed that Regional Coordinators and interested delegations reconvene for informal consultations in room NB.107 with the Secretariat to continue the conversation including on a document, which had been circulated during the morning informal session. The document captured some of the proposals and was a useful basis for conversation. The Chair proposed to adjourn the meeting again and come back to plenary at 5:45pm in the event that an agreement on the issue would be found. The Chair hoped to finalize one of the outstanding issues that day.

211. The Chair reconvened plenary to close the proceedings for the day. The Chair stated that there had been constructive conversations in the informal session on one of the two remaining issues on the Proposed Program and Budget for the 2020/21 biennium, namely the WIPO Rewards and Recognition Program. The Chair pointed out that there had been discussions in the informal sessions that had not yet come to a firm and clear decision on the WIPO Rewards and Recognition Program, so that would require some further reflection and the PBC would need to come back to it the next day. On the issue of the union allocation methodology, the Chair proposed opening discussions on that first thing the following morning. The Chair adjourned the meeting for the day.

212. The Chair opened the morning session noting that discussions on the Proposed Program and Budget for the 2020/21 biennium would continue. The Chair recalled that there had been a useful informal exchange the previous afternoon on the organizational performance reward, which he proposed to return to later that morning. The Chair then turned to the second outstanding issue, Annex III: the allocation of income and expenditure by Union. The Chair noted that many Delegations had engaged in informal consultations and discussions over the past couple of days in order to find a solution. The Chair recalled that at the 29th session of the PBC, the PBC had requested the Secretariat to provide an alternative scenario to the one in Annex III of the draft proposed Program and Budget for the 2020/21 biennium, not including the nominal contribution of one per cent of the income of the Contribution Financed (CF), the Hague and Lisbon Unions towards common expenses. The alternative had been provided in the Q&A document posted on the PBC website. In the interest of transparency for the whole PBC membership, the Chair proposed to start the discussion in plenary format in order to gauge the progress made thus far. The Chair opened the floor for statements.

213. The Delegation of Italy thanked the Secretariat for providing a revised version of the Proposed Program and Budget for the 2020/21 biennium. Despite the intensive discussions during the 29th PBC session in May, the Delegation noted with regret that Annex III of the proposal still contained a change to the union allocation methodology. The proposal to introduce a one per cent nominal contribution for the Unions in deficit represented a deviation from the capacity-to-pay principle, which was a cornerstone of the Organization. The change in the allocation methodology was unjustified since there had been no consensus on the need to depart from the current allocation methodology in past PBC meetings. The Delegation highlighted that WIPO had an overall sound and stable financial situation with relevant surpluses and abundant financial reserves. Moreover, 2018 was another record year for IP filings. WIPO was a single organization with a unitary budget. The principle of solidarity among all WIPO unions was key in order for WIPO to be able to achieve its institutional mission that is “to promote the protection of intellectual property rights throughout the world...” The Delegation highlighted the importance for WIPO to allocate adequate financial and human resources to carry out its activities to efficiently promote all global IP systems at the international level, including awareness raising initiatives among relevant public and private stakeholders. The global IP system managed by WIPO was a key tool to support, at the local level, innovation and economic development, in particular, among micro and small companies. Therefore, it was important for WIPO to engage to facilitate the accession of developing countries and LDCs to the global IP systems taking into consideration Strategic Goals II and III with a view to achieving the UN Sustainable Development Goals. The Delegation believed that those objectives could be achieved in a fair manner only by keeping the present allocation methodology unchanged. On the allocation methodology, a cross-cutting topic, any change might have a wide impact on the functioning of the Organization as a whole with negative consequences especially for the regions where IP needed to be further promoted and developed. In short, the Delegation reiterated its request that the one per cent nominal contribution be removed from Annex III.

214. The Delegation of Singapore, speaking on behalf of the Asia and the Pacific Group, thanked the Secretariat for the preparation of the documents and the provision of the alternative version of Annex III without the nominal contribution of one per cent of the estimated income of

the CF, Hague and Lisbon Unions towards common expenses. The Group highlighted that the conventional capacity-to-pay methodology had yielded positive results for the Organization as reflected by the sound financial position and record growth of financial services. The Group expressed its concern that changes to the allocation methodology might result in undesirable consequences to the performance of the Organization.

215. The Delegation of the Russian Federation recalled its position at the 29th session of the PBC. The Delegation shared the concern expressed by a number of delegations about the Lisbon Union having to pay indirect expenses. The proposal in Annex III actually meant changing the policy on allocating income and expenditure without there being a consensus on the issue. The Lisbon System, at present, was in a development stage. The increase in expenses could lead to complications and would make it less attractive for new members. The Delegation's position was that the Lisbon System should function under a unitary WIPO budget. The Delegation believed that the revision of the methodology would lead to a disintegration of the international system, which worked well at present. The Delegation believed that it was necessary to maintain the present budget system, which should be the same for all unions.

216. The Delegation of Iran (Islamic Republic of) thanked the Secretariat for preparing the revised version of the document as well as the alternative of Annex III without the one per cent nominal contribution. As it had been pointed out in previous sessions, the current methodology for allocation of income and expenditure by Union had been in use since 2007. The Delegation recalled the stable and progressive financial situation of the Organization. WIPO's functioning was based on the principle of solidarity in the system as a whole. The Delegation was of the view that the allocation methodology should not be discriminatory against certain unions and favor others. The allocation methodology should not run counter to the principle of the Organization, in particular Article 3 of the WIPO Convention which stated "The objectives of the Organization are: (i) to promote the protection of intellectual property throughout the world through cooperation among States and, where appropriate, in collaboration with any other organization; (ii) to ensure administrative cooperation among the Unions." The Delegation emphasized that the capacity-to-pay principle was contrary to the proposal in which indirect cost would be attributed to all Unions irrespective of their capacity to pay. Such a proposal represented a deviation from a rule that had been applied thus far for the allocation of expenses by Union. The allocation methodology had been intensively debated in previous PBC meetings with no consensus. To conclude, the Delegation was open to any new proposal which could contribute to narrowing the gaps and the divergent positions among Member States, while respecting the main principle of the functioning of the Organization.

217. The Delegation of France thanked the Secretariat for the revised document. The most striking change made by the Secretariat in its Draft Proposed Program and Budget for the 2020/21 biennium as compared to the Program and Budget adopted for the 2018/19 biennium, was the change in the allocation of indirect expenses. That would mean additional expenses for the Hague Union and Lisbon Union which would make their deficit even greater. On the relevant page in document WO/PBC/30/10, it stated that Unions not being able to bear any indirect Union or indirect administrative expenses would contribute a nominal one per cent of their revenue towards common expenses. That phrase did not appear in the Program and Budget for the 2018/19 biennium. That principle had never been validated by the PBC nor by the General Assemblies. While the Member States since 2015 had discussed whether or not to change the allocation of expenses by Union, no consensus had ever emerged on the subject. In the 28th session of the PBC, under agenda item 16 on the method of allocating expenditure by Union, the Member States "(ii) noted that there was no consensus on the matters discussed under the current Agenda Item; and (iii) requested the Secretariat to give, during the 29th session of the PBC, an oral explanation of the draft proposed Program and Budget 2020/21 and the allocation methodology for the income and expenditure by Union used." Many Member States had always firmly opposed any change to the methodology for allocating expenses. The Delegation noted that it had always opposed changes to the methodology for allocating

expenses and the capacity-to-pay principle. The Delegation supported the unitary approach, which was essential to WIPO as a member of the UN system, and the system of budgetary solidarity, making it possible to respect the primary goal of WIPO, i.e. the promotion and protection of all IP rights. In conclusion, the Delegation could not accept that proposed provision and like other Delegations, would therefore like it to be withdrawn. However, the Delegation was open to further discussions in the future on this topic.

218. The Delegation of Japan hoped that all Member States and the Secretariat would consider ways to correct the imbalance of income and expenditure for each Union so that all unions would achieve financial independence. In that regard, the Delegation appreciated the proposal presented by the Secretariat in Annex III in document WO/PBC/30/10. However, the Delegation would not fully support the proposal as it increased the deficit of the Hague Union. The Delegation believed that increasing the financial burden of the Unions in deficit was not an effective solution. It was important to make concrete measures to reduce the deficits by setting up a plan or roadmap to achieve fiscal soundness. The Delegation preferred to consider the concrete measures and allocation methodology as a package.

219. The Delegation of the United States of America welcomed the Proposed Program and Budget for the 2020/21 biennium as revised following the 29th PBC session and appreciated the effort that had gone into the preparation of all documents. As the Delegation had noted many times, the Delegation placed the utmost importance on the principles of transparency, accountability and good governance in UN organizations including WIPO. The Delegation could support the Proposed Program and Budget for the 2020/21 biennium as drafted. Before getting to a recommendation to the General Assembly to adopt the Proposed Program and Budget, there were a few key items remaining that needed to be agreed upon. One was whether it was unfair to ask the Lisbon Union to contribute only 4,000 Swiss francs per year towards common expenses of WIPO such as for IT systems that would undoubtedly benefit the Lisbon System. The Delegation also wanted to correct the Delegation of Italy's previous statement that WIPO had a unitary budget. The Delegation clarified that WIPO had a unitary contribution system not a unitary budget. The Delegation would not further elaborate on that. The Delegation wanted to address the concern raised by the Delegation of Singapore, speaking on behalf of the Asia and the Pacific Group, that the change to Annex III would negatively affect the CF Unions. The Delegation would be willing to limit the application of the one per cent to the registration systems. The Delegation asked if that would satisfy the Asia and the Pacific Group. As to the statement from the Delegation of France that a one per cent contribution to the common expenses of the Organization had never been applied, the Delegation recalled that in the 1970s, 1980s and early 1990s, that one per cent had been applied. The Secretariat had proposed that the CF, Hague and Lisbon Unions contribute a nominal one per cent of their own income towards common expenses. The Delegation had heard concerns expressed about the deficit of the CF Unions and had a proposal to eliminate that deficit to ensure that contributions did not need to be raised. There had also been statements about precedent. The suggestion was that if some WIPO members were able to insist that the Lisbon Union abide by its own Treaty, which required financial sustainability, then other Unions would also be required to be self-sufficient. To those delegations who had such concerns, the Delegation requested them to consider the facts. The CF Unions and the PCT Union had a long track record of paying for activities and treaties that did not generate income. The Delegation supported that and believed that all registration systems should contribute. The argument was not about whether such funds could be used to support the Marrakesh Treaty or any other similar treaty. One per cent was a very small percentage of each Union's budget. For the CF Unions, one per cent was much less than half of the United States of America's contribution. The United States of America's contribution was a small percentage of the CF Union's budget. As to the Lisbon Union, that contribution was a mere 8,000 Swiss francs over the biennium, or 4,000 Swiss francs per year. The Delegation asked what 4,000 Swiss francs would cover, namely, if it would cover IT, security, building respect for IP, communications, global databases, SME and entrepreneurship support. The Delegation did not think that was the case and further elaborated that 4,000 Swiss francs in

Geneva was not much. Without that nominal one per cent contribution, the Lisbon System would contribute nothing towards the common expenses of the Organization as it had done for many years. The Lisbon Union spoke of solidarity and cooperation among the Unions but had for decades, by its actions, defined the concept of solidarity and cooperation as keeping its fees low and using revenue from others. The Delegation did not agree with that definition of solidarity and cooperation. It might have made sense in the early days of the Organization or more recently for short term deficits, such as in the case of the Hague Union, for one prosperous system to loan funds to another struggling system. After 50 years, in the case of the Lisbon Union, it could be agreed that there was no longer cooperation but an unhealthy reliance. When the Lisbon Union talked about cooperation among unions, as per Article 3 of the WIPO Convention, their idea of cooperation was amorphous at best. The Lisbon Union talked about financial solidarity but it did not mention Article 11 of the Lisbon Agreement, Article 16 of the Paris Convention, Article 25 of the Berne Convention or any of the other Articles in WIPO-Administered Treaties that demanded financial independence. It was time for the Lisbon Union members to live up to their treaty obligations. Specifically, Article 11.3 laid out the order in which the budget would be derived. The first one was international registration fees. The Delegation stated that application fees would not be enough to cover the direct or indirect expenses. The second one was the proceeds from the sale of royalties on the publications of the International Bureau (IB) concerning the special union. The only publication regarding the special union for sale were the treaty documents and that had not resulted in any income ever reported in an annual report. On the third one, gifts, bequest and subventions, there were no records showing any of those for the biennium. On the fourth, rents, interests and other miscellaneous income, previously WIPO members had decided to give the Lisbon Union a share of that income, but it was not enough to cover the very large costs of the Lisbon Union. Finally, the fifth, contributions from the countries of the special union, if and to the extent to which receipts from the sources indicated in the four items above did not suffice to cover the expenses of the special union. Because the previous four categories would never properly fund the operation of the Lisbon System and consequently not provide a reasonable amount to cover common expenses of the Organization, that category was the one that had to be applied. The time had come where the Lisbon Union members had to abide by the Treaty obligations and pay for their special union. Failing that, the Delegation noted that the Treaty provides that the Government of Switzerland would pay. The Delegation had heard concerns about the CF Unions and the one per cent contribution translating to about 360,000 Swiss francs contributing further to the deficit of the CF Unions. The PBC should not be arguing over the mere 4,000 Swiss francs a year that the Lisbon Union was being asked to pay. The PBC really should be discussing what organizational priorities should be funded and how the Organization's budget should be structured. That was the mandate of the PBC. For example, the Delegation of China had earlier called for more diversity in hiring and broader translation of documents. The Delegation was prepared to support spending more money on translations. Other key items such as IT infrastructure improvement projects for the international registration systems as well as development projects focusing on how IP could lift economies and people up were very important to the United States of America. The Delegation was prepared to support those expenses as well. As to the deficit of the CF Unions, the Delegation believed that the time had come for income for the rental of WIPO premises to be claimed by the Paris and Berne Unions. Those unions paid for the assets that were generating the income and should receive the benefit of those assets. That income would add at least 2 million Swiss francs to the CF Unions' budget. The Delegation reiterated that 4,000 Swiss francs for the Lisbon Union was very little. The Delegation hoped that the union allocation methodology and the WIPO Rewards and Recognition Program issues were not obstacles in reaching agreement towards a recommendation to the General Assembly.

220. The Delegation of China stated that one of WIPO's missions was to combine all parts to coordinate international IP activities. To determine the income and expenditure allocation, it should have a long term strategic perspective in order to ensure relevance of the global IP system. The PCT and Madrid Systems all experienced going through a development and

strengthening process. If there had been a requirement that those systems having problems would share all the expenditures, it would certainly have increased their burdens to cope with the development phase. It would have affected the users of such systems. Currently Member States have not yet reached consensus on the allocation methodology. The Delegation therefore believed that any changes to the current allocation methods should be made cautiously. Before that, there needed to be studies to examine all the possible impacts. The Delegation currently could not support the new methodology in Annex III in the Program and Budget for the 2020/21 biennium. The Delegation noted that it wanted to actively participate in future discussions on the subject matter.

221. The Delegation of Germany, noting that it was taking the floor for the first time, thanked the Chair for his able and effective guidance of the 30th Session of the PBC, which would help overcome the still existing gaps between delegations. Like many other delegations, the Delegation was of the view that the capacity-to-pay principle was an important factor which contributed to the success of WIPO in all its different fields of activity. The Delegation was not convinced of any diluting additions to the capacity-to-pay principle and was ready to engage constructively on any further discussion on that subject.

222. The Delegation of Switzerland supported what had already been said by several delegations at the current PBC session. As it had stressed at the 29th Session of the PBC, the Delegation could not accept any change to the method of allocation of expenses as proposed in the Program and Budget for the 2020/21 biennium. The current method contained in program and budgets for previous biennia, was a pragmatic and effective approach. It did not allocate additional expenses to Unions not making a profit. To change the method would be to potentially challenge any activities that did not make a profit. That applied to most of the activities of the Organization. The introduction in Annex III stated that without the one per cent nominal contribution, most of the Unions, i.e. the CF, Hague and Lisbon Unions, would not be able to pay the indirect expenses of the Organization. The Delegation found it difficult to understand that logic because the fact was that precisely those Unions were not in a position to shoulder any additional expenses. The change proposed really meant that there were Unions that could not pay and they, therefore, should be made to pay. The Delegation explained that those Unions were not in a position to pay because they had justified operational needs. The Hague Union required big IT investments because of the broadening of its geographical spread, which was expected. The Lisbon Union, with its Geneva Act, was a young system. It had to come into force and consequently it needed resources to get off to a good start, as had been the case for the other Unions in the past. Finally, the CF Unions paid for a large range of WIPO activities such as work on genetic resources, traditional knowledge and traditional cultural expressions and the promotion of the Beijing and Marrakech Treaties. Those activities required resources and it could be argued that those Unions were not "rich" enough, but, WIPO had enough means. The financial resources were not missing if considering the Organization as a unitary one. However, changing the method of distribution of expenses as proposed in Annex III would be going the opposite direction. The result of that would be that there would be three Unions that would become probably more and more "poor" and if, in addition, the financial self-sufficiency principle was followed, those three Unions would either have to give up investing or ask for more allocations from Member States. That was not what the Delegation wanted for the future of WIPO. The Delegation had always defended the unitary logic of WIPO because it thought that the whole range of WIPO activities was justified. If it added, artificially, the expenses to non profit making unions, the Organization would be moving away from a unitary organization. The amounts proposed might appear to be low but it was a change to the system. The Delegation could not support the proposed change. It would, in fact, be a change whether it was called a deviation from the present method, an adjustment, or an adaptation. It would still be a change to the system. The Delegation, in response to the Delegation of the United States of America's previous statement about Switzerland, reminded the Delegation of the United States of America that the advances given by the host state were not sources of funding but were advances in the case of a lack of cash. Those advances were provided for by various

WIPO-Administered Treaties and were by definition off the cuff and temporary. They were just made to make up for the lack of cash. They were therefore not financing options. Having said that, the Delegation stressed that it attached great importance to the respect of international treaties to which it subscribed and took very seriously its role as the host country of international organizations such as WIPO. In conclusion, the Delegation, was prepared to discuss constructively the issue with other delegations.

223. The Delegation of Mexico noted that as regards the proposed change in methodology of one per cent, the Delegation was not in a position to support it. The Delegation realized that Unions had to continue working to mature their operations and recover costs, and their situations should be reflected in a transparent way. The Delegation was committed to working towards that. However, the Delegation was also convinced that all Unions should start on an equal footing with the support and solidarity of all members.

224. The Delegation of Brazil thanked the Secretariat for preparing Annex III in the Proposed Program and Budget for the 2020/21 biennium. The Delegation fully supported WIPO's previous decisions regarding the unitary contribution system and noted that Article 3 of the WIPO Convention stated that one of the objectives of the Organization was "to ensure administrative cooperation among the Unions." The vast majority of indirect costs of the Organization were borne by the PCT, and to a lesser extent, the Madrid System. Those Unions had shown greater potential to generate revenues due to the way they were structured which responded to market demands. However, not all Unions shared that potential and such goals. Not all WIPO activities were necessarily profitable. Nonetheless, they were relevant and valuable for the Organization and its Member States. Meanwhile the Delegation understood the concerns of some delegations according to which fee-funded Unions should maintain an adequate level of revenues. According to the respective articles regarding the financing of the fee-funded unions, each Union should have revenues sufficient to cover its own expenses. For instance, Article 24(b) of the Hague Convention stated that the amount of fees should be so fixed as to be at least sufficient to cover all expenses of the International Bureau (IB). The Delegation called for the delegations to discuss constructive solutions that, on one hand, guaranteed the Unions would properly fund themselves, while on the other hand, respect the capacity-to-pay principle.

225. The Delegation of Iran (Islamic Republic of) recalled that the issue was not a Lisbon issue because it went beyond the situation of the Lisbon Union. The Delegation was of the view that the financial sustainability of the Lisbon Union could not be compared with other global registration systems such as the Madrid or PCT Systems, mainly because appellation of origins and other geographical indications were based on geographical names and there was an obvious limit to the total number of geographical names and corresponding applications. The Delegation stated that transparency was an important management tool to optimize the use of resources and to increase efficiency of the Organization. No one could challenge that principle. Meanwhile, it should not serve as a means to discriminate against particular Unions which happened to have a different financial situation, nor to the detriment of the fundamental principles of the Organization as contained in the WIPO Convention. The Delegation was committed to transparency but not to the detriment of the principles of the Organization. It went beyond that. The Delegation would be open to consider any methodology that might be used for the evolution of allocation in the future, on the condition that such an approach would respect those fundamental principles. The current methodology and current budget documents for the 2020/21 biennium already had a sufficient level of transparency. There was no need to revise them or to deviate from them. The Delegation strongly believed that the fundamental principle of solidarity, which was at the very basis of the well-functioning of the Organization, would be undermined should the one per cent nominal contribution to cover expenses for Unions, as foreseen in the current draft, be introduced. Such a change could have far reaching and long term negative consequences for the Organization as a whole and could impact its functioning and its capacity to fulfill its international mandate to promote IP worldwide.

226. As there were no further requests for the floor, the Chair proposed to close the discussions that morning. The Chair remarked that outside the New Conference Hall, there was a piece of moon rock, which had been brought back from the astronauts on Apollo 15 in the early 1970s. The rock was a loan to recognize WIPO's role in facilitating the ingenuity of mankind. The Chair recalled that he had walked passed it a few times in the past few days and that he sometimes paused by that rock in the hope that it might offer him some inspiration from somewhere on what to do next. He explained that he felt that he might need to go back out and spend a few more moments in front of that piece of rock. The Chair elaborated that the delegations' positions were fairly well known to each other and the broader issue was not a new issue. It was one which had been discussed two years before and four years before. As on those occasions, at some point the PBC would need to come together and try to find a practical pragmatic solution that allowed the PBC to pass the budget. The Chair welcomed very much those delegations that had signaled their willingness to continue discussions to find that formal solution and very much encouraged them to do so. The Chair mentioned that he and the Secretariat were available to facilitate and support the discussions in whatever way it could. The PBC needed to keep working on it. Turning back to the other remaining issue on the agenda, the organizational performance reward, the Chair recalled that there had been some helpful informals on that in the afternoon the day before. In those informals, the delegations had been sent away to reflect on the various positions and it was time to close the issue. The Chair invited those Regional Coordinators, plus any other interested delegation to join an informal discussion with the Secretariat present, in NB.107. The Chair called for continued discussion to try and find a decision that could be taken collectively on the issue of the organizational performance reward. The PBC would reconvene back in plenary format when progress had been made on either issue.

227. Turning back to the discussions on agenda item 11, the Proposed Program and Budget for the 2020/21 biennium, the Chair stated that there had been a very productive informal session that morning to deliberate and arrive at an agreed decision text under that agenda item under Program 23 regarding the WIPO Rewards and Recognition Program. As with other components of the decision for the Proposed Program and Budget, the Chair would not formally gavel it at that moment, as it would be put together as part of one consolidated decision under item 11. As had been the custom over the past few days, it was important to collectively agree on the components so that when those components would be brought together the next day, it could be gavelled without hesitation. The Chair noted that the delegations had received the hard copy of the draft decision that represented what had been on the screen during the informal session. The Chair hoped that those that needed to discuss within their Regional Groups had done so. As there were no requests for the floor, the Chair read out the draft decision as follows:

The Program and Budget Committee (PBC) agreed to the reduction of the proposed increased amount by 1,655,800 Swiss francs for the provision for the WIPO Rewards and Recognition Program in Program 23, as well as relevant changes on pages 19, 21, 23, 24 and 142 (English version), including the deletion of the terms WIPO Performance Reward/Award. The resulting provision of 1,152,000 Swiss francs is to be used for individual and team rewards as defined in the WIPO Rewards and Recognition Program, namely: "Delivering Excellence" Reward; "Shaping the Future" Reward; "Working as One" Reward; and, "Acting Responsibly" Reward. This excludes any organization wide reward.

The Chair stated that was the draft paragraph in relation to Program 23 of the Proposed Program and Budget for the 2020/21 biennium. The Chair asked if it was acceptable to delegations. As there were no requests for the floor, the Chair formally closed Program 23 and noted that now all Programs of the Proposed Program and Budget for the 2020/21 biennium had been closed. That left one pretty significant outstanding issue, the Annex III question of the allocation methodology. Aside from that, and based on the work so far, the Chair inferred that



the delegations were all content with the Proposed Program and Budget for the 2020/21 biennium with the exception of that one outstanding issue. The Chair proposed to convene in plenary at 10:00 am the next day. The PBC needed to collectively take a steer on what to do with the one final outstanding issue of the Annex III methodology, although, based on conversations and the delegations' statements earlier, the Chair felt that the PBC would struggle to find agreement on that issue by 6:00 pm the next day. The Chair surmised that was where the PBC was heading, unless there were major developments overnight. If that assumption was correct, disappointing as it was, then the work for the next day would be to pull together the decisions that the PBC had taken that week. The one outstanding decision was the decision on the Proposed Program and Budget for the 2020/21 biennium. As per normal practice, the Secretariat would bring the decisions together into one consolidated document. The Chair then adjourned the meeting for the day.

228. The Chair reconvened the plenary session in the morning, returning to agenda item 11, the Proposed Program and Budget for the 2020/21 biennium. The Chair remarked that good progress had been made so far and there was one outstanding issue, the issue of the allocation of income and expenditure by Union.

229. The Delegation of the United States of America recalled that in the discussion of the allocation methodology the previous day, there had been a concern from the Asia and the Pacific Group and others about the budget of the CF Unions, specifically their projected deficits. They worried that requiring the CF Unions to contribute toward the common expenses of the Organization would result in a greater deficit thus requiring an increase in contributions. In view of that discussion, the Delegation had requested that the one per cent contribution not be applied to the CF Unions. No member had intervened to oppose that suggestion. The Delegation again proposed that the Program and Budget Annex III be revised to eliminate the requirement that the CF Unions to contribute one per cent of their income towards common expenses. That meant that on page 165 of the English version, line 2 in parentheses, "registration systems", should be inserted before, "unions which" and corresponding amendments would be made to the remainder of Annex III." As the Delegation had stated the day before, it very much supported the work of the Organization. The Delegation recognized that the CF Unions (Paris, Berne, IPC, Nice, Locarno, and Vienna Unions) were not registration systems and did not collect registration fees. To better support the activities funded by the CF Unions, the Delegation hoped that all WIPO Members could support that amendment.

230. The Delegation of Italy mentioned that it had listened with great interest to the statements made the day before and that day by the Delegation of the United States of America. The Delegation highlighted that in its view, there was nothing broken at WIPO that needed to be fixed from an overall financial perspective. There was no recommendation from the External Auditor about the need to address solutions for the Unions in deficit or to change the present allocation methodology. The Delegation's main concern was not about the money at stake if the one per cent nominal contribution would be introduced only for the fee-funded unions, which meant 8,000 Swiss francs for the Lisbon Union and 137,000 Swiss francs for the Hague Union in the 2020/21 biennium. The Delegation was concerned about the principle and the rationale behind the one per cent contribution. As regards the Lisbon Union, which was under attack at each PBC meeting, the Delegation recalled that its Member States in the last four years had taken measures to address its deficit. The fees had been doubled, voluntary contributions had been paid, and the topic of financial sustainability was still on the Lisbon agenda. Registrations were growing over time and the Delegation was still optimistic with the entry into force of the Geneva Act and the participation of the European Union (EU) by 2019 or early 2020. Moreover, it should not be forgotten that the Hague deficit was about 11 times higher than that of the Lisbon Union. Therefore, the Delegation believed that the issue that had been debated for a long time was not linked to addressing a concrete financial problem, but was rather a political issue. The Delegation explained that it considered the unitary approach and the capacity-to-pay principle strictly interlinked and departing from such an established principle

would endanger the well-functioning of the Organization. Departing from the key principle of unitary approach might endanger the future development of any fee-funded Union that was not profitable. Any Union that existed currently and that might be established in the future, would be at risk. WIPO was not a private profit oriented organization. It was a UN body and as such, it should be oriented to benefit the wider membership by spreading IP worldwide. WIPO should be more inclusive rather than exclusive in its future approach. Revising the allocation methodology, also in line with the last suggestion that was made by the Delegation of the United States of America, implied far-reaching consequences that would negatively affect the capacity for new Member States, especially developing countries, to join the current fee-funded Unions and to benefit from the global IP system. That was why the Delegation was not in a position to compromise on that proposal and it still supported the inclusion of a Program and Budget with a version of Annex III that was included in the Q&A document.

231. The Delegation of Switzerland, on the proposal made by the Delegation of the United States of America, stated that miscellaneous income came from different activities of the Organization. Therefore, they were not linked to specific activities of particular unions. As such, it was therefore logical and coherent within the unitary approach that they should be allocated equally to all the Unions, and that corresponded to the unitary logic and came from a longstanding practice, which had been approved several times by the Member States. As it had been already underlined, the Delegation would not like to modify the current method contained in the Program and Budget 2018/19. The Delegation also observed that “other income” from a union type perspective was a kind of indirect income. In line with the current unitary logic, which avoided attributing deficits to certain unions, the only logical change would be to allocate the other income to all the Unions that do not have the capacity to pay equally. Furthermore, the Delegation was surprised about the proposal, which had been made, which would deprive most Unions from “other income”. In fact, the Delegation of the United States of America had often raised concerns regarding the deficit of certain unions. Nonetheless, the same Delegation was now proposing measures which, in fact, would increase the deficit of those same Unions. Regarding the idea of deleting the contribution of one per cent for the CF Unions, the Delegation believed that was a step in the right direction. There was no sense in making Unions that did not have the capacity to pay, pay. Therefore, concretely, the Delegation also suggested deleting the one per cent contribution for the other Unions that did not have the capacity to pay. In conclusion, the Delegation could not support the proposal that had been put forward currently because they did not contain any improvement compared to the methodology applied. The Delegation reiterated that it believed the current method was the best solution, which had been put to test, and the Delegation wished to see it applied to the Program and Budget for the 2020/2021 biennium.

232. The Delegation of France supported the statement made by the Delegations of Italy and Switzerland. It stated that in diplomacy there was a golden rule, which was to ensure that your interlocutors saw their responsibilities. Since the aim of the Delegation of the United States of America was once more to make a single system within the Organization more fragile, the Delegation could not accept that. It was evident that all the proposed changes to the methodology since 2015 would only have aggravated the problem that the Delegation of the United States of America was raising. The Delegation was opposed to any change of methodology as compared to the one applied in previous biennia. The Delegation remained opposed to even the one per cent participation of the Unions which did not have the capacity-to-pay, being it the CF Unions or Unions of the registration system. The Delegation was opposed to miscellaneous income being distributed only to the CF Unions when it had always previously been distributed equally to all Unions, and therefore the Delegation remained opposed to any change in methodology. The Delegation wanted to see discussions aimed at strengthening the unitary nature of the Organization in conformity with its status as a UN specialized agency. The Delegation believed it was a little strange that an Organization, which had a very positive revenue, 888 million Swiss francs projected, had so much time and energy wasted on

discussing 0.4 per cent of its budget and the Delegation could not accept the proposal, as underlined by the Delegations of Italy and Switzerland.

233. The Delegation of the Czech Republic was far from trying to block the WIPO budget but could not avoid expressing its conviction that there was no need to try to change the allocation methodology as per the current or former proposal. The Delegation supported the unitary approach used by the Organization so far. The Delegation considered it the best tool to support all IP titles. What was at stake was so important that the Delegation needed more time to consider and discuss the consequences and risks of the tabled proposal.

234. The Delegation of the Russian Federation thanked the Delegation of the United States of America for its proposal. Nevertheless, the Delegation supported the position previously expressed by the Delegations of Italy, Switzerland, France, and the Czech Republic. The Delegation continued to oppose the proposed methodology in Annex III of the Proposed Program and Budget for the 2020/21 biennium as the current methodology had been supported by the majority of countries of WIPO and had already shown its effectiveness in the past.

235. The Delegation of Sweden stated that each system should be self-financed. The Delegation supported the proposal in which the Lisbon System was taking a small step in the right direction by contributing to the common expenses. The Delegation supported the statement made by the Delegation of the United States of America in that regard.

236. The Delegation of Iran (Islamic Republic of) noted that it came to the last day of the 30th PBC Session with an open mind and constructiveness to resolve the one remaining outstanding issue on the Program and Budget, and to make a very clean and clear recommendation to the General Assemblies. The Delegation was not convinced that the proposal from the Delegation of the United States of America would contribute positively to narrow the gaps. Rather, it was going to widen the current gaps among Member States. Therefore, the Delegation had nothing more to add to what had already been said by the Delegations of Italy, Switzerland, France, Czech Republic and the Russian Federation. As the Delegation had stated in previous occasions, it was not in a position to accept any change to the allocation methodology, therefore, the Delegation was not in a position to support the proposal made in that regard.

237. The Delegation of Hungary supported the views expressed by the other delegations namely, the Delegations of Italy, France, Iran (Islamic Republic of), Switzerland and the Czech Republic. It was not necessary to repeat the valid arguments that had been put forward by those delegations. However, the Delegation found it important to indicate that it was also of the view that the allocation methodology should not be changed in the way it was proposed. The Delegation therefore was not in a position to support that the Hague and the Lisbon Unions, without capacity-to-pay, would contribute a nominal one per cent of their revenue towards common expenses.

238. The Delegation of Croatia, speaking on behalf of the CEBS Group, noted that the Group had coordinated the day before on the issue of allocation methodology. The Group was of the view that the allocation methodology should not be changed and the principle of solidarity should be respected.

239. The Delegation of Lithuania aligned itself with the statement made by the Delegation of Croatia on behalf of the CEBS Group and supported arguments voiced by a number of delegations, which included the Delegations of Italy, France, Czech Republic, Switzerland, the Russian Federation, Iran (Islamic Republic of) and Hungary. The Delegation was in favor of the current system and principle of solidarity.

240. The Delegation of China believed that if the allocation method was to be fixed, it should be from a strategic and long-term perspective. It should serve the sound development of the

global IP system. If those Unions that were incapable of paying were asked to participate in some funding, it would seriously affect their developments and the development of the Organization. Therefore, the Delegation believed that WIPO should stick to the existing allocation methods. Before an agreement was reached there should not be any changes to the current system. The Delegation wanted to continue to participate constructively in the subsequent discussions on this issue.

241. The Delegation of Mexico supported the arguments previously put forward by other delegations. The Delegation stated that it could not support either the proposal by the Delegation of the United States of America, or a change in the methodology.

242. The Delegation of Uganda, speaking on behalf of the African Group, maintained its support for the unitary approach both for the income of the Organization as well as the existing allocation methodology for expenditure, including common expenses, by Union. The Group had carefully listened to the proposal by the Delegation of the United States of America and thanked them for their efforts. However, the proposal had come on the last day of the PBC deliberations and there had not been enough time to discuss it. The Group would need more time to engage and get due instructions from capitals. At the moment, the Group was not ready to engage on the proposal.

243. The Delegation of Portugal associated itself with the position previously expressed by the Delegations of Italy, France, Switzerland and other members. The Delegation believed the case for a unitary WIPO, as well as for not changing the methodology, had been very clearly made. The Delegation also believed that budgetary proposals should not target specific WIPO Unions or bodies and therefore the Delegation would not be in a position to accept the proposal made by the Delegation of the United States of America.

244. The Delegation of the United States of America thanked the Chair for allowing its Delegation to intervene for a second time. The Delegation appreciated the support from some delegations on its earlier proposal. Having heard the concern from the Asia and the Pacific Group and others about the budget of the CF Unions, specifically their projected deficits, the Delegation would make an additional suggestion. The Delegation proposed that the six CF Unions and the Conference receive all of the miscellaneous income. The allocation methodology that had been applied since 2008 had treated the CF Unions as a group and allocated miscellaneous income to the group as a whole, one share equal to the shares paid to each of the registration systems. In essence, they received less. It appeared to have been a matter of convenience. It was a question of fairness to reconsider that part of the allocation methodology. The Lisbon Union had no investments and did not contribute financially to the wellbeing of the Organization. Decade after decade, it had only been an expense to the Organization. As a result, it was not fair that it received any of the benefits of the miscellaneous income of the Organization. To address that unfairness, and in some respects, to respond to the Delegation of Switzerland, the Delegation proposed that on Page 165, allocation of income by union, bullet 5, the Proposed Program and Budget be amended to provide that miscellaneous income shall be accorded in equal shares to each Union, which would mean that each CF Union and fee-funded Union would receive the same amount. The Secretariat would similarly need to make the corresponding amendments to the rest of Annex III. The Delegation could not support the suggestion by the Delegations of Italy and Switzerland that the alternative to Annex III in the Q&A document be included in the Program and Budget.

245. The Delegation of Singapore thanked the Delegation of the United States of America for the proposal. The Delegation clarified its opening statement on behalf of the Asia and the Pacific Group and explained that the reference to CF Unions was a reference to one Union and that the one per cent allocation would impact the CF Unions, the Hague Union as well as the Lisbon Union. The Group noted the proposal by the Delegation of the United States of America,

but, as mentioned by the Delegation of Uganda on behalf of the African Group, the proposal had come at a late time and Member States would require more time to consider the proposal.

246. The Delegation of the United States of America pointed out that the Lisbon Union insisted that the allocation methodology initiated in 2008 be applied. Looking closely at that methodology, the Delegation noted that in 2008, the Lisbon Union contributed to Program 2 (Trademarks, Industrial Designs and Geographical Indications). That Program did important work, including supporting the Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications. It also supported the biennial symposium on geographical indications, held the previous week in Portugal, which included a presentation on the Lisbon Agreement. It was right that the Lisbon Union would contribute towards the expense of the symposium, as it involved promotion of the Lisbon Agreement. For the 2020/21 biennium, there appeared to be an omission where the Lisbon Union would not contribute towards Program 2. The Delegation believed there was an oversight on the part of the Secretariat in not carrying forward the Lisbon Union's requirement to contribute to the programmatic costs of geographical indications. The Delegation proposed the oversight be corrected and the Lisbon Union be required to contribute to Program 2.

247. The Delegation of Italy noted that the discussion on each single Program had already been closed. It understood the point of view of the Delegation of the United States of America, however, it was at a very late stage for that proposal to be brought forward because otherwise, the discussion on each program, which has already been closed time ago, could be reopened.

248. The Delegation of Switzerland stated that it seemed to be bombarded by last minute proposals, which really did not change anything in terms of its basic position. The Delegation repeated its position that it was not able to support the proposal presented because it did not contain any improvements compared with the method that had been applied to date. The Delegation wanted to maintain the allocation methodology which had been used for the current budget to be used for the 2020/21 budget as well.

249. With regard to the concerns of certain delegations about the deficit of the CF Unions, the Delegation of France recalled that those unions were financed primarily by statutory contributions from Member States and they were therefore considered Class 1. There needed to be assurance that the arrears of certain Member States be paid before any other type of change in the methodology was put forward. If those arrears were actually recovered by WIPO, they would cover at least two thirds of the current deficit of the CF Unions, 0.38 million.

250. In response to the Delegation of Italy, the Delegation of the United States of America stated that Program 2 was only referenced in Annex III so it could be addressed at that stage.

251. The Delegation of Iran (Islamic Republic of) noted that geographical indications and appellations of origin were IP rights as in the case of copyrights, trademarks, patents and designs. WIPO was committed to promote the protection of all kinds and types of IP, including geographical indications and appellations of origin. Accordingly, the Delegation believed that equal prominence should be given to all international registration systems at WIPO. The Delegation believed the latest proposal made by the Delegation of the United States of America would be very damaging for some unions and would not be appropriate according to the principles of the Organization. The Delegation stressed the importance of the appropriate functioning of all Unions, and stated that one should refrain from any action that would negatively affect the responsibilities and obligations of the Unions. The Delegation believed that the proposed methodology could be discriminatory and could jeopardize the function of some Unions. Changing the allocation methodology would require extensive discussion by the PBC. As a matter of principle, the Delegation could not accept changing the allocation methodology. The Delegation was open to discuss the issue in the next PBC session, but definitely for the next biennium, the Delegation were not in a position to support any change in methodology.

252. The Delegation of Italy stated that it understood that the Programs that had been discussed and approved during the 29th PBC Session could not be reopened. Annex III mentioned several Programs, so it could not be that because Annex III was mentioned in one Program that it was possible to reopen discussions. If discussions were reopened on Program 2, then they could be reopened on any other Program that was mentioned in Annex III.

253. The Chair, noting the various perspectives, stated that he did not want to reopen every Program. Very good progress had been made. In order to find agreement, the PBC needed to find a solution to the outstanding issue.

254. In responding to the statement by the Delegation of Italy, the Delegation of the United States of America clarified that it was not asking for any change necessarily to Program 2. There was already a cross-program collaboration reference to Program 32. The Delegation was looking for the Lisbon Union to contribute to the programmatic work of Program 2. If Program 2 did include geographical indications, it made sense that the Lisbon Union or the Lisbon System should contribute to that.

255. As there were no further requests for the floor, the Chair stated that it did not appear as if there was any closer movement to a resolution of the outstanding issue of the allocation methodology by Union. The Chair noted that some delegations had requested for some more time to consider the issue, which was well noted, but given that there was opposition to each other's suggestions, more time that day would not necessarily help in taking the PBC forward on those specific suggestions. The Chair proposed to move towards a draft decision on the biennial Program and Budget. As had been done the last two biennia, the decision would refer that one single issue on which delegations could not find agreement to the General Assemblies for further consideration. The Chair would work with the Secretariat on a draft decision on agenda item 11 for the consideration of the delegations. As there were no requests for the floor, the Chair adjourned the meeting and called for the meeting to be reconvened at 12:30 pm.

256. The Chair welcomed everyone back to plenary. Copies of the draft proposed decision for agenda item 11 had been passed around for the delegations' consideration. The Chair explained that the introduction, and paragraphs 1 and 2 should be fairly familiar to the delegations, and he hoped that they faithfully represented what had already been agreed during that week. Everything excluding point 3 should be familiar language. On paragraph 3, which was text that the delegations were seeing for the first time, the Chair stated that he had done his best to faithfully capture the sentiments in the decision stating where the delegations disagreed. Regretfully the PBC had not come very far on that issue. The Chair stated that he had done the best he could offer delegations which was to take that decision and to roll it forward to the General Assembly and not to the next session of the PBC. On the new paragraph 3, the Chair referred the delegations back to the previous decision of the 29th Session of the PBC where there had been language was agreed at that stage. The Chair reiterated that he had done his best effort to capture that sentiment of disagreement on the issue. The Chair then opened the floor for comments.

257. The Delegation of the Russian Federation thanked the Secretariat for the document and the Corrigendum to the proposed Program and Budget for the 20/2021 biennium. The Delegation stated that it had had the possibility of discussing that during its work with delegations and the Secretariat. In connection with the topic in the Corrigendum document, it was an issue that had come up quite recently and which had a great significance in general for the UN system. The Delegation proposed a decision point, which would allow the Delegation, in greater detail, to consider that issue at the next session of the Assemblies. The Delegation asked the Secretariat to prepare a more detailed information document on the financing modalities. The Delegation requested the following be inserted in the decision on agenda item 11: Recommends to the Assemblies to revert to the issue reflected in WO/PBC/30/10 Corr. in the context of the adoption of the Program and Budget for 2020/21 biennium at its 59th session.

Also requests the Secretariat to present for the consideration of the Assemblies a working document on the exact amount, details of calculations, sources and modalities of funding needed in connection with Judgment 4138 of the ILOAT.

258. The Chair noted that it was the first time that some of the delegations might have heard the language of the proposal by the Delegation of the Russian Federation. The Chair stated that the proposal would need to be put around in hard copy. The Chair requested the Delegation of the Russian Federation to send the Secretariat the text so that it could be inserted in the draft decision. The Chair requested the Delegation of the Russian Federation to approach the Secretariat after the end of the morning session to understand exactly how to implement the request in practice, and exactly what the Secretariat needed to provide. The Chair then opened the floor for comments.

259. The Delegation of Mexico stated that it understood that the proposal coming from the Delegation of the Russian Federation was in order to have more clarity and information at the Assemblies session on the measures that the Secretariat would need to undertake in order to implement the decision. The Delegation felt that was a valid point, and having more information on the Judgment would undoubtedly help the delegations understand better the implications for the Organization, and so the Delegation could support the proposal.

260. The Delegation of Croatia thanked the Delegation of the Russian Federation for its proposal. However, it was the first time the delegations were seeing it, so it requested to revert to it after lunch because the Delegation had not consulted the Group.

261. The Chair suggested that the proposed text from the Delegation of the Russian Federation, supported by delegations, as a new paragraph 4, would be sent to the Regional Coordinators as a new complete document. The Chair invited the Regional Coordinators to meet him around the podium at 5 minutes to 3:00 pm in order to give him an idea if the PBC could reach a decision. It would allow time to proceed with some of the printing and final procedures in parallel to formally gavel a decision under agenda item 11. As there were no further requests for the floor, the Chair adjourned the meeting for the morning.

262. The Chair welcomed everyone back to the meeting that afternoon noting that a decision under agenda item 11 remained. The Chair hoped that delegations had had the opportunity to read, review and discuss the draft decision. From his discussions with Regional Coordinators, there appeared to be no disagreement with the decision. The Chair proposed taking the decision. The Chair then proceeded to read out the decision which was adopted:

263. The Program and Budget Committee (PBC), having completed its comprehensive review of the Proposed Program and Budget for the 2020/21 Biennium, as contained in document WO/PBC/30/10 and WO/PBC/30/10 Corr.,

(i) agreed to:

a. the inclusion of two new performance indicators in Program 19 as follows:

- Percentage of WIPO Flagship Publications for which the Executive Summary is translated into all official UN languages; baseline 62.5% (5 out of 8); target 100%

- Percentage of WIPO global publications on substantive IP topics published in 2020/21 and translated into all official UN languages; baseline 0% in 2018 (0 out of 4); target 100%

b. an increase in the non-personnel budget for Program 27 by 800,000 Swiss francs to enable the achievement of the targets for the performance indicators in a.;

c. a reduction of the proposed increased amount by 1,655,800 Swiss francs for the provision for the WIPO Rewards and Recognition Program in Program 23, as well as relevant changes on pages 19, 21, 23, 24 and 142 (English version), including the deletion of the terms WIPO Performance Reward/Award. The resulting provision of 1,152,000 Swiss francs is to be used for individual and team rewards as defined in the WIPO Rewards and Recognition Program, namely:

- “Delivering Excellence” Reward;
- “Shaping the Future” Reward;
- “Working as One” Reward; and,
- “Acting Responsibly” Reward.

This excludes any organization-wide reward.

(ii) requested the Secretariat:

a. to issue a revised version of the Program and Budget for the 2020/21 biennium based on (i); and

b. to propose a revision to the Policy on Languages at WIPO at the 31st session of the PBC.

(iii) agreed to discuss the outstanding issue of the union allocation methodology used for the preparation of Annex III: 2020/21 Allocation of Income and Expenditure by Unions, including the version of Annex III in the Q&A without the nominal contribution of one per cent of the estimated income of the Contribution Financed (CF), the Hague and the Lisbon Unions towards common expenses, at the 59th series of meetings of the WIPO Assemblies.

(iv) agreed to revert to the issue reflected in WO/PBC/30/10 Corr. in the context of the adoption of the Program and Budget for 2020/21 biennium at its 59th series of meetings of the WIPO Assemblies. Also requested the Secretariat to present for the consideration of the Assemblies a working document on the exact amount, details of calculations, sources and modalities of funding needed in connection with the Judgment 4138 of the ILOAT.

## **ITEM 12 PROPOSED REVISIONS TO WIPO’S INVESTMENT POLICY**

264. Discussions were based on document WO/PBC/30/12.

265. The Chair opened agenda item 12, the proposed revisions to WIPO’s investment policy, as set out in document WO/PBC/30/12. The Chair invited the Secretariat to introduce the document.

266. The Secretariat explained that WIPO's revised Policy on Investments was adopted by the Assemblies in 2017, following which the policy was fully implemented by the end of February 2018. Subsequent to the implementation, the monitoring and reporting of WIPO's investments had been carried out on a regular basis by the investment advisors, on a monthly basis, the custodian, on a daily basis with any policy violation reported immediately, by the Finance treasury team, on a daily and on a real time basis, and by the Advisory Committee on Investments (ACI) which received regular reports. WIPO's investments for Core and Strategic cash had been disclosed in the 2017 and 2018 financial statements. Additionally, the Independent Advisory Oversight Committee, in its review of WIPO's reporting on investments in 2018, confirmed that adequate mechanisms had been established by WIPO to manage, maintain and monitor the Organization's investments. In accordance with the Policy on



Investments, an annual review by the ACI was completed on the basis of recommendations for amendments received from the Controller. Those amendments were suggested by WIPO external investment advisors who had identified elements in the existing policy that would benefit from additional clarity, or which, if not adjusted, would limit the Organization's ability to realize its investment objectives. As a consequence, the ACI, with the assistance of the external advisors, recommended that two changes be made to the policy, which were as follows: 1) establishing the frequency of investment strategy reviews, specifically as such strategy applied to medium and long-term goals and noting that the investment policy has been fully implemented; and 2) providing clarity to the proportion of investments permitted by the policy to be held in High Yield assets. It was important to note that all of those High Yield grade holdings would be acquired through well diversified pooled investment funds. WIPO would not make direct investments into any of the high-yield products and its exposure to any one particular holding would be relatively small.

267. The Delegation of Latvia, speaking on behalf of the CEBS Group, thanked the Secretariat for its work on the proposed amendments to the Policy on Investments as contained in the document WO/PBC/30/12. The Group appreciated the fact that since the adoption of the policy at the 57th General Assembly, WIPO had completed the implementation of the investment strategies for Strategic and Core cash, as recommended by the Advisory Committee on Investments and approved by the Director General. The Group also appreciated that the Independent Advisory Oversight Committee, in its review of the year 2018, had confirmed the existence of adequate mechanisms to manage, maintain and monitor the Organization's investments. The Group welcomed that the proposed amendments were accompanied by clarifications from the Secretariat and were shown in the annex. The Group supported future reviews on investment policies and would like to have the WIPO Risk Appetite Statement related to the investments be reflected in the amended Policy on Investments. The Group was of the opinion that the PBC should approve the proposed Policy on Investments.

268. The Delegation of Canada, speaking on behalf of Group B, thanked the Secretariat for the preparation of the proposed amendments to the Policy on Investments. The Group welcomed the proposed amendments to the Policy on Investments and noted its appreciation to the Secretariat for providing transparency and clarifications on each of the proposed amendments to the policy. In an effort to ensure that the Advisory Committee on Investments had the flexibility to undertake reviews as needed while keeping in mind an interest in up-to-date approaches on investments, the Group was interested in whether there would be value in holding the reviews referenced in paragraph 8(d) at the same time as the ACI meetings. The Group wished to make sure that the updated WIPO Risk Appetite Statement in document WO/PBC/29/5, particularly the aspects related to investments, would be reflected in the amended Policy on Investments.

269. The Delegation of the United States of America supported the statement made by the Delegation of Canada on behalf of Group B. The Delegation acknowledged the explanations provided by the Secretariat for the revisions to the policy, which it considered to be minor and technical. Reducing the frequency of ACI meetings and reviews to less than quarterly was appropriate, provided the oversight of the Organization's investments remained robust. The Delegation supported a recommendation by the PBC that the WIPO Assemblies adopt those amendments at its next session.

270. The Delegation of the Russian Federation thanked the Secretariat for preparing the corrections to the Policy on Investments. The Delegation shared the position that the proposed changes would lead to greater transparency, and would make it possible to efficiently carry out an analysis of the current situation and react to any changes on the financial markets. The Delegation noted the positive conclusions of the IAOC about the setting up by WIPO of the mechanisms for managing investments, keeping their level and supervising of them being

carried out. The Delegation supported the draft decision taken by the PBC about the corrections, and transmitting them to the Assemblies of WIPO as a recommendation.

271. In response to the point raised by the Delegation of Canada speaking on behalf of Group B, the Secretariat explained that the ACI did review the investment policy whenever it met so it happened during its meetings, and they could put it on their agenda whenever they wished. The independent investment advisors attended all meetings of the ACI. ACI members could raise questions about the investment strategy with them at any session. In response to the point raised by the Delegation of Latvia, the Secretariat explained that any changes made to the Investment Policy would come to the PBC. In response to the point made by a couple of delegations on the Policy on Investments referencing the WIPO Risk Appetite Statement, the Secretariat stated that these two documents would be taken into consideration together. The Secretariat then asked the Chair for clarification on whether that required any change to the draft proposed decision.

272. The Chair retook the floor and stated that the specific question from the two delegations in terms of the point was well noted. The Chair then asked the delegations if they were also asking for a change to the decision paragraph. As there were no requests for the floor, the Chair took it as agreeable to the delegations that the explanations met their requirements, and they were content with the decision paragraph as currently drafted. As there were no further requests for the floor, the Chair proceeded to read out the decision paragraph, which was adopted.

273. The Program and Budget Committee (PBC) recommended that the Assemblies of WIPO, each as far as it is concerned, approve the amendments to the Policy on Investments (document WO/PBC/30/12).

### **ITEM 13 STATUS OF THE CONSTITUTIONAL REFORM PROCESS**

274. Discussions were based on document WO/PBC/30/13 Rev.

275. The Chair opened agenda item 13, the status of the constitutional reform process, as set out in document WO/PBC/30/13 Rev. The Chair noted that the document addressed the status of the constitutional reform process at WIPO with regard to the implementation of the 1999 and 2003 amendments. The Chair invited the Secretariat to introduce item 13.

276. The Secretariat explained that at its 28th session, the PBC discussed the topic of the constitutional reform process and thereafter requested the Secretariat to report back to the 30th session of the PBC on the status of the implementation of the 1999 and 2003 amendments. Accordingly, document WO/PBC/30/13 Rev. addressed the status of the constitutional reform process at WIPO with regard to the implementation of those amendments. As noted in the document, the 1999 amendment to the WIPO Convention would limit the number of mandates of the Director General to two fixed terms of six years each. The 2003 amendments to the WIPO Convention and to other WIPO administered treaties would: (i) abolish the WIPO Conference; (ii) formalize the unitary contribution system and the changes in contribution classes that have been practiced since 1994; and (iii) establish annual (rather than biennial) ordinary sessions of the WIPO General Assembly and of the other Assemblies of the Unions administered by WIPO. Up to that date, none of those amendments had entered into force because the Director General had not yet received the requisite number of notifications of acceptance of the amendments from WIPO Member States. Since the 28th session of the PBC, the Secretariat undertook a detailed and comprehensive review of the status of acceptances by Member States. Accordingly, an information note dated February 27, 2019 was sent to each Member State. The Secretariat had also received several requests from Member States for additional information regarding the constitutional reform process, including requests for certified copies of the text of the 1999 and/or the 2003 amendments to the WIPO Convention

and the respective WIPO administered treaties. Furthermore, the Secretariat received updates from one Member State as to the status of that State's national ratification process. Since the Secretariat's last presentation on this issue, the Director General had received two additional notifications of acceptance with respect to the 1999 amendment, bringing the total number of notifications received to 55 out of the 129 needed for the 1999 amendment. Regarding the 2003 package of amendments, the Director General had also received two additional notifications of acceptance, bringing the total number of notifications received to 21 out of the 135 that were required for the 2003 package of amendments. The status of the constitutional reform process as reflected in document WO/PBC/30/13 Rev. was hereby proposed to be taken note of by the Program and Budget Committee.

277. The Delegation of Canada, speaking on behalf of Group B, welcomed the efforts by the Secretariat in reaching out to Member States in order to advance the ratification of the 1999 and 2003 constitutional reform packages. The Group thanked the Secretariat for the presentation and noted that that process had resulted in additional ratifications, yet there was still a long way to reaching the required numbers for both packages. The Group wished to register its interest in a formal presentation by the Secretariat and indeed welcomed the presentation that was just given. The Group encouraged all Member States to continue their efforts in order to reach the required number of ratifications in order to bring key texts of this Organization in line with the operational functioning decided by Member States in 1999 and 2003.

278. The Delegation of Latvia, speaking on behalf of the CEBS Group, expressed its appreciation to the Secretariat for contacting Member States on the issue of the ratification of the 1999 and 2003 amendments within the constitutional reform process. The Group noted the existence of only 54 of the required 129 notifications needed for the entry into force of the 1999 amendments and only 19 out of 135 needed for the 2003 package<sup>1</sup>. Therefore, the Group encouraged Member States to reflect on the possibility of accepting the amendments, and in that way, contributing to the constitutional reform process of the Organization.

279. The Delegation of China thanked the Secretariat for once again reporting on the implementation status of the 1999 and 2003 amendments. The Delegation believed that the constitutional reform process of the Organization was an important component of reform in the Organization generally, which was conducive to increasing efficiency of this Organization, in particular, the unitary contribution mechanism as well as the periodicity of the sessions of the WIPO General Assembly and the Assemblies of different Unions administered by WIPO. Those changes with regard to increasing the efficiency of this Organization would be helpful. The Delegation was also actively considering the 1999 and 2003 amendments, and hoped that the Secretariat could continue to brief Member States on the status of those amendments.

280. The Secretariat thanked the delegations for their comments. In response to the request from the Delegation of Canada, the Secretariat stated that it would be pleased to provide any formal presentation on that particular subject.

281. As there were no further requests for the floor, the Chair read out the decision paragraph, which was adopted.

282. The Program and Budget Committee (PBC) took note of the status of the constitutional reform process document WO/PBC/30/13 Rev.

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<sup>1</sup> The figures cited by the Delegation of Latvia were based on the original version of the Status of the Constitutional Reform Process (document WO/PBC/30/13). The revised version (document WO/PBC/30 Rev.) supersedes the original document.

## ITEM 14 CLOSING OF THE SESSION

283. The Chair turned to agenda item 14, the closing of the session, and explained that the list of decisions would be circulated. The list of decisions were for the delegations' information and review to ensure that everything had been captured correctly. Those decisions had already been gavelled. The Chair then thanked the delegations for their camaraderie, good company, and most importantly the constructive engagement that week, which allowed the PBC to move through almost every issue in a fairly prompt and efficient manner. The Chair looked forward to seeing the delegations at the WIPO General Assemblies in October. The Chair opened the floor for closing remarks.

284. The Delegation of Croatia, speaking on behalf of the CEBS Group, congratulated the Chair and Vice-Chairs for their able guidance of the PBC 30 session. The Group thanked the Secretariat for their hard work on its preparation of the different documents in an extremely short period. The Group thanked the External Auditor, the IAOC and the IOD. The Group thanked the interpreters, conference services as well as delegations for their active role during the PBC that week. The Group noted with satisfaction the progress achieved in the PBC on the unresolved issues and hoped for the consensus on the allocation methodology to be reached at the next GA 59 that autumn. The Group wished all capital-based delegates a safe journey home and an enjoyable weekend to all the participants.

285. The Delegation of Canada, speaking on behalf of Group B, thanked the Chair for his guidance that week and the Vice-Chairs as well. The Group thanked the interpreters and the conference section. The Group were particularly grateful for the Secretariat's very hard work in a difficult timetable that year on that issue. The Group noted that the Secretariat that week was very much at center stage on one of the outstanding issues. The Group realized that that was difficult and that difficulty was not lost on the Group and the Group was grateful for the Secretariat's involvement in that discussion.

286. The Delegation of Honduras, speaking on behalf of GRULAC, congratulated the Chair and thanked him for the way he had led the session in administering the time in an efficient way in promoting dialogue and understanding, and bringing positions close together. The Group thanked the Secretariat for the efforts made in organizing the meeting, the flexibility with regards to some of the topics and cooperation and preparation of the reports for the PBC. The Group recognized the important contribution of all members of WIPO surrounding the PBC. The Group thanked the other Member States and the Secretariat for achieving the document to be discussed at the next Assemblies. The Group considered that that had been enriched by the technical knowledge and the preparation of the delegations for the PBC. The Group stated that that had enabled the PBC to undertake important decisions on most of the items on the agenda. The Group reiterated its support to work together at the Assemblies to find solutions beneficial for all with relation to the topics which remained open. The Group thanked the interpreters and wished those who were going back to their capital a safe trip and a good weekend for everyone who was staying.

287. The Delegation of Uganda, speaking on behalf of the African Group, regretted that the PBC had not been able to achieve consensus on all outstanding issues on the Proposed Program and Budget 2020/21, and were therefore unable to recommend to the General Assembly to approve the Program and Budget for the 2020/21 biennium. However, the Group was encouraged that except for one issue, the PBC had been able to conclude discussions on most of the matters relating to Audit and Oversight, Program Performance and Financial Reviews among others, which was a strong indicator of the enduring spirit materializing. All of those achievements had been facilitated by the able and skillful leadership of the Chair and his bureau, for which the Group greatly appreciated him. The Group also commended the Secretariat for its technical support and hard work. The Group thanked the interpreters and conference services for their excellent logistical support to Member States. The Group

appreciated all Member States for their constructive engagement and flexibility throughout negotiations during that week. The Group looked forward, with great optimism, to the discussion of all the matters referred for the 2019 General Assembly. The Group had no doubt that with the constructive engagement of all Member States, guided by the founding principles of the cooperation framework amongst all unions of the Organization, mutually agreeable solutions would be found. With that, the Group wished all those staying in Switzerland a great weekend and for those flying out of the country, safe flights back to their capitals.

288. The Delegation of China congratulated the Chair for his successful convening of the meeting, and stated that his wisdom had helped the Member States to narrow down their differences. The Delegation thanked the Secretariat for its efficiency and thanked the interpreters and conference services. The Delegation thanked all the delegations which participated in the discussion in a constructive way. The Delegation wished that that constructive attitude would be maintained in the General Assembly to resolve the outstanding issue and to reach the final consensus.

289. The Delegation of Singapore, speaking on behalf of the Asia and the Pacific Group, commended the Chair on his able and effective leadership which had guided Member States towards progressive recommendations of the PBC for the General Assembly. The Group thanked the Secretariat for its support and clarification throughout the PBC discussions, which had helped Member States in their deliberations. The Group thanked conference services and the interpreters for their excellent work in supporting the PBC. The Group expressed its appreciation to all Member States for showing flexibility and constructivism in the PBC discussions to make positive progress throughout the week. The Group looked forward to further constructive discussions that would help guide achieving concrete results at the General Assembly. The Group wished all delegates going to their capitals a safe flight and a wonderful weekend for those staying in Switzerland.

290. The Delegation of Canada, speaking in its national capacity, believed that the reference point for the WIPO Rewards and Recognition Program should have been based on the figures approved for the current biennium i.e. 120,000 Swiss francs, as was the usual practice. Across all WIPO programs and budget lines, the proposed budget for the new biennium was compared to the current biennium. Following the removal of 2.2 million Swiss francs for the WIPO organizational performance reward, the remaining budget line maintained the 552,000 Swiss francs. That represented an amount that exceeded the previously approved budget amount for the rewards and recognition program by 368 per cent. The 1.15 million Swiss francs to be approved by Member States represented an increase of over 850 per cent from the current biennium. In the Delegation's view, that exceptional increase should not be repeated. The Delegation requested the Secretariat to be transparent in how the exceptional increase was going to be applied and to report to Member States on the impact of that increase on achieving the objectives of the WIPO Rewards and Recognition Program. The Delegation was pleased to see that the WIPO performance reward, which was noted by the ICSC under serious concerns from the United Nations General Assembly, was no longer in the budget. The Delegation was also pleased to see that Member States agreed to see references to that reward removed. It remained the Delegation's understanding, based on direct interaction with the ICSC, that the organizational bonus was inconsistent with the ICSC performance reward guidelines. In any future PBC discussions of ICSC documents or decisions, it would be useful to hear directly from the Commission. The Delegation urged the Secretariat to listen to the advice of WIPO's External Auditor and to be prudent and engage with Member States with respect to the WIPO Rewards and Recognition Program.

291. The Delegation of the United States of America supported the statement delivered by the Delegation of Canada on behalf of Group B, especially on the point regarding the great work of the Secretariat in managing the two closely scheduled sessions. The Delegation noted that it was unfortunate that the PBC was unable to come to a resolution on the allocation for the

income and expenses by union during its deliberations. There were only four, albeit, challenging items to address that week, and the issue of allocation was well-known among the PBC membership. The PBC spent time in May discussing that topic, and the Delegation hoped that between May and July it would have been able to reach an agreement that week on the sensitive item and one that the Delegation believed could be resolved in a straightforward manner. Instead, the Delegation heard reiterations of well-known positions in plenary that morning. In reaching agreement on allocation, the PBC would have been able to forward a strong list of PBC decisions to the General Assembly that fall so that the General Assembly could have more time to address its already heavy agenda of outstanding items. Instead, it would need to revisit the allocation for the income and expenses at the Assemblies. The Delegation hoped that between then and the General Assembly, all interested members would revisit their positions and be ready to engage in the Assemblies with constructive options that would move that discussion forward and to the point of resolution. In order for the delegations to prepare for those discussions, the Delegation of the United States of America would table the three proposals it delivered that day, well in advance of the WIPO General Assembly. The Delegation was also considering other options. The Delegation held informal consultations on the margins of the PBC session, and remained hopeful. The Delegation was not entirely disappointed and was appreciative that despite the delegations' differences, the conversations were friendly and professional. The Delegation was thankful for the excellent spirit of collegiality that was shown in the room. The informal discussions on the WIPO Rewards and Recognition Program were fruitful and the Delegation thanked all delegations for their flexibility in arriving at a consensus on that topic, and in particular, the PBC's agreement to not provide funding for the organization performance reward. The Delegation believed that a rewards program should be merit based and only granted to exceptional individual and team performers, as well as aligned with the ICSC guidelines. The Delegation welcomed further discussions on the WIPO Rewards and Recognition Policy in the Coordination Committee as the Delegation did not support that the organization performance rewards still remained a part of the policy. The Delegation noted that decision resulted in almost a tenfold increase to the WIPO Rewards and Recognition Program, from the 120,000 Swiss francs in the current biennium to 1.1 million Swiss francs in the 2020/21 biennium. The Delegation shared the Delegation of Canada's views and found that to be excessive. Therefore, the Delegation encouraged the Secretariat to grant rewards in a fair merit based and transparent manner. The Delegation supported paragraph 4 of the decision under agenda item 11, and looked forward to further discussions during the General Assembly, as appropriate, on the application of the ILOAT's Judgment No. 4138. Lastly, the Delegation thanked the Chair for efficiently conducting his work that week. The Delegation thanked the interpreters and conference services for their support during the discussions.

292. The Delegation of the Russian Federation thanked all delegations, the Secretariat and the Chair for the constructive discussions and the very productive work over the course of the PBC session. The Delegation believed that the results had been very positive. The Delegation had been able to resolve a number of open issues pending from previous sessions. The Delegation expressed particular gratitude to those delegations who had put forward proposals on multilingualism and felt that that would be an important step in opening up WIPO's resources. The Delegation highly valued the work of the Secretariat in implementing that. The Delegation was ready to work in the future together with other delegations. The Delegation joined the kind words towards the interpreters, the conference services, and wished great success to everyone.

293. As there were no further requests for the floor, the Chair thanked the delegations for their generous comments and wished everyone a very pleasant weekend and a safe journey home. The Chair declared the 30th session of the Program and Budget Committee closed.

[Annex follows]

**ANNEX : LISTE DES PARTICIPANTS / LIST OF PARTICIPANTS**

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*(dans l'ordre alphabétique des noms français des États/  
in the alphabetical order of the names in French of States)*

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Directeur/Director

John THORPE (M./Mr.)

Chef exécutif/Executive Leader

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IV. ORGANE CONSULTATIF INDÉPENDANT DE SURVEILLANCE DE L'OMPI (OCIS)/  
WIPO INDEPENDENT ADVISORY OVERSIGHT COMMITTEE (IAOC)

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Tatiana VASILEVA (Mme/Ms.)      Vice-présidente/Vice-Chair

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V. BUREAU INTERNATIONAL DE L'ORGANISATION MONDIALE DE LA PROPRIÉTÉ  
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Janice COOK ROBBINS (Mme/Ms.), directrice, Division des finances/Director, Finance Division

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