

Program and Budget Committee

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

REPORT

adopted by the Program and Budget Committee

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1. The 31st session of the WIPO Program and Budget Committee (PBC) was held at the Headquarters of WIPO from September 7 to 11, 2020.
2. From October 2019 to October 2021, the Committee is being composed of the following Member States: Algeria, Angola, Azerbaijan, Bangladesh (2020-2021), Belarus, Brazil, Canada, Chile, China, Czech Republic, Dominican Republic, Egypt, El Salvador, France, Gabon, Germany, Greece, Guatemala, Hungary, India (2019-2020), Indonesia, Iran (Islamic Republic of) (2020-2021), Italy, Japan, Kazakhstan, Kenya, Latvia, Malaysia (2020-2021), Mexico, Morocco, Nepal, Nigeria, Oman (2019-2020), Pakistan, Panama, Peru, Philippines (2019-2020), Republic of Korea (2019-2020), Republic of Moldova, Romania, Russian Federation, Senegal, Serbia, Singapore (2019-2020), Slovakia, South Africa, Spain, Sweden, Switzerland (*ex officio*), Tajikistan, Thailand (2020-2021), Tunisia, Turkey, United Arab Emirates (2020-2021), United Kingdom, United States of America, Uruguay, Viet Nam (53).
3. Members of the Committee represented at this session were: Algeria, Angola, Azerbaijan, Brazil, Canada, Chile, China, Czech Republic, Dominican Republic, Egypt, El Salvador, France, Gabon, Germany, Greece, Guatemala, Hungary, India, Indonesia, Italy, Japan, Kazakhstan, Kenya, Latvia, Mexico, Morocco, Nepal, Nigeria, Oman, Pakistan, Panama, Peru, Philippines, Republic of Korea, Republic of Moldova, Romania, Russian Federation, Serbia, Singapore, Slovakia, South Africa, Spain, Sweden, Switzerland (*ex officio*), Tunisia, Turkey, United Kingdom, United States of America, Uruguay, Viet Nam (50).
4. In addition, the following States, members of WIPO but not members of the Committee, were represented as observers: Albania, Argentina, Austria, Australia, Bangladesh, Bolivia (Plurinational State of), Cameroon, Cyprus, Colombia, Costa Rica, Ecuador, Ethiopia, Finland, Gambia (the), Georgia, Holy See, Honduras, Iran (Islamic Republic of), Iraq, Israel, Jamaica, Kyrgyzstan, Kuwait, Lesotho, Lithuania, Malaysia, Malta, Monaco, Mongolia, Myanmar, Namibia, Netherlands, Nicaragua, Niger, North Macedonia, Poland, Portugal, Qatar, Saudi Arabia, Sri Lanka, Sudan, Thailand, Togo, Trinidad and Tobago, Uganda, Ukraine, United Arab Emirates, Venezuela (Bolivarian Republic of), Zambia, Zimbabwe (50).

ITEM 1 OPENING OF THE SESSION

5. The Director General opened the 31st Session of the Program and Budget Committee (PBC) by welcoming all delegates to the session. Noting that this was the Organization's first experience with a hybrid meeting, he remarked on the social distancing requirements that were being observed and respected by the delegations present. The past six months had been very challenging for the Organization and the entire world. The Director General paused to express his sympathies for those who had experienced loss and solidarity for all workers on the front line who had done a magnificent job in the course of steering the Organization through the difficult pandemic period. It had been a slightly mixed picture for WIPO, but overall, the Organization had been able to traverse the period reasonably easily. The Director General briefly explained that all of the WIPO's global systems operated on electronic platforms and delivered their services electronically. In light of this, the transition that was necessary following the lockdown and other restrictions had been accomplished in a relatively easy manner, largely due to tremendous hard work on the part of WIPO Staff, with no interruption of service in the Organization. There were, however, two areas where some levels of difficulty had been experienced. One area was committee meetings, mostly due to the restrictions and in particular the travel restrictions. The 31st Session of the PBC hybrid meeting was the first of its kind undertaken by the Organization, and the Director General hoped it would ensue in a positive manner, thereby influencing the outcome of other hybrid meetings in the coming months, as it was crucial that the meetings side of operations could continue. The other area where notable difficulties had been experienced was in development cooperation, again due to travel restrictions imposed by the pandemic. Nevertheless, the Organization had managed to

maintain good communications and contacts with all the capitals. WIPO had managed to navigate that difficulty, although it was not an ideal situation. There were presently, approximately, 700 staff members who had returned to the workplace, and the Administration was adding to the numbers on a weekly basis. Precautions had been put in place to ensure the safety of all persons on the campus, not only the employees but also the delegates. So far, the return to work had been successfully executed. The Organization was obviously dependent on the external situation and its evolution, but as far as the internal situation was concerned, of the 700 persons who had returned to work, everyone had been given the option of teleworking or distance working, which meant two days physical presence on the campus and three days working remotely. About 80 per cent of those returning had chosen the option of teleworking, which further meant that there was not 700 persons physically present on campus at any given stage, only approximately 30 per cent. Addressing the important agenda of the week, the Director General noted that there were items on audit and oversight, program performance and financial reviews, certain proposals which would be put before the Committee, and finally certain follow-up to the meetings of the 29th and 30th Sessions of the PBC and the 2019 Assemblies. Regarding audit and oversight, the Director General thanked the oversight bodies, particularly the Independent Advisory Oversight Committee (IAOC), the External Auditor, Government of United Kingdom, the Internal Oversight Division and the Joint Inspection Unit (JIU). WIPO was extremely grateful to each of those bodies for their very careful work, which gave much assurance about the operations of the Organization. Concerning the performance and financial review, the news to date was very positive, as WIPO was able to fully achieve 74 per cent of its program performance indicator targets in 2019, which was quite a good result. Moreover, in 2019 there had been a record result of a surplus on an IPSAS basis of 97.7 million Swiss francs. The consequence of all that was that WIPO had fortunately entered the pandemic crisis in a very sound financial position. For the biennium 2018/19, WIPO had recorded an operating surplus of 123 million Swiss francs, but an overall surplus of 140 million Swiss francs, when approximately 26 million Swiss francs of investment gains was taken into account. That was a record result for the Organization, and meant that net assets stored at the end of 2019, which had increased because of such a good result, was at 364 million Swiss francs, representing an increase of 78 per cent over the course of the previous five years. This had been greatly helped by the addition of 97 million Swiss francs, a consequence of the good results in 2019, and which placed WIPO in a very sound position when it came to confronting the difficult economic circumstances brought on by the COVID-19 pandemic. The Director General drew attention to the document under "Other Related Matters" which examined the financial prospects and the financial situation of WIPO. He felt that, notwithstanding the impact of the COVID-19 situation, up until the end of July, the Organization had performed relatively well. There had been some very good results in 2019 and during the biennium 2018/19, which produced a very solid position on net assets and reserves, and were practically showing an even performance for 2020. A Crisis Management Dashboard had been put into place, and the Organization regularly published monthly results to keep Member States updated. Up until the end of July, WIPO was in a reasonably good position, although not one which, as in previous years, reflected full growth, but nevertheless a good position which showed the Organization running at a fairly sound surplus in those months. However, it was noted that, in terms of national GDPs, the results coming in from around the world for the second quarter of 2020 were disastrous and catastrophic. Such impact on the Organization tended to be delayed because, on an international level, the PCT, which represented 76 per cent of WIPO's income, really only reflected the activity that occurred at the national level 12 months prior. That was not the case for trademarks, which were more direct. Notwithstanding, it was difficult to make clear statements about what had transpired so far in 2020. The Director General cited the example of the Madrid System, which recorded negative 19 per cent activity in one month and a positive 17 per cent the following month, creating a very mixed picture. People returning to work and IP offices reopening around the world, with backlogs of applications moving from negative to positive figures, could well explain the individual occurrence. Nonetheless, it was noted that one should not be hasty in drawing any conclusions from the information. Even though the

Organization was currently in a sound position, there was still a need for prudence regarding what the ensuing period had in store for the Organization. Returning to audit and oversight, the Director General thanked the External Auditor for the great work carried out during a very difficult period. WIPO had received an unqualified audit opinion from the external auditor. The year in review also saw some positive developments in the strengthening of internal controls, including the use of analytical techniques to confirm compliance with the internal controls of the Organization and it was noted that this was moving in the right direction. Some positive results were experienced on investments in the prior year, and there were investment gains. During the session, the investment advisors would speak on the functioning of the performance of investments, which, at that point in the year, was in an even position. In relation to financial markets around the world, it was not very positive but rather relatively even. Looking at the positive result of around 26 million Swiss francs in investment gain for the prior year, one should remember that markets not only went up but also down. Considering that, it was noted that one should be mindful that having a market-based investment policy such as WIPO, which Member States had approved, might involve some risks in terms of losses in the future. Regarding some of the particular proposals that were to be discussed, one of which was the invitation to join the United Nations Sustainable Development Group (UNSDG), some of those proposals had certain financial consequences. Formerly known as the United Nations Development Group, it had a mission for the development agencies. With the passing of the sustainable development goals, the UNSDG has somewhat enlarged its mandate, but remained a group responsible for coordination matters relating to the resident coordinator system around the world. As WIPO was not an Organization with field operations and field offices, it was incumbent upon the Member States to consider whether to join the UNSDG. There was also a policy on voluntary contributions for review. There were some modest additions of about 1.8 million Swiss francs to the Capital Master Plan that involved two existing projects and one new one which would assure a more secure and efficient environment for the Enterprise Performance Management system, by moving it to the cloud as part of the general cloud migration that had been occurring for all of WIPO's IT systems. An update on an item hitherto discussed in previous sessions, namely the possibility of the establishment of a daycare facility, would be given during the session. Some extremely positive cooperation with the United Nations Office in Geneva and with the Swiss authorities had ensued, and a joint operation was being explored which would serve not only WIPO but also the general international community in Geneva. A presentation on the WIPO Revised Policy on Language would also be given. The Organization had made great progress in terms of multilingualism, following the approval of the language policy by the Member States in 2011, and there had been a successive annual rollout or enlargement of its language coverage for all of its products and services. There were still some gaps, not so much in terms of flagship publications, as the review conducted would indicate that WIPO had covered quite well all of the languages. There remained some questions regarding the language coverage of the operations of some of the systems. While the PCT functioned with ten publication languages, the number of working languages in the Madrid and Hague Systems was much more reduced, and there was a strong demand from many parts of the world to enlarge that. That was a very healthy discussion for a multilateral organization, which deeply supported the policy of multilingualism, and the topic would appear on the agenda of the PBC. Two other items that were not the easiest but would require the guidance and direction of the PBC were the terms of reference of the evaluation in 2021 of the External Offices, and the question of the allocation methodology for union expenses. Those two questions would be presented before the Committee for its guidance and direction in going forward. Having concluded his opening remarks, the Director General passed the floor to the Secretary of the PBC to elaborate on the practical arrangements of the hybrid meeting.

6. The Secretary of the PBC started by referring to the comprehensive guidelines and information, which the Secretariat had already shared with the delegates through the Regional Group Coordinators in respect of the conduct of the first hybrid session and various technical aspects to ensure a smooth running of the meeting for physically present delegates and those connected through Interprefy, the virtual platform. The Secretary drew attention to some of the

key points in the document. Firstly, on the points that applied to all participants, when requesting the floor, the Chair would announce the opening of the floor in the usual order, giving priority to the Regional Group Coordinators, and then to Member State Delegations. The Secretary would monitor the requests, distinguishing between those of delegates physically present and connected remotely. Upon opening the floor, the Chair would ask who had requested to speak and the Secretary would convey the information, after which the Chair would accordingly grant the floor to the delegate. Interpretation for the meeting would be available in the six UN languages. As the task of the interpreters was likely to be more challenging in the hybrid conference environment, delegations who took the floor were requested to speak slowly and as clearly as possible. If an interpreter encountered a problem with the audio quality, the simultaneous interpretation would temporarily stop and the interpreter would inform the Secretariat of the problem using the event chat. The Secretariat would in turn inform the Chair of the problem. Delegates were requested to set their mobile phones and other electronic devices to the silent mode during the session and when taking the floor to avoid unnecessary interference with the audio system. In accordance with ongoing hygiene measures, printed copies of the provisional List of Participants would not be shared in the room, but would be posted on the PBC website. Delegates connecting virtually through the Interpretrefy platform were requested not to use the event chat for normal side conversations. The “chat to all” function should only be used to signal a Point of Order. As this required prioritization of speaking order, delegates were asked to use the electronic “raise hand” function to request the floor so as to communicate the Point of Order to the Chair. The Secretariat would be monitoring the event chat for Points of Order which in turn would be communicated to the Chair, identifying the delegation requesting the floor. On being informed of this, the Chair would immediately give the floor to the delegation wishing to raise the Point of Order, so that the delegation would not be kept waiting in the request queue to raise a Point of Order. Otherwise, the Secretariat, interpreters or technical support team would use the event chat to broadcast a message to everyone. The “private chat” option should be used to send a message to the moderator to signal any technical questions or issues. In accordance with recommendations by the UN Medical Directors network, delegations physically present were reminded to keep their masks on at all times, except when seated with adequate social distancing of over two meters. Delegates could remove their masks when taking the floor. Additionally, delegates were requested to complete the self-declaration health safety form, which was available outside the conference room hall, if they had not yet done so. Requests for the floor would be as per usual practice by pressing the button on the microphone. Delegates were also reminded to hand in their color coded tickets at the end of each session to the security guard at the entrance of the conference hall to help with the contact-tracing procedures. Should Delegates need to leave the plenary mid-session, they would be provided with a temporary badge on exiting the conference hall, which should be returned to the security guard prior to re-entering the conference hall. The cafeteria in the New Building (NB) would be opened for breakfast service from 8:00 am to 10am, and for lunch from 12pm to 3pm. Each person entering the NB cafeteria needed to sign their name and contact details in a logbook, in case tracing had to be subsequently carried out. Coffee and tea would be available daily from 2:30pm to 6:30pm at the counter located between the conference room foyer and the AB building lobby, and in compliance with the host country regulations, delegates were asked to sit at the tables and chairs installed near the coffee counter when drinking beverages, in order to respect the social distancing requirements. Delegations were requested to keep their mask on at all times, except when seated in the space provided in the cafeteria. Delegates were requested to respect social distancing and not to congregate at the coffee station or cleaning tables. The Conference Hall would be cleaned daily between 1:00pm and 3:00pm, and whenever the afternoon sessions were concluded, and Delegates were to vacate the conference hall at 1 p.m. when the exercise began. Delegates seated in the conference hall could leave their belongings in there during the lunchtime cleaning break. However, those Delegates who were not in possession of an entry pass for the afternoon session and who had left personal belongings after the morning session would not be allowed re-entry into the conference hall to collect them during the afternoon

session. Only one person could occupy elevators at a time or at least two people on condition that they were wearing masks. Consequently, Delegates were encouraged to use the stairs when moving between the first, ground and first basement level floors in order to reduce the waiting time for elevators. Any delegate physically present experiencing a technical issue was requested to signal this to a member of the Conference Service Team in the conference hall for immediate assistance. Delegates in attendance were also requested not to log on to virtual platform from their computers when seated inside the conference hall. The WIPO Medical Unit had been reinforced onsite and available to all Delegates, should there be a need for their services. All measures had been put in place to ensure the health and safety of all Delegates attending the session. The Organization had prepared as extensively possible for the meeting, but as it was the first of its kind, some unforeseen issues were likely to occur, which would be dealt with expeditiously.

ITEM 2 ELECTION OF THE CHAIR AND TWO VICE-CHAIRS OF THE PROGRAM AND BUDGET COMMITTEE (PBC)

7. Before going onto the second item on the agenda, the Election of the Chair and two Vice-Chairs, the Director General informed the Committee that the 31st session would be the last PBC session of Mr. Ambi Sundaram, Assistant Director General, Administration and Management Sector who, during his professional years, had assisted at 18 PBC sessions and five budget consultations. Recognizing that extraordinary achievement, the Director General said he would have an occasion to thank the Assistant Director General more generously during the WIPO General Assembly, but went on record thanking him for all the great work he had done and wished him good luck with his last PBC. With that, the Director General opened the floor for nominations for the Chair and two Vice-Chairs of the PBC for its 31st session.

8. The Delegation of Zimbabwe, speaking on behalf of the African Group, proposed the nomination of H.E. Mr. Sabri Bachtobji, Ambassador, Permanent Representative, Permanent Mission of Tunisia.

9. The Delegation of the United Kingdom, speaking on behalf of Group B, seconded the nomination made by the Delegation of Zimbabwe on behalf of the African Group, and proposed the nomination of Mr. José Antonio Gil Celedonio, Director-General of the Spanish Patent and Trademark Office, for the position of Vice-Chair of the PBC.

10. The Delegation of Panama, speaking on behalf of the Group of Latin American and Caribbean Countries (GRULAC), supported the nomination made by the Delegation of Zimbabwe on behalf of the African Group, and proposed the nomination of H.E. Ms. Katrina Naut, Ambassador, Permanent Representative, Permanent Mission of the Dominican Republic, for the position of second Vice-Chair of the PBC.

11. The Delegation of Latvia, speaking on behalf of the Group of Central European and Baltic States (CEBS), seconded the nomination of H.E., Ms. Katrina Naut, Ambassador, Permanent Representative, Permanent Mission of the Dominican Republic, for the position of second Vice-Chair of the PBC proposed by GRULAC.

12. The Director General noted that there were no other Delegations wishing to take the floor, and that there was an overwhelming and unanimous support for the proposals to elect H.E. Mr. Sabri Bachtobji, Ambassador, Permanent Representative, Permanent Mission of Tunisia, as the Chair of the PBC, and as Vice-Chairs, Mr. José Antonio Gil Celedonio, Director-General, Spanish Patent and Trademark Office, and H.E. Ambassador Katrina Naut, Permanent Representative, Permanent Mission of the Dominican Republic. The Director General invited the Chair to the podium.

13. The Chair of the PBC thanked the Director General for his welcome, for having overseen the process and for his opening remarks. The Chair noted that the Committee was meeting under exceptional circumstance that were linked to the COVID-19 pandemic, wishing all Delegations much safety and security. The Chair acknowledged that it would not have been possible to organize the session under the very difficult circumstances without the sterling support of the Secretariat who had done everything possible to ensure that the meeting was successful, in spite of the constraints being faced as a result of the crisis, ensuring that the relevant health measures were respected. The Chair also thanked ADG Mr. Sundaram who had worked for many years on the PBC sessions and had been doing everything possible to advance the work of the Organization. The Chair also recognized the efforts of the Controller, Ms. Chitra Narayanaswamy, who had done everything possible to make his work easier. The Chair expressed his gratitude to all who had prepared the documents for the session. He also acknowledged the efforts of H.E. Ambassador Andrew Staines (United Kingdom), who presided over the previous two sessions of the PBC, and to the former Vice-Chairs of the Committee. The Chair paid tribute to the management of the budget in the Organization and thanked the Director General for his leadership. Through him, WIPO had a very healthy situation with regard to its budget and administrative matters, allowing it to play a strong role in the advancement of cultural and economic development in the countries represented by the Member States. As he approached the end of his second mandate, the Director General was thanked for the work he and his team undertook, bringing the Organization to the forefront of efforts in intellectual property. The Chair wished the Director General every success in his future endeavors, and expressed his congratulations and best wishes to his successor, Mr. Daren Tang, who would shortly be taking up his new functions. The Chair was fully confident that the Organization would continue to prosper and be successful, enhancing its performance, encouraging creativity and developing intellectual property in a world based on a more balanced IP system, taking into account the interest of all countries, including developing and least developed countries. With an increasing number of beneficiaries of intellectual properties throughout the world, rendered even more important in the current economic, social and human suffering, there was a need to pool efforts in order to help creative industries and inventors to play an even more important role to overcome the challenges brought on by the pandemic. The Chair concluded his comments by thanking the PBC for its trust and support in him.

14. As there were no objections, the proposal was gavelled.

15. The Program and Budget Committee (PBC) elected, for its sessions to be held in 2020 and 2021: Ambassador Sabri Bachtobji as the Chair of the PBC, and Mr. José Antonio Gil Celedonio and Ambassador Katrina Naut as the Vice-Chairs of the Committee.

ITEM 3 ADOPTION OF THE AGENDA

16. Discussions were based on document WO/PBC/31/1 Prov.

17. The Chair introduced the draft agenda and explained that it was set out in document WIPO/PBC/31/1, and reminded the Delegations that the session was taking place under a hybrid format, with some Delegations present in the room and others connecting remotely. For those participating remotely, a user guide containing detailed instructions to help WIPO Delegates had been provided. In order to facilitate the consideration of the various items, the agenda had been structured by grouping together four main themes: audit and oversight, performance and financial review, proposals, and then following decisions of PBC 29, PBC 30, and the 2019 Assemblies of WIPO Member States.

18. The Chair inquired whether Delegations agreed to adopt the draft agenda. As there were no objections or comments, the decision was adopted.

19. The Program and Budget Committee (PBC) adopted the agenda (document WO/PBC/31/1).

20. Before moving on to the first agenda item, the Chair made some general remarks. Firstly, he asked the Secretariat to outline the work program that proposed the order of the agenda, which would help the PBC to deal with the various agenda items in the most effective way. If the PBC advanced more quickly than expected, items would be brought forward accordingly, with the exception of item 5, Report by the External Auditor, as it had been planned that the External Auditor would present the report the following morning. Item 10(b), Update on Investments, would be introduced on Wednesday morning by Mr. Mohammed Reza NADJAFI, Director and WIPO's Investment Advisor. There were some key items under audit and oversight, and Item 8, which focused on performance and financial review, would deal with the WIPO Performance Report 2018/19, followed by Item 9, the Internal Oversight Division (IOD) Validation Report of the WIPO Performance Report 2018/19. After decisions and discussions on items 8 and 9, the Secretariat, following the request of Member States, would introduce the document Overview of Financial Performance and Program Implementation July 2020, which would describe the impact of COVID-19 on the Organization. The PBC would then move on to Item 10(a), Annual Financial Report and Financial Statements 2019, followed by Item 10(c), Status of the Payment of Contribution as at June 30, 2020, which contained a report on contributions received since the publication of document WO/PBC/31/9, and then Item 11, Annual Report on Human Resources. Next, under the theme Proposals, would be Items 12 to 15, the first of which related to the United Nations Sustainable Development Group (UNSDG) Membership, followed by Item 13, WIPO Policy on Voluntary Contributions, Item 14, Supplementary Capital Master Plan Projects, then an oral presentation of Item 15, Revised WIPO Policy on Languages. There was also the Section on Items following decisions of PBC 29 and PBC 30, and the 2019 Assemblies of WIPO Member States that contained Item 16, Terms of Reference of the 2021 Evaluation of WIPO External Offices, and Item 17, Methodology for Allocation of Income and Expenditure by Union. On Friday morning, if necessary, the PBC would address pending items following the closure of the session, which was scheduled for Friday afternoon. In the interest of being as effective as possible, the Chair hoped that general statements would be made by Regional Coordinators only, adding that all Members and Observers would have the occasion to participate under each agenda item throughout the session. The Chair hoped the Committee could be as effective as possible by respecting the planned schedule. The morning meetings would take place from 10am to 1pm, daily, and the afternoon meetings would resume at 3pm. As the PBC session was being conducted for the first time in a hybrid format, delegations were reminded of the different time zones affecting those participating remotely. The Chair also highlighted, the issue of technical challenges that could occur, so he asked for delegations to make their interventions as concise and precise as possible, in an effort to efficiently run the meeting. Stating that the Regional Coordinators would be given the floor first, the Chair then opened the proceedings for opening statements.

21. The Delegation of the United Kingdom, speaking on behalf of Group B, expressed appreciation for the Chair and acknowledged the work of the outgoing Chair, Ambassador Stains, who had hoped to be present during the PBC session. The Group congratulated the Chair and Vice-Chairs on their elections, and expressed its confidence in the Chair's leadership in guiding the discussions. The Group thanked the Secretariat for its hard work in preparing the relevant documents and organizing the session, particularly considering the existing challenges and difficulties in light of the COVID-19 pandemic. The 31st PBC session marked the resumption of Committee work at WIPO. The Group was certainly glad to resume intergovernmental work at the Organization and looked forward to continued work activities during autumn. The Group thanked the ADG and commended his work as the Head of the Administration and Management Sector throughout the years at WIPO, conveying its best wishes for the next chapter in his life. The Group expressed its gratitude to the IAOC, the External Auditor and the IOD for their hard work and reports to the Committee, adding its

appreciation for the essential role they played in the audit and oversight mechanism of WIPO. To save time for discussions in the week ahead, the Group would deliver its substantive comments on the relevant agenda items. The Group thanked the Director General for the overview given of the current situation, past performance and challenges ahead, and expressed its gratitude to the Secretariat for providing a document that summarized the financial and budgetary situation based on the latest available data. The Group was also interested in learning more about why non-personnel expenses were 88 per cent of target, even though most WIPO meetings had not taken place and few, if any of the expenses associated with travel, were incurred. The Group stated it fully appreciated the challenges ahead and stood ready to discuss the adjustments that might be necessary to uphold the good programmatic and budgetary standing of the Organization. In closing, the Group stated that it was certain that the Chair's wise guidance and the PBC's collective efforts throughout the session would lead the Committee to positive outcomes. The Group assured the Chair of its full support in that endeavor.

22. The Delegation of Latvia, speaking on behalf of the Central European and Baltic States Group (CEBS), congratulated the Chair and Vice-Chairs on their election, stating its confidence in the guidance that would be provided in carrying out the work ahead. The Group thanked the Secretariat for organizing the PBC session and for preparing all the relevant documents in a timely manner, commending the quality of the material particularly under the extraordinary circumstances of the global pandemic. The Group expressed its gratitude to the ADG for his work and excellent cooperation during the past years. The Group was looking forward to engaging in fruitful discussions on the proposals, including the invitation to consider WIPO's membership to the UNSDG and the Supplementary Capital Master Plan projects. Regarding the items under audit and oversight and program performance, the Group felt that continuous improvement of the oversight function enhanced the performance of the Organization in fulfilling its mission. The Group was pleased to see that 73 per cent of the performance indicator had been assessed as being fully achieved, and in that regard, it congratulated the Secretariat for their efforts, while at the same time, being aware of the responsibilities of the Member States in the area of the normative work. With regard to the questions of WIPO External Offices and the methodology of allocation of income and expenditure by Union, the Group recognized the importance of those matters. Nonetheless, the Group was aware of the constraints of the current PBC session. In closing, the Group reiterated its commitment to the work of the Committee and assured the Chair of its constructive engagement.

23. The Delegation of Zimbabwe, speaking on behalf of the African Group, congratulated the Chair and Vice-Chairs for their elections, and expressed the Group's confidence that under his leadership, the Committee would progress in its deliberations. The Group expressed its gratitude to the Director General and the Secretariat for their strenuous efforts in convening the 31st session of the PBC. The Group commended the preparation and disbursement of documents in a timely and orderly fashion. The Group extended its condolences on the untimely loss of life of any Secretariat staff members due to the COVID-19 pandemic. As PBC 31st session marked the resumption of the work of Member States of WIPO since May 2020, and bearing in mind the current prevailing challenges, the Group had shown great flexibility, in the hope that Member States exercised restraint in their expectations and limit decision-making to reasonable outcomes. The Group would comment on each agenda item when the detailed discussions were under consideration, but in the interim, wished to make some preliminary remarks. With regard to audit and oversight, the Group welcomed the reports provided by the IAOC, the External Auditor, the IOD, the WIPO Performance Report and the Progress Report on the Implementation of the Joint Inspection Unit's Recommendations, and would make specific comments when each report was tabled for discussion. Regarding proposals, the Group welcomed the invitation for WIPO to join the UNSDG. The Group noted that the issue had been outstanding since 2018, and urged that it be expedited as it would culminate in stronger collaboration between WIPO and the United Nations. Additionally, the Group also welcomed the proposals on the WIPO Policy on Voluntary Contributions and the Supplementary Capital

Master Plan projects. As for the Terms of Reference for the 2021 Evaluation of WIPO External Offices, the Group felt that Member States needed to reflect on a reasonable and pragmatic manner of dealing with the issue. Notwithstanding the restrictions imposed by the COVID-19 pandemic, the Group was looking forward to achieving a mutually agreed solution. On the Methodology for Allocation of Income and Expenditure by Union the Group noted that there were no new proposals for consideration and the Group urged that in the interim, the current methodology for allocation of income and expenditure be maintained. However, in light of the current challenges, the Group suggested that the item be deferred for consideration at the next PBC session. Before closing, the Group reiterated its commitment to working with the Chair as he discharged his duties, and availed itself to consider any proposals that might be presented in carrying out the future work of the PBC and WIPO.

24. The Delegation of Panama, speaking on behalf of the Group of countries of Latin America and the Caribbean (GRULAC), expressed its delight in seeing the Chair presiding over the PBC and hoped that the Committee would be successful in its work under his leadership. The Group thanked the Secretariat for preparing the background documents relevant to the various agenda items of the session, and for organizing the Regional Group Briefings. Such efforts had in fact enabled Member States to move forward with work and to attend the PBC session in spite of the current situation following the outbreak of COVID-19. There were still uncertainties linked to the crisis, but the Group encouraged Member States to show greater flexibility so that in-person meetings could resume, whenever possible, taking into account the health measures that would need to be respected and the technological tools that would be required to assist with the meetings. The Group was aware that 2021 was a budget year where Member States would have to work to take decisions in view of guiding the work of WIPO in the 2022/23 biennium. Regarding the proposed session agenda, the Group looked forward to participating in the discussions on the various agenda items, and acknowledged the important role Member States had to play in the discussions during the week, and was prepared to participate in a proactive and constructive manner. The impact of the pandemic had forced members of the Group to take quite drastic measures in order to stop its spread, including suspending certain trade activities that had heavily affected the economies and development of the countries within the Group, and travel restrictions at an international level. With that foremost in mind, the Group thanked the Secretariat for sharing and updating its online dashboard which included information pertaining to organizational operations. The Group stated that it was very important for its members to be informed in preliminary fashion as to the possible repercussions in operational and financial terms which could be faced by WIPO in the future as a result of the pandemic. The Group needed to know specifically if, given the well-known situation, there would be changes to the budget and to the budgetary allocation to programs over the next biennium. The Group added that it would also appreciate details on unutilized financial resources, for instance, resources not used for financing the participation of capital-based delegates due to travel restrictions relating to the pandemic. The Group believed those resources should be reallocated to finance additional delegates at the next budgetary period. On that same reasoning, the allocation of unused funds for technical assistance and cooperation and scholarships could also be considered. The Group commended the Director General and the Secretariat for the results achieved in 2019, noting that total organizational expenditure in 2019 had fallen while income had increased. That surplus attested to good sound management of human and financial resources, including the effective and transparent use of assets, which was of vital importance to the Group. The Group commended WIPO for their encouraging results in terms of human resources policy in dealing with gender issues, both in terms of recruitment, and the creation of tools and training programs specifically for women. The Group called on the Secretariat to redouble its efforts to achieve better geographical balance in the Organization's staff. The Group also urged the Director General to continue implementing best practices and the recommendations from the different oversight bodies every year. Lastly, the Group thanked the Director General and his team for the work done over the past 12 years, which had made the Organization the real benchmark in intellectual property. WIPO had been an example in the United Nations system on various issues, which included

promoting gender equality and commitment to gender balance, and risk management. The Group also thanked the ADG for his work and support to the Committee and WIPO.

25. The Delegation of Singapore, delivering the opening statement on behalf of the Asia and the Pacific Group, congratulated the Chair and Vice-Chairs on their elections and expressed its confidence that they would guide the Committee to achieving solid outcomes. The Group thanked the former Chair and Vice-Chairs and the Secretariat for preparing for the meeting that was taking place under extraordinary circumstances, and expressed its gratitude to the ADG for his many years of service to the Organization and support to the Member States, conveying best wishes for his future endeavors. With regard to the matters on audit and oversight, the Group noted the report contained in document WO/PBC/31/3 and the work in progress by the Organization in adopting most of the recommendations. The Group also noted the projected implementation dates listed by the Secretariat. The Group welcomed the strong performance and financial review of the Organization, particularly the reports on WIPO's sound governance and stable financial position to weather the financial uncertainty ahead, and recognized the Organization's efforts in achieving 74 per cent of the performance indicator evaluations, and the record number of WIPO administered treaty ratifications extensions recorded in 2018-2019. The Group commended WIPO for its progress in enhancing gender equality and encouraged similar efforts towards a broader geographical representation within the Organization. The Group also took note of the proposals in the agenda and supported the recommendation made on the Supplementary Capital Master Plan, and further encouraged the Secretariat to take the necessary steps to positively consider the invitation to join the UNSDG. While the format of the 31st Session of the PBC was remarkably different, the Group committed to pressing forward in the spirit of achieving outcomes that were in the interest of the Organization, its Member States and all its stakeholders.

26. The Delegation of the Russian Federation, speaking on behalf of the Group of Central Asian, Caucasus, and Eastern European Countries (CACEEC), congratulated the Chair and Vice-Chairs on their elections, expressing its confidence that their leadership would assist the PBC to engage in fruitful discussions and that the hybrid format of the session would be successful. The Group thanked the Secretariat for organizing the session at a time when the pandemic made things more complicated. A lot of material had been shared with Member States, keeping them informed. Some of the material would also require adoption of new rules and regulations. The Group thanked the ADG for his successful work and wished him every success in his future endeavors. As everyone had been focused on the pandemic and the restrictive measures imposed on their respective economies, the Group was prepared to discuss constructively the items on the agenda, noting with satisfaction the information pertaining to WIPO's stability and the findings of the External Auditor. The Group hoped that the Organization would overcome the present situation, and intended to speak in more detail on the individual items on the agenda. Lastly, the Group expressed its support to all our Delegations and to the Secretariat, adding its condolences to those who have suffered through the pandemic.

27. The Delegation of China congratulated the Chair and Vice-Chairs on their elections and expressed its hope that, under their leadership, the session would be completed successfully. The Delegation noted that despite the unprecedented impact of COVID-19, the Secretariat had overcome difficulties and managed to prepare, translate and publish the large number of documents in a timely manner. As this was the first time WIPO was using the Interprefy platform to hold an important meeting in a hybrid format, the Delegation appreciated the organizational efforts. The Delegation expressed its gratitude to the ADG for his work during the present and past sessions of the PBC, noting particularly his contribution to WIPO. The Delegation was also pleased to note that under the able leadership of the Director General, the level of program and budget management of WIPO had improved year after year, a healthy and sound financial position had been maintained. As of the end of 2019, WIPO had an operating surplus of CHF 97.7 million, with an investment income of CHF 42.1 million, and net assets

reaching a record of CHF 364.2 million, laying a solid foundation for the development of the Organization and overcoming future uncertainties. Citing an old Chinese expression “Be prepared for danger in times of peace”, the Delegation observed that the pandemic was having an extreme impact worldwide. The global economy was facing uncertainties; new technologies brought opportunities as well as challenges, which would require WIPO to remain prudent yet forward-looking in strategic planning and in executing daily work in efforts of expanding several major IP service systems, such as the PCT, and strive to improve several levels with system users at the core. It was necessary to keep development issues as a top priority of the Organization so that IP rights could benefit more people in a balanced and effective way. It was essential to proceed from many aspects such as construction of human resource to maintain sufficient market competitiveness. The Delegation expressed its satisfaction and gratitude to the IAOC, the External Auditor and the IOD for the large amount of work carried out, especially under the current pandemic situation. The Delegation had taken note of the WIPO Performance Report 2018/19 and the related Financial Report 2019, as well as the several proposals on Voluntary Contributions, Capital Master Plan Projects, and the Policy on Languages, and would express specific opinions during the week on relevant agenda items. The Delegation committed to working with other Delegations to overcome the impact of time differences and to participate in discussions and consultations in an active, open and constructive manner, and expressed its hope that the meeting would achieve the expected results.

28. The Delegation of Tunisia expressed its support for the statement made on behalf of the African Group, thanking the Regional Groups and Member States for the support and confidence shown in electing the Ambassador as the Chair of the PBC. The Delegation also congratulated the Vice-Chairs on their elections, and expressed its appreciation to the Director General for his introductory statement and to the Secretariat for the remarkable preparations of the hybrid meeting, including making available all the relevant documents during the difficult times. The Delegation closed by expressing its hope that the session would be progressive, allowing the advancement of the Committee’s work.

29. The Delegation of the United States of America expressed its support of the statement made on behalf of Group B, and congratulated the Chair and Vice-Chairs on their elections. The Delegation was confident that the Chair would aptly guide the discussions throughout the week. The Delegation thanked the Secretariat for its efforts in preparing the documents for the session despite the many challenges imposed by the pandemic. The Delegation commended WIPO for timely adapting to the new reality, which resulted in a sound continuity of operations for the international registration systems, as well as for other important areas of the Organization. The Delegation was committed to its role in the Committee and could not stress enough how important it was for the PBC to review and provide advice on any measures that WIPO wished to implement, which not only had a cost but also could present potential long-term risks. To that end, the Delegation appreciated the Secretariat presenting the invitation to join the UNSDG for consideration by the Member States. The Delegation looked forward to engaging constructively in the discussions on such important items as they arose.

30. The Delegation of Switzerland aligned itself with the statement made on behalf of Group B and congratulated the Chair and Vice-Chairs on their elections. The Delegation thanked the Secretariat for all its efforts in preparing the PBC under the current difficult circumstances. The Delegation announced that on September 3, 2020, Switzerland had ratified the WIPO Constitutional Reform of 2003. The reform, approved by Member States, simplified the workings of the Organization, modernized the budgetary process and facilitated the holding of annual meetings of Member States. Through its action, the Delegation expressed its full support for WIPO and reaffirmed the importance it attached to dealing with the treatment of institutional matters, thereby allowing the Organization to function in the best way possible. The Delegation hoped that other ratifications would follow, so that the reforms would come into effect. The Delegation thanked the ADG for his work for WIPO and extended its best wishes on his retirement.

31. The Delegation of Mexico congratulated the Chair and Vice-Chairs on their elections, and supported the statement made by GRULAC. The Delegation thanked the Secretariat and the Member States for their efforts, which, notwithstanding the ongoing restrictions, resulted in the session being held. Such efforts attested to the fact that in spite of the uncertainty of the pandemic, WIPO pressed on, and the Delegation encouraged the Members to demonstrate more flexibility with regard to in-person meetings. Moreover, as mentioned before, the following year would be a budget year, and it was incumbent on the Members to ensure the continuity of the Organization's work. The Delegation congratulated the Secretariat on updating its operations through the online dashboard, and expressed its belief that it was an opportune moment to engage in detailed discussions on the financial and other implications of the pandemic. The Delegation noted that the Director General had provided preliminary information on the topic, and stated that it would be attentive for possible changes to the legitimate programs for the next biennium. The Delegation took the opportunity to recognize the results obtained in the year 2019, stating that it was a good example of the correct administration of Human and Financial Resources within WIPO. The Delegation urged the Director General and his team to continue to implement the recommendations, made each year by the oversight bodies, and observed that at a time when institutions were adapting to virtual meetings, it would be erroneous to discontinue implementing the UN program on including those with disabilities and not take measures to render WIPO meetings accessible. In closing, the Delegation thanked the Director General, his team, and particularly the ADG for the work on the PBC sessions over the years.

32. The Delegation of the Russian Federation congratulated the Chair on his election, noting due to the restrictions that had been imposed because of the pandemic, it was prepared to fully support and to participate in the ensuing discussions that would take place under the hybrid format. For many Organizations, constructively participating in hybrid meetings had become an example of how to maintain the continuity of working processes while respecting all the hygienic requirements called for by the pandemic. The hybrid format might also strengthen the legitimacy of decisions taken thereafter. The Delegation thanked the Director General and the Secretariat on adapting to the new ways of working. Taking into account the stable indicators of WIPO's work, the Delegation was pleased to learn of the increase in the number of registrations, even under the current circumstances of the pandemic. The Delegation also thanked the IAOC, the External Auditor, and the IOD for all their work and efforts in continuously improving the oversight functions in WIPO. During the session, the Delegation would be paying particular attention to improving the multilingual policy of WIPO. The Delegation was pleased to hear that a request for work on the language policy to commence was adopted, as was confirmed at the Assemblies of the Member States of WIPO the previous year. The Delegation noted with satisfaction the quality of the documents prepared by the Secretariat that set out its approach on each matter on the agenda, and would present a proposal regarding the mandate on External Offices. In closing, the Delegation aligned itself to the good wishes expressed in favor of the ADG, thanking him for his work and fruitful cooperation, and wished him success for the future.

33. The Delegation of Iran (Islamic Republic of) congratulated the Chair and Vice-Chairs on their election, and assured them of its full support and cooperation in the course of the Committee's deliberations. Associating itself with the statement made on behalf of the Asia and the Pacific Group, the Delegation expressed its appreciation to the Secretariat for organizing the session, thanking the ADG for all his efforts, professionalism and dedication since taking office in WIPO, and wishing him all the best for his future endeavors. While acknowledging that the health situation had yet again been deteriorating at an increasingly alarming rate, the Delegation was delighted that, in the midst of the global pandemic, WIPO had managed to resume its professional meetings, which had been accompanied by the maximum observance of protocol on health and safety which the Secretariat had provided for the session. The Delegation believed that the work of the PBC, particularly with regard to WIPO's financial matters, was more relevant than ever due to the negative effects of the pandemic on the global

economy and its long-term effects on the activities of WIPO. Regarding the audit items, the Delegation welcomed the preparation and presentation of the Report of the IAOC, the External Auditor, and the IOD, and recalled the important responsibilities of those entities to ensure the transparency and efficiency of the Organization. With regard to WIPO's membership to the UNSDG, the Delegation emphasized the importance of WIPO's engagement with the UN and other international organizations to achieve the broader objectives of the United Nations, and looked forward to the discussion under the agenda item. With regard to the Terms of Reference of WIPO's External Offices evaluation and the union allocation methodology, the Delegation expressed regret that the PBC would not be in a position to discuss and decide on those issues during the current session due to the restrictions imposed by the pandemic. The Delegation stated that it would provide detailed comments under those agenda items. The Delegation looked forward to very meaningful negotiations during the week.

34. The Delegation of Indonesia started by congratulating the Chair and Vice-Chairs on their elections, and committed to engaging fully in the discussions to follow. The Delegation thanked the Secretariat for the meeting arrangements, expressing its deepest condolences to WIPO staff and families of staff who had been affected by the COVID-19 pandemic. The Delegation acknowledged the challenges brought on by the pandemic which made the 31st session of the PBC all the more important. Indeed, many issues needed to be discussed in order to ensure the smooth functioning of the Organization and of Patent Offices around the world. The Delegation was looking forward to the discussion on the Madrid System and Paris Union Assembly. The first hybrid meeting to be held at WIPO would not only prove a litmus test for the 61st Series of Meetings of the Assembly of Member States of WIPO later that month, but also for future meetings at the Organization in the face of the pandemic in the new "normal era." The Delegation closed by expressing its gratitude to the ADG for his excellent work and dedication to the Organization and wished him all the best in the future.

35. The Chair summarized that a number of interesting statements had been made and that the Secretariat had noted the preliminary comments of the Delegations. He added his thanks to the ADG, expressing that he hoped that the Organization would somehow be able to benefit from his accumulated knowledge and experience despite his leaving.

ITEM 4 REPORT BY THE WIPO INDEPENDENT ADVISORY OVERSIGHT COMMITTEE (IAOC)

36. Discussions were based on document WO/PBC/31/2.

37. The Chair noted that, in accordance with their Terms of Reference, the IAOC submitted to the PBC written reports on its activities, which were presented to the delegations, and invited the Chair of the IAOC to present the report.

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

"Thank you very much, Mr. President. Distinguished Delegates, good afternoon to all of you. I would like to introduce myself. My name is Mukesh Arya and I am the current elected Chair of the Independent Advisory Oversight Committee. I am accompanied by the current Vice-Chair, Ms. Tatiana Vasileva. Before I proceed to introduce our annual report, I would like to take this opportunity to thank Ms. Maria Vicien-Milburn, who presided over the committee as Chair in 2019. In addition to in-person meetings, the Committee also held extensive consultations by email, in order for us to provide expert advice to WIPO as needed.

"During the reporting period, the Committee had a change in membership, particularly representing Group B and the Group of Central European and Baltic States.

Mr. Egbert Kaltenbach and Mr. Gabon Ámon ended their terms in January 2020, and Mr. Bert Keuppens and Mr. Igors Ludboržs had their first meeting in April 2020.

“May I now provide you with a brief summary of the important activities of the Committee, as contained in the annual report of the IAOC with reference to document WO/PBC/31/2, now tabled before the Program and Budget Committee.

“First on Internal Oversight. It is my pleasure to report that the Internal Oversight Division (IOD) regularly submitted its quarterly activity reports to the IAOC. The Committee reviewed the implementation of the approved 2019 Workplan of the IOD and was satisfied with its progress, including the results for the Client Satisfaction Survey conducted by it.

“The Committee also reviewed a draft Oversight Annual Workplan for 2020 before it was finalized. The Committee was satisfied with the planned coverage and has supplied the work plan and supported the workplan. The Committee was also satisfied with the proposed actions by the IOD to adjust the workplan, as necessary, in view of the COVID-19 pandemic.

“During the reporting period, the Committee reviewed two internal audit reports and three evaluation reports and provided its advice. The Committee was also apprised on the status of the investigation cases and caseload trends, complaints received, and complaints substantiated by category of misconduct. In cases involving potential conflict of interest on the part of the IOD, the Committee reviewed each case in detail and provided advice as needed.

“Finally, the Committee was satisfied with the monitoring and reporting performed by the IOD on the implementation status of oversight recommendations.

“Now, coming to the External Audit. During the reporting period, the Committee discussed with the representatives of the External Auditor, their draft External Audit Planning Report 2019, the Interim Audit Outcomes for 2019 and the final status of the audit of WIPO's Financial Statements. The Committee was very pleased to note that the External Auditor found WIPO's Financial Statements of good quality. The Committee also took note of the External Auditor's comments that while the COVID-19 pandemic has potentially high impact, the results of the Financial Statements indicated that WIPO had a sound and stable financial position, given its expected revenues and results. The External Auditor also added that WIPO was very well placed compared to other Organizations in the UN system to weather the financial uncertainty. Overall, the Committee was pleased with the continued interaction with the External Auditor on a regular and consistent basis.

“As regards Financial Reporting, I am sure the PBC will present the details of the Financial Statements. I would touch upon the Investment Policy of WIPO, in view of the situation posed by the pandemic. When enquired, the Committee was assured by Management that WIPO's Investment Policy and long-term strategy are designed to withstand difficult periods such as the pandemic. As such, WIPO would continue to make investments in accordance with the same Investment Policy and Strategy.

“With regard to the Ethics Office, during the reporting period, the Committee reviewed the Annual Report of the Ethics Office and the draft Ethics Office Workplan for 2020 and provided advice for improvement. The Committee reiterated its concern about the unimplemented recommendations from the audit report on WIPO's Ethics Framework issued in 2016.

“The Committee was finally satisfied with the revised draft of the Office Instruction on WIPO Ethics Office, after a very protracted discussion with the Chief Ethics Officer, dating back to May 2018.

“The Committee also had long discussions on the Office Instruction No. 33/2017 on Policy to Protect against Retaliation for Reporting Misconduct and Cooperating with Duly Authorized Audit Investigations. The Committee expressed its concern about the effectiveness of the Whistleblower Protection and advised that the provisions concerning conflict of interest be further strengthened in order to protect the integrity of the process.

“Lastly, with regard to the Office of the Ombudsperson, during the reporting period, the Committee discussed with the Ombudsperson his activity report for 2018 and was pleased to note that during the reporting period that had been an increase in preventive consultations at his office. The Ombudsperson made three broad-spectrum recommendations, the implementation of which the Committee intends to monitor. The Committee noted the very high quality of the Ombudsperson’s report and recommends the Member States to access regularly his activity reports.

“In closing, on behalf of the Independent Advisory Oversight Committee, I would like to express my appreciation to the Director General, Mr. Francis Gurry, the Director of the Internal Oversight Division, the Controller, the Chief Ethics Officer, the Ombudsperson and other Senior Managers, especially Mr. Ambi Sundaram, ADG, as well as the External Auditor, for their availability, clarity and openness in their regular interaction with the Committee, and for the information that has been provided to us within the year. And I would like to place on record the appreciation of the meetings held with the Chairs of the WIPO General Assembly and of the Coordination Committee, and their cordial interaction on issues of importance.

“Thank you very much, Mr. President. I am ready to answer any questions that you may have about our report.”

39. The Delegation of the United Kingdom, speaking on behalf of Group B, thanked the IAOC for the report contained in WO/PBC/31/2 and the IAOC Chair for the presentation. Referring to the opening statement made on behalf of the Group, the Delegation expressed gratitude to the IAOC for the essential role of the audit and oversight mechanism of WIPO to maintain the effectiveness, efficiency and relevance of Management and activities of the Organization. The Group appreciated the interaction of the IAOC with Member States, noting the difficulties experienced during the past months. The Group congratulated the Chair and Vice-Chair of the IAOC on being elected in their respective functions at the 55th session of the IAOC, and echoed the self-assessment contained in the annual report. The Group was pleased that the IAOC was taking an active role in reviewing the Annual Workplan of the IOD, and in particular, the actions taken to adjust the 2020 Oversight Annual Workplan, in light of the COVID-19 pandemic. The Group found it unfortunate that reviews of two internal audit reports – the audit of the Financial Closure Process and the Integrity Review of the Staff Pension Benefits and Entitlements, and two evaluation reports could not be concluded at the 56th session of the IAOC, but looked forward to the outcomes of the review of those very important matters. The Group continued to welcome the interaction of the IAOC with the External Auditor, which improved the follow-up process, and expressed appreciation of the External Auditor's review of the Financial Investment Reports, encouraging the IAOC to ensure that Management provided the relevant disclosures on the effect of the COVID-19 pandemic on Financial Statements as recommended. The Group was pleased that the IAOC was carefully monitoring the impact of the COVID-19 pandemic on the financial situation of WIPO, as well as on the impact of the working format of the IAOC itself, which indicated an active role in overseeing the ethics function of WIPO. The Group expressed concern that a final determination on an alleged

retaliation case remained unresolved since April 2019. The Group echoed the calls by the IAOC that the Ethics Officer refer the case to another Ethics Officer in the UN system as soon as possible. Further, the policy to protect against retaliation for reporting misconduct or for cooperating with duly authorized audits or investigations should be further strengthened, taking into account the JIU report on whistleblower policies and practices in the UN system and recommendations from the IAOC. The Group also agreed with the IAOC that Member States would benefit from the information contained in the activity report of the Ombudsperson, and requested that the report be provided to Member States at the next meeting of the Coordination Committee. In closing, the Group thanked the IAOC for its excellent work and looked forward to the key and active role that the IAOC played in the audit and oversight mechanisms of the Organization.

40. The Delegation of the Russian Federation, speaking on behalf of the CACEEC Group, thanked the IAOC for the report, and the Chair for his presentation. The Group felt it was important to note that the IAOC had continued to work at its oversight functions using a virtual platform during the period of the pandemic. The Group noted the proposal advising Member States to consult the periodic reports of the Ombudsperson and felt the PBC would benefit from the statistics on personnel contained therein. Regarding investigations, the Delegation believed that the PBC should take into account the independent opinions as that had a good effect of the situation.

41. The Delegation of Latvia, speaking on behalf of the Central European and Baltic States Group, thanked the IAOC for its report and crucial work in the domain of audit and oversight of the Organization. The Group noted with pleasure the interaction of the IAOC and the External Auditor, and expressed its belief that interaction significantly improved the process of the implementation of the issued recommendations. The Group congratulated Chair and Vice-Chair on their election to office in the IAOC.

42. The Delegation of China thanked the IAOC for its annual report. The Delegation appreciated and acknowledged the hard work and results achieved by the IAOC during the year and welcomed the two new members. Since the outbreak of the COVID-19 pandemic, the IAOC faced difficulties and challenges, which hindered some workplans. Nevertheless, the Delegation was pleased to note that the IAOC had overcome the difficulties and managed to hold its 56th session virtually and to publish the session report in a timely manner. The Delegation observed that over the past year, the IAOC had engaged closely with the Director General, WIPO Management, the IOD, the External Auditor and the Ombudsperson, providing many high-quality recommendations from the independent experts in the completion of various internal and external oversight tasks for WIPO. The Delegation hoped that kind of interaction and communication would continue and be enhanced continuously. The Delegation had always believed that the IAOC played a unique and important role in safeguarding the effectiveness and independence of WIPO's oversight function and the assessment of financial functions, and expressed its hope in continuing the close cooperation with the IAOC and helping the Organization to develop further through reviewing the implementation of recommendation and improvement of oversight function.

43. The Delegation of Zimbabwe, delivering a statement on behalf of the African Group, expressed its appreciation to the IAOC for the report contained in document WO/PBC/31/2. The Group congratulated the Chair and Vice-Chair on their appointments to the IAOC, as well as the IAOC for the actions taken to adjust its activities in light of the COVID-19 pandemic. The Group was satisfied with the positive opinions of the IAOC on the Financial Statements of the WIPO, and welcomed the cooperation between the IAOC and the External Auditor, appreciating particularly the positive outcomes of those interactions. The Group noted the suggestions that the Secretariat implement internal benchmarks and hoped that concrete actions had been taken towards executing the suggestion. The Group also noted the concerns of the IAOC on the WIPO Protection against Retaliation Policy and urged that the matter be addressed

expeditiously. The Group welcomed the initiative by the IAOC to host an introductory briefing with the Chairs of the WIPO Assemblies and of the Coordination Committee.

44. The Delegation of the United States of America supported the statement made by the Delegation of the United Kingdom on behalf of the Group B. The Delegation thanked the IAOC for their work throughout the year, especially during the difficult time. The Delegation recognized the valuable efforts of the IAOC to strengthen oversight of the Organization and appreciated the support provided by the Secretariat of the IAOC's mission. Noting that the IAOC report indicated that 130 oversight recommendations remained outstanding, of which 38 per cent were considered high-priority, the Delegation encouraged the Secretariat to implement those high-priority recommendations as soon as possible, in order to minimize any risk to the Organization. Since April 2019, there remained a pending retaliation case, which was unresolved due to the conflict of interest provision and the Policy to Protect against Retaliation for Reporting Misconduct and for Cooperating with Duly Authorized Audits or Investigations. The Delegation agreed with the opinion expressed by the IAOC on the matter, and urged the Ethics Office to take immediate steps to address the issue and to refer the matter to another Ethics Officer in the UN system. Furthermore, in line with the IAOC's recommendation, the Delegation requested that the Ethics Office immediately review and strengthen the Protection against Retaliation Policy which should also be done in light of the recommendation from the 2018 JIU Report on Whistleblower Policies and Practices in the UN system. Lastly, the Delegation strongly agreed with the view of the IAOC that Member States would benefit from the activity report of the Ombudsperson and to make the report available to Member States, noting that it was not implemented the previous year and that it was a JIU recommendation raised in two separate JIU reports, including the recent report on Whistleblower Policies and Practices in UN system Organizations. The Delegation again requested that the Secretariat submit the report at the next meeting of the WIPO Coordination Committee.

45. The Delegation of the Russian Federation, speaking in its national capacity, associated itself with the statement made on behalf of the CACEEC Group, and thanked the IAOC for preparing its annual report. The Delegation felt that it was an important achievement that the IAOC was able to maintain the continuity of the process, including holding virtual meetings. The composition of the members was representative of geographical balance and other factors. The Delegation appreciated the IAOC's work with the External Auditor, and was pleased to learn that particular attention had been paid to evaluating the financial situation of WIPO, as well as other key areas of work examined during the regular sessions. The Delegation was convinced that the practice of constructive oversight by the IAOC and submitting its reports to the PBC, including on risk policy, questions of oversight, and other issues relating to the budget on administrative financing of the Organization could not only achieve benefit but, to a certain extent, also benefit from the input of Member States. The Delegation expressed its hope that the practice would develop, and attested to being in favor of the IAOC monitoring how the pandemic situation had affected WIPO's operations. The Delegation also stated it would welcome an assessment by the IAOC of the recommendations addressed not only to the governing bodies but also to the management of the organization. In closing, the Delegation wished the members of the IAOC productive work in the future.

46. The Delegation of Iran (Islamic Republic of) thanked the Chair of the IAOC for presenting the annual report to the PBC, and recalled the importance played by the IAOC in observing effectiveness and efficiency of WIPO by constant efforts in improving the oversight function of the Organization. The Delegation noted the positive interaction between Member States and the IAOC through regular information sessions and consistent reporting to the PBC sessions, and welcomed the regular interaction between IAOC and the External Auditor. Concerning the IAOC's enquiry on COVID-19 pandemic impacts on financial management, the Delegation observed that Management had assured the IAOC that WIPO's investment policy and long-term

strategy had been designed to withstand difficult periods, such as the crisis of the ongoing pandemic.

47. The Delegation of Mexico expressed its gratitude towards the IAOC for its work, especially during the period of the pandemic, and thanked the Secretariat for continuing to implement the recommendations from previous sessions of the Committee. The Delegation looked forward to hearing more about implementation, particularly in relation to the policies on conflict of interest and whistleblowers, as those were vital issues, and transparency in those areas was necessary in order to ensure WIPO remained a real example in those areas. The Delegation further noted that it was important that Member States should have access to the reports of the Ombudsperson, adding it was convinced that the cooperation and professionalism of the Ethics Office was necessary and of strategic importance for the issues pointed out by the IAOC.

48. The Delegation of Canada noted the IAOC's diligence to holding its 56th session virtually despite the pandemic. The commitment of the IAOC to its work set a meaningful example to all as they adapted to remote working conditions, while also greatly assisting the PBC in conducting its oversight tasks, which were fundamental to the ongoing enhancements to transparency and accountability across the Organization. Noting the disagreements between the IAOC and the Chief Ethics Officer with regard to WIPO Policy to Protect against Retaliation and an associated case launched in 2018 in building a potential conflict of interest, the Delegation looked forward to a prompt resolution of the issue, and expressed its support for the IAOC's recommendation to review and to strengthen the policy as outlined in Office Instruction 33/2017 concerning conflicts of interest in order to protect the integrity of the process. The Delegation noted the high quality of the report of the Ombudsperson and supported the recommendation to review the regular activity reports.

49. The Chair of the PBC echoed the thanks addressed to the IAOC by Member States Delegations, noting that the IAOC demonstrated a will to continue its work and complete its mission, notwithstanding the difficulties brought on by the pandemic and the lockdown. The Chair observed that there were still things that needed to be improved, such as good coordination among all the oversight bodies, whether internal or external, matters to do with conflict of interest, the protection of whistleblowers, and very careful follow-up and implementation of the IAOC's recommendations for the Ethics Office. The Chair urged the IAOC to pay much more attention to the comments and recommendations made. Drawing on the statement made by the Delegation of Mexico, the Chair of the PBC underscored that WIPO had to continue being a model, in particular through sound financial management, and noted the PBC's high aspirations regarding the very important issue of protection of whistleblowers, as well as other matters which were of a cross-cutting nature. The Chair sensed that all parties involved were committed to ensuring that comments of the IAOC were carried out so that WIPO could be a model organization in that respect.

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

51. 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/31/2).

ITEM 5 REPORT BY THE EXTERNAL AUDITOR

52. Discussions were based on document WO/PBC/31/3. The Chair introduced the item, explaining that, in accordance with Chapter 8.11 of the Financial Regulations and Rules of WIPO, the Report by the External Auditor on the account of the Financial Statements and of the financial year was submitted to the General Assembly and other Assemblies of the WIPO

Member States and Unions administered by WIPO through the PBC, as per the instructions which they would have received. The Chair invited Mr. Damian Brewitt, Director, National Audit Office, United Kingdom, to present the report by the External Auditor.

53. The External Auditor (represented by Mr. Brewitt) delivered his report, as follows:

“Chairman, Distinguished Delegates, on behalf of the Controller and the Auditor General of the United Kingdom, I am pleased to present the findings from our audit to you, the Program and Budget Committee. It is important to us that we engage you in the issues that 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 our 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 internal control and the External Office network. We identified the latter as an area of interest for Member States.

“Turning first to the results of our audit of the financial statements, I am pleased to confirm that 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 of the Financial Statements as a whole. We also focused on whether the transactions have occurred in line with the Financial Regulations set by Member States, and our opinion confirms this.

“WIPO’s Financial Statements and accompanying financial commentary were prepared to a high quality and key accounting judgements were supported by detailed analysis. WIPO has undertaken a review of its Annual Financial Report and Financial Statements to streamline the content, focusing on the significant aspects of financial performance and financial health. We worked with management to help secure changes, which have been achieved within the reporting requirements of IPSAS, and we consider that these developments are positive in reducing extraneous information. Overall, our audit results were positive and identified no significant errors or control weaknesses, and we reported the detail of this work to the IAOC.

“On financial management, over the last five years, the net assets of WIPO have increased by 78.1 per cent, largely driven by increased use of the patent systems. WIPO continues to enjoy a strong financial position and positive cash flows, supported by a steady pipeline of future revenue streams. Despite the pandemic, we have continued to see a strong pipeline of applications in early 2020 and management expects this to continue. Together with the healthy reserve position and relatively high levels of cash resources, which could be liquidated at short notice, we concluded that management’s assertion around the going concern of WIPO remained appropriate. The Organization is well placed to weather the current uncertainty.

“Moving now to the first topic area of our performance reporting, which speaks to the issues of governance and internal control, which provide Member States with confidence and assurance over the management of resources. WIPO has continued its positive and proactive approach to developing sound governance mechanisms. In our experience, we consider that they remain at the forefront of developments within the wider-UN system.

“During 2019, WIPO continued to explore the use of analytical techniques to confirm compliance with internal controls at the entity and process level, and to demonstrate the continuing effectiveness of the internal control framework. WIPO has engaged consultants to further develop analytic tools and has identified 20 areas where it expects

to deploy analytics to support internal controls during 2020. Management considers that its control environment has continued to function normally during the lockdown as part of next year's audit.

"WIPO's Statement on Internal Control continues to be a strong source of assurance for Member States. The processes outlined earlier to assure the effective operation of controls, provide a sound basis for the Director General to opine on their effectiveness with the control self-assessment process indicating continued improvement. Some 89 per cent of process controls were assessed as deployed and operational. In our view, WIPO can further develop the Statement by providing greater prominence to planned improvements and by looking to future risks. The alignment of Internal Oversight Division's reporting cycle in 2020, in line with our previous recommendation, will further enhance the Statement in future years.

"During 2019, WIPO made further advances in the area of fraud prevention and detection, delivering 15 of the 17 objectives in its Anti-Fraud Roadmap. Work is planned to link fraud risks to existing controls in order to identify gaps in the control framework. Fraud risks have been included within the Enterprise Risk Management System, and giving these risks greater visibility will ensure a focus on mitigation measures. Some 89 per cent of staff have now undertaken mandatory fraud awareness training, which is a significant level when compared to other system entities. Overall, WIPO continues to be proactive in its approach to fraud prevention.

"Turning now to our observations on WIPO's External Office network, we are aware that Member States plan to commission an external review of the network, and in support of this we reviewed the current approach to the development of this network and how performance is reported and monitored within WIPO's results-based framework. In 2019, the network consisted of six offices, with a further office opening in January 2020. The activities of each office vary, and overall budgeted spend for 2019 was 8.5 million Swiss francs. However, the full cost is understated, as the contributions and support from the host countries are not valued and reported in the Financial Statements.

"Our review identified the absence of a clear strategy to underpin the development of the network. We would expect such a strategy to focus on the priority and the value attached to a location in achieving WIPO's overall strategic objectives. This should incorporate flexibility to expand or contract the network as necessary, as objectives are met and are evolved. There was also an absence of clear weighted criteria to inform the decision-making processes.

"The role of the Secretariat in supporting Member States decision-making is limited – the Secretariat provided a basic 'factual report', without recommendations. Proposals for new offices are not submitted in a consistent format and consequently there is no basis for an objective comparison. In our view, this has contributed to protracted discussions on the development of the network. We have recommended that a clear strategy, focused on cost effective delivery against the primary objectives of the Organization should be developed. A more active role for the Secretariat in this process should also be considered. WIPO has a process in place to manage the External Office Network to avoid duplication, maximize value and to ensure appropriate and proportionate oversight from Geneva. We have identified the importance of ensuring the whole network is integrated with Regional Bureaux and the Offices, sharing workplans and exchanging information, working in partnership with Headquarters. We see scope for further enhancement to internal reporting and for a greater focus on measuring performance against program and budget workplans, together with other key metrics and outcomes. There would also be value in the validation of the outcomes and performance of the External Offices.

“Accountability of the External Office Network can be enhanced by considering a more focused emphasis on individual workplans and associated indications of impact. Alongside the more common measures applied across all offices, we see benefit in a more tailored framework to reflect local priorities. We have also recommended that indicators are developed to measure the satisfaction of key stakeholders in the locality as an extension to the wider WIPO Perception Survey. Better data will inform Member States on whether offices are achieving their objectives.

“This Committee has agreed to an evaluation of the network of External Offices in 2021. We believe our report sets out some areas where the evaluation could focus to enhance the data available in order to better inform the decisions of the Member States on the future evolution of the network. As part of our future audit work, we will review the actions taken by WIPO because of this evaluation.

“To conclude, I can confirm that progress was made in closing and implementing ten recommendations from previous years, with 13 recommendations remaining in progress. Many of these have quite extended implementation dates, with little or no substantive activity in 2019. We are mindful of the challenging circumstances this year, but believe there is scope for WIPO to assess the earlier implementation or to reassess the continued applicability of previous recommendations, which remain outstanding.

“Finally, I wish to express my thanks to the Director-General and his staff for their support and cooperation in facilitating our audit. The 2019 audit was particularly challenging with the need for remote working, and the efforts of WIPO staff to support the audit have enabled us to ensure we can meet the expected timetable.

“Thank you very much.”

54. The Chair thanked the External Auditor for the very comprehensive presentation, and opened the floor for comments.

55. The Delegation of the United Kingdom, speaking on behalf of Group B, thanked the External Auditor for the report on WIPO’s Financial Statements for 2019, noting the challenges posed and the additional effort required in preparing the documents because of the COVID-19 pandemic. Notwithstanding the issues, the report was submitted in a timely manner, and provided an important source of information for the PBC. The Group also expressed its thanks to the Secretariat for its responses to the seven recommendations made by the External Auditor. Acknowledging the fact that the External Auditor had issued an unqualified opinion regarding the audit on the WIPO’s Financial Statements, the Group congratulated the Secretariat for that result, recognizing the challenges in providing access to appropriate information in the circumstances of the pandemic. The Group was pleased that the External Auditor had assessed the financial health of the Organization and concluded that WIPO was well placed to weather the uncertainty. The Group welcomed the review of the External Offices, which it felt attested to its importance to Member States. Noting with interest the recommendations relating to the issue, while recognizing the difficulties encountered in carrying out those recommendations, the Group believed that their implementation would be essential to establish an accountable, high-performing network, and added value to the overall objectives of entire Organization. The Group also welcomed the External Auditor’s suggestions regarding the proposed evaluation of the WIPO’s External Offices Network, and hoped they would serve as a useful input for the Terms of Reference and would further elaborate under Agenda Item 16. With regard to the outstanding recommendations from previous years, the Delegation was pleased to note that ten recommendations had been implemented and considered closed after revision. There remained 13 recommendations, which were considered in progress, and the Group, took note, with concern, of the External Auditor’s assessment that many of the previous recommendations had extended implementation dates with little or no substantive activity in

2019. The Group echoed the call for a more concerted effort to implement previous recommendations by making full use of the IAOC to assess implementation plans and revised timelines, in order to ensure that those recommendations were closed.

56. The Delegation of Singapore, speaking on behalf of the Asia and the Pacific Group, acknowledged the achievements, hard work and efforts of the Secretariat and the UK National Audit Office, in successfully concluding the remote audit through virtual means, and commended the Organization, as mentioned by the External Auditor, for the financial commentary, disclosures and comprehensive assurances for the discharge of oversight responsibilities.

57. The Delegation of China expressed its appreciation to the Controller and Auditor General of the UK National Audit Office, for preparing the high quality annual report on time, despite the COVID-19 pandemic, and thanked the Secretariat for its cooperation during the drafting process. The Delegation was pleased to see the positive comment of the External Auditor on WIPO's Financial Statement, financial position, and Internal Control Framework. Considering that the Organization needed to adjust to the new normal brought on by the pandemic, the Delegation agreed with the proposal to include the operation of the control environment during lockdown into the audit plan of 2021. The Delegation hoped the Secretariat would continue to actively implement the reasonable recommendations raised by the External Auditor, as it believed the External Auditor's opinions and suggestions on the External Offices were very timely and important. Moreover, the Delegation supported the idea of developing a clearer strategy for the extension of the External Offices Network, given the future business and operation priority of the Organization. With regard to the External Offices, the decision-making role of the Secretariat needed to be enhanced. Regarding the governance of the External Offices, the Delegation believed the connections between these and the overall workplan of WIPO should be strengthened, and agreed that the IOD could undertake an independent validation of data reported by the External Offices. At the same time, the Delegation shared the view that each country or region in which an External Office was located had its unique features, and as such, the External Offices were expected to operate according to the local conditions. Hence, the Delegation highly supported the External Auditor's proposal to develop suitable, expected results and performance indicators for each office in a more customized manner. Before closing its statements, the Delegation welcomed the proposed recommendations made by the External Auditor on the evaluation of the External Offices Network in 2021. As this complicated evaluation was very significant to WIPO, and the Delegation suggested that in the future, opinions from all stakeholders, including the External Auditor, should be considered in order to ensure the comprehensiveness of the Terms of Reference. The Delegation would continue communicating with the Secretariat and other stakeholders.

58. The Delegation of Latvia, speaking on behalf of the CEBS Group, thanked the External Auditor for the report on the audit results. The Group was pleased to note that in 2019, the Financial Statements were in accordance with the IPSAS provisions, and that the financial transactions were conducted in accordance with the WIPO Financial Regulations and Rules. With that in mind, the Group commended the Secretariat's work, and noted with particular interest the External Auditor's recommendations regarding the matter of the WIPO External Offices. The Group felt that the recommendations could facilitate discussions among the Member States, as well as the decision-making process on the opening of new WIPO External Offices. Those recommendations had to be considered when developing the Terms of Reference of the review of the network.

59. The Delegation of Zimbabwe, speaking on behalf of the African Group, expressed its appreciation to the External Auditor for the report, underscoring the importance of the role and function of the External Auditor in providing checks and balances in governance and the role of the Organization. The Group stated that it was aware of the auditor expectation gap and

assured the External Auditor that the Group was satisfied with the unqualified report presented before Member States. The Group commended the observations on the quality of the financial reports of WIPO, the increase in the Patent and Trademark filing systems, the increase in the net assets, and developments in fraud prevention and detection. The Group took note that the report covered the financial period for the year 2019, but had not captured the impact of COVID-19 on the Organization and eagerly awaited the Auditor's findings on the subject. The Group welcomed the Auditor's recommendation regarding the External Offices. It felt that some of the observations were important and would form an important reference points in the evaluation and formation of future Terms of Reference for the External Offices. The Group agreed that there was a need to enhance accountability and measure impact to existing offices; however, it wished to emphasize that the External Office performance should not only be measured against Patent and Trademark filings, but should also focus on the implementation of the Development Agenda, and the sustainability development accords. Policies being implemented should be tailored and development-oriented to suit host country situations. The Group was concerned with a suggestion to include accession to IP treaties, as a measurement of External Office performance, when most countries might have different reasons for not acceding to IP treaties. The evaluation and Terms of Reference should be broader and more balanced. Furthermore, the Group noted that 13 of the 23 recommendations of 2018 remained work in progress. The Delegation accepted the Recommendation Number 11 on the gender parity action plan, as gender equality was an integral matter to the Group, and reiterated that Recommendation Number 12 on geographic representation of the workforce of WIPO was still a pending item that needed to be addressed to ensure geographic representation within the workforce of the WIPO.

60. The Delegation of the Russian Federation, speaking on behalf of the CACEEC Group, thanked the External Auditor for the report and his presentation. The Group was pleased to note the opinion on the high level of accuracy of the report, on financial statements and the internal audit system, which continued to improve. The Group believed that led to solid reserves, transparency of the Organization, and enabling WIPO to successfully get through the crisis. Observing that a number of prior recommendations had been implemented, the Group hoped that the recommendations that were not yet closed would be closed soon. Concerning the functioning of the External Offices, the Group supported the idea of special strategy for the work of the external offices, in accordance with the Organization's objectives, and believed that the results from the country or regional specificities being taken into account would also demonstrate the resources needed and the measures which could be taken for those External Offices. Regarding the recommendation on the balance of decision-making responsibilities within the International Bureau between the Secretariat and Member States, the Group wished to place on record the following: a number of WIPO staff were currently responsible for the work of the offices, which the Group felt was not a wise approach; a decision needed to be made, granting the prerogative to Member States, so that any External Office which ceased to function should not be taken by the Headquarters; it was necessary to ensure that the Organization and the strategic aims of the External Offices were reviewed by the Member States. In conclusion, the Group thanked the Auditor for the recommendations that it felt were appropriate for the Secretariat to implement.

61. The Delegation of Iran (Islamic Republic of) thanked the External Auditor for the report and noted with satisfaction the External Auditor's opinion that WIPO's revenue and expenses had been applied to the purposes intended by the General Assembly and the financial transaction conformed to the Organization's financial regulations. The Delegation was cognizant of WIPO's sufficient and appropriate cooperation with the Auditor. Regarding the financial performance, it was further noted that WIPO had passed another successful financial period in 2019, and continued to enjoy a strong financial position and positive cash flows, supported by a steady pipeline of future revenue streams. The Delegation was satisfied with the fact that, despite the pandemic, WIPO had received a strong pipeline of applications in 2020. Considering the governance and Internal Controls, the Delegation believed that those

mechanisms were essential tools that provided the Director General and the Member States with the assurances to enable them to discharge their oversight functions and to safeguard resources. The Delegation recognized the strength of WIPO's Internal Controls and further positive developments had taken place within 2019. The Delegation recalled that the majority of the recommendations made by the External Auditor had been accepted by the Secretariat. It also took note of the Secretariat's responses to Recommendations Number Two and Three, which were consistent with the decisions of Member States. It should be recalled that according to the decisions of the General Assembly, the opening of new offices was subjected to the decision of the Member States as a state-driven process. Before concluding, the Delegation noted that some registration system and treaty unions of WIPO had been referred to in the first paragraph of the report, on page eight. The Delegation regretted that the Lisbon System had not been mentioned, as it felt that all registration systems in WIPO were important and should be put on an equal footing by all the stakeholders.

62. The Delegation of the United States of America congratulated the Organization on its successful financial year and unqualified audit report in 2019. The Delegation noted that there had been a strong pipeline of applications during 2020 and noticed in a separate document, it had observed that, as of July 2020, revenues were actually at 108 per cent of target, while expenditures were at 91 per cent of target, which was good news. The Delegation supported the initiative to have a review of the External Offices, as it had been aware of at least one recent fraud case in another External Office of a Geneva-based Organization and understood that such offices presented unique challenges. The Delegation supported the External Auditor's recommendation to establish a clear strategy and full accountability at those offices. It was also concerned that management believed that recommendation nine from 2017, which required that a review be conducted of the Madrid Union's fee structure, should now be broken. The Delegation supported that review, and requested information about what experience was gained, and what progress was made since formulation of the recommendation. Furthermore, the Delegation stated it objected to management failing to implement the recommendation, as it believed full implementation was important.

63. The Delegation of Algeria congratulated the Chair and Vice-Chairs on their elections, expressing its belief that the meetings would be successful under their competent and wise leadership. The Delegation thanked the Secretariat for its assiduous work having thoroughly prepared the session despite the difficulties of the COVID-19 crisis. Aligning itself with the statement made on behalf of the African Group, the Delegation thanked the External Auditor for its report and for the remarkable work undertaken to give an overview of the status of accounts, in accordance with the strictest requirements of audit and verification. This was very important and enabled the Organization to strengthen its managerial policy to reassure that it was healthy, transparent and efficient. The Delegation was pleased to learn that WIPO was well placed to deal with the current uncertainties of the Covi-19 crisis. In the coming months, the oversight mechanism should focus on the possible impacts of the pandemic on WIPO's activities and try to ensure that it could continue its performance and overcome the various risks, which might be faced. Regarding the External Offices, the Delegation thanked the Secretariat for the measures taken in order to formalize its approach for the management of the offices, as seen in the External Auditor's report. The Delegation noted with satisfaction the recommendations in the report aimed at improving the framework for the management of External Offices, particularly on the impact evaluation of activities of the External Offices, the concept of future activities, and the personnel section of the programs to reflect local priorities, taking account of the opinions of stakeholders *in situ* and the measures taken by the Secretariat to improve the reporting on External Offices activities. The Delegation believed that it was also important to have greater integration of the newly created External Offices into the various activities of WIPO, with regard to human resources for External Offices, in an effort to continue ensuring that they worked in favor of sustainable development goals in accordance with the Program and Budget framework. The Delegation believed that flexibility was needed for adapting their activities to local needs, obviously within the often-stringent restrictions of the program and budget. It was crucial to

envisage sharing of programs and experience among the various External Offices to ensure that best practices were shared. Lastly, the Delegation expressed its gratitude and thanks to the ADG who had served the Organization through his exemplary collaboration, and hoped to work with him in the future.

64. The Delegation of Pakistan congratulated the Chair on his election to preside over the Committee, and thanked the External Auditor for the excellent report and presentation, appreciating. Specifically the additional efforts made to address practical remote-working issues, and welcomed the recommendations contained in the report, particularly in reference to the review performed by the External Auditor on the current approach to the development, implementation, performance supporting and monitoring of External Offices. The Delegation found the External Auditor's views on External Offices to be timely and insightful, and could serve as a good starting point for the Member States in the process of developing the Terms of Reference for an external review of the network.

65. The Delegation of the Russian Federation thanked the External Auditor for its work, even during the pandemic, and the very useful report that it had provided. The Delegation took note of the positive comments on the financial reports of the Organization and improvement of Internal Controls and the assertion that WIPO's financial situation remained stable. With regard to the functioning of the External Offices, the Delegation believed that Member States could support the recommendations, in particular concerning a work strategy for External Offices and the development of special indicators for the results. The Delegation noted that a different approach by the External Auditor could be taken with regard to performance indicators for External Offices, but the decision making should be entirely the prerogative of the Member States. The Delegation thanked the External Auditor for the high quality of the report, and thanked the Secretariat for the thorough response to the questions raised by the External Auditor in preparing the document.

66. The Delegation of the Republic of Korea expressed its appreciation to the External Auditor for the hard work in preparing the report during the difficult environment caused by the pandemic. For the most part, the Delegation agreed with the recommendations made by the Auditor, especially for the parts that dealt with the External Offices. As the report provided very useful information, the Delegation felt it should be taken into account in the decision-making process of the Terms of Reference for the evaluation of the entire network of WIPO External Offices.

67. The Delegation of Japan aligned itself with the statement delivered by the distinguished Delegation of the United Kingdom on behalf of Group B. The Delegation welcomed the fact that the financial statements had been appropriately prepared by the Secretariat, and that an external audit had been appropriately conducted. The delegation also appreciated that the Secretariat had been willing to consider most of the recommendations made by the External Auditor. The Delegation looked forward to Secretariat making continuous improvements to render the Organization more efficient and effective by addressing such reliable recommendations. Regarding the evaluation of the External Office network, the Delegation stated that the WIPO Japan Office had achieved great results in terms of raising awareness of Japanese stakeholders as one of the promotional bases for WIPO's global IP system and supporting developing countries through the WIPO Japan Funds-in-Trust. Such achievements would benefit the Organization, Member States and users. The Delegation believed such outcomes should be properly evaluated.

68. The Delegation of Canada expressed its gratitude to the External Auditor, working in collaboration with the IAOC and the IOD, for the thorough assessment, and audit of WIPO's financial management and governance. The Delegation expressed its particular appreciation for the clear and helpful overview of WIPO's External Office network and the associated recommendations, which provided a solid foundation for the basis of future work in that area.

The Delegation offered its sincere appreciation to WIPO's Management for the onboarding of the External Auditor's recommendation four on enhanced EO activity reporting, recommendation five, on the IOD audit of External Offices in the 2022-23 workplan, and recommendation seven, on regular independent surveys of host country stakeholders. The Delegation expressed its confidence that Member States and the Secretariat, each as far as they are concerned, would take heed of the External Auditor's recommendations two and three regarding External Offices concerning the development of a clear strategy and on changes to the balance of responsibilities between the Secretariat and the Member States. Regarding recommendation two, the Delegation welcomed the Secretariat's views as to its business and operational priority, and the extent to which they could help guide Member States in deliberations on External Offices, to the Organization's benefit. Concerning recommendation three on the balance of responsibilities, the Delegation agreed with the External Auditor, without prejudice, to its views on External Offices that after moving from a strong secretarial role to a rather limited role, it might be time for the pendulum to swing back to an approach where the Member States worked together with the Secretariat acting in an advisory capacity and Member States ultimately taking the decisions on External Offices. Recommendation six on the development of specific areas and performance indicators, fully aligned with the Delegation's longstanding calls for enhanced granularity in the results framework of Program 20. One could refer to such individual approaches as "quasi programs", justified by the high profile of External Offices and the specific environment in which each operated. The Delegation would welcome additional views from management on the development of such indicators of the Program and Budget for 2022/23, and would welcome especially information as to whether WIPO management depicted challenges of potential development of such indicators as it prepared for the budget of the next biennium. The Delegation concluded by expressing its sincere appreciation to the External Auditor, the IAOC, the IOD and the Secretariat for their engagement and preparation of the valuable report.

69. The Secretariat stated that alongside the report of the External Auditor, the management responses were included at the very end of the document. There were some recommendations, which were really in the hands of the Member States. As for the rest, the Secretariat had accepted all the recommendations and remained committed to implementing them, including those relating to indicators and results frameworks. There would be an opportunity to do so in the next program and budget cycle. The Secretariat had listened very carefully to the call for implementing all of the recommendations and wished to inform the PBC that it had been discussing the matter with the IAOC as well as with the IOD and various parts of the Secretariat, in order to assess the validity of any open recommendations that may not necessarily be applicable, and to accelerate the implementation of those that it was committed to implement and those that remained relevant. There was a strong push from Management and the Secretariat in that direction.

70. Taking the floor again, the Delegation of the United States of America reiterated the point it had previously made that it was concerned that management believed that recommendation Number nine from 2017, which required that a review be conducted of the Madrid Union's fee structure, should now be broken. Observing that it was specifically in the External Auditor's report that Management now wanted to break the recommendation. The Delegation supported the review, and requested information about what experience was gained and what progress had been made since the recommendation had been formulated. The Delegation objected to Management failing to implement the recommendation, and believed that full implementation was important and requested the Secretariat to specifically address the issue.

71. The Secretariat noted that the Delegation was referring to the response that indicated that Member States should take into account the experience acquired and the progress made since the recommendation had been formulated. The Secretariat clarified that there was a second part to that comment, which requested that the recommendation be broken down into

various components with the closure event for each of them. The External Auditor had noted management's response and would be revisiting the matter during the 2020 audit.

72. Noting the observations from the various comments from the floor, the External Auditor responded first to the last point, raised by the Delegation of the United States of America. Echoing the observations made by the Secretariat, the External Auditor clarified that it would respond to the issue during the 2020 audit. The recommendation from 2017 was made by its predecessors External Auditors, but it would be followed-up taking into account Management's comments, identifying the progress that had been made on that recommendation alongside Management's preferences to break down the component parts of the recommendation. The External Auditor committed to revert back to the Committee the following year with its observations. There were two themes from the various comments from the floor, which the External Auditor wanted to clarify its position. The first related to the objectives and the need to focus attention on the strategy, in terms of External Offices, on the Organization's objectives. The External Auditor felt that they had not been prescriptive in focusing on the example of the accession to treaties, which turned out to be an indicator itself. As the External Auditor had been citing that one as an example, they believed they would see the indicator as importantly covering the range of the Organization's objectives, so that the indicators used to monitor the performance of external offices would be wide ranging. The second point was to clarify their observations around the role of the Secretariat in supporting the Member States, which the External Auditor felt should be more of a support role rather than a decision-making role. The External Auditor believed they had been quite clear from the outset that it was important that the decision-making ultimately rest with the Member States, with the Secretariat providing a greater depth of information and data on which Member States could base their decisions, thereby helping them focus that by aggregating the information in a consistent manner across all the potential office sites.

73. The Chair stated he felt the Committee had thoroughly addressed various aspects of this item, and that all Delegations had an opportunity to respond to the Auditor's report. Some very important key points had emerged from the discussion, which specifically related to the financial health of the Organization. The general view was that the financial situation was a healthy one, and that governance had been very sound, and that prospects were good in view of the financial situation. With that in mind, the External Auditor had not seen any material errors, and the Organization remained in a reasonably good situation, despite the context of the COVID-19 pandemic. In conclusion, the Chair proposed a decision that he was prepared to read out, but before doing so, he passed the floor to the Secretariat.

74. The Secretariat thanked the External Auditors for their work. It had been a particularly challenging and unprecedented period for both the management and Secretariat teams, as well as for the External Audit team. The Secretariat expressed its gratitude to the External Auditor and the team for their constructive engagement especially during the lockdown period for bringing the audit to a successful completion.

75. The Chair proceeded to read out the proposed decision paragraph, for consideration by the PBC: "The Program and Budget Committee 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/31/3)", and suggested adding "...and recommended that the impact of COVID-19 on the financial situation and performance of the Organization should be assessed in the next report of the External Auditor; and further recommended that the Secretariat continues to take into account recommendation made in the report."

76. The Delegation of the United Kingdom asked if it were possible to circulate the amended decision so that the Member States could consult with their respective capitals, noting that it contained two elements that perhaps needed to be considered fully before the decision was gavelled.

77. Taking the floor, the Delegation of Iran (Islamic Republic of) thanked the Chair for the new elements on the draft decision paragraph. Referring to the last element of the new draft, the Delegation wondered whether the Secretariat could not continue implementing all the recommendations therein. Moreover, the Delegation added that he was in agreement with the arguments offered by the Delegation of the United Kingdom, that it would be a good idea to circulate the new draft decision that might eventually require adding new language to the proposed narrative.

78. The Secretariat indicated that they would work with the Chair in drafting and transmitting the new decision proposal to the Delegations.

79. Addressing the various comments made, the Chair explained that the intention of the language, particularly the first part of the new language, reflected what the Delegations had said, many of whom had underscored that the impact of COVID-19 on the financial situation and the performance of WIPO should be considered in the next report. Needless to say, the global pandemic and resulting challenges over the past months had many implications for the multilateral system, and that needed to be duly considered. The second part of the language that had been added seemed to require more consultation. Given that the session was being conducted in a hybrid format, such consultations would take time to conclude. With that in mind, the Chair suggested deleting the second part and to simply refer to the impact of COVID-19, which he felt would be sufficient. At least in the next report by the External Auditor, the PBC would be expecting detailed information about the impact of the pandemic, so that it could provide guidance. In an effort to help the Committee in concluding consideration of the item and to adopt the decision, the Chair asked the Delegation of the United Kingdom whether that would be enough and if it would be satisfied with the comment asking the External Auditor to reflect on the impact of COVID-19 on the financial situation and performance of WIPO.

80. The Delegation of Zimbabwe thanked the Chair for sharing the draft decision, but sought further clarification from the External Auditor whether it had actually undertaken an assessment of the impact of COVID-19, as might be inferred from the oral report that had been given. If that was the case then the Delegation was prepared to show flexibility. However, there were certain Members who would have issues with the language, albeit that the language, if proposed, could be accepted by the Delegation. If the Auditor was going to carry out the assessment, then the language could stand as suggested and the Delegation could support its adoption with the language Chair had proposed.

81. At that point, the External Auditor confirmed that it would definitely be looking at the impacts of COVID-19, both on the financial and the operational sides, in the Audit Report of the following year. That would be a key area of focus for the Auditor, and was already a part of its client portfolio across the international system. The Auditor was confident that it would be able to add value and provide the PBC with assurance on both the financial and the control position in its report the following year.

82. The Chair thanked the External Auditor for committing to include the considerable impact of COVID-19 on WIPO's performance, suggested that the PBC take note of the initial draft of the proposed decision paragraph, and asked whether the Delegation of the United Kingdom was prepared to go along with the language.

83. The Delegation of the United Kingdom clarified that it had not contested the proposal nor the explanations given, but rather had wished to ensure that the decisions, which the Member States would be taking were sound, legally and procedurally, and were aligned with the objectives of the Organization and its Member States. To that extent, the Delegation had been prepared to request a little more time to consider the proposal, but no longer needed this given the clear understanding of the proposal made orally by the Chair, for which the Delegation was in agreement with.

84. The Chair underscored the important commitment of the External Auditor to the PBC. While appreciating the context of challenges of the pandemic, the confinement and restrictions imposed also brought with it certain levels of limitations. The impacts that the pandemic was having at a global level on the Organization's work were well known, but it was necessary to ensure that WIPO would always be able to take the necessary precautions. The PBC had returned to the initial wording of the proposed decision point, after having considered the pertinent issues that came out of the debate.

85. As there were no further comments, the Chair read out the decision paragraph, which was adopted:

86. The Program and Budget Committee 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/31/3).

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

87. Discussions were based on document WO/PBC/31/4.

88. The Chair introduced agenda item 6, the Annual Report by the Director of the Internal Oversight Division (IOD) and invited the Secretariat to present the report.

89. The Secretariat (Director of the IOD) stated that in line with the internal oversight charter, it was pleased to present an overview of oversight activities undertaken by the IOD, during the reporting period July 1, 2019, through December 31, 2019. Due to the change in the reporting period, and as per the recommendation from the external auditors, it aligned the IOD reporting period together with the financial statements, and the statement of internal control. The Secretariat mentioned that the annual report was included in the document WO/PBC/31/4. In regards to the implementation of oversight plans, at the reporting date, IOD had fully implemented the 2019 oversight plan, and the implementation of the 2020 work plan was on track with some suitable adjustments due to the pandemic. The IOD audits and investigations covered the following key operation areas: WIPO Enterprise Content Management (ECM) System Project, Internal Service Management in the Administration and Management Sector, Financial Closure Process, WIPO's Policy on Gender Equality, WIPO's Partnerships, procurement procedures, customer query management systems, and Vehicle Entry at WIPO. On investigations, during the reporting period, 17 new cases were registered and 20 were closed. As of December 31st, 2019, 11 cases were pending, including five at the preliminary evaluation stage, two at the full investigation stage, and four cases were on hold pending action by another entity. Of the pending cases, ten cases were opened in 2019 and one in 2016. As of December 31, 2019, the average length of time it took for cases to be processed was 4.2 months, which was well within the target of six months. During the reporting period, the investigative activities conducted allowed IOD to draw some lessons. In particular, three management implementation reports were issued, providing recommendations on customer query management systems, procurement procedures and vehicle entry at WIPO. In regards to open oversight recommendations, IOD continued to manage and report on recommendations using the team-central system, which enabled interactive dialogue with program managers and their delegates, for an effective follow-up of implementation of open recommendations. At the date of the 2020 report, there were 117 open recommendations, including 41 of high priority and 76 of medium priorities. IOD recommendations constituted 86 per cent of all open oversight recommendations, and 55 IOD recommendations and six external audit recommendations were closed during the period. Five of which were part of the previous external auditors recommendations, being monitored by IOD. Besides, no IOD recommendations were closed without implementation during the reporting period. In addition to its planned oversight work, IOD continued to provide professional advice as requested on policy documents, evaluations,

business processes, and the entire regulatory framework. During the 2020 reporting period, IOD provided advice to the Director General on the upcoming plan of external offices in 2021 as decided by the General Assembly. That advice consisted of an availability matrix providing basic, non-exhaustive set of evaluation questions, data sources and data locations. The evaluation section received a request for advisory services from the regional bureau for Asia and the Pacific to conduct an ex-ante evaluation. The purpose of this ex-ante evaluation was to assess whether the region's technical framework was well-designed and valuable. IOD had regularly attended the sessions of the Independent Advisory Oversight Committee, IAOC, reporting on the implementation of the internal oversight plan, the discussion of oversight results and other aspects concerning the work and the functioning of the division and seeking IAOC's advice from time to time. In the period, covered by this report the 54th and 55th sessions of the IAOC took place. During the presentation by the Chair IAOC, an issue was raised by the Delegation of the United Kingdom concerning that some audit and evaluation reports could not be discussed by the IAOC. I can confirm that subsequently, in the 57th session of the IAOC, the pending reports on financial closure, the evaluation reports and reports on benefits and entitlements were discussed and by the time of the PBC 31st session, there were no published reports of IOD which were pending discussion in the IAOC. The Secretariat maintained good working relations with external auditors by having regular meetings on audit, internal control and risk management issues. It shared strategies and individual reports with a view to ensure efficient oversight coverage while avoiding potential duplication and oversight fatigue. The Secretariat engaged actively with the external auditors during the 2019 audits and provided necessary inputs where required. The Secretariat regularly met with the Ombudsperson and with the Chief Ethics Officer to ensure good coordination and complimentary support. On outreach activities, as part of its ongoing effort to better explain and advocate for the internal oversight function, the Secretariat 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. On satisfaction surveys, IOD continued to seek feedback from colleagues on the quality of its oversight work through plan satisfaction surveys after each had been assigned. The analysis of consolidated survey results indicated an average satisfaction rate of 85 per cent for post-assignment surveys and 76 per cent for after one year surveys. The survey results gave the impact of IOD work on improvements in systems, policies, procedures and processes. The additional comments sent by the audited/ evaluated units through the surveys helped IOD identify opportunities for improvement. On networking, during the reporting period, IOD continued its active and useful collaboration and networking with other UN system organizations, and entities, and in particular, IOD actively participated in the annual meeting of the UN Representatives of Internal Audit Services (UNRIAS), from August 21 to 25, 2019 in Montreal, Canada. IOD attended and cohosted, the UNRIAS investigators meeting held November 6 to 8, 2019 in Geneva. IOD also attended the UN panel of external auditors meeting held on November 28, 2019, in Bonn, Germany. On the operational independence of IOD, the Secretariat confirmed that during the reporting period no instance or activity occurred, that could be considered as jeopardizing the operational independence of IOD. On oversight resources, to discharge its mandate, IOD was provided with a biennial budget of 5.072 million Swiss francs, which represents 0.73 per cent of WIPO budget for 2018/2019 biennium. It had been adequate for IOD to cover high priority areas as identified in its work plans effectively. Exchange of oversight plans and continuous coordination of oversight activities with the external auditor, as well as the effective use of IT tools had helped to achieve more efficiency and coverage of risk areas. On training, for continued professional development, IOD staff attended various training activities to acquire new knowledge, technical skills and competencies to increase IOD operational effectiveness in undertaking oversight assignments. On average, each IOD staff attended 10 days of training. Such as training on fraud protection and investigation, investigative research techniques, data analytics, digital data capturing, cybersecurity, conflict management, evaluation of science and innovation policies, behavioral science policy and teammate. Having concluded its remarks, the

Secretariat thanked the delegations for their kind attention and was happy to answer any questions or receive any comments.

90. The Delegation of the Russian Federation, speaking on behalf of the CACEEC Group, thanked the Chair and the IOD Director for presenting its annual report. The Group mentioned that they highly appreciated the role of the department in strengthening transparency, control, and preparing the staff of the Organization professionally, through innovative and appropriate instruments for control. The Group expressed its satisfaction given the quality of the following of the UN standards and the efforts of the internal auditors. It was very important to have preventive efforts given the risks of fraud. The recommendations on the verification of the Organizational resources of WIPO and to develop a digital strategy for the organization, which would allow the Committee Members to expand access to information, the automation of processes and a establishing a toolkit for checking services. The Group thought those services should take on board new technologies like artificial intelligence, to automate those processes and also machine learning, given the digitalization of intellectual property, using those kind of initiatives would be very interesting for Member States. The Group looked carefully at the Secretariat's recommendations with regard to gender mainstreaming as well as to improving the partnership efforts of the Organization in order to bring them in line with other organizations of the UN system.

91. The Delegation of Latvia, speaking on behalf of the CEBS Group, thanked the IOD Director for the annual report. The Group believed it contributed to the continuous improvement of the effectiveness and the transparency of the Organization. The Group welcomed the results of audit and evaluation activities carried out that year and expected the Secretariat to implement the recommendations in a timely manner. Finally, the Group encouraged the Secretariat to implement the 117 open recommendations, particularly the 41 high priority recommendations regarding oversight.

92. The Delegation of Singapore, speaking on behalf of the Asia and the Pacific Group, was heartened by the report by the Director of the Internal Oversight Division in document WO/PBC/31/4 on the first combined evaluation and audit of WIPO's policy of gender equality and exceeds the requirements performance rating for the UN system wide action plan on gender equality and empowerment of women. The Group, which had consistently stressed the need for equitable, geographical distribution and gender balance encouraged WIPO to champion those causes including raising the basic awareness of related initiatives and policies within the Organization as highlighted in the report.

93. The Delegation of the Republic of Zimbabwe, speaking on behalf of the African Group, expressed its appreciation to the IOD Director for the report contained in WO/PBC/31/4. The Group mentioned the importance of the IOD and its recommendations and encouraged the continued interface between management and the IOD. The Group acknowledged the overview on existing internal investigations currently at WIPO. The Group noted that the report covered the period from 1 July to 31 December 2019, and commended the gender mainstreaming initiative in the IOD. The Group had noted the recommendations on the following; audit of the WIPO enterprise content management system (ECM); audit of internal service management in the administration and management sector; audit of financial closure process, combined valuation; and audit of WIPO policy on gender equality; the Evaluation of WIPO partnerships; the MIR on procurement irregularities; MIR on customer query management system; and MIR on vehicle entry at WIPO. The Group suggested that the IOD inculcates the Development Agenda and sustainable development goals and the evaluation of WIPO's partnerships. The Group requested an addition on the impact of COVID-19 on the Organization.

94. The Delegation of China thanked the Director of IOD for the annual report. The Delegation attached a great importance to WIPO's internal oversights work, and mentioned that an efficient and transparent internal oversight would contribute to the realization of the expected

Strategic Goals and the improvements of management. After carefully studying the IOD report and other IOD documents published during the reporting period, the Delegation noticed that IOD audit evaluation and oversight activities progressed well, and that its collaboration with the IAOC and the External Auditor had been strengthened. The Delegation expressed its overall satisfaction in regards to IOD's work for the year 2019. The Delegation mentioned several points in the report. First, as mentioned in paragraph 6 of the IOD report, the computerized case management system (CMS) was developed internally and implemented in the investigation section. The Delegation supported that necessary approach to manage the case's related sensitive information, based on WIPO's internal system. As mentioned in paragraph 9, an external quality assessment, (EQA) for the evaluation function was done to ensure its compliance with internal policies and other policies and other agencies practices, especially those of the UN system. The Delegation welcomed that method and looked forward to its implementation in 2020 for internal audit and investigation functions. Third, the Delegation welcomed the approach mentioned in paragraph 81 of the report, that IOD conducted exchanges with oversight services of other organizations of the UN system or outside of the system. The Delegation hoped that the 2020 oversight work plan would be published on the external side website as soon as possible. Fourth, the Delegation supported the view expressed in paragraph 48 to 49 of the report, that WIPO GREEN and other partnerships should increase the Organization's capacity to capture long-term and broader results and unintended effects, as an example, for WIPO GREEN, the public/private partnership. During the year 2019, the WIPO GREEN strategic plan 2019/23 was established, marking a good starting point. The Delegation looked forward to further progress in that partnership. Fifth, the Delegation appreciated that the Director General and related services had made efforts and achieved results in implementing oversight recommendations. The Delegation hoped that Program 19 (Communications) and other programs would enhance the implementation of those recommendations with high priority. Sixth, the Delegation welcomed the approach given in paragraph 71 of the report, the carrying out by IOD of an ex-ante evaluation in collaboration with the regional Bureau of Asia and the Pacific. That approach would improve the project and design, and ensure its sound implementation from the very beginning. Lastly, the Delegation asked for a clarification on paragraph 70 of the report. It mentioned that IOD provided advice to the Office of the Director General on the planned evaluation of external offices. Due to the importance of this evaluation, the Delegation wished to know if IOD could provide more information on this topic.

95. The Delegation of the United Kingdom, speaking on behalf of Group B, appreciated the continuous efforts of the IOD in cooperation with the IAOC and external auditor to achieve effective controls and benefit resources in WIPO. In that regard, the Group thanked the IOD for its annual report contained in WO/PBC/31/4 and thanked the Director for the presentation. The report gave a comprehensive overview of the Organization's functions, and the Delegation considered it as a valuable resource of information, as well as a point of reference throughout the year. The Group welcomed the work undertaken that year by the IOD, and looked forward to the final report of the audit and the review of benefits and entitlement to be published that year. The Group looked forward to the internal assessment of the external auditor that was supposed to take place during the year 2020. The Group called on WIPO to take heed of the IOD, of its partnerships, on their purposes and consider how it could provide better guidance on partnerships and how better to document the partnerships that are underway or would take place in the future. Finally, the Group encouraged the Secretariat to implement internal audit recommendations in a timely manner, noting 117 pending recommendations with 24 aged ones, which were issued before 2016. The Group welcomed the fact that the various activities including investigative activities had been undertaken by the IOD in a positive and independent manner.

96. The Delegation of Tunisia stated that it supported the statement made by the Delegation of Zimbabwe made on behalf of the African Group. The Delegation thanked the director of the IOD for his exhaustive annual report as presented in document WO/PBC/31/4, and welcomed

the work undertaken by the division, with the aim of ensuring good functioning of the Organization. The IOD along with the external auditor played an essential role because they reviewed the management of financial resources to ensure that they were healthy, and that it was certainly positive in terms of ensuring use of the budget and internal oversight. The Delegation believed that IOD's work had been good, considering several factors such as the period of time, the scope of the objectives, the scope of the calendar schedule and the work achieved had been very good. The Delegation was satisfied with the progress made by the IOD in accomplishing its mandate in an independent manner. With regard to the main conclusions and recommendations, which were considered a priority, the Delegation emphasized the importance accorded to the gender mainstreaming within WIPO, in policies and programs and also in human resources management. The Delegation noted with satisfaction that the IOD with regard to the guaranteed policy for gender equality within WIPO, and it believed that there had been improvements in gender mainstreaming throughout the Organization and in all levels of work. The Delegation encouraged the Secretariat of WIPO to undertake the necessary measures to follow up the recommendations which had been made by the IOD.

97. The Delegation of the United States of America appreciated the work of the IOD during the reporting period and thanked the IOD for the comprehensive report. Among the highlights of the reporting period, the Delegation was encouraged to learn of IOD's collaborative evaluation and audit of the WIPO policy on gender equality. The findings and the conclusions from that innovative effort appeared to have resulted in several important recommendations that should benefit the Organization by advancing its ongoing gender mainstreaming efforts. The Delegation also thanked the Secretariat and the IOD for their continued efforts to implement and close audit recommendations. The Delegation noted that the Secretariat closed ten recommendations among those made prior to 2016, during the reporting period. The Delegation strongly encouraged the Organization to continue implementing and closing remaining audit recommendations as soon as possible, especially those high priority recommendations made prior to 2018, which increasingly exposed the Organization to risk the longer they remained open. The Delegation also noted that human resources and communication programs continued to comprise a disproportionate number of open recommendations. The Delegation stated they would appreciate any further details the Secretariat could provide on the progress made to address recommendations from those particular program categories. Finally, in the area of investigation activities, the Delegation was concerned to learn of the one substantiated case of alleged retaliation. The Delegation asked the Director to further clarify information about that case, including whether it was among the 20 cases reported as closed during the period and what actions, if any, the Organization had taken to address the retaliatory act. The Delegation noted that the retaliation case was also mentioned in the IAOC's report and took the opportunity to reiterate the Delegation's question about the progress with updating the protection against retaliation policy, and welcomed IOD's views on that given its cross-cutting nature. The Delegation once again thanked the Secretariat, especially the IOD Director and staff for this very important report.

98. The Delegation Iran (Islamic Republic of) thanked the Director of IOD for presenting the annual report, which gave an overview of the internal oversight activities conducted during the reporting period. The Delegation attached great importance and significance to the work of IOD in the most independent manner and recognized its contribution to enhance transparency, and efficient internal oversight within the Organization. The Delegation also welcomed the continued cooperation among IOD, IAOC, and external auditor. The Delegation welcomed the final report that contributed to the Organization's strategic objectives and the development needs of the Member States. Moreover, the Delegation highlighted the importance of IOD's cooperation within the internal oversight or similar services of other organizations of the United Nations systems and of multilateral financial institutions. The Delegation encouraged IOD to continue its active and useful collaborations and networking with other UN system organizations and entities, in particular, active participation in the annual meeting of the UN representative of

internal audit services. To conclude, the Delegation noted with satisfaction that no instance or activity occurred that could be considered as jeopardizing the operational independence of IOD.

99. The Delegation of Canada offered its gratitude to the IOD for its work on the transparency and oversight of the Organization. The Delegation wished to offer its congratulations for the achievements, which resulted in IOD receiving and exceeding the requirements performance rating for the UN system action plan on gender, as well as the award in July of 2019 for best disclosure on internal audit public reports. The Delegation also expressed its appreciation for the IOD's informative evaluation on WIPO partnerships, which the IOD described as the first of its kind to independently assess partnerships at WIPO in a cross cutting manner. With respect to the IOD's consultative work, the Delegation took note of the IOD for providing information to the office of Director General for external offices in 2020/21 by the General Assembly and that advice consisted of developing an availability matrix providing basic, non-exhaustive sets of evaluation questions, data sources and data locations. To that end, the Delegation welcomed additional information from the IOD on the availability of the matrix, including in regards to the matrix, questions, data sources and data locations may be beneficial to the Member States and the Secretariat as the Delegation considered next steps in the preparation of terms of reference for the next evaluation of external offices.

100. The Delegation of the Russian Federation thanked the Director of the IOD for the annual report presented. The Delegation stated that it highly supported the internal audit activities being integrated throughout all of the aspects of the Organization. With regard to the independence of IOD, the Delegation noted that over the last year, in financial administrative resources, the IOD had been adequate for them to completely fulfill their mandate. The work with regard to new technologies being integrated required additional insights and resources. The Delegation believed that was something that was important for the Member States with particular significance given towards the assessment of the IOD. The Delegation believed that was a very important tool to the WIPO system and the UN system as a whole. The Delegation believed that the future work of IOD in providing independent and quality assessments of the work of the Organization was something that they were awaiting. The Delegation thanked the IOD for the report on recommendations. The Delegation supported the approach with regard to reassessment of risks in terms of implementation of the recommendations and positively considered the annual assessment of the work of the Organization for that period. The Delegation stated that they wished to work actively in the ongoing process.

101. In addressing the questions from the various Delegations the Secretariat (Director, IOD) first expressed its appreciation for the valuable comments and queries, which had been raised by the Distinguished Delegates on the work of IOD. The Secretariat noted that it was quite encouraging that the Member States took interest in the work of IOD. First, from the Delegation of Zimbabwe on the COVID-19 assessment, the Secretariat stated that this was part of the ongoing adjustment of the 2020 plan. The Secretariat was in discussion with the IAOC, and would be discussing with the program managers as to how to undertake the COVID-19 response assessment. The Secretariat would have a report on that by the year 2021. On the question raised by the Delegation of China, or rather additional inputs wanted on the IOD advice on the evaluation matrix, which would also cover the query raised by the Delegation of Canada, the Secretariat explained that this advice consisted of developing an evaluability matrix of possible questions on the effectiveness, efficiency, impact and sustainability, the parameters on which the Secretariat conducted evaluations and also sustainability. Those were non-exhaustive set of questions and in turn, the Secretariat had looked at all the cross cutting programs which impacted the work of the external offices. Therefore, the questions which were presented in the report's advice had been embellished with more inputs from various programs. When the external independent consultant was appointed, this exercise would be done to assess and see how this evaluability matrix could be improved. It was in the planning stage. The Secretariat considered that the Member States would be kept informed of the parameters of the final scope and methodology of this evaluation and the terms of reference. Concerning the

remarks from Delegation of the United Kingdom mentioning a report on Benefits and Entitlements, which was on the WIPO public website, the Secretariat could send a link if that was required separately. The Secretariat addressing the question from the Delegation of the United States of America on the investigation of one substantiated case on retaliation. The Secretariat explained that as per the protection of retaliation policy, the procedure was that once an investigation had been completed by IOD, in this case it was an independent investigator appointed by the chairs of GA and the CoCo, in the Secretariat's books this case was closed. In the Secretariat case management system, this case was also closed. As per the existing rules and procedures, the case was with the competent disciplinary authority for taking further action. The Secretariat stated that a competent authority would be addressing the action on this case in the future. The Secretariat thanked the Delegation of the Russian Federation for mentioning that additional resources would be required for acquisition and implementation of new tools. The Director, IOD gave an update that it was already in dialogue with the Controller's office on this, and that the Secretariat was working out the additional resources for those tools and the Controller's office had graciously agreed to work out the funds for it. Because of the pandemic, this was delayed as there was a need to engage consultants from outside. The Secretariat assured the PBC that, with the Controller's support, the resources would not be lacking once put into place. The Secretariat mentioned that it had addressed all queries and questions and if something remained, the Secretariat would be happy to address them.

102. The Secretariat addressed concerns raised by the CEBS Group and Group B, as well as the Delegation of Tunisia, on the addressing of implementation of outstanding recommendations. The Secretariat stated that it would have been remiss if it didn't intervene to reassure delegations that this exercise was taken very seriously in the Secretariat and the Director General, in discharging his obligations, ensured that outstanding recommendations were responded to promptly by program managers concerned. The Secretariat stated that paragraph 60 of the IOD's report referred to the above mentioned concern. The Secretariat also wished to bring to the attention of Delegations that on page 14 of the report, there was a table which clearly showed that 62 out of the 155 open recommendations from the previous period were closed. This represented 40 per cent of the recommendations, which were open, to which IOD had added 24 new recommendations which resulted in a balance of 117. This was testimony to the fact that the Secretariat took the exercise very seriously. However, as the Secretariat explained in the past, sometimes there were challenges in closing certain recommendations because they were long-term. This meant that in some cases there were systems that would need to be put in place. One such system was the Enterprise Content Management (ECM) which IOD reviewed recently. This was a project which started a number of years ago and those two or three longstanding recommendations were linked to its final implementation. This was in good stead and hopefully in one block, when the ECM would be finally put in place, the numbers of longstanding recommendations which were open could be reduced. In addition, in 2019, it was agreed that IOD and IAOC, that long standing or high priority recommendations would be reviewed to see whether or not they were still relevant and to understand why they were still high priority. Indeed, in some cases, some of them had moved in terms of progress but they hadn't actually been completed, which means they might not merit the high priority they have been given. The Secretariat mentioned that this review was hampered by COVID-19 and that a discussion took place very recently with the IAOC, and hopefully again in the near future, the exercise could be done in order to ensure that the open recommendations could be moved forward and closed. The Secretariat thanked the Delegations of China and the United States of America for their encouraging and positive remarks in regard to the implementation of recommendations.

103. The Chair proceeded to read out the decision paragraph, which was adopted.

104. The Program and Budget Committee (PBC) took note of the "Annual Report by the Director of the Internal Oversight Division (IOD)" (document WO/PBC/31/4) and

encouraged the Secretariat to take into consideration the recommendations of this report.

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

105. Discussions were based on document WO/PBC/31/5.

106. 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/31/5. The Chair invited the Secretariat to give a report on item 7.

107. The Secretariat explained that the document complimented previously submitted progress reports to the PBC, providing Member States with an update of the progress made on the implementation of the JIU's recommendations addressed to the WIPO Legislative Bodies. The Secretariat informed the PBC that the document provided an overview of the status of implementation of outstanding recommendations addressed to WIPO Legislative Bodies resulting from the reviews during the period 2010 to end of May 2020, together with the Secretariat's proposals for the status of those, for consideration by Member States. The Secretariat explained that the JIU issued a total of 34 new recommendations relevant to WIPO based on six reviews with ten recommendations addressed to the Legislative Bodies and the remaining 24 to the Executive Heads. The oldest recommendation from previous years was from a review issued in 2012 on the subject of the management of sick leave addressed to the Executive Heads. All other recommendations outstanding and which were under implementation by WIPO were for reviews issued in 2016 to 2019. Since the last report submitted to Member States, document WO/PBC/30/6 on the same subject, the JIU issued nine reviews, of which seven were considered to be relevant to WIPO. The Secretariat highlighted that Annex 1 of the report presented at the session contained recommendations addressed to the Legislative Bodies of the United Nations System organizations where these are marked for action by WIPO. In addition to the follow-up of outstanding JIU recommendations, the Secretariat informed the PBC that it had continued to work to facilitate and coordinate responses to the JIU questionnaires. The Secretariat made reference to a question raised at the Regional Group briefings that had been held in the week before the PBC session, relating to the implementation of recommendation 6 of JIU report 2019/6 entitled Review of Audit and Oversight Committees in the UN System. The Secretariat confirmed that after an examination of the document and the working papers related thereto, that the status of the implementation was considered to be, in progress, as opposed to implemented. The decision paragraph related to the Agenda Item was therefore modified accordingly with the approval of the Chair.

108. The Delegation of United Kingdom, speaking on behalf of Group B, thanked the Secretariat and welcomed the progress report on the implementation of the JIU's recommendations which helped Member States to understand the progress of the Secretariat's efforts to facilitate the work of the JIU. The Group expected that the JIU recommendations would continue to be implemented as appropriate. The Group noted that there was no change in the status of the review of air travel policies in the UN System. In the interest of achieving efficiency gains and cost savings which would become even more crucial given the economic uncertainty of the future and seeking the benefits of the Director General elect leading by example, the Group asked for an implementation plan to be set out for the JIU recommendations. The Group further noted that there was one outstanding recommendation with regard to the whistleblower policies and practices, for which they would want further information on, in particular they sort clarification on how that recommendation would be implemented. In addition, the Group also sort information about whether the IAOC reviewed and confirmed the implementation of JIU recommendations especially those addressed to the Executive Heads.

109. The Delegation of Latvia, speaking on behalf of the CEBS Group thanked the Secretariat for the preparation of document WO/PBC/31/6, Progress Report on the Implementation of the Joint Inspection Unit's Recommendations, which enabled the Member States to monitor the implementation of the JIU's recommendations. The Group was pleased with the progress on the implementation of the recommendations and welcomed the effort of the Secretariat and its work of facilitation and coordination of the responses to the JIU in the context of the ongoing and new review. The Group noted that the majority of the recommendations from the reviews held in 2019 were accepted and implemented. The Group encouraged the Secretariat to continue the work on the remaining recommendations. On the recommendations which required action by Member States, the Group committed to engage in the discussion on the implementation.

110. The Delegation of China thanked the Secretariat for the update and effort on the implementation of the JIU recommendations and was satisfied with the fact that the implementation status by the end of May indicated that the majority of the recommendations had been implemented. The Delegation also noted that the progress made in the implementation of the recommendations would help to improve WIPO's work and enable the organization to be integrated better within the UN framework. The Delegation informed the session that they did not have any objection to all of the contents of the Secretariat's assessment contained in Annex I of the report. They indicated that they wanted to take the opportunity to express their view on one of the JIU reports published at the end of 2019, titled, Managing cloud computing service in the UN System, document JIU/REP/2019/5. The Delegation believed that for a UN organization such as WIPO, which had a high degree of ICT and managed a large amount of commercial technical data, the benefits and the risks, especially the data security systems brought about by the cloud technology, should be fully considered. It highlighted that the report could serve as a good guidance for the work that WIPO is carrying out in this area. The Delegation acknowledged the Secretariat's assessment of recommendation 2 in document JIU/REP/2019/5, but also highlighted that the non-predictability of the expenditures for commercial cloud services providers was quite a challenge. The Delegation looked forward to an evaluation and analysis of the other recommendations in the report, JIU/REP/2019/5, by the Secretariat and indicated that it was ready to maintain good communication with the Secretariat.

111. The Delegation of the United States of America supported the statement made by the Delegation of the United Kingdom on behalf of Group B and thanked the Secretariat for the report and the effort to implement JIU's recommendations. The Delegation noted that although progress was made in implementing JIU's recommendations, the Secretariat was still encouraged to implement additional measures to ensure adequate evaluation of the status of implementation of those recommendations, including consulting with the IAOC. The Delegation noted that one recommendation in the JIU report on review of whistleblower policies and practices in the UN System was listed as outstanding and addressed to the Executive Heads. The Delegation assumed that referred to JIU recommendation 3 since WIPO's policy to protect against retaliation for reporting misconduct, and for cooperating with duly authorized audits or investigations, had not been updated since 2017. The Delegation referred to their previous intervention, under item 4 on the report of the IAOC and reiterated the IAOC's recommendation for the Secretariat to update this policy as soon as possible, taking into account the best practice indicators associated with recommendation 3 from this JIU report. The Delegation noted that the report stated that recommendation 2 from the JIU report on air travel policies in the UN System was accepted and was in progress of being implemented. The Delegation reiterated Group B's statement on the recommendation and believed that the Executive Heads of organizations should lead by example and not travel first class except only in unavoidable circumstances. The Delegation noted that Heads of organizations should consider not only the cost, but also the public optics of consistently traveling first class while leading a UN organization.

112. The Delegation of Iran (Islamic Republic of) took note of the progress report on the implementation of JIU recommendations which contained invaluable information to understand the progress of the Secretariat's efforts in the implementation of JIU recommendations. The Delegation recognized that 86 per cent of all of the 345 JIU recommendations made since 2010 and relevant to WIPO have been implemented with the further eight per cent closed and four per cent accepted and in progress of being implemented. The Delegation encouraged WIPO to continue to implement relevant JIU recommendations and further urged the Secretariat to continue facilitating and coordinating responses to the JIU questionnaire series and interviews in relation to ongoing and new reviews while considering the specificities of the Organization.

113. The Delegation of Canada expressed its appreciation to the Secretariat for the preparation of the progress report on the implementation of the Joint Inspection Unit's recommendations. Regarding Managing Cloud Computing Services in the UN System, JIU/REP/2019/5, the Delegation noted that the related recommendation 2 includes developing provisions and financial strategies that facilitate the adaptation, responsiveness, and the efficient use of operational expenditures and capital investments related to new technologies. The Delegation further noted that the recommendation was identified as being accepted and implemented. The Delegation was interested in learning whether the Chief Information Officer envisioned the next steps that should be made in responding particularly to related flexibility of expenditures, given the assessment that the organization's financial management process needed to become more flexible.

114. The Delegation of the Russian Federation thanked the Secretariat for preparing the report on the implementation of the recommendations of the JIU addressed to the Legislative Bodies and noted that overall the recommendations are being implemented. The Delegation noted that this had to be included in the IOD report. The Delegation appreciated the efforts of WIPO, especially in the implementation of the Language Policy. The Delegation also noted that the report of the JIU on cybersecurity should also be important for WIPO given the operations rely on information communication technology and the use of leading-edge technologies. The Delegation also recommended, for the further improvement of the report of the IOD, that it should include the recommendations addressed to the governing bodies and also the recommendations sent out to the Executive Bodies. The Delegation highlighted that this kind of report would more fully cover the requirements of Member States and wanted to hear the views of the Secretariat on that proposal.

115. The Delegation of Mexico noted the report presented by the Secretariat and the efforts that had been made to follow up on recommendations by the JIU. The Delegations highlighted the importance of those recommendations in terms of cybersecurity which was very important for the organization, as also noted by other Delegations who took the floor before. Similarly, the Delegation noted that other delegations had spoken on the recommendation that had been outstanding since 2017 on travel. The Delegation highlighted that considering what had happened in the past year, which had been a difficult situation, with travel curtailed for the most part, WIPO should have taken the opportunity to align with the policies adopted by other organizations within the UN System.

116. The Secretariat thanked the delegations for their various comments. In response to the statements made by the delegations, the Secretariat noted that several delegations referred to the Executive Heads related recommendations. The Secretariat highlighted that IAOC oversees the Secretariat's implementation of the recommendations directed to the Executive Heads, and reference to those were in the document under Annex II of the report and the Chair of the IAOC could confirm for Member States that this was the case. The Secretariat responded further by indicating that the JIU's recommendation on travel had been accepted and this was going to be taken up by the incoming Director General with a view to addressing the issue of first class travel by the Executive Head, which was the only component of the recommendation outstanding. On the issue of the outstanding recommendation raised by the Delegation of the

United States of America, this pertained to recommendation 10, rather than recommendation 3 and clarifications would be provided on this recommendation by the Chief Ethics Officer. The Secretariat addressed the cybersecurity questions raised by the Delegations of China, the Russian Federation, Canada and Mexico. The Secretariat acknowledged the comment made by the Delegation of China regarding the importance of data security as WIPO moves to the cloud and the Secretariat indicated that this was very seriously considered by the Secretariat. It was highlighted that a number of measures had been taken into consideration to ensure cybersecurity and internal controls would be included as the organization considered the use of cloud services. The Secretariat indicated that WIPO had assessed through independent parties that the security of the cloud service providers was much higher than what WIPO could internally provide and therefore, the Organization would benefit by moving to the cloud in terms of using some of the advanced features of cybersecurity. It was also stated that they are a number of governing controls internally with respect to policies, including the Cloud Services Hosting Policy that governed the use of cloud within WIPO. In addition, the Secretariat highlighted that all external service providers are assessed for risk before WIPO signs a contract with them. The Secretariat noted that existing internal controls were already quite effective and had been used quite extensively within the organization. With respect to the questions raised by the Delegations of the Russian Federation and Mexico about the importance of the ongoing cybersecurity audit in the United Nations System which included a review of cybersecurity policies and practices, the Secretariat acknowledged that this was definitely of great importance to WIPO and the Organization was actively participating in the review. The Secretariat indicated that they wanted to provide clarifications to the issue raised by the Delegation of the United States of America on recommendation 10. The Secretariat emphasized that it was extremely important for the Ethics Office to conduct training and that would remain one of the main activities that would continue to be done extensively through various means. The Secretariat highlighted that the COVID-19 pandemic had eroded many the plans for training and hence the targets were not completely met and that was the main reason why activities were not on schedule. The Secretariat indicated that the Ethics Office was looking into ways to do effective training, aware that there had been Skype burnout and Zoom fatigue, such as different methods of reaching the audience, including one-on-one coaching. The Secretariat reassured delegations that recommendations addressed to the Executive Heads are reviewed by the IAOC and that that had been done in their recent meeting. The Secretariat highlighted that the recommendations that were addressed to the legislative bodies are in the Annex, and noted that the numbers were quite small when it came to the Legislative Bodies. It was noted that there were two, one of which was new since the last period. The Secretariat noted that in terms of the recommendations addressed to the Executive Heads, they were 12 of which four were new. The Secretariat indicated that WIPO only had eight which were outstanding and those would be probably closed in the coming period.

117. The Delegation of the United States of America indicated that they wanted to take the opportunity and benefit from the presence of the Chief Ethics Officer to follow-up on a question that they had asked previously under the Agenda Item regarding the IAOC report and also raised in the discussion of the JIU's recommendations. The Delegation highlighted that they would be interested in learning a little bit more about the progress of the revision and an updating of the Policy against Retaliation. They observed that it had been several years since the last revision to the document and it would be very helpful to learn about the progress.

118. The Secretariat informed the PBC that the issue raised by the Delegation of the United States of America related to the Ethics was under the Agenda Item of the Coordination Committee (CoCo) and not the PBC and hence, the questions and suggestions would be addressed in detail in the CoCo. The Secretariat informed the Chair that they wanted to provide clarifications to the matters raised by the Delegations of Canada and China related to cloud computing recommendations, financial management aspects and cost containment. The Secretariat indicated that they recognized that with new technologies, such as public cloud, the financial operational framework may need to be adjusted and in the case of cloud, this had

already been done. The framework is based on quarterly cycles, and continuous monitoring. At the start of each cycle, an assessment of the cost is performed, and a requisition for the forthcoming quarter of cloud consumption is established. As the cycle progresses, daily reports enable regular monitoring on the actual amounts. Additionally, the monthly bills from the cloud provider are reconciled against the estimated amounts. In addition, the Secretariat indicated that quarterly adjustments based on the actual expenditures are made to refine estimates and baselines used in subsequent cycles. Where opportunities exist, the Secretariat indicated that they made purchases in bulk. There were economies of scale where at the organizational level, if products or services were pre purchased in bulk, WIPO benefitted from significant discounts. The Secretariat highlighted that in terms of the cloud cost containment measures that had been put in place, WIPO used built-in mechanisms within the platform which included alerts and triggers in cases where a component could reach a pre-defined threshold. Additionally, the Secretariat has started the introduction of new Financial Operations (FinOps) capabilities to the Organization. This was described as an operational, technical and financial process whereby the architecture and the ongoing costs are reviewed and opportunities to contain the costs are identified at an enterprise level. A further cost containment measure is the strategic use of the on demand features in the cloud. This provided an advantage compared to the on-premises alternative which would have infrastructure often unused overnight and or weekends. In addition to that, the Secretariat highlighted that within the environment itself, there was a lot of granularity in terms of the information, which can be tagged for usage in accordance to the business area that consumed those cloud resources. This was all automatically maintained and available and shared to all stakeholders within the Organization. The Secretariat highlighted that the spinoff benefit was that the increased usage of cloud services brought improved transparency due to the granularity of information on costs and cost containment opportunities.

119. The Chair summarized the discussions from delegations and noted once again that all the interventions, at least wanted to inspire the joint work and management of WIPO, particularly with regard to the results of the report that had been presented. The expressed desire of delegations was to keep going forward, to improve the methods of work and improve the methods of oversight. The Chair highlighted that in terms of the audit, COVID-19 had imposed itself within WIPO, new conditions of working, and that bilaterally, multilaterally, those conditions provided some positives that could be taken out of the situation. With regard to financing, the Chair noted that there had been fewer flights and the information technology was slightly altered by the pandemic, giving it a very important part in the situation. The Chair highlighted that, technology and the security of technology, as observed from comments of the delegations, was important as those information technology tools and particularly artificial intelligence could be used to have distance training, helping researchers, creators, and persons around the world who need those tools. Those tools were helping the Organization make a great leap forward. With regard to the Chief Ethics Officer's comments on the retaliation, the Chair noted that the Secretariat had stated that they would be coming back to that issue at the Coordination Committee (CoCo). The Chair thanked the Secretariat for its commitment to come back to member states on the issue in the COCO which would enable more clarity on the issue and that this would meet the expectations of the Delegations on that point.

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

121. The Program and Budget Committee (PBC):

- (i) took note of the present report (document WO/PBC/31/5);
- (ii) welcomed and endorsed the Secretariat's assessment of the status of the implementation of recommendations under:

- JIU/REP/2019/9 (Recommendation 2);
- JIU/REP/2019/6 (Recommendations 2, 3, 5 and 7);
- JIU/REP/2019/5 (Recommendation 2);
- JIU/REP/2019/4 (Recommendation 1);
- JIU/REP/2019/2 (Recommendation 4); as set out in the present report;

(iii) noted that the status of implementation of Recommendation 6 in JIU/REP/2019/6 is “in progress”; and

(iv) 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 2018/19

122. Discussions were based on document WO/PBC/31/6.

123. The Chair opened Agenda Item 8, WIPO Performance Report (WPR) 2018/19, and invited the Secretariat to present the report.

124. The Secretariat explained that the WIPO Performance Report for 2018/19 provided a comprehensive and transparent assessment of financial and programmatic performance in the biennium 2018/19. The WPR had been prepared in accordance with Regulations 2.14 and 2.14*bis* of the Financial Regulations and Rules approved by the Assemblies in October 2017. The WPR 2018/19 was an end-biennium report and assessed progress made and/or achievement of the expected results, as measured by the performance indicators and with the resources approved in the Program and Budget 2018/19. Based on the assessment of the performance data for 2018/19 for each of the 484 Performance Indicator Evaluations: 357 were fully achieved, amounting to 74 per cent; 35 were partially achieved, representing 7 per cent; 59 were not achieved, representing 12 per cent; 24 were not accessible, representing 5 per cent; and 9 were discontinued, which amounted to 2 per cent. In order to enhance readability and reduce the length of the document, the detailed Performance Data tables for each program were provided through hyperlinks and QR codes. The QR codes were aimed at facilitating access to the information using mobile devices. The QR codes could be accessed through the mobile phone camera. That new feature more prominently highlighted the summary of achievements under the enhanced Strategic Goal dashboards while ensuring no loss of information for the reader. The IOD Validation Report on the WPR 2018/19 provided support to ensuring the reliability and authenticity for the WPR 2018/19.

125. The Delegation of the United Kingdom, speaking on behalf of Group B, thanked the Secretariat for preparing the comprehensive report and welcomed further efforts to streamline and improve reporting in that area. The Strategic Goal dashboards, enhancements to the Funds-in-Trust Progress Report and inclusion of an overview of performance by expected results were particularly useful. Reporting in that way had enabled Member States to obtain a comprehensive assessment of program progress against objectives, an important indicator of value for money. The Group welcomed the very positive financial result for the biennium 2018/19, which significantly exceeded the projected revenue. That result was largely attributable to fee income, and it confirmed the important role that WIPO’s registration systems played as the financial backbone of the Organization. However, the Group noted that the number of applications under the Hague System was 18.5 per cent below the 2018/19 estimate. The Group looked forward to further accessions to the Hague System to ensure its global reach. The Group recalled that the main driver for WIPO’s revenue was IP filing activity through the WIPO services, which was in turn, dependent on the global economy. The COVID-19 pandemic would undoubtedly have a significant impact on that demand, and the Group called on WIPO to

continue its prudent, cautious and effective management to mitigate any negative impact in the current biennium and beyond. With respect to programmatic performance, the Group noted that 73 per cent of fully achieved performance indicators represented a generally good performance. The Group, however, encouraged further commitment to reach a greater percentage of those performance indicator evaluations. The Group welcomed the performance under Strategic Goals II and IV. Those efforts included by the Secretariat had no doubt contributed to the positive financial performance in the 2018/19 biennium. As noted earlier, the Group encouraged the Secretariat to pay careful attention to the Strategic Goals in the current biennium and beyond. Given the possible impact of the COVID-19 pandemic on the demand for those services, it was advisable to look carefully at the smooth operations of IT systems, which would be invaluable to ensuring quality and timely service. The Group then drew attention to Strategic Goal III and Strategic Goal VII where there were a significant number of performance indicators that were partially achieved or not achieved. In relation to Strategic Goal VII, the Group noted the progress made by WIPO Re:Search, WIPO GREEN and the Accessible Books Consortium in the 2018/19 biennium. Noting that WIPO Re:Search had achieved an increase in members, the Group questioned whether that was sustainable looking forward, as global attention pointed increasingly towards addressing the COVID-19 pandemic. There might be a benefit in exploring how lessons learned from that initiative could be used to also support COVID-19 research. The Group congratulated WIPO for the excellent performance on Strategic Goal VI, an important area where all expected results were fully achieved. To conclude, the Group acknowledged the positive financial and programmatic performance of WIPO in the biennium 2018/19, and, while the COVID-19 pandemic might present particular challenges in the future, the Group encouraged the Secretariat to do its best to continue those trends.

126. The Delegation of the Russian Federation, speaking on behalf of the CACEEC Group, thanked the Secretariat for the report. The Group was pleased to note the positive financial reports and the profit in 2018/19. The Group drew attention to the mechanism of functioning IT resources, which would help to work at a greater capacity and also increase the effectiveness and the overall quality of services. The Group welcomed the speeding up of systems within the Madrid system. The Group noted with pleasure the growth of requests under the Hague System and the creation of a new interface for electronic links with the International Bureau (IB). The Group believed there would be a positive dynamic of the global system, including a larger number of countries joining the WIPO treaties. The Group mentioned the importance of the Geneva Act, Lisbon Agreement, WIPO projects, and distance learning (DL), particularly for small and medium enterprises in accord with inventors and also including interactions with academia and governments. The Group believed integrating the newest technologies for translation and using artificial intelligence programs was an important element. The Group supported the direction of WIPO in terms of the increased use of technologies and computerization.

127. The Delegation of Latvia, speaking on behalf of the CEBS Group, expressed its gratitude to the Secretariat for preparing the report and welcomed the comprehensive format of the report and the introduction of the QR codes. The Group welcomed the excellent financial results for the 2018/19 biennium and commended the Secretariat in that regard. The expected results of the nine Strategic Goals varied from one to another, but overall, the achieved results met the expectations the Group. The Group noted with satisfaction that 73 per cent of 484 performance indicators had been fully achieved. The Group also noted with satisfaction that almost all performance indicators of the expected results under Program 10 (Transition and Developed Countries) had been fully achieved. The Group concluded by commending the excellent work of the Secretariat.

128. The Delegation of China paid tribute to the Secretariat for preparing the report. The Delegation stated that it was generally satisfied with the Organization's operational results and performance within the 2018/19 biennium. The Delegation took note that the report introduced

some format innovation including, inter alia, the inclusion for the first time of the overview of performance by expected result and the introduction of a new Development Agenda highlights section. The Delegation supported that practice, which would help Member States get a general picture of the implementation of WIPO's strategic plans and the progress in implementing the Development Agenda. The Delegation noted that the report, for the first time, provided the detailed Performance Data tables for each program through hyperlinks and QR codes. The Delegation believed that the endeavor made by the Secretariat to reduce the document length must be encouraged, however, further noted that the means of using hyperlinks might hamper Member States from reading detailed performance data directly and clearly. The Delegation then took the opportunity to express opinions on a few aspects of the document. The Delegation stated that pages 7 and 35 mentioned that the number of applications under the Hague System for the biennium was below the 2018/19 estimate, mainly due to the delayed accession of China. The Delegation clarified that China maintained sound communication with the Secretariat on its accession to the Hague Agreement within the 2018/19 biennium. The Delegation noted that, at that time, China had been positively advancing its accession to the Hague Agreement. Relevant departments had initiated domestic legal procedures, and China would strive to finish them as soon as possible. The Delegation stated that China had the world's largest filings of industrial designs. The Delegation believed that more Chinese innovative ideas, designs and products would go global after joining the Hague Agreement. The Delegation pointed out that, though China had not yet acceded to the System in 2019, the number of designs contained in Hague applications from China had amounted to 633, increasing 110.5 per cent year-on-year, which ranked number nine globally. The Delegation pointed out that page 37 mentioned that the amount of country code top-level dominance of .cn and .中国, for which WIPO provided dispute resolution services, had risen to 78. The Delegation expressed its gratitude to the WIPO office in China (WOC) for its positive contribution in promoting the WIPO Arbitration and Mediation Center to become the only non-Chinese entity to provide domain name solution services for the .cn and the .中国 country code Top-Level Domains (ccTLDs). The Delegation noted that the report updated and revised the performance data related to Program 20 (External Relations, Partnerships and External Offices (EOs)). It was noted that the report had revised the performance data for traffic to the websites of WIPOs EOs by including the traffic to all pages of the EO's website for all available languages. The percentage of inquiries processed by WOC within 24 hours in 2018 was updated to include both telephone and email inquiries to align with the methodology used across other WIPO EOs. The Delegation appreciated and encouraged that practice, which reflected the fact-based attitude of the Secretariat. The Delegation noted that, compared to 2018, the productivity of formalities in the examination of the PCT System and the productivity of the examination of the Madrid System both increased in 2019. Also, the average cost of processing new/renewed designs in the Hague System had sharply decreased. The Delegation congratulated the sound results reached in the operation of the three WIPO IP services. The Delegation welcomed the introduction of the Funds-in-Trust (FIT) Progress Report in Annex XII of the report. The Delegation highly appreciated the assistance delivered by WIPO's relevant departments in the cooperation of FIT China and noted that it would continue to utilize its FIT to support WIPO in various areas, including, among others, innovation and promoting the balanced development of global IP roles through various cooperation. Lastly, the Delegation noted the progress made in the PCT Resilient and Secure Platform - Phase I. Increasing the PCT resilience was significant to all stakeholders including the applicant, patent offices and WIPO. The Delegation fully supported WIPO to protect the highly confidential network that includes PCT data of global applicants, using high security and segregation solutions. The Delegation noted WIPO's plan of introducing cloud technology to increase the resilience of PCT services, but pointed out that, together with benefits, cloud technologies could possibly bring certain data security risks. The Delegation hoped that WIPO could thoroughly consider the fact that PCT data comprised a large amount of pre-publication patent information. The Delegation stressed that those data should be classified as technology and commercial data and should be strictly kept confidential, as it was closely related to the significant technological and commercial

interest of global PCT applicants and clients. The Delegation concluded that WIPO must take concrete measures to ensure the absolute security of PCT sensitive data, especially pre-publication data, in both designing and implementing phases of that project.

129. The Delegation of Zimbabwe, speaking on behalf of the African Group, expressed its appreciation for the report and commended the increase in the surplus of about 140 million Swiss francs. The Group applauded the positive financial reports for the 2018/19 biennium. The Group noted that development-related expenditure was four per cent less than estimated, and urged that it be addressed in the future as the Development Agenda was central to developing countries and least developed countries. The Group noted that there was a section on Development Agenda highlights and pointed out that there was no quantitative analysis of tracking the relation between the Development Agenda Recommendations and those activities, and recommended that be addressed in future. In light of the coronavirus disease in 2019, there might be a need for program managers to outline how programs had adapted to respond to the current challenges.

130. The Delegation of Tunisia associated itself with the statement made by the Delegation of Zimbabwe on behalf of the African Group. The Delegation took note of the document and thanked the Secretariat for the information detailed and the exhaustive presentation, which allowed for taking stock of the work undertaken by the Organization during the period 2018/19. The Delegation further noted that the report showed that there had been a stable financial situation and that progress had been made against key performance indicators (KPIs). The Delegation noted with satisfaction that, during the previous biennium, the performance of the Organization had been quite good, given that 75 per cent of the KPIs had been achieved. A great deal of important results had been made compared to the strategic objectives. The Delegation further elaborated that information had been provided with regard to the efforts for sustainable development and that that was a follow-up to the commitments made by the Secretariat during the previous session. The Delegation highlighted its satisfaction with the efforts for development of national IP strategies, the Technology and Innovation Support Centers (TISCs), the Access to Research for Development and Innovation (ARDI) Program aimed at research and innovation, and the Access to Specialized Patent Information (ASPI) Program aimed at specialized information. The Delegation wished those programs could continue to be part of WIPO's activities. The Delegation stated that it would like to understand the impact of COVID-19 on the future work of the Organization, as it saw possible negative impacts and some risks for the Organization, as indicated by the Distinguished Delegate from the United Kingdom.

131. The Delegation of Iran (Islamic Republic of) was grateful for the preparation and presentation of the report and was pleased that the WPR 2018/19 had been enhanced with the redesigned Strategic Goal dashboards and overview of performance by expected result. The Delegation noted with satisfaction the positive financial and programmatic performance of the Organization towards achieving the expected results in the 2018/19 biennium. With regard to Program 32 (Lisbon System), the Delegation was pleased that the mitigation actions had contributed to the deposit of six instruments of accession to the Geneva Act, which led to its entry into force in February of 2020. The Delegation regretted, however, that the shift of the resources within the Program to mitigate the risk led to the postponement of other activities, which had had an adverse impact on the achievement of certain performance targets related to the enhanced automation of the Lisbon Registry. The Delegation recalled, in particular, that improved operation of the Lisbon Registry, including electronic processes and procedures, had not been achieved at that time. The Delegation looked forward to IT enhancements of the Lisbon System to meet the new requirements under the Geneva Act and improved productivity and service levels with the expansion of the geographical coverage of the Lisbon System. On Program 4 (Traditional Knowledge, Traditional Cultural Expressions, and Genetic Resources), the Delegation regretted that progress in normative activities on IP and geographical indicators (GIs), genetic resources (GRs), traditional knowledge (TKs) and traditional cultural expressions

(TCEs), as agreed by the Member States, was not possible due to the postponement of the Intergovernmental Committee (IGC) session caused by the global pandemic.

132. The Delegation of the Republic of Korea congratulated the Chair and the two Vice Chairs on their elections and expressed confidence that the PBC session would be constructive and successful under the Chair's able leadership. The Delegation thanked the Secretariat for their unsparing effort in preparing and arranging the meeting, and thanked ADG Mr. Sundaram for his endless dedication throughout the past years, wishing him all the best in his future endeavors. Regarding Strategic Goal II, the Delegation noted that higher numbers of applications than estimated had been received from many Member States including the Republic of Korea, Italy and the United States of America during the 2018/19 biennium. Furthermore, the Delegation pointed out that, according to the Hague Yearly Review in 2020, there had been a 77.1 per cent increase in the number of design applications filed by Korean applicants, and as a result, the Republic of Korea ranked as the second highest user of the Hague System in 2019. The Delegation believed that it was time for the WIPO Secretariat and members of the Hague Union to discuss the way forward, i.e. how to make the Hague System more user friendly and increasing the admission of new filing languages. Regarding Strategic Goal III, the Delegation noted that the DL program continued to grow in 2018/19, and the IP Office tailored version of the general DL courses attracted 56 per cent of the participants. The Delegation noted that an agreement had been reached between WIPO and the Korean Intellectual Property Office (KIPO) to implement various new projects with the support of the Korea Funds-in-Trust. It was noted that to address the limited number of WIPO Academy DL courses available in Korean, WIPO and KIPO had agreed to translate WIPO Academy's most popular courses into Korean. The initial priority would be given to the courses on patents, trademark, industrial designs and geographical indications. Due to the COVID-19 pandemic, the Republic of Korea expected that the demand for the DL programs would increase further in the future, and that it would continue to make efforts to actively respond to that demand. The Delegation further noted that the number of graduates from WIPO joint master's degree programs had increased from 158 in 2017 to 217 graduates in 2019. The Delegate further noted that one of the new master's degree programs, IP and Development, had been operated by the Korea Development Institute (KDI) School of Public Policy and Management. That new program was based on the memorandum of understanding (MOU) signed by the WIPO Director General and Commissioner of KIPO during the WIPO Director General's visit to Korea in 2019. That program had become fully operational in 2020 and had been conducted in an online platform. The Delegation stated that satisfaction of the participating students was very high. Despite the COVID-19 pandemic, that program would continue operating normally in 2021, and, therefore, the Delegation asked for WIPO Member States to continue interest in that program so that it could continue recruiting new able students. Regarding Strategic Goal IX, the Delegation stated that the PCT fee transfer service had rolled out 43 participating entities in 2019, which led to a 70 per cent reduction in the number of claims received compared to 2017. In that regard, it was noted that KIPO had signed an MOU on PCT transfer fee service in February 2020, and had been implementing the service since March 2020. According to KIPO's evaluation, the efficiency of administrative work related to the PCT fee services had greatly improved through the newly adopted service. Therefore, the Delegation thanked WIPO's Finance Division staff, in particular, the Director, Finance Division for providing cooperation in drafting and implementing the MOU.

133. The Delegation of Japan expressed its gratitude to the Chair of the PBC, WIPO Director General Mr. Gurry, ADG Mr. Sundaram and the Secretariat for their dedicated efforts in organizing the meeting under the difficult circumstances of the COVID-19 pandemic. The Delegation aligned itself with the statement delivered by the distinguished Delegation of the United Kingdom on behalf of Group B. At the outset, the Delegation commended the Secretariat for their hard work in preparing the detailed version of the WPR for the 31st session of the PBC. Regarding Program 17 (Building Respect for IP), the Delegation stated that the Japan Patent Office (JPO) had been supporting the activities of WIPO GREEN in cooperation

with the WIPO Japan Office (WJO) by utilizing the Japan Funds-in-Trust. From 2020 on, as a partner, the JPO wanted to contribute more proactively. The JPO launched the WIPO GREEN webpage, which introduced activities of Japanese partners and looked forward to working with many of the partners. Furthermore, regarding the Funds-in-Trust Progress Report in 2019, the Delegation noted that it had provided an overview of key results achieved under the FIT. For example, the Delegate highlighted that the Japan funds had been used to finance a conference organized by WIPO, the African Regional Intellectual Property Organization (ARIPO), Organisation Africaine de la Propriété Intellectuelle (OAPI) and Zimbabwe in November; event cohosted by the WIPO Arab Bureau, the WJO, six Arabian countries and Japan in October; the Enabling Intellectual Property Environment (EIE) Project in Asian countries; and IP Advantage Initiatives. Regarding timeliness to process international applications of the Hague System, the WPR showed that there was a delay in the process workload for 2019, citing the transition to the new IT system. The Delegation believed it would be desirable for WIPO to promptly provide information to the users and the Member States in the event of serious problems affecting users such as delays in application processing. The Delegation hoped that WIPO would take action to prevent a recurrence of such problems.

134. The Secretariat thanked the delegations for their encouragement in respect of the report. The Secretariat recalled that the WPR was a self-accountability tool that the Secretariat took very seriously, further noting that it was an extensive exercise to prepare the full biennial performance report. The Secretariat noted that it had integrated fully the programmatic and financial aspects of performance of the Organization in the WPR 2018/19. The Secretariat took note of all of the specific points and greatly appreciated the Member States engagement and encouragement on that topic.

135. The Chair took the floor and stated that he would like to associate himself with all the delegations who had thanked the Secretariat and noted the efforts with regard to the performance and the format of the document. It was acknowledged that the COVID-19 crisis would have an impact on the level of implementation of the objectives of the Organization. In general, the Chair noted that there had been a great deal of satisfaction with regard to the performance of the Organization. WIPO had shown that it was setting an example to be followed.

136. As there were no further comments, the Secretariat read out the decision paragraph, which was adopted.

137. The Program and Budget Committee (PBC), having reviewed the WIPO Performance Report (WPR) 2018/19 (document WO/PBC/31/6) and the Internal Oversight Division (IOD) Validation Report of the WIPO Performance Report 2018/19 (document WO/PBC/31/7), and recognizing its nature as a self-assessment of the Secretariat, recommended that the Assemblies of WIPO note the positive financial performance and programmatic performance of the Organization towards achieving the expected results in the biennium 2018/19.

OTHER RELATED DOCUMENT FINANCIAL AND PROGRAM IMPLEMENTATION OVERVIEW AS AT END JULY 2020

138. Discussions were based on the document, Financial and Program Implementation Overview as at end July 2020 which was posted on the PBC 31 website under other related documents.

139. The Chair recalled that many delegations had requested the document on the eve of the PBC, as they wanted to have an overview of the financial situation of the Organization and the impact of COVID. The Chair invited the Secretariat to introduce the report.

140. The Secretariat recalled that during the informal briefings prior to the PBC, several delegations had requested an overview of the impact of COVID on the Organization's financial situation and program implementation. At the request of the Member States, the Secretariat had prepared the document, Financial and Programmatic Overview as at end July 2020, which provided an overview of the impact of the COVID-19 pandemic on the implementation of WIPO programs and its income and expenditure. The document had been posted on the PBC website under other related documents. Despite the COVID-induced crisis, as at end July 2020, income from the global IP systems remained on track *vis-a-vis* the estimated income in the Program and Budget 2020/21 reaching 108 per cent of its target. Expenditure had reached 91 per cent of its target with non-personnel expenditure being lower than what would have been expected at that time of the year. That was due to the fact that the COVID-19 pandemic had impacted the implementation of WIPO's activities in 2020 to varying degrees. The document provided a brief overview of the impact by Strategic Goal. The WIPO Performance Report for 2020, which would be submitted to the Program and Budget Committee in 2021, would provide the full financial and programmatic reporting for 2020 as per the Financial Regulations and Rules. The Secretariat further noted that since April 2020, WIPO had published an online Crisis Management Dashboard which allowed Member States to monitor the Organization's operations during the COVID-19 pandemic. The dashboard provided a monthly update on the demand for WIPO services and its income and expenditure.

141. The Delegation of Panama, speaking on behalf of GRULAC, thanked the Secretariat for the information shared on the impact of the COVID-19 pandemic on the operations and the financial resources of WIPO. The Group recalled that in its opening statement, the Group had stated that it wanted to know if it was possible to have modifications to the budget and if the budget could be changed for the next biennium. The Group requested more information with regard to the financial resources which were not used for participation of delegates coming from their capitals due to the travel restrictions. The Group considered that unused resources should be reassigned to finance those additional delegates in the next budgetary cycle. With regard to development cooperation, technical assistance, and grants, the Group believed that the resources not used this year could be reassigned to promote and strengthen those activities in the following year. Looking through the various different documents and reports for the PBC session, the Group could not find any information regarding the financial resources dedicated to development cooperation which could not be used due to the COVID-19 pandemic. The Group attached high importance to international cooperation and technical assistance as a measure for promoting and generating development. The Group believed that reports prepared by the Secretariat should have a specific section on resources assigned, used, and not used in international cooperation for each of the programs. Looking through the various documents and reports for the PBC session, the Group noted that it was very difficult to establish precise information regarding financial resources destined to development cooperation which could not be used due to the COVID-19 pandemic.

142. The Delegation of China thanked the Secretariat for preparing the Financial and Program Implementation Overview as at end July 2020. The unprecedented circumstances of the COVID-19 pandemic compelled the Organization to make adjustments on all levels and in various realms. It was therefore necessary and timely to analyze WIPO's financial position as at end of July 2020. The Delegation noted that between January and July 2020, the Organization's income had not been significantly affected by the pandemic, though its expenditure had been lower than expected. Furthermore, the impact of COVID-19 on different Strategic Goals and programs varied. The Delegation was pleased that Strategic Goal II (Provision of Premier Global IP Services) and its relevant programs, had not been severely affected. The operation and the productivity levels of the PCT, Madrid, and Hague Systems, and the WIPO Arbitration and Mediation Center (AMC) was normal. The Delegation noticed that the pandemic had impacted work related to the international normative framework for IP and the implementation of the Development Agenda, including IGC. To adapt to this situation, budget implementation for relevant programs had been adjusted. The Delegation also wished

to point out that the document provided no explanation for the lower than expected non-personnel budget utilization for Program 26 (Internal Oversight) under Strategic Goal IX (Efficient Administrative and Financial Support). The Delegation was of the view that internal oversight was mostly conducted within the Organization. As a result, the impact of COVID-19 on its budget implementation was presumably limited. The Delegation asked the Secretariat to elaborate on the reasons for the lower than expected budget implementation of Program 26, as well as adjustments to be made in the future. Lastly, the Delegation supported the Chief Economist in modifying the forecasting models for estimating income in the Program and Budget in light of the pandemic, and looked forward to seeing the updated forecasts in the future.

143. The Delegation of Zimbabwe, speaking on behalf of the African Group, thanked the Secretariat for providing the document in response to Member States' requests. The coronavirus disease had significantly disrupted the economy, health and the entire IP system and chain. The Group welcomed that WIPO had been resilient and had implemented competent best risk assessment procedures. The Group hoped that the forecasted global recession would not affect the Organization and implored the Secretariat to implement, as best as possible, risk containment measures. The Group agreed with the sentiments outlined by GRULAC. The Group had questions related to expenditure on travel for delegates to attend meetings. The Group did not understand why that funding had continued in spite of the obvious challenges which many, particularly the Group's region, had faced. If delegates were not able to travel, the Group wanted to know if in the next sessions, if and when the situation normalized, those delegates would then get further funding to increase the delegations' attendance of the Assemblies of the following year. The Group also requested the Program Managers to advise on how they had adapted their programs in response to COVID-19, particularly development-oriented programs. The Group also commended the programs, such as the WIPO Academy, which continued to see an increased presence on online platforms. The Group requested information on the uptake of some of those programs, particularly the online presence from developing countries, and if there were any indicators of whether developing countries were, in fact, benefiting from the increased online presence.

144. The Delegation of Brazil echoed the comments made by the Delegation of Panama on behalf of GRULAC. The Delegation stressed the importance of having aggregate information on resources dedicated to development cooperation and technical assistance related activities. That information would be of utmost importance to make the correct evaluation and assessment of the impact of the COVID-19 pandemic in the Program and Budget of the Organization. The Delegation asked for specific clarification regarding the information in the WIPO Crisis Management Dashboard which showed that the registration systems were performing a bit lower than target, but on the other hand, there was income that was above target. The Delegation asked if this was due to delays.

145. The Delegation of the Russian Federation thanked the Secretariat for the information and noted the efforts of the Secretariat to overcome the negative consequences of the pandemic. The Delegation noted that the functioning of the international registration systems remained at a high level. The Delegation further noted that Member States needed to have aggregate data on unused financial resources, particularly with regard to personnel and the way those financial resources would be reassigned and the possibility of looking at alternative forecasting methods. The Delegation asked how WIPO would deal with the COVID-19 pandemic during the rest of the year.

146. The Delegation of Mexico thanked the Secretariat for its efforts undertaken throughout the period of the COVID-19 pandemic. Not wanting to repeat the previous question from other delegations, the Delegation noted that it would be listening carefully to the responses to those questions. The Delegation requested the Secretariat to share day-to-day information on the functioning of the Organization, for instance, on the cost of holding meetings in a hybrid format.

The Delegation recognized that other Organizations in Geneva were facing the same circumstances. The information from the Secretariat would help to have a better understanding of the real costs that the Delegation believed might be higher in some cases but it recognized that there also might be savings. The Delegation concluded that there might not be an increased physical attendance until the crisis ended, but at least the information could be provided in the meantime.

147. Concerning the cost of committees and the day-to-day functioning of the Organization, the Secretariat explained that the cost of the 31st PBC session had exceeded the initial budget for a PBC meeting for various reasons. Those reasons were because of the hybrid format, hygiene measures, a high need for technical support, planning and logistical arrangements. Recalling the remarks from the Delegation of Mexico, the Secretariat explained that there were reductions in some programs, and significant increases in other programs. Some of the areas in which there had been an increase were in the Information and Communication Technology Department (ICTD) where there had been a very high requirement for technical equipment, technical infrastructure, and upgrades to facilitate remote working. While ICTD had worked overnight to successfully ensure that WIPO staff across all programs had the ability to work remotely, that work had associated costs. The Secretariat further explained that holding the PBC was dependent on a significant increase in bandwidth and infrastructure requirements on the ICTD side so that delegations had uninterrupted, smooth access to the meeting proceedings both physically and virtually. All of that had required additional expenditure. Referring to the question on the utilization of resources from the Delegation of Panama on behalf of GRULAC, the Secretariat explained that under each Strategic Goal, the document listed the programs and provided the utilization rate. The utilization rate was different for each program for different reasons because the content of different programs drove their expenditure and it was not the travel reductions or the non-travel situation that had only impacted certain programs. There were many alternate methods that had been adopted. Addressing the question about reallocating the budget to other activities, the Secretariat recalled that it was the first year of the 2020/21 biennium and the Secretariat was bound by the approved Program and Budget for the 2020/21 biennium. The Director General, had been monitoring all of the programs and the implementation of the work plans. The Organization had allocated to those programs requiring funds to continue operation, but no program had required in excess of what was approved simply because it was still the early part of the biennium and the Organization had not completed the implementation of its biennial work program. Regarding the question on income forecasting, the Secretariat explained that its Chief Economist and his team had been working on the forecasting. On the question regarding Program 26 (Internal Oversight), the Secretariat explained that the reason for the low budget utilization rate on the non-personnel resources was because it had been difficult for IOD to contract the external contractors that were normally used for their audits and evaluations during the first half of the year. However, as the internal auditor had explained the day prior, the implementation of the IOD work plan was on track and their encumbrances reflected that they had already contracted many of the external experts which were needed in order to complete their work plan for 2020. Recalling its earlier remarks in the introduction of the document, the Secretariat explained that the full impact of COVID-19 would be reported in the 2020 WIPO Performance Report. The Secretariat, reminding the delegations of the overall financial management mechanism, explained that there was a budget approved for the biennium and that at the end of the first year of the biennium, if there were underutilized funds, those funds would be rolled over in the programs for the next year depending on their needs. It was at the end of the biennium that those underutilized resources went automatically into the Reserves of the Organization. Referring to several delegations' remarks on how the next Program and Budget would be impacted, the Secretariat noted that the current situation and any continuing trends would be taken into consideration in the development of the next Program and Budget. The Secretariat requested a five-minute break to consult with colleagues to provide more detailed information to delegations.

148. In response to the question from the Delegation of Zimbabwe on behalf of the African Group on how the Organization had been dealing with the COVID-19 situation and activities in developing countries, the Deputy Director General (DDG) of the Development Sector stated that most, but not all activities that used to be face-to-face, had been transitioned into virtual mode. He further explained that some countries specifically had requested the Secretariat to postpone activities instead of trying to do them virtually. Regarding the number of activities, during confinement there had been more activities as compared to the same period last year. This was because organizing virtual meetings was less complex and less expensive, but they did not necessarily have the same level of impact. This issue would be likely faced the following year. Providing an example of what had been done in the Asia-Pacific region, the Secretariat explained that there used to be two or three policy meetings per year. This year, there had been many more meetings and they had lasted a whole week. The biggest problem had been the time zones because those meetings started at 6:30 CEST, late afternoon in some countries. The DDG emphasized that the time difference was the main challenge. At the same time, efforts had been made to continue carrying out or completing programs whose initial phases could be executed virtually. This was the case for national IP strategies, where the Secretariat had continued to identify relevant experts to initiate the corresponding project. Some of them had already been in implementation. Regarding the use of financial resources, spending on personnel had not changed compared to previous years. The non-personnel, naturally, had decreased because the cost of virtual activities was substantially lower.

149. The Deputy Director General for the Patent and Technology Sector explained that during the COVID-19 crisis, the Sector had taken its responsibilities very seriously and, as a consequence, had met or exceeded prior standards for the delivery of capacity building, technical assistance to developing and least developed countries and countries in transition. In Program 1 (Patent Law Division), the section on legislative and policy advice had continued to operate during the COVID-19 crisis at 100 per cent productivity. Their activities, which were typically providing assistance to Member States in drafting or revising their patent legislation or preparing or revising national IP strategies or patenting strategies, had continued and were unaffected by the COVID-19 crisis. In addition, a number of programs had been launched to try to do a better job of meeting the needs of developing and least developed countries in those unusual circumstances. For example, a pilot project for an international patent drafting program, which was held in Mexico and Sri Lanka, had worked very well and it was expected to add other developing, least developed, and transition economy countries to the international patent drafting program in 2021. Likewise, the Inventor Assistance Program, which paired inventors in developing and least developed countries with law firms either in their own country or in countries elsewhere in the world, had been operating for years. The program paired those inventors with lawyers who were willing to help them move their ideas through the patent system towards the successful grant of a patent. During the COVID-19 crisis period, Peru had been added to the inventor assistance program. Likewise, a series of virtual seminars for developing and least developed countries had been done using a blended learning approach. For Program 5 (The PCT System), normally, a large number of training programs and seminars for developing and least developed countries were being done where WIPO staff were travelling to those countries. That had not been possible during the previous seven months, so the delivery of those programs had been done online. Since March 17, 2020, when the staff moved to work-from-home status, until the beginning of September 2020, there had been 34 online events which were targeted at developing and least developed countries and countries in transition. Those events had had 3,000 participants from 65 countries. Looking at the number of participants and activities delivered in 2020 as compared to 2019, there had been an increase of 40 per cent. Thus, more activities had been delivered in 2020 than were delivered in 2019 for developing and least developed countries, notwithstanding the COVID-19 situation. For Program 7 (Arbitration and Mediation Center), since the COVID-19 lockdown, there had been 60 web-based virtual events on arbitration, mediation, and the UDRP dispute resolution mechanism. Half of those events, which were attended by 5,000 delegates, had been for developing and least developed countries or countries in transition, including China, Brazil,

Mexico, Uruguay, Dominican Republic, Nigeria, Colombia, and one event done in partnership with the Asociación Interamericana de la Propiedad Intelectual (ASIPI). Taken together, the Patent and Technology Sector had done remarkably well given the circumstances in 2020, and hoped to do better in 2021.

150. The Deputy Director General for the Brands and Designs Sector stated that during the COVID-19 period, the productivity in the three registries had been normal and at full capacity. The staff had been teleworking since the very beginning of the Organization-wide lockdown in March. Both the Madrid, the Hague and the Lisbon Systems were functioning in a normal operational mode. The Customer Services had been working as usual, and so were the promotional activities. All the promotional work in the Sector had been carried out through online webinars or via other possible virtual ways with equivalent results according to the feedback. Indication had been received that in the near future new members would join the Madrid and the Lisbon Systems, as well as the Hague System. Within the Department for Trademarks, Industrial Designs and Geographical Indications, the law and legislative service for developing countries and least developed countries had continued thanks to the very good performance of the staff of that Department. As a result of the pandemic, there had been a decrease in international filings, both in the Madrid, the Hague and Lisbon Systems. However, in comparison with the forecasted target, the performance was not way below what was expected. It was hoped that the situation would improve, and that the target would be reached eventually. Since the lockdown of the Organization, the staff in the Brands and Designs Sector had been fully geared to make everything possible to maintain business continuity and the functioning of the International Bureau to provide quality service to customers and clients, both to national offices as well as to those in the private sector. As in other sectors, the staff in the Brands and Designs Sector were ready to make even more efforts to ensure that the International Bureau's functioning continued to be smooth and well performing in order to maintain a high level service and to meet the requirements of Member States.

151. The Director of the Statistics Division, noting that he was working with the Chief Economist, responded to aspects related to the forecasting model for income. On the question posed by the Delegation of Brazil relating to the discrepancy between filing activities and income levels, the Director pointed out that in the report, the filing statistics were based on filing dates at the national offices. Both the PCT and the Madrid Systems required that offices transmit applications to the International Bureau. That transmission could take up to two to three months, thus the statistics by filing date were always incomplete by nature. That also explained why those statistics by filing date were always lower than the real situation. On the other hand, the income level was recognized by publication date, which was according to the IPSAS standards. One could therefore not directly compare the filing activities and income level in the report simply because they were based on different timelines. On the question on forecasting raised by the Delegation of the Russian Federation, the Director explained that there were two sets of forecasting models. One set was based on historical trends and the other set was based on external variables such as the GDP. At the beginning of 2020, when the outbreak of the pandemic occurred, the Division decided to rely more on the GDP-based model. The GDP model predicted that in 2020, there would be an eight per cent drop of PCT filings and a more severe drop of 16 per cent of Madrid filings. Monthly monitoring of the real situation against that baseline forecasting had been conducted. Surprisingly, up until this point, there had been very strong growth of PCT filings. In the first eight months of 2020, the PCT filings had increased by six per cent compared to the same period in 2019. For Madrid, there had been a minor decrease, about two per cent, compared to the same period in 2019. Various discussions were being conducted between many IP offices. The consensus was that although there had been severe filing decreases in 2008 and 2009 because of the financial crisis, the current decrease of filing activities both at the international and national level was not as severe as the situation in 2008 and 2009. He further elaborated that it was predicted that 2020 would likely experience an increase of PCT filing activities and a small drop of Madrid filing activities. Beyond that point, it would be very difficult to predict what would happen in 2021. The Division

would continue to monitor closely the filing activities both at the national level and international level and would report to the management team of WIPO.

152. The Chair stated that the explanations given by the experts and the teams of the Secretariat had clarified the questions and comments of the Delegations.

ITEM 9 INTERNAL OVERSIGHT DIVISION (IOD) VALIDATION REPORT OF THE WIPO PERFORMANCE REPORT 2018/19

153. Discussions were based on document WO/PBC/31/7.

154. The Chair opened Agenda Item 9, the Internal Oversight Division (IOD) Validation Report of the WIPO Performance Report 2018/19, and invited the Secretariat to present the report.

155. The Secretariat introduced the item and explained that WIPO assesses the performance of its programs based on an approved performance framework. In the previous two biennia, the WIPO Performance Report (WPR) had been restructured and streamlined to include more comprehensive and transparent financial and performance information. As requested by the Member States, IOD had performed an independent validation of the WPR 2018/19 based on a random selection of one performance indicator per program. For the first time, two performance indicators (PIs) had been selected for one program; one performance indicator for Program 20, External Offices; and one for Program 20 External Relations and Partnerships. That had been done to give more consideration to external offices within the scope of the validation. The validation exercise, which had been the sixth independent validation of the WPR conducted by IOD, contributed towards further enhanced accountability for results within the Organization. The objectives of the validation exercise were to: provide an independent verification of the reliability and authenticity of performance information contained in the WPR 2018/19; follow-up on the implementation status of recommendations of the previous Validation Report through documentary and other corroborative evidence; and make recommendations, where applicable, to strengthen the performance framework. On the scope and the methodology, a total of 32 performance indicators were assessed in the context of that validation exercise. IOD also assessed the accuracy of the Traffic Light System (TLS) used to report on the achievement on the targets set for each performance indicator and conducted a survey of 118 Program Managers, alternates and other staff responsible for reporting on program performance. To summarize the key positive outcomes of the validation exercise, which were based on the randomly selected sample of 32 performance data, IOD found that 31 performance data, which represented 97 per cent, were validated as relevant and valuable in 2018/19. That represented an increase of 7 per cent, compared with 28 performance data, or 90 per cent in the 2016/17 biennium. The Secretariat explained that 30 performance data, or 94 per cent, were validated as accurate and verifiable, in comparison to 25 performance data, or 81 per cent, in 2016/17. Also, 31 performance data, 97 per cent, were validated as efficiently collected and easily accessible, compared to 26 performance data, or 84 per cent in the previous biennium. The number of performance data that had an accurate self-assessment of the TLS increased to 32, 100 per cent, in the 2018/19 biennium, compared to 26 or 84 per cent in 2016/17. Some of the key achievements were the WPR 2018/19 enhanced, redesigned Strategic Goals dashboards, which included an overview of performance by expected results. In addition, the Funds-in-Trust progress report in 2019 was trimmed to provide an overview of key results achieved under the Funds-in-Trusts in 2019. A new Development Agenda Highlights section and budget utilization explanations had been consolidated at the organizational level. RBM processes had continued to be enhanced as a way of embedding a results-based culture and strengthening WIPO's performance cycle. Among the measures put in place, some were the introduction of systemic briefings for all new senior managers, P5 and above, secondly, enhanced performance monitoring and results track and thirdly, the use of strengthened workplan implementation and

analysis to inform decision making. In 2018/19, a program management governance framework was defined. As a result, the project management methodology for the capital master plan portfolio of projects was enhanced. Further, there had been continued comprehensive project management training fully linked to WIPO's results framework, and further integration of project management into WIPO's performance cycle. Measuring satisfaction with WIPO services and activities was standardized, enabling, for the first time, the ability to report results as a robust aggregate customer satisfaction index. Going forward, the standardized customer satisfaction framework and the balanced scale would be applied to all WIPO customer satisfaction surveys, IP Services, capacity building programs and anywhere else. The number of expected results in 2018/19 decreased to 38, compared to 39 in the previous biennium. There had been a decrease in the number of performance indicators by eight to 279 in 2018/19, compared to 287 in the previous biennium. Concerning the survey conducted with 118 participants, there had been a response of about 41 per cent, and the survey results showed that some of the positive feedback received through the survey were that 81 per cent of respondents indicated that the RBM framework was done in a participatory and constructive manner, which made it useful. That result had increased compared to 71 per cent in the previous biennium. The Secretariat mentioned that 8 per cent of the respondents felt that the programs' RBM framework was appropriate and relevant to WIPO's Strategic Goals and 82 per cent felt that the performance indicator was useful for accountability to Member States, which had been 74 per cent in the previous biennium.

156. The Secretariat stated that 75 per cent of the respondents indicated that up-to-date monitoring information and performance data for the performance indicators were regularly available in a timely manner, and 70 per cent felt that existing tools were useful to satisfy monitoring and reporting demands from internal and external stakeholders. Lastly, 93 per cent of the survey respondents were of the view that the risk registers captured assumptions and risks, which could affect the achievement of the expected results recorded in the Program and Budget for the 2018/19 biennium, which represented an increase of 10 percentage points compared to the previous validation. The survey results also highlighted views of respondents on the following opportunities to further enhancing the Organization's RBM framework. Firstly, 63 per cent of the respondents indicated that they had received useful monitoring and technical assistance during the 2018/19 biennium. The rate of positive responses had dropped from 67 per cent in the 2016/17 biennium and 88 per cent in the 2014/15 biennium. The results suggested that some element of technical assistance to track progress on Program's RBM had decreased compared to prior periods. The Secretariat stated that, while 65 per cent said that the existing guidance on developing PIs were useful, consideration should be given to the 35 per cent who did not know and disagreed with that proposition. Further, 48 per cent of the respondents, compared to 33 per cent in 2016/17, indicated that they did not have fewer and SMARTer indicators, targets and baselines in the 2018/19 biennium. Finally, 52 per cent of the respondents, compared to 54 per cent in the prior biennium, felt that the selection of their indicators and data quality had improved since the last validation exercise. Further, 50 per cent of the respondents indicated that they used the PIs for regular management purposes. Using PIs and related results for management purposes had been a key objective in mainstreaming RBM practices within the Organization. Likewise, while 66 per cent felt that the RBM framework was valuable for monitoring progress intended success and decision-making in programs, 23 per cent felt that more could be done in that regard. More efforts could be made to instill the usefulness of the RBM framework as the management tool. Further, 48 per cent of the respondents found that monitoring tools and systems were easily accessible to programs, which had been 42 per cent in the 2016/17 biennium. Likewise, 48 per cent of the respondents found that other programs shared useful monitoring and reporting data in a timely manner. Those results indicated an opportunity to further enhance information within the Organization and, out of 10 new staff members or staff members who transferred to new roles, four felt that they had not been adequately briefed on the status of performance indicators and related measures under their responsibility. Overall, the Secretariat stated that the validation exercise reaffirmed continuous improvements in the Organization's RBM framework. More performance data had

met the assessment criteria, and the method used to record achievement had improved compared to the last validation exercise. Going forward, IOD encouraged programs to continue to work with the Program Performance and Budget Division (PPBD), to assess their performance indicators against the SMART criteria, with the view to ensuring that performance indicators were appropriately designed and linked to expected results. Likewise, continued efforts should be put in enhancing sharing across the Organization. Coming to recommendations, IOD made no formal recommendations following the validation, but would continue to monitor the full implementation of the pending recommendation from the previous validation report. Key points raised in the report and proposed resolutions would be monitored through subsequent planned audits and evaluations. The combined audit and evaluation of RBM at WIPO had been planned for the second half of the 2020/21 biennium.

157. The Delegation of the Russian Federation, speaking on behalf of the CACEEC Group, thanked the Director, IOD for the detailed presentation of the report. The Group was positive with regard to the improvement of the indicators on the data results, with regard to the SMART results, and also the assessment of the indicators overall. With regard to the improvement of the format of the report, the Group believed that it had given its results. The Group suggested that the same direction be continued with regard to full implementation of SMART throughout all programs. The Group saw the potential for RBM to be used more broadly, and would support that step.

158. The Delegation of the United Kingdom, speaking on behalf of Group B, welcomed the report, which provided an independent validation of the WIPO performance, and mentioned that it was good practice, which it appreciated and found very helpful. The Group welcomed the assessment by the Secretariat of the quality and impact of performance data that informed the results based framework. The Group pointed out the significant increase in the perception of performance quality since the last biennium and noted the 100 per cent accuracy of traffic light self-assessment of performance data that was up from 84 per cent in the last biennium. The Group welcomed the streamlining of the results-based framework with better-worded performance indicators and mentioned that there might be some room for improvement in mainstreaming the results-based practices within the Organization and making relevant monitoring tools and systems accessible to programs. WIPO should work on developing a culture of knowledge sharing using existing tools and practices. The Group encouraged the Secretariat to further work on those aspects, including through providing programs with the necessary technical assistance to continuously enhance their knowledge of the performance management system. The Group noted and welcomed that the system as a whole, worked well. Finally, the Group noted with satisfaction that most recommendations from the previous validation had been fully implemented and encouraged work towards achieving full implementation of the pending recommendations.

159. The Delegation of China thanked IOD for overcoming challenges during the COVID-19 pandemic and completing the validation and the validation report through different means such as virtual meetings. The Delegation was delighted to note that in the past biennium, the quality of the performance data of WIPO improved, which reflected that WIPO had made achievements in providing more comprehensive, transparent and authentic performance data. The Delegation congratulated the relevant departments, including PPBD. The Delegation believed that authentic and reliable performance data could enhance the trust of the members in WIPO and could also improve WIPO's credibility in the international community. The Delegation hoped WIPO could enhance validation of the performance data of the various programs, including work-related to external offices.

160. The Delegation of the Russian Federation supported the statement made by the CACEEC Group, and thanked IOD for the report. The Delegation was pleased with the improvement of the performance data and the performance indicators developed by the Secretariat. The Delegation supported the conclusions with regard to the need for continuing

development of the management system based on a results-based management approach. With regard to the continued improvement of the training, particularly assessments, the Delegation believed that it would be useful to see what extent those structural divisions of the Secretariat had with regard to the performance indicators being used.

161. The Secretariat thanked all the Distinguished Delegates for thanking the Secretariat for preparing the report and welcomed all the comments made by the Distinguished Delegates. The Secretariat reemphasized that IOD had worked very closely with PPPD and the Office of the Controller to jointly continue to make improvements in making RBM an effective tool for management for measuring performance and accountability. Going forward, IOD would conduct a combined audit and evaluation of the RBM framework in the second half of 2021.

162. Summarizing the last point on the report, the Chair highlighted that from year-to-year, and from exercise to exercise, WIPO had more and more tools for measuring its performance and evaluating it. Recalling the statement made by the United Kingdom on behalf of Group B, the Chair further elaborated that the joint willingness to establish a culture of exchange of knowledge and the perpetual quest, which should be exercised to ensure greater efficiency, greater transparency, greater effectiveness, and greater resources for measures of evaluation, enabled IOD to take the temperature of the Organization at any time. Even in a hybrid nature, IOD needed to be able to assess and to look at any anomalies to see what was going wrong. Addressing the comment made by the Delegation of the Russian Federation, the Chair explained that preparation for dangers and risks was necessary.

163. As there were no further comments, the Chair read out the decision paragraph, which was adopted.

164. The Program and Budget Committee (PBC) took note of the IOD Validation Report on the WIPO Performance Report for 2018/19 (document WO/PBC/31/7).

ITEM 10 ANNUAL FINANCIAL STATEMENTS 2019; STATUS OF THE PAYMENT OF CONTRIBUTIONS AS AT JUNE 30, 2020

(A) ANNUAL FINANCIAL REPORT AND FINANCIAL STATEMENTS 2019

165. Discussions were based on document WO/PBC/31/8.

166. The Chair gave the floor to the Secretariat to present the report.

167. The Secretariat stated that the annual financial statements for 2019 included the annual financial report and the financial statements for the year ended December 31, 2019. The Secretariat indicated that the financial statements had been prepared in accordance with the International Public Sector Accounting Standards (IPSAS) and had received an unqualified audit report. Furthermore, the document 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, as well as details of the financial position of the Organization at the end of December 2019. The Organization's results for 2019 showed a surplus for the year of 97.7 million Swiss francs, total expenses of 401.4 million Swiss francs, and investment gains of 42.1 million Swiss francs. In comparison, a surplus of 42.5 million Swiss francs was achieved in 2018 with total revenue of 433.6 million Swiss francs, total expenses of 375.9 million Swiss francs, and investment losses of 15.2 million Swiss francs. Total revenue in 2019 was up by 26.4 million Swiss francs, or 6.1 per cent on the 2018 figure. Total expenditure in 2019 was up by 25.5 million Swiss francs, or 6.8 per cent compared to 2018. The Organization's net assets increased from 261.4 million Swiss francs in 2018 to 364.2 million Swiss francs as of December 31, 2019. That increase was primarily the result of WIPO's surplus for 2019.

168. The Delegation of United Kingdom, speaking on behalf of Group B, thanked the Secretariat for preparing and introducing the documents. The Group noted with satisfaction that these financial statements had been prepared in accordance with IPSAS and had a clean audit report. However, the Group also noted that aspects of the report had been compressed. While understanding the rationale behind this, the Group asked that the Secretariat should ensure that streamlining reporting would not compromise the ability for those with limited financial background to understand the core details. The Group welcomed the positive financial results for 2019, which showed a notable surplus, as well as healthy levels of total assets compared to total liabilities. The Group understood that the financial report and the financial statements were prepared on a full accrual basis in accordance with IPSAS, which for 2019 had led to a reduction of the surplus from 122.3 million to 97.7 million, as compared to the budget result, which were as a result of changes in employment benefit liabilities. . The Group was pleased that WIPO had realized a positive financial performance, however, the Group reiterated the point made under agenda item 8, in regard to the reliance on income from fee-based registration services, which could result in difficulty as the global economic situation shifted due to COVID-19. The Group encouraged the Organization to exercise prudence in the coming biennium. The Group welcomed the timely introduction of IPSAS standard 41 on financial instruments nearly two years before the required implementation date.

169. The Delegation of China thanked the Secretariat for the informative report on the Annual Financial Statements 2019, which provided accurate information and was prepared in full accordance with IPSAS. This report reflected fully the open, transparent, meticulous and prudent management of the Organization. The Delegation noted WIPO's sound foundation with increasing surplus and net assets, which was because of the PCT, Hague and Madrid Systems, as well as an increase in application numbers. The Delegation also noted and appreciated the various measures had been taken to mitigate the foreign exchange risk arising from fluctuations of currency exchange rates. The Delegation believed that with the development of WIPO in the world and activities in its external offices, the Organization could consider the necessity of expanding its existing currency basket so that WIPO's global procurement and other expenses could be settled directly in local currencies and therefore also reducing, foreign exchange risks.

170. The Delegation of the Russian Federation, speaking on behalf of the CACEEC Group, thanked the Secretariat for the annual financial report and financial statements for 2019. The Group supported the recommendation to the General Assembly and the other Assemblies with regard to the draft decision. The Group believed there had been an increase in profit at WIPO and a modernization of the system for international registration. The Group hoped that the global status of WIPO would continue to grow and to be useful for users despite the current situation. The Group thanked the Secretariat for the internal and external oversight and also for updating policies and procedures. The Group believed that all of the necessary information of updating the policies and procedures had been adequately reflected in the report.

171. The Secretariat thanked the delegations for their positive comments on the financial statements. The Secretariat noted the comment from the Delegation of the United Kingdom on the possible loss of information for lay readers of the statements when reports were streamlined and stated that they would consider that in the future.

172. The Chair thanked the Secretariat and read the draft decision. As there were no further requests for the floor, the decision was adopted.

173. 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 2019" (document WO/PBC/31/8).

(B) UPDATE ON INVESTMENTS

174. Discussions were based on document WO/PBC/31/Update on Investments.

175. The Chair opened agenda item 10(b) Update on Investments and introduced the Investment Advisor, MBS Capital Advice SA represented by Mr. Mohamed Nadjafi.

176. The Investment Advisor provided an overview of what he would cover in his presentation on the update on the investments of WIPO. The presentation would start with ideas about the investment philosophy that was deployed for WIPO investments, then it would continue with the sharing of information about the investment assets generating return and the fundamental sources of that, and then the actual results of the portfolio since 2017 would be presented.

177. The Investment Advisor started with the Investment Policy, which is the framework which defines the targets, the investment profile, the time horizon, and the eligible assets that can be invested in. The investment policy is defined for the two portfolios that are invested, the core cash and the strategic cash. The core cash is invested with the objective of generating a positive return over five-year periods. This money was invested in cash, as its name indicates, until Switzerland became subject to negative interest rates and in order to avoid paying negative rates on cash, the money is now invested in other assets. The strategic cash represents the funding for healthcare liabilities of the Organization. An Asset and Liability Management (ALM) study is conducted every three years, which determines the level of return that is required for those assets in order to cover the said liabilities, and the aim is to achieve a 90 per cent coverage ratio over twenty years. The second portfolio has a longer time horizon of twenty years, because of its nature. The Investment Advisor mentioned that there are governance mechanisms in place to supervise the investments, documented in the investment policy. The compliance with the investment policy is monitored on an ongoing basis by the custodian bank, by WIPO and External Investment Advisors of the organization. The Investment Advisor stated that the investment strategies are periodically reviewed and alignment with targets was reassessed whenever necessary, but at least on an annual basis. The governance structure is composed of the Advisory Committee on Investments (ACI), in which the Investment Advisor participates. A few points were explained about the ACI. The Financial Regulations and Rules of the Organization, give the ACI its authority that covers matters such as the investment policy, the investment strategy, asset allocation, benchmarking, and investment monitoring. The custody bank has the role of safekeeping the assets of the Organization and also monitors various policy statements and constraints set on the portfolio. External Investment Advisors support the ACI, following what happens in financial markets and investments and in the portfolios. The IAOC, which is an independent expert advisory capacity, provides oversight on process and reporting related to the investments, and then the External Auditors, the National Audit Office of the United Kingdom, provides an independent audit function and validation of internal controls over the processes and reporting on investments. The investment strategy primarily determines what kind of assets the Organization is allowed to invest in, and the investment strategy or asset allocation process aims to maximize the likelihood of reaching the targets that were mentioned earlier over the appropriate time horizon. On the governance structure, the Director General reviews and approves to all reports and recommendations. The Financial Regulations and Rules of the Organization require that the PBC be informed by the Director General about short and long-term investments of WIPO. The ACI is composed of members appointed by the Director General and oversees the investments on a regular basis. The ACI provides advice to the Director General with respect to the investments of the Organization. The specific role of the Advisory Committee is to decide on the asset allocation of the portfolios with the support of the Investment Advisors. They monitor the execution of the investment policy, review the investment policy as and when necessary and they actively select or discharge providers of financial services, including the Investment Advisor, as and when necessary. The Investment Advisor highlighted what drives the long-term returns of these portfolios and why it is fairly safe to assume that the targets that had been set could be

achieved over the appropriate time horizon regardless of the environment. The portfolios invest exclusively in assets that generated actual *bona fide* economic income.

178. Financial markets, are subject to short-term fluctuations that may be important at times, demonstrated by what happened a few months prior with the COVID-19 pandemic, but longer term returns of assets depend much more on the fundamental evolution of those assets, beyond the short-term volatility. When assets are selected to generate an appropriate level of income, the accumulation of that income ends up eclipsing the effect of the erratic movements of the short-term market. The short-term market movements vastly commented by the media, but long-term investors can be relatively phlegmatic about those short-term fluctuations. Opposite to assets that generated *bona fide* economic income, there are other items that were occasionally considered as investments but they are not suitable for the Organization or for any entity that had a specific investment target. The Investment Advisor stated that his goal was to show that there were stable and reliable sources of income that any investor could rely on to achieve reasonable targets. These sources are well identified and well documented and access to them is almost free and relatively simple. There was one condition for success, and this would be discussed towards the very end of the presentation. The oldest and safest form of investment is lending money to a safe borrower. These are called government bonds in markets and lending money to some governments can be considered as almost risk-free. These investments are deterministic because the government borrows the money and promises a certain level of interest in return. That level of interest is paid to the investor and therefore the return at the end of the investment is predictable from the beginning. The Investment Advisor presented a chart that showed that returns achieved by investors in Swiss government bonds over 10 year periods at any point in time were fairly close to the prevailing level of interest paid by the Swiss government at the beginning of the period. The graph presented showed the level of interest that the Swiss government paid at any point in time from 1984 to date, and the gray line showed the return that investors achieved if they invested ten years in that, which was very close to being the same. It was also noted that at the end of the chart or in more recent times, the dark blue line went below zero, which meant that the investors who invested in Swiss government bonds would likely receive a negative return over the coming years. The same could be observed on the USA government bonds. The Investment Advisor highlighted that when going up the investment scale, real assets were available. Equity investors can expect to benefit from the stream of earnings of the companies they invest in. A part of those earnings are distributed, called dividends, which is a very reliable and safe source of return. Corporations grow along with the economic growth, and investors can benefit from that. In the long run, those earnings and dividends, explained 70 to 80 per cent of the outcome for investors.

179. The Investment Advisor drew attention to the slide on the screen that showed the explanatory power of different factors over different time horizons. The left side showed the short-term time horizon and the scale was a number of months. Over one or two years, the pink color dominated, which meant that over the short-term, it was market fluctuations that dominated the results and not much else. It was observed that company fundamentals actually did not matter very much over such short horizons. Even when the trend was viewed over five or six years, fundamentals only explained 40 per cent of the outcome. It was only after twenty years when the variables became a dominant part of the final outcome. Equities are indeed a great source of return for investors with very long horizons.

180. Equity returns were made of dividends and their growth. The pink color on the graph showed when market participants were optimistic or conversely pessimistic about the performance. When market participants were optimistic, the pink part was going up and when the participants were pessimistic, the graph was going down. However, over the long run the pink tended to fade. The Investment Advisor drew attention to the chart which showed the dividends which are the most reliable source of return and often overlooked. The chart was randomly selected around the date of birth of the Investment Advisor (1970) and showed that if

his parents had invested \$100 in global equity markets when he was born, if left untouched, would generate annual dividends of around \$120 today that would only have required \$100 at the time of birth and doing nothing else with the investment. This demonstrated that dividends were a very powerful source of return for investors who had a lot of time. It was noted that this type of investment is often overlooked by investors, because of short-termism. The other part of the return highlighted was growth. Long data series on the United States of America was available and this also corresponded with similar patterns in the global data. The trend showed that companies grow along with the economy. A bigger economy meant that there were more companies that earn more money which was illustrated by the graph. The blue line showed the USA nominal GDP and the gray line was the corporate profits in the United States, which move alongside each other and, as corporations make more money, their owners make more money. Investors who own those corporations, reaped the benefits.

181. The Investment Advisor noted that real estate was similar to equities because it was a real productive asset and investors get rental income from it. The rental income would compensate the risk of inflation. In the long run, real estate has been fairly good for investors. The chart displayed showed that investors investing in Swiss real estate made about 6 per cent annual returns since 1995. It is unlikely that such returns could be achieved in the next twenty years. However, it is a relatively safe source of rental income and a good recipe for long-term investment. Real estate has done better than government bonds in the long run.

182. The Investment Advisor noted that there were investments to be avoided not because they were not fashionable, but because there was uncertainty as to when they would become fashionable. Those were assets that generated no measurable income. These could easily be confused as investments, but they were not investments because they were not productive, but market participants tended to consider them as investments, commodities, gold bars, collector items, cars. Those items could be sources of gains but were not investments per se because nobody can determine how much earning they will likely generate in the future and sometimes they are also associated with very strong myths. Gold is one of the commodities that periodically would be considered as very fashionable in the investment community. Recent periods have demonstrated that gold has become fashionable. The chart displayed indicated that even with its periodic popularity gold, had barely compensated investors for inflation since 1980. Those who put their money in gold in 1980, thinking that it would protect them from inflation, had experienced a difficult time keeping up with the modest inflation during this period. Compared to real productive assets, using the global equity market, there was no comparison. Money put in gold by an investor in 1980 had been multiplied by three and that same money put in a global stock portfolio had multiplied by thirty. The graph displayed showed the empirical likelihood, based on empirical observations from 1926 to 2010, of achieving real positive returns over different time horizons. On the left-hand side of the slide it was a short time horizon, and on the right-hand side, a long time horizon was displayed. This showed empirically, that investors who invested in equities never had a negative real return over twenty or twenty-five year periods. Investors who invested money in cash and bonds had positive real returns, better than inflation, about two thirds to three quarters of the time and this doesn't change if kept much longer or much shorter. Commodities were less and less likely to achieve inflation if held over the long run. That may be counterintuitive but it was due to the fact that the industrial efforts over the ninety-year period displayed on the chart, had been very much focused on reducing the cost of commodities. Most of the technology has been working to reduce the cost of extraction and the cost of using commodities and hence commodity prices have not kept up with inflation over the period.

183. There was one condition that had been referred to earlier to access all of these simple sources of wealth generation, and the Investment Advisor informed the PBC that the condition was, careful and disciplined implementation of the portfolio, which meant that the investments have to be highly diversified and representative of the world. If an investor decided or delegated the decisions of investment to someone who took very strong bets on what was going

to happen in the future, they may get it wrong and thus jeopardize the participation in the returns. Investors had to make sure that they do not take risks that they did not intend to take. Many financial structures include risks that were not just the risk of the investment that had been made, but also included other structural risk that depended on the provider of that financial vehicle. Investors had to weed out such investments and make sure that if for example, a Lehman Brothers went bankrupt, the financial vehicles that were bought were not exposed to that risk in an unwanted way. It was also noted that an investor should ensure that the cost of managing the investment is not too high because whatever was paid to Investment Advisors came as a lower performance and meant paying too much would mean less return for the investor. It was highlighted that one of the most important approaches to avoid are those that engage in costly zero-sum gains or which were based on short-term forecasts.

184. The Investment Advisor proceeded to explain that once an investment structure had been set up, it would need to be monitored in order to reap the rewards from the investment. It had to be ensured that what was being done in the case of WIPO investments, the returns were in line with expectations and that the investment policy was respected at all times. Any deviations to guidelines needed to be documented, investigated and corrected. There had to be a clearly defined mechanism that enabled the organization to invest its cash flows, which has been the case.

185. The Investment Advisor informed the PBC that portfolios needed to be systemically realigned with the investment strategy that had been decided. Due to significant market fluctuations in early 2020, the portfolios were no longer aligned with their strategy, and the systematic re-balancing process was applied. This ongoing mechanism enables the portfolios to buy low and sell high because, when the price of something goes up very fast, the exposure increases and it is cut back. Conversely, when the price of assets falls in a significant way, the exposure decreases as a result, more of the instrument would be added. Such mechanisms enabled the portfolio to generate better returns over time. The Investment Advisor displayed information on a slide that was considered the most important for the presentation. It was one of the only comprehensive studies available. Produced in 2005 by John Bogle, the founder of the Vanguard Company, the study measured the returns of all living and dead mutual funds that invested in equities in the United States and they discovered that the return of all those funds over the twenty-five-year period going from 1980 to 2005 was 10 per cent per year. That compared to a 12.3 per cent annual return for the USA market overall. The USA market is generally representative of all of those funds because they were constituted with the stocks that were traded on the USA stock market. The 2.3 per cent missing were essentially expenses, that is, the leakage that occurred in investment portfolios because various people were paid on the path of the money being invested. It is therefore very important to make sure that those leaks are not too high. The percentage in the case of WIPO is about ten times lower than what was displayed on the chart. The Investment Advisor also highlighted an interesting phenomenon where investors who actually invested in those same mutual funds did not make 10 per cent and only made 7.3 per cent. This difference was difficult to explain at first because, it was not clear how investors could make less than the mutual funds that they invest in. It was explained that this would happen because investors frequently change the composition of their portfolios.

186. The Investment Advisor emphasized that most investor activity destroys returns because typically, people are scared when they should be greedy, and they are greedy when they should be scared, and that psychology is designed in a way that makes investors take the wrong decisions in how they conduct their investments. They invest in the latest fashionable stock or sector, or get scared and get out of the market in March 2020, or March 2009. Such actions and behavior tends to destroy a lot of return and the result is that the final investor returns are far below the one that was offered by the market. The Investment Advisor brought the issue of expenses to the attention of the PBC by showing on the graph the effect of expenses. The graph showed the return of different groups of mutual funds, that Standard & Poor gathers. The

latest data was dated 2019 and it showed how well mutual funds did compared to their market. It showed what percentage of those mutual funds actually did less well than their market and it was shown that in the long run, the percentage approaches 80 per cent to 90 per cent. This meant that 80 per cent to 90 per cent of fund managers do less well than the market they invest in and the question that would be asked is why this was the case. The simple answer proffered was that this was because they are paid a portion of the return. That is the aggregate average explanation and within those groups, there were fund managers who are more or less skilled but on average, their skills cancel each other out. When an investor paid something for an average skill and the average skill pursued a zero-sum gain, the investor pays but does not get the rewards. That was the reason why 80 to 90 per cent performed below the market. Another myth that was highlighted by the Investment Advisor was that a lot of investors had fallen victim to the myth of investing in hedge funds because they were considered to do magical things. This group of investment vehicles had largely offered disappointing returns over time and the key reason for that, once again, was that they were way over-paid hence eroding the returns of the investors.

187. Investors who invest in hedge funds paid their managers anything between 2.5 per cent to 4.5 per cent every year, sometimes more, and it was hard to expect anyone to deliver decent returns when that kind of fees were taken out of it. The Investment Advisor highlighted why forecasting could put in jeopardy in the realization of investment goals. A chart which had been started by Business Week and Bloomberg and suspended in 2009 was displayed and the Investment Advisor indicated that his firm had continued to collect the data for the chart. The chart showed market predictions for the US market year by year. The forecasters are generally famous, well paid, well resourced, well educated, smart people and each of them wrote a paper explaining their forecast. The data displayed the range of forecasts which were displayed on the slide as rectangles with red dots showing the actual outcome. It was very interesting to see how many times the red dot was not even within the range and when it was in the range, it was often in the extremity of the range. The forecasts were very random so it was never one person who got it right twice. It was highlighted that if an investor relied on the unreliable forecasts to drive investment choices, the results were going to be random because it depended on how lucky one would get. The Investment Advisor informed the PBC that as the information showed, WIPO investments should never rely on short-term forecasts. The period since the creation of WIPO portfolios in 2017 has been interesting with quite a wealth of different environments. In short, the portfolios have achieved what they were targeting through the market ups and downs. The one thing that was evident is that WIPO remained very calm despite some very unusual times, specifically for 2020 and also for 2018. The results supported the fact that the theory works and even in years of turmoil such as in 2020, both portfolios have positive returns. The Investment Advisor brought to the attention of the PBC that the positive returns may not show in the documents provided as they ended in June, however as of the end of August, both of the portfolios displayed positive results.

188. The Chair thanked the Investment Advisor for the very exhaustive presentation which allowed the PBC to understand better some of the investment options in the market that would be good ideas and some which were not.

189. The Delegation of the United Kingdom, speaking on behalf of Group B, thanked the WIPO Investment Advisor for his very detailed presentation. The Group stressed the importance of proper reporting tools when pursuing a higher risk investment strategy to achieve increasing returns, noting the uncertain times ahead. Furthermore, the established reporting mechanism would be crucial for monitoring the impact of the global pandemic on WIPO finances in the future. The Group emphasized the importance of these reporting mechanisms and would be watching carefully to ensure that these reporting mechanisms are adhered to going forward.

190. The Delegation of China thanked the Investment Advisor for his informative and professional presentation on WIPO's investment results from the past year. The Delegation

noted that in 2019, WIPO turned its losses from 2018 into gains. The Delegation congratulated WIPO on this turnaround and massive gains. The Delegation turned to the current situation of COVID-19 which was still severe. The world economic and financial prospects were relatively uncertain. They hoped that the organization could continue to uphold the principle of prudence while making investments and soundly manage its capital.

191. The Delegation of the United States of America noted that it was good to see that the investment strategy had resulted in increases to both the strategic cash and core cash portfolios despite the pandemic. They hoped that sufficient strategic cash would be available to continue to work towards achieving the After-Service Health Insurance (ASHI) coverage ratio of 90 per cent within 20 years. The Delegation asked whether the Investment Advisor believed that the current favorable trends would continue through the end of 2020 and could an explanation be provided on how the benchmarks were set. They noted that the document showed the various investments and how they were achieving the benchmarks or were not achieving the benchmarks and the Delegation wanted to know a little bit more about how those were set internally or externally.

192. The Delegation of Mexico thanked the Investment Advisor for the presentation and noted they were delighted to see the results of the investment strategy of WIPO and that they continued to be solid as they had been in previous years. The Investment Advisor gave an assessment of erratic market movements and talked about mid and long-term confidence in investments and changes in the values. The question to the Investment Advisor was similar to the previous question in that the Delegation wanted to know if the current pandemic represented a change in the evaluation in the medium and the long-term.

193. The Delegation of the Russian Federation thanked the Investment Advisor for providing the very interesting information. The Delegation noted the effective method of managing the investments and was very impressed with the indicators for WIPO. They thought that, given the economic and financial instability and also the instability in the international markets, the Secretariat should continue the practice of having regular meetings with updates on investments with the Investment Advisor and they would be very grateful for a regular report provided to the Member States.

194. The Investment Advisor addressed the question asked by the Delegation of the United States of America and the Delegation of Mexico about the prospects in 2020 and particularly any changes due to the pandemic. In the short-term, the markets would move based on how people felt at that moment and also based on monetary conditions at that moment. Facing the pandemic that started earlier this year, what had been seen was a very significant reaction of states as well as central banks in order to stabilize economies and stabilize financial markets. Those massive interventions had resulted in a significant recovery in markets as had been noted since April and the financial conditions had all but normalized, following those interventions. The economic impacts of the pandemic were still uncertain. What was well known was that the world was in the middle of the biggest economic contraction of a lifetime, however, the investments that were made for the Organization were of a solid nature. One could not forecast what the markets would do in the next year or two years nor predict the next recession. It was also unknown when the pandemic would end. The portfolios were designed in a way that they should be able to go through any crisis that may occur, provided they respect the rules and discipline in the application of the investment strategy, regardless of the nature of the crisis. If the crisis meant that there were no more financial markets on the planet and everybody had no work, the comments would not be relevant, but within the framework of functioning economies, the portfolios would behave reasonably well over the time horizon, even though subject to those short-term market fluctuations. It was highlighted that the prospects of the markets for the rest of 2020 and 2021 were unknown, but what was known was that the assets that were in the portfolio were of a solid nature. These assets generated an annual cash flow for the organization of around two per cent, depending on each portfolio. It was noted that

it was somewhat different because the ASHI portfolio has a longer time horizon and therefore can withstand more market fluctuations than the shorter-term nature of core cash. But overall, over their time horizon, the portfolios were expected to deliver what they were supposed to deliver, regardless of any unforeseeable events, including pandemics.

195. The Investment Advisor noted that a study made of pandemics from the past, although containing no examples that looked exactly like what was currently occurring, showed that the economic impact of such pandemics had generally not been very significant. This time around, the economic impact had been significant not because of the pandemic, but because of the way the world had reacted to the pandemic. The reaction had possibly saved many lives at the expense of economic growth but in the long run, it was not thought that the resulting recession was different in fundamental nature from other past periods of crisis and contraction, which meant that it had a beginning, it had a middle, and it was going to have an end. If the investments were solid enough to go through the waves and the boat did not sink during the worst part of the hurricane, then you would come out of the other side, heading in the right direction.

196. The Investment Advisor addressed the second question by the Delegation of the USA about how benchmarks were set. Each portfolio was invested according to a very precise investment strategy that allocated each portion of the portfolio to a certain asset class. A portion of the portfolio was allocated to bonds and another portion could be allocated to bonds issued by governments or by governments of emerging countries. Each of those markets had an accepted and most used benchmark in the industry and that was the benchmark that was used. If and when possible, that benchmark was actually a representative of the investments that were made in the portfolio. If the portfolio had an allocation to USA equities, that portion was invested in a USA benchmark index that tracked the exact return of the USA market. There was no attempt to find the star manager that would be able to predict that Google was going to outperform Apple over the next year and would take those decisions on WIPO's behalf. The investments were always in very diversified funds that represented the overall market. The hope was to achieve benchmark returns which in the long run would put WIPO in the top 20 per cent of investors because as seen in the Standards & Poor chart that was displayed, 80 per cent of investors, actually underperform the benchmark.

197. The Chair expressed his thanks again to the Investment Advisor and noted that it provided some reassurance as to the health of WIPO investments. The Chair also highlighted that further reassurance had been offered on another point, that markets were cyclical and the pandemic, however exceptional it may be, would have a beginning, or has had a beginning, has a middle, and will have an end so this nightmare would be over.

(C) STATUS OF THE PAYMENT OF CONTRIBUTIONS AS AT JUNE 30, 2020

198. Discussions were based on document WO/PBC/31/9.

199. The Chair gave the floor to the Secretariat to present on the report.

200. The Secretariat explained that the status of payment of contributions document contained information concerning the areas in annual contributions and in payments towards the working capital funds as of June 30, 2020. The annexes contained information regarding the unitary contribution system, and the status of contributions and working capital funds for the 2018/19 biennium. The Secretariat indicated that it was usual practice to update the PBC with the additional payments that had been received since June 30, 2020. The Secretariat provided an oral update of the additional payments received during the period July 1 to August 31 2020. Greece had contributed 34,183 Swiss francs, and this was the balance of 2020's contribution. In regard to the United States of America, there were two payments, 398,816 Swiss francs, which represented the balance of 2018's contribution and the partial payment of 2019, and a

second payment of 170,919 Swiss francs which was another partial payment of 2019. Benin contributed 230 Swiss francs and Cote d'Ivoire contributed 237 Swiss francs, which were both payments towards 2020's contributions. Gabon contributed 63 Swiss francs, a partial payment of 2020, and for the republic of Mali, 42 Swiss francs had been paid, a partial payment of 2019. Niger contributed 63 Swiss francs, a partial payment of Paris Union contribution from 1991. Senegal contributed 199 Swiss francs, the balance of 2020's contribution. Chile contributed 11,395 Swiss francs towards 2019's contribution. The Republic of Korea, 341,842 Swiss francs, a 2020 contribution. Independent State of Papua New Guinea, 2,849 Swiss francs, the balance of 2018's contribution and the partial payment of 2019. The United Republic of Tanzania, 1,250 Swiss francs, a part payment for 2020. Cote d'Ivoire, 157 Swiss francs, the balance of 2020's contribution. Gabon, 74 Swiss francs, a partial payment of 2020. The republic of Mali, 42 Swiss francs, Niger, 116 Swiss francs, a partial payment of the Paris Union contribution of 1991, and India, 85,438 Swiss francs, partial payment of 2020.

201. The Delegation of China thanked the Secretariat for its report on the status of the payment of contributions as at the end of June 2020. The Delegation explained that China was a responsible country and firmly supported multilateralism. From 1980, the year it joined WIPO, it had always been paying contributions on time and in full. To further strengthen the good collaboration with WIPO and as approved by the Chinese government on December 31, 2019, the Commissioner of the China National Intellectual Property Administration (CNIPA) informed the Director General in a letter that from 2020, China's contributions to WIPO would increase from 8 to 10 units, an amount of 455,793 Swiss francs, and in the first half of this year, China had paid its contributions on time. In the future China would aim to fulfill its financial obligations and to support WIPO's work through concrete actions.

202. The Chair after discussion read the draft decision. As there were no further requests for the floor, the decision was adopted.

203. The Program and Budget Committee took note of the "Status of the Payment of the Payment of Contributions as at June 30, 2020" (document WO/PBC/31/9).

ITEM 11 ANNUAL REPORT ON HUMAN RESOURCES

204. Discussions were based on document WO/PBC/31/INF/1.

205. The Chair introduced agenda item 11, the Annual Report on Human Resources and invited the Secretariat to present the report.

206. The Secretariat stated that the annual report was an information document, and would be presented to the WIPO Coordination Committee later that month. The report covered the period 1 July, 2019 to 30 June, 2020. As in previous years, it was accompanied by a brochure, with key numerics and indicators relating to WIPO's workforce, which was available online. The report contained a number of items which were for obligatory reporting to the Coordination Committee, such as terminations of appointments, implementation of WIPO's policy on gender equality, rewards and recognition and extensions of temporary appointments beyond their time limits. There were a number of other HR topics of interest to Member States addressed in that report, such as geographic diversity, recruitment, talent management, staff development and learning. There was also a chapter on the management of WIPO's workforce during the COVID-19 crisis. Mentioning a few highlights from the report and the brochure, the Secretariat stated that WIPO's workforce was currently 1,508 strong. That had not significantly changed compared to previous years, despite the fact that filing rates increased and new programs and services had been added. Some 1,090 or 72 per cent form the core workforce, i.e., staff with fixed term permanent or continuing contracts; 418 or 28 per cent made up the flexible component of the workforce, including staff funded by Funds-in-Trust, temporary staff, interns, fellows and contractors. The patent and technology sector was the largest in terms of

workforce, with 429 personnel, or 28.4 per cent of the total. Personnel expenditure made up 61.5 per cent of total expenditure. On geographic diversity, there were 122 nationalities represented on WIPO's staff. Active outreach to unrepresented Member States had increased the number of job applications received from unrepresented Member States from 7.4 per cent in 2016/17, to 13.3 per cent in 2018/19. On gender, WIPO employed 54 per cent women overall. At the P4 level, the balance was 50/50 which had met the target for 2020/21. At the D1 level, 35 per cent were women, which approached the target for 2021 of 37 per cent. A number of measures had been in place to assist women at levels where they were underrepresented to successfully compete for WIPO vacancies. In 2019, WIPO had introduced a further important measure towards being an employer of choice in accordance with its HR strategy. The two-year crèche pilot had been greatly welcomed by WIPO staff. At that point, there were 12 children in the. WIPO had started the second year of the pilot and still had room to accommodate children of new staff arriving in Geneva in the coming months. Regarding training, some 12,385 training participants made use of the training programs offered. The use of technology allowed training to be more varied, cost effective and accessible. On rewards and recognition, for the 2019 performance management cycle, a total of 95 staff received rewards for excellent performance. The cost of that program represented 0.2 per cent of remuneration costs. On management of the workforce during the COVID-19 crisis, WIPO reacted quite quickly and enabled staff to work from home with appropriate equipment to ensure safe access to its systems. Most services were provided without interruption, including those of the human resources management department. A number of temporary HR policy adjustments were needed to manage the workforce during the lockdown and the remote working period particularly related to working hours, leave management, sick leave, travel and home leave. Most of those temporary policy adjustments had meanwhile been reversed. A remote working policy was under preparation by the human resources management department to ensure that WIPO would capitalize from the newly gained capacity of remote and flexible working in a post COVID era.

207. The Delegation of Latvia, speaking on behalf of the CEBS Group, thanked the Secretariat for the presentation of the annual report on human resources. The Group extended its condolences to the family members of the WIPO staff member that had died from COVID-19. The Group commended the work of the WIPO medical unit in the context of the global pandemic. The Group noted that workplace productivity remained stable during the COVID-19 crisis, and commended the work of the WIPO Secretariat in those extraordinary circumstances. The Group welcomed efforts to increase geographical distribution among WIPO staff and welcomed the increased number of Member States among them. The Group welcomed the work in the area of gender equality. However, the Group noted the need for further progress in the number of women in managerial positions.

208. The Delegation of China appreciated the informative and rich annual report on human resources. The document allowed members to fully understand WIPO's specific measures as well as strategic planning in terms of human resources. The Delegation acknowledged WIPO's positive outcome in implementing the 2017-2021 HR strategy, and its efforts in improving the diversity of geographical distribution of its human resources. The Delegation believed that WIPO was still faced with challenges in meeting the growing demand of global users for its IP services which thus required WIPO to be innovative and effective while making its diversity strategy on human resources. The Delegation spoke highly of WIPO's workforce management during COVID-19. Despite unprecedented challenges, it had ensured that its core IP services and the productivity of its workforce were free from any major impacts *via* remote working as well as other effective measures. The Delegation thanked all the hard working WIPO staff in that period and paid tribute to them. For those affected by the pandemic, the Delegation expressed its sympathies. The Delegation was also mourned for those deceased due to the virus and offered its condolences to their families. The Delegation congratulated WIPO for its good performance in gender equality. In terms of female representation within WIPO, the P4 level had reached its 2021 target in advance of the deadline. The D1 level was also close to reaching its target. The Delegation supported WIPO in continuing its implementation of the UN

system-wide action plan on gender equality and the empowerment of women also known as UN-SWAP. The Delegation also supported its strategy to attract and retain young talent through fellowship and internship programs. The Delegation appreciated the multiple measures taken by WIPO to improve the work and life of interns, and congratulated WIPO on its internship program being rated among the best, together with ILO and international organizations in the survey under fair internship initiative 2019. The Delegation stated that it hoped WIPO could continue its efforts and make progress in promoting gender equality and adding more young talents to its workforce.

209. The Delegation of South Africa, speaking on behalf of the African Group as the Regional Group Coordinator was unable at that moment to deliver a statement, expressed its appreciation to the Secretariat for the Annual Report on Human Resources. The Group was satisfied with the productivity of WIPO staff as evidenced in WIPO's crisis management dashboard on indicators for the Patent Cooperation Treaty and Madrid registration systems. The Group firmly supported WIPO's policy on gender equality launched in 2014 and supported the integration of Internal Oversight Division's recommendations in the implementation of the policy. It was pleased that WIPO's compliance in UN-SWAP had improved by 17 per cent, and WIPO exceeded requirements for two indicators while meeting the requirements for five indicators. The Group also noted its satisfaction with the continued capacity building initiatives of gender focal points. The Group, recalling that females constituted 54.4 per cent of WIPO staff, found that the majority was not proportionally reflected in managerial roles of the Organization. It was therefore positive that targets for P4 level had been achieved one year prior to 2021. The improvements in the D1 levels were encouraging and they urged that momentum be maintained. The launch of the senior female talent tool in 2019 was a good initiative to bridge the gender gap at the P5 level, as well as the EMERGE and I-seize programs. The Group appreciated the update on various capacity and training initiatives initiated across the globe on IP gender mainstreaming to capacitate female creators, inventors and entrepreneurs. Under the rewards and recognition program, the Group noted the changes implemented in 2020 and believed that was an important policy to incentivize staff within the Organization. The Group appreciated the update on the impact of the coronavirus on the operations of staff and commended WIPO for the initiative in ensuring the safety of its staff. On geographic distribution, the Group commended the marginal increase in representation from 108 to 112 Member States between 2018 and 2020. The deployment of social media tools in advertising vacancies had resulted in tangible gains of a 26 per cent increase in vacancy applicants in 2019. The Group was interested to find out how much of that increase was attributable to developing countries. The Group had noted the positive gains in internship and fellowship programs and was interested to find out how those programs would be sustained during the COVID-19 period. The Group emphasized the need to increase the impetus in geographical representation and gender parity in the workforce.

210. The Delegation of Chile congratulated the Chair on his election, and wished him every success at the PBC meeting. The Delegation recognized and thanked ADG Mr. Ambi Sundaram for his work over the years and wished him all the best in the future. The Delegation thanked the Secretariat for the submission of the annual report on human resources. The Delegation highlighted the brochure on human resources which set out in an abbreviated way, the contents of the report. The presentation of the report during the PBC made it possible to explain, in all transparency to the members, the achievements of the human resources management department regarding their recruitment policies and challenges faced. The Delegation welcomed the results on gender policy including programs promoting female talent within WIPO such as EMERGE and I-seize. Although those two programs were great steps that had been taken in that area, there was still room for improvement, especially as regards the application of those rules to the director level. The Delegation encouraged WIPO to continue implementing gender policies in the Organization and to continue improving the results. The Delegation also considered it important to highlight the need for substantial improvements as regards geographical distribution among staff members. The Delegation stated that WIPO

continued to have an important role to play as regards that in their region. The Delegation underscored the management of staff during the COVID-19 crisis and noted with concern the number of people who had to self-isolate because of the propagation of the virus, and were extremely sorry that the organization had lost one of its valued staff members to the pandemic. The Delegation sent its condolences to the family. The Delegation valued the measures that were adopted at that time, which had enabled WIPO to continue providing its services in the regular manner.

211. The Delegation of the United Kingdom, speaking on behalf of Group B, thanked the Secretariat for preparing the document. It was with sadness that the Group noted the death of a WIPO staff member from COVID-19 as well as the high infection rate of COVID-19 among WIPO personnel. However, the Group was encouraged that staff and their families had been offered appropriate support in that regard. The Group welcomed the actions undertaken by the WIPO medical unit during those turbulent times in order to support WIPO staff. The global pandemic had resulted in a steep learning curve for everyone, and the Group commended the Organization for being sufficiently agile to adapt to new working arrangements following lockdown. The Group was impressed that the Hague Division had 102 per cent productivity, above that of the PCT and Madrid Divisions which also performed well. The Group was pleased to learn that a planned and phased return to premises was under way, and those experiences would inform future business continuity plans and time management policies. The Group noted that a large majority of staff had expressed interest in the possibility of some teleworking even after the health crisis. The Group was pleased to learn that the Organization was considering how remote work options could be integrated into the future. It was reassuring that workplace productivity had remained stable despite the impact of the COVID-19 crisis and lockdown, and was hopeful that trend would continue. The Group considered the commitment to gender equality admirable, and it looked forward to the findings and recommendations of the IOD audit and evaluation of the WIPO policy on gender equality. The implementation of appropriate recommendations in a timely way was essential to ensuring gender equality and women empowerment. While there had been some positive performance by WIPO in UN system-wide initiatives within the organization, the Group noted there was still a way to go in ensuring women were represented in managerial positions. The number of women in senior positions was below the target set for December 2021 and in some grades even decreasing. The Group requested more information about the impact of the senior female talent pool, in particular, how many individuals had obtained suitable positions through that initiative thus far, and what were the future plans for the program. The Group also requested more information about the impact of the EMERGE program and if that program could help female staff at P3 grades to get more senior positions, and if so, how many individuals had gotten such positions. Finally, the Group noted with appreciation WIPO's efforts to continue promoting a respectful workplace that was free from harassment, including sexual harassment. The Group was encouraged to learn from the report of a new organization policy on preventing and addressing sexual exploitation and sexual abuse. The Group requested further information the Secretariat could share regarding that policy, including when WIPO officially implemented it, and any initial data the Organization would have on use of the policy thus far. Overall, effective human resources were critical to achieving the mandate and objectives of the Organization. Personnel costs also formed a significant proportion of the Organization's expenditure, so appropriate administration of human resources was critical. The Group encouraged the Secretariat to continue its commitment to geographical diversity in its staff and to improve gender balance. However, with respect to recruitment, the Group reiterated that it should be conducted based on merit and on the highest standards of efficiency, competence and integrity, taking into account the very technical nature of WIPO and the nature of the services that WIPO provides.

212. The Delegation of Singapore, speaking on behalf of the Asia and the Pacific Group, noted that positive efforts had been made by WIPO to improve the geographical equitable representation of the staff, and the Group looked forward to improved outreach efforts to unrepresented and underrepresented Member States to enhance geographical representation.

The positive results on WIPO's policy on gender equality should continue to serve as an inspiration for efforts on geographical representation. The Group noted the report's outlook for 2020-21, and encouraged WIPO to continue efforts in digital transformation to build resilience within the organization. Finally, the Group was saddened by the news of the loss of a staff member to the coronavirus, and expressed its deepest condolences.

213. The Delegation of the Russian Federation, speaking on behalf of the CACEEC Group, thanked the Secretariat for the annual report on human resources. There had been progress as regards gender equality at WIPO and that showed the importance of the new policy on gender equality. The Group noted with satisfaction that the productivity had been kept up during the COVID-19 crisis and the work of the organization was uninterrupted in spite of several of the staff falling ill. The Group thanked the Secretariat for its work on geographical diversity and called upon the Secretariat to continue its work in that area. There was a need not only for growth in the number of states representative, but in a fair distribution of the posts among them. Unfortunately, the Group noted that its regional group was underrepresented in the WIPO Secretariat. The Group was convinced that the Member States of its Group had significant experience in Intellectual Property and in their national IP systems which could be used for the benefit of the Organization. The Group believed it was necessary to continue to develop the internship program. The Group was quite sure that it was important to encourage young people on the path to a career in IP. The Group requested information from the Secretariat on how people were adapting to digitalization and its future prospects in that area, and the new IT processes that were under way.

214. The Delegation of the United States of America supported the statement made by the Delegation of the United Kingdom on behalf of Group B. In particular, the Delegation emphasized its appreciation for everything WIPO management had done to support its staff while still advancing the Organization's important work amidst the unprecedented circumstances surrounding the coronavirus pandemic. The Delegation extended its deepest sympathies to the family of the WIPO staff member lost to the virus. The Delegation stated that the report was informative and encouraging and was pleased that WIPO continued to make progress in the areas of gender parity, geographic representation, diversity and staff development and learning. The Delegation was very encouraged to see women now comprised 54.4 per cent of WIPO's total staff. The Delegation congratulated the Organization on achieving full gender parity for staff at the P4 level, and for doing so a year before the Member State approved target date. Although the report rightly stated that gender balance at the D1 level continued to be near its target of 37 per cent, the Delegation noted that particular category was the only one to have moved further away from its respective target. Additionally, the Delegation noted gender balance for the D2 and P5 levels remained about 10 full percentage points from their December 2021 targets. Insofar as those categories had consistently experienced only marginal per cent increases annually since June 2017, the Delegation inquired whether any particular improvements to WIPO's targeted outreach efforts were contemplated for closing those particular gaps in the coming year. In the area of awards, the Delegation noted the series of changes made to the rewards and recognition program. The Delegation appreciated the removal of the organizational performance monetary reward, as requested by Member States, as well as the reduction in award amounts for delivering excellence and acting responsibly rewards. However, several rewards had also increased in number as well as undergone changes to eligibility criteria that made them available more widely to staff. The Delegation wished to remind the Organization that rewards should be provided strictly on a merit basis, and for exceptional performance lest they risked creating for staff an expectation of routine entitlement. The Delegation was pleased to see the seriousness with which the Secretariat had taken the outcome of the UN system-wide safe space survey on sexual harassment and was implementing comprehensive and coordinated measures to combat sexual harassment at the Organization. The Delegation believed that harassment in all forms undermined the mission of UN organizations and comprised the wellbeing of staff members. The Delegation was pleased to see WIPO had amended its harassment and sexual harassment policies to make them

applicable and available to non-staff personnel, and had made the ombudsperson's office similarly accessible to non-staff personnel, which reflected a thorough understanding of the pervasive risk of harassment at large organizations. Along those lines, as was mentioned in the Group B statement, the Delegation was encouraged to learn of the new WIPO policy on preventing and addressing sexual exploitation and sexual abuse. The Delegation requested the Secretariat to provide further information on that policy, including when WIPO officially instituted it, and any initial data the Organization had on implementation of the policy thus far.

215. The Delegation of Tunisia supported the statement made by the Delegation of South Africa on behalf of the African Group. The Delegation thanked the Secretariat for the annual report on human resources and welcomed the efforts made by HR to make improvements which had created a harmonious working environment thanks to its policies. The report contained useful information on progress achieved in achieving the targets. Under the exceptional circumstances of the pandemic, the staff had provided continuity in various services, particularly the operational ones at almost 100 per cent, thanks to adequate measures that were adopted. The Delegation was pleased to note that there was a chapter on the COVID-19 crisis. The Delegation expressed its satisfaction at WIPO's commitment to gender parity policies, and to the implementation of the gender equality program 2019-20. The Delegation was pleased to hear that 54 per cent of the staff were women as that was one of the objectives, and the Delegation encouraged WIPO to continue to make progress on gender parity at the higher levels of the Organization. The Delegation was encouraged by efforts being made to improve the geographical diversity among staff, and called on WIPO to continue its efforts in making Member States aware of opportunities and thus improving geographical diversity. The Delegation expressed its support and solidarity with WIPO staff at that difficult time, and transmitted its condolences.

216. The Delegation of Iran (Islamic Republic of) thanked the Secretariat for providing the report which included information on progress made towards staffing goals and an overview of HR related policies, initiatives and activities of the Organization. The Delegation welcomed the continuous improvement of the report which had established its role as a key source of information on human resources for Member States. Like any other organization, WIPO's human resources constituted the backbone of the Organization, as it was a key element for the effective function of the Organization. The Delegation attached great importance to the proper administration of HR as it directly related to organizational efficiency and service orientation, as well as resilience to confront new developments promptly and adequately. The Delegation welcomed the initiatives that WIPO management had put in place for workplace during the COVID-19 pandemic. The Delegation noted the regular and close cooperation with other Geneva based international organizations to share information resources and lessons learned in combating the coronavirus in the workplace. Despite the achievement of the geographical distribution of WIPO staff, the Delegation was of the view that there was a gap in the geographical representation within the WIPO Secretariat. Accordingly, while welcoming and recognizing the efforts made by the Secretariat to narrow the gap, the Delegation was of the view that there was a need for further action to ensure balanced geographical representation. Last but not least, the Delegation paid tribute to the WIPO colleague who passed away due to COVID-19 and commended WIPO for the provision of support and assistance to his family.

217. The Delegation of Canada expressed its gratitude to the Secretariat for the preparations of the report. While there were notable achievements during the reporting period, including the development of a senior female talent pool and the highly interactive one day workshop for delegates on unconscious bias, diversity and inclusion, the Delegation wished to acknowledge and offer condolences to the friends and family of the WIPO staff member who lost their life due to COVID-19. The Delegation recognized WIPO staff directly or indirectly affected by COVID-19. The Delegation noted that WIPO management offered a range of services aimed at supporting the health of WIPO staff and the continuity of operations. Both sets of efforts were noted with appreciation. With respect to the future of WIPO work, the Delegation noted its

interest in the results of the forthcoming survey on respect and harmony at work planned in late 2020, early 2021, that would serve as a “temperature check for WIPO’s culture, and create the baseline for measuring the impact of talent management initiatives.” Regarding the 18 staff members terminated during the reporting period, the Delegation welcomed additional information on what might constitute the good administration of the Organization in accordance with staff regulation 9.2(a)(5).

218. The Delegation of Indonesia aligned itself with the statement made by the Delegation of Singapore on behalf of the Asia and the Pacific Group. At the outset, the Delegation offered its deepest condolences for the passing of a WIPO staff member due to COVID-19. The Delegation thanked the Secretariat for its hard work during the pandemic and in preparing the report. The Delegation welcomed the success of WIPO in achieving gender parity. The Delegation followed closely with positive notes on WIPO’s efforts to improve the geographical equitable representation of the staff, including conducting outreach efforts to unrepresented and underrepresented Member States. The Delegation encouraged the Secretariat to continuously improve its outreach efforts in order to achieve greater geographical equitable representation of the staff. The Delegation highlighted the onus of multiple languages requirement in the staff recruitment of times, and stated that such a requirement created barriers for individuals from unrepresented and underrepresented Member States to apply for positions at WIPO. The Delegation called for relevant measures to be taken to address such barriers including requiring only one of WIPO’s working languages and providing courses for recruited staff to learn additional WIPO working languages.

219. The Delegation of Morocco congratulated the Chair on his election and expressed its conviction that the Chair would steer the Committee’s work most efficiently. The Delegation expressed its full support to the Chair during his mandate. The Delegation thanked the Secretariat for having adequately and efficiently prepared for the current session. The Delegation expressed condolences to the family of the staff member of the Organization who died during the pandemic and to the family members of the staff. The Delegation supported the statement made by the Delegation of South Africa on behalf of the African Group. The Delegation appreciated the report and thanked the Secretariat and Ms. Moussa for the presentation and highlighted that the administration’s use of human resources which was fundamental in the Organization. The Delegation stated that it was in favor of gender parity in the Organization’s program, thus, it continued to encourage WIPO to pursue this policy and the actions to ensure gender parity between men and women. The Organization was also invited to pursue its activities aiming to ensure the equitable geographic representation as much as possible, which was very important for WIPO, as stated in article 9 of the statutes of the organization. The Delegation supported the initiatives undertaken by WIPO to raise awareness to improve geographic representation. The Delegation highlighted the Coordination Committee’s initiatives for underrepresented regions to increase their representation. The Delegation congratulated the organization for its efforts during the COVID-19 crisis, and towards including working from home within the Organization. The Delegation thanked the Director General during his entire reign, which showed his professionalism.

220. The Delegation of Pakistan was deeply saddened at the loss of one precious life from WIPO staff due to COVID-19, and offered its condolences to the grieving family and WIPO Secretariat. The Delegation aligned with the statement delivered by the Delegation of Singapore on behalf of the Asia and the Pacific Group. The Delegation thanked the Secretariat for the preparation of the annual report on human resources and noted the progress made with regard to the geographic representation resulting in previously unrepresented Member States being represented among WIPO staff. The Delegation welcomed improvements introduced to WIPO’s internship programs with regard to increasing participation from nationals of unrepresented Member States. Internship at WIPO were not only an investment in the global youth, but also an opportunity to mainstream innovation and Intellectual Property awareness across the Member States those interns represented. The Delegation encouraged the

Secretariat to keep striving to expand the numbers of interns taking part in the programs, especially from unrepresented, underrepresented and developing Member States.

221. The Delegation of the Russian Federation agreed with its regional group coordinator and expressed condolences concerning the death of the staff member from COVID-19. The Delegation thanked the Secretariat for preparing the annual report on the human resources especially given the ongoing, uninterrupted work of human resources at WIPO. The Delegation requested additional information on the use of innovative technologies in selecting new staff members, which was mentioned in the previous year's report. The Delegation expressed that it was necessary to ensure fair geographic representation and to level the playing field for posts among various regions. The Delegation welcomed the positive work with interns, young workers and the JPO program. The Delegation was convinced that WIPO remained in line with overall UN standards, *inter alia*, especially with regards to salaries and service of international civil servants. The Delegation attached a great deal of importance to multilingualism and would be very happy to take part in the discussion of a new strategy in terms of human resources for the next period. The Delegation was also very interested in the outcomes of the discussions of the Working Group, which had to do with the potential for the future. The Delegation requested more detailed information on the adaptation of staff to new digital trends. In that context, the Delegation was excited to see the new strategies on human resources.

222. The Chair took the floor to state that it was quite difficult to make an exhaustive summary given the variety of comments by various delegations. The Chair expressed his condolences to the family of the staff member who died due to COVID-19. The Chair stated the burden of the international disaster and hoped that there would be better days in the future. The Chair thanked Ms. Moussa for the quality of the report that she presented and especially for the objectives that were achieved which were very ambitious. The Chair noted that 54 per cent of WIPO staff were women was encouraging especially since gender equality was something that was wanted very much in the UN, and that was the pride of the house. Obviously, there were things that needed to be improved, and delegates had requested more detailed information on those elements that had to do with the workplace and everything that would allow staff to work as well as possible. Perfection was not possible in this world. Nevertheless, it should be strived towards.

223. The Secretariat thanked the delegations for their comments and suggestions and would pass on the condolences expressed by the delegations and the Chair to the family of the former staff member concerned. The Secretariat took note of the delegation's requests to improve further the gender equality, especially at senior levels, and the need for further action on geographic diversity. The Secretariat stated that it would continue the efforts in that regard. The Secretariat stated that it would provide the numbers requested on EMERGE, the female talent pool, and more information on the sexual exploitation and abuse (SEA) policy. It had not had any case, on SEA. With regard to the questions on the most recent efforts on digitalization, the Secretariat stated that it was currently engaged with the transition to cloud computing which required a huge effort in retraining staff, which had started. The Secretariat stated that it was a joint effort between several departments which included the ICT department and colleagues from finance and HR. The Secretariat stated that it was being done in a very carefully planned and monitored manner and licenses for that training had just been obtained. People would be certified, and it was going to be a long process. The Secretariat expressed that most staff would rise to the challenge, and a couple had already come forward and expressed that they didn't think that they could manage that. Those staff were included in that list of 18 staff that were separated in an uncontested manner. Those staff that did not feel that they could go through that transition, and therefore, they preferred to leave the Organization and to give up permanent contracts. Concerning the requests from the Delegations of the United Kingdom, speaking on behalf of Group, and the Delegation of Canada for more details on the WIPO Talent Pool, the Secretariat noted that Talent Pools primarily acted as a repository where potential applicants could submit an expression of interest for employment with WIPO in the

absence of any suitable vacancies matching their profile. Unlike specific vacancies, Talent Pools were open year-round and targeted profiles that were regularly recruited for and/or difficult to fill. The expressions of interest received were reviewed as needed with a view to 1) contacting qualified professionals regarding vacancies that match their profile, and 2) sourcing candidates for consideration for short-term opportunities. Building talent pools complimented other outreach efforts (career fairs, online campaigns, recruitment missions). There were a total of 4,048 candidates in the Talent Pools at that time. In view of WIPO's gender targets, the Senior Female Talent Pool had been reviewed on several occasions to identify candidates with relevant profiles for senior posts where applicant pools were predominantly male. The female professionals identified were notified of a given vacancy and encouraged to apply. There were some 1,840 candidates in that Talent Pool and since its introduction, 16 female professionals were contacted. While there had not been any appointments coming directly from the Talent Pools at that time, one of the female candidates contacted had made it to the interview stage for a senior post. Concerning the Delegation of the United States of America's inquiry on if the Secretariat contemplated implementing any particular improvements to WIPO's targeted outreach efforts to close those particular gaps in 2021, the Secretariat responded that the percentages of women at grades D2 and P5 indeed remained below the targets set for 2021. While the gender targets reflected the Organization's continuous efforts in striving for increased gender balance at senior levels through outreach and related initiatives, the approach would also strike a balance with considerations related to the career development of existing staff. In that vein, as a larger segment of human resources at senior levels was male, reclassifications and competitions leading to the selection of internal candidates resulted in a larger number of appointments involving male staff. These cases also, at times, represented an increase in the overall number of posts in the respective grade levels, which in turn further decreased the percentage of female staff in those grades. Although that does not positively impact gender balance, it supported WIPO's talent management approach, which did not discriminate against male staff. Notwithstanding the above, outreach efforts had intensified and diversified with the aim to also increase the percentages of female staff at the mid-level professional grades, which represented a significant pipeline for future senior appointments. Moreover, due to increased outreach targeting women, there had been a higher percentage of competitions at the senior level with one or more female candidates recommended for appointment (53 per cent in 2019 compared to 48 per cent in 2016). The Secretariat noted that the overall number of competitions for P4 to D2 posts had more than doubled during that period (28 in 2019 compared to 12 in 2016). Significant strides had been made at the D1 level with 22 women at that grade in 2020 compared to 11 in 2013, bringing the percentage of women at the D1 grade from 25 per cent to 34.9 per cent. On two occasions involving D1-level posts in IT, the services of an executive search firm had been also retained to ensure a strong pool of female applicants in an otherwise male-dominated field, resulting in both cases in the appointment of an external female candidate. In looking ahead, WIPO would focus on setting gender targets that aimed to close the gap to parity at senior levels while also taking into account career progression of staff in the Organization and retirement forecasts. In response to a request for details on the impact of WIPO's participation in the UN initiative EMERGE, the Secretariat noted that since 2017, a total of 10 WIPO staff members had participated in the EMERGE initiative. Of those staff members, 40 per cent were currently in higher-grade jobs. Concerning the Delegation of Canada's request for additional details on the 18 terminations of appointment 'in the interest of the good administration of the Organization and with the consent of the staff members concerned', in accordance with Staff Regulation 9.2(a)(5), the Secretariat explained that the vast majority of agreed separations were related to the evolution of jobs, particularly in the field of technology and/or changes in job content resulting in gaps between job needs and staff members' competencies. Once such jobs were vacated, WIPO had been able to update the job profile and sought talent that matched the Organization's needs. The Secretariat highlighted that was particularly important in view of WIPO's rapidly evolving environment including digitalization on the one hand, and WIPO's traditionally low staff turnover on the other. Addressing the delegations' requesting information

on SEA, the Secretariat explained that the policy on sexual exploitation and abuse was issued in July 2019. Over the past few years, WIPO had not received any allegations of sexual exploitation and/or sexual abuse against any of its employees. In 2017, a staff member filed a complaint against another staff member, which included an allegation of “non-consensual sexual intercourse”. Following an investigation, the complaint was dismissed in its entirety as devoid of merit. It might be noted that even without the policy, under WIPO’s legal framework, sexual exploitation and sexual abuse would amount to misconduct and would be sanctioned as such. WIPO’s exposure to sexual exploitation and sexual abuse was limited given the nature of the Organization’s mandate and specificities of its operations. The policy was issued, however, to show WIPO’s commitment to prevent sexual exploitation and sexual abuse and to provide staff with clear standards to which they were expected to adhere. The policy had been closely aligned with the policy on protection from sexual exploitation and sexual abuse that was applicable in the UN and its Funds and Programmes. Concerning the Delegation of the Russian Federation’s request for more information on innovative technologies, such as AI, the Secretariat explained that in 2018, WIPO undertook a pilot project testing the use of artificial intelligence (AI) in the screening of job applications to explore the possibility of such technology reducing some of the labor-intensive aspects of recruitment. On average, WIPO received 137 applications per vacancy. Obviously, it was critical that WIPO assess the advantages of reducing the heaviness of manual process against the risks involved when using AI technology, and ensure a fair and transparent process for all applicants. Following initial results, an extended pilot was underway, with expanded scope that was expected to be completed in December 2020. In parallel, WIPO’s Advanced Technology Applications Centre (ATAC) had been involved in the development of an in-house prototype essentially performing a similar screening of job applications, as well as a classification of internship applications according to WIPO’s common internship profiles. The outcome yielded promising results, with an overall 78 per cent accuracy rate and some categories attaining an accuracy rate of close to 90 per cent. As a consequence, the technology was being considered to screen candidate applications for internship opportunities. With over 2,000 internship applications per year, that approach would enable a much more efficient review of relevant applications. Discussions were based on document WO/PBC/31/INF/1.

ITEM 12 UNITED NATIONS SUSTAINABLE DEVELOPMENT GROUP (UNSDG) MEMBERSHIP

224. Discussions were based on document WO/PBC/31/10.

225. The Chair introduced Agenda Item 12 United Nations Sustainable Development Group (UNSDG) Membership and invited the Secretariat to present the document.

226. The Secretariat informed the PBC that the Director General, after consideration of the invitation to become a member of the UNSDG, had requested information on the proposed share of the cost allocation for WIPO that would be intended to support the resident coordinator (RC) system for field work versus the proposed share that would be intended to support the implementation of the SDGs on a global basis. In this context, the Director General had stated that given the predominantly digital and virtual implementation of many of WIPO’s programs and services, which was also reflected in the presence of well over 95 per cent of WIPO staff at headquarters in Geneva, the Organization’s use of the RC system was significantly reduced as compared to that of other agencies. The financial implication of becoming a UNSDG member was estimated at 400,000 Swiss francs per biennium. Besides the financial implications, it was indicated that there may be administrative and reporting implications of becoming a member of UNSDG.

227. The Delegation of China believed that implementation of the 2030 Agenda for Sustainable Development was the core work in the area of development cooperation. At

present, COVID-19 and climate change constituted major challenges for the implementation of the SDGs, which required solidarity and a concerted response by all parties concerned. Therefore, it was conducive to integrate various UN agencies and programs in the UNSDG. As one of the UN specialized agencies, WIPO should strengthen its participation in the UN system for the implementation of the SDGs. The Delegation indicated its support for WIPO to join UNSDG and appreciated the effective communication at the initial stage between the Secretariat and UNSDG on the financial matters. This demonstrated that WIPO was serious in getting involved in the work. At the same time, the Delegation believed that apart from financial issues, WIPO should consider how to strengthen its own substantive work in the Development Agenda through joining UNSDG. The Delegation observed that WIPO was effectively implementing SDGs through a dedicated SDG Coordinator and through several projects, including WIPO GREEN. The Delegation looked forward to the future integration of WIPO into UNSDG, which would enhance the Organization's projects and enhance the link with other organizations in the UN family in order to implement better the SDGs.

228. The Delegation of Latvia, speaking on behalf of the CEBS Group, thanked the Secretariat for preparing document WO/PBC/31/10. In principle, the Group supported system-wide efforts in the area of sustainable development. As was outlined in the document, some elements of UNSDG membership, particularly the benefits for WIPO of the proposed RC system, were still missing. The Group believed that additional information was required in order to make a decision. The Group was ready to continue considering WIPO's membership in the UNSDG.

229. The Delegation of Panama, speaking on behalf of GRULAC, thanked the Secretariat for the information regarding the request from the UNSDG to join the group. The Delegation noted that WIPO, as a member of the UN system, played an important role in working towards the achievement of the SDGs. This was directly linked to obtaining innovative and creative solutions for the attainment of the SDGs. With the aim of fully understanding the implications of the invitation, the Group requested the Secretariat to once again request the UN for information on the benefits and the impact of the participation of WIPO in the UNSDG. The Delegation also requested that the information be shared with Member States so that the invitation to participate in the group could be considered at the next session of the Committee.

230. The Delegation of Singapore, speaking on behalf of the Asia and the Pacific Group, noted that the 2030 Agenda for Sustainable Development stipulated the 17 Sustainable Development Goals and 169 targets. The global agenda required concerted efforts and policy coherence from all relevant stakeholders in an enabling environment for sustainable development to ensure that no one was left behind. The UNSDG was established to support these efforts between relevant entities in the UN system and as a specialized agency of the United Nations, it was important for WIPO to be fully engaged in the UN system-wide effort to achieve the SDG. Therefore, the Group would welcome all necessary steps to be taken by WIPO to positively consider the invitation to join the UNSDG. In this regard, the Group urged the Secretariat to reach out to the UNSDG to better understand the expected outcomes and obligations of WIPO in joining this group. Further engagement with the UNSDG would reinforce the mainstreaming of the WIPO Development Agenda as an integral part of WIPO's work, including in relevant committees like the PBC and the CDIP.

231. The Delegation of the United Kingdom, speaking on behalf of Group B, thanked the Secretariat for preparing document WO/PBC/31/10 on UNSDG membership and for inviting the Committee to consider the invitation for WIPO to become a member of this group. As the document set out, the UNSDG was set up to enhance strategic direction, impartial oversight, and accountability of the in-country contributions to the implementation of the 2030 Agenda for Sustainable Development, including the RC system. The Group took note of the actual financial requirements and potential administrative and reporting implications of joining the UNSDG, in particular the cost of 400,000 Swiss francs per biennium. At the same time, the Group was

aware of the rationale in supporting the coherence and coordination of the broader UN system. The Group highlighted that it may be too simplistic to try to weigh financial costs with immediate benefits in the short term. WIPO was a specialized agency of the UN which provided expert technical advice and services in the field of IP and IP undeniably was cutting across broader issues of sustainable development. The Group noted that if WIPO dropped out of the discussions, there was a risk that actions in this area would lack the unique expert technical perspective of WIPO, hence the continued interest of the Group in the issue.

232. The Delegation of the Russian Federation, speaking on behalf of CACEEC Group, thanked the Secretariat for preparing the document related to the invitation to the UNSDG. The Group highlighted its commitment to sustainable development and was ready to act as a partner in this area and look for effective solutions. The Group observed that WIPO had 95 per cent of its staff members who worked in Geneva and hence had limited use of the RC system. In addition, the Group observed that there was an open issue that had to do with the administrative impact of the membership of the UNSDG. The Group requested more detailed information about the membership and how to deal with the cost and the advantages of taking part in the UNSDG.

233. The Delegation of United States of America supported the intervention made by Group B. While the Delegation was a firm supporter of the UNDG, the UNSDG's predecessor, the UNSDG itself was a new product created as part of the RC system. The Delegation wanted to ensure that there was as much information as possible before WIPO was encouraged to join the UNSDG. The Delegation strongly believed in the positive role IP played in development. The Delegation welcomed further clarity and specifics from the UNSDG as well as WIPO's views on WIPO's possible role within the system. The Delegation requested more information on how WIPO's payments to the group would be used. The Delegation was aware that WIPO had asked for this information and was awaiting a response from the UNSDG, however, the Delegation requested that WIPO revert to the UNSDG Secretariat and request a timely response so that Member States could revisit this issue at the next PBC. The Delegation believed that there would be value in a deeper analysis of the benefits to WIPO of joining the group. As the UNSDG had been operating for a period of time, and more information and lessons learned about the system was available, the Delegation requested that the Secretariat prepare for the next PBC session a clearer articulation of what role WIPO envisioned it would play if joining the system.

234. The Delegation of South Africa, speaking on behalf of the African Group, expressed its appreciation for the invitation extended to WIPO to join the UNSDG contained in WO/PBC/31/10. The Group welcomed the invitation and believed that participation in UNSDG would further complement ongoing processes undertaken by WIPO in its collaboration with the UN. Such collaboration included periodic reports to the United Nations Economic and Social Council (ECOSOC) on WIPO's contribution to the SDGs, the WIPO UN Agreement, and Programs 18, 20, and 21 of the Program and Budget for the 2020/21 biennium. It was therefore incumbent upon Member States to positively consider this invitation.

235. Then Delegation of Chile supported the statement made by the Delegation of Panama on behalf of GRULAC and thanked the Secretariat for preparing and introducing the document which was under discussion. The Delegation emphasized the importance of WIPO's work in trying to achieve all the SDGs as one of the missions of the Organization was to encourage innovation as a tool for development. In this context, while the invitation to be part of this group dated back to 2018, both the documents submitted and the preparatory meeting to the Secretariat had not made it possible to know in detail the full implications of the invitation to be part of the UNSDG. It was important to be clear about the administrative implications and the implications for the presentation of WIPO reports. With the object of speeding up a result on the issue, the Delegation supported the request made by GRULAC and by the CEBS Group to

include in the next session of the PBC more detailed information on all the implications of joining the UNSDG.

236. The Delegation of Indonesia aligned itself to the statement made by the Delegation of Singapore on behalf of the Asia and the Pacific Group. The Delegation recalled that the global leaders in 2015 had pledged common action towards achieving the 2030 Agenda for Sustainable Development, including through an adequately resourced, relevant, coherent, efficient and effective UN system. As such, it was important for the UN system to work in coherence. While deliberating on WIPO's membership at the UNSDG, the Delegation highlighted that it was important to bear in mind what would be the benefits for WIPO and the UN system. The Delegation believed that becoming a member of the UNSDG would allow WIPO's work on the SDGs to be in line with and supportive of the work of the UN in achieving SDG 9 on industry, innovation, and infrastructure, but also many other goals. Concurrently, this would also promote the significance and relevance of WIPO's work in the UN system in achieving the SDGs. It was also important for WIPO to consider its own needs on what was expected of WIPO and how WIPO could benefit from becoming a member of the UNSDG, bearing in mind also the financial implications. The Delegation commended the steps taken by WIPO to obtain further information from the UNSDG Secretariat and to follow ongoing discussions on the quadrennial comprehensive policy review (QCPR). The Delegation noted that there were just ten years left to achieve the SDGs and the decade of action to accelerate the common global efforts had commenced and hence, it was important and timely for WIPO to further integrate itself towards the achievement of the SDGs within the UN system.

237. The Delegation of Canada expressed its support for WIPO to join the UNSDG, given the UNSDG's role as a coordinating entity for the UN Development System and the role that all UN agencies could play in contributing to the UN Development System. While WIPO did not have a field presence on the same scale as agencies whose mandates necessarily implied major field operations, such as FAO or UNHCR, the Delegation noted that WIPO had a notable and potentially increasing development footprint in the field, including in the form of external offices. Overall, to the extent that WIPO was delivering development activities and technical assistance to Member States, it should be done in alignment with the new ways of working and accountabilities as agreed to by Member States under the corresponding resolutions and framework and in a way that would promote the coherence and coordination that the UNSDG could provide. The Delegation encouraged WIPO to again seek answers to the questions it had posed to the UN Secretariat regarding how WIPO's financial contribution to the UNSDG would be used, so that WIPO could enhance its understanding of what role it would be playing. Additionally, the Delegation was interested in learning from the Secretariat where the figure of 400,000 Swiss francs per biennium originated from, as it did not appear to be in the invitation received in 2018. The Delegation also requested additional information on the history of the Secretariat's engagement with the UNSDG, including whether there may be an available report following the May 2018 meeting in London and associated information gleaned from the UNSDG membership, also referred to in the invitation.

238. The Delegation of Iran (Islamic Republic of) took note of the invitation by the UNSDG addressed to WIPO for membership of the group. WIPO's participation in the UNSDG would be aligned with its role as a UN specialized agency. It would also strengthen the coordination of WIPO's work towards the achievements of the broader UN objective. Delaying positive response to the invitation would send a negative signal to the UN system and other international organizations concerning WIPO's engagement with the UN system. WIPO membership in the UNSDG would reinforce the Organization's ongoing contribution within the UN system. In this context, the Delegation recalled some of WIPO's programs, for instance, Program 18 on IP and Global Challenges, Program 20 on Strengthening Partnerships, and Program 21 on Executive Management, in which WIPO was effectively interacting and partnering with the UN and other IGO processes and negotiations. Concerning the financial implications of becoming a UNSDG member, the Delegation noted that it was estimated that the membership would cost

400,000 Swiss francs per biennium. The Delegation asked whether this estimation was done by the UNSDG or by the WIPO Secretariat. The Delegation concluded by indicating that they believed that WIPO's membership in UNSDG was in line with its global mandate and would enhance the Organization's contribution to the realization of SDGs.

239. The Delegation of Mexico thanked the Secretariat for the information provided on the item. The Delegation believed that WIPO's role in the SDGs was very clear, and the participation in the UNSDG was natural. The development dimension should be maintained as an important facet of WIPO's work. The conditions that helped countries make progress in innovation were very essential in achieving their objectives. The Delegation understood that there was a need for more information, in particular on the administrative part, and more information to be clear about the use of resources. However, the Delegation also considered that WIPO had all the necessary information in order to adopt a proactive stance and identify the opportunities offered by the UNSDG and use them for the benefit of WIPO's work.

240. The Delegation of Algeria thanked the Secretariat for the document on the invitation for WIPO to join the UNSDG. The Delegation believed that, the active participation of WIPO was important in order to support the 2020 Agenda and stressed WIPO's role in that regard. WIPO's involvement in the UNSDG would strengthen WIPO's presence and spread knowledge of its activities for the 2030 Agenda. This participation would send out a strong message as to the commitment of WIPO to the work of achieving the SDGs. The Delegation hoped for a positive decision soon on the item.

241. The Delegation of the Russian Federation thanked the Secretariat for preparing the document on the invitation for WIPO to join the UNSDG. The Delegation was convinced that the reformed development system of the UN should become an even more efficient mechanism for helping countries in their efforts to achieve the 2030 Agenda for Sustainable Development. The contribution of WIPO to the achievement of the SDGs was not under question and there were many services relating to innovation and an increasing number of potential and multilateral partnerships, in which WIPO could play a unique role in achieving the SDGs. Furthermore, WIPO's Program and Budget included support for the 2030 Agenda, and there were regular reports on this. The Delegation was pleased that WIPO was an active participant in formal and informal groups of the UN which worked out harmonized approaches to issues such as development. The Delegation highlighted that the achievement of the 2030 Agenda was one of the most important priorities for WIPO. On the invitation to join the UNSDG, the Delegation requested the Secretariat provide a realistic assessment of the administrative burden that would be put on the Organization if it joined the UNSDG. The Delegation believed that it was wise for WIPO to join the UNSDG, although there was limited potential for WIPO in using the RC system, which was basically financed by Member States contributions to the UN. The Delegation inquired how WIPO would benefit from the RC system as more than 95 per cent of WIPO staff worked in Geneva, and the presence of staff outside of Geneva was minimal, especially considering the substantial amount that WIPO was being requested to contribute to the UNSDG. The Delegation noted that WIPO's annual contribution to the group was not clear. The distribution of costs would be examined in New York and not at WIPO and it will be without the participation of WIPO. The Delegation also noted that there were no exact parameters for the new cost sharing formula yet. In addition, the Delegation believed that there would be other administrative and budgetary consequences for the membership of the UNSDG. These consequences would have to be examined thoroughly and their scale estimated before accepting the invitation. The Delegation reminded the PBC that according to GA Resolution 72/279 which, among other things, doubled the contributions of members of the UNSDG and also contained the one per cent coordination levy on tightly earmarked development funds. A number of the specialized UN agencies and UN funds and programmes had already started including the one per cent in their donor memoranda of understanding. The Delegation asked whether this would also be applicable to WIPO donors if it joined the UNSDG. The Delegation also requested clarification on whether the memoranda of understanding which had already

been signed would be revised or whether the levy would only apply to new donors. The Delegation was convinced that anything involving a new administrative and budgetary expense required a new document with detailed information and proposals. The Delegation noted that the detailed analysis was not available and had not yet been provided by the UN Secretariat and hence it was premature to discuss joining the UNSDG.

242. The Delegation of the United Kingdom aligned itself with the Group B statement and thanked the Secretariat for preparing document WO/PBC/31/10 on UNSDG membership and for giving the Committee an opportunity to deliberate on the invitation. The Delegation noted the rationale behind the UNSDG as was set out in the document, in particular, its objective to enhance the strategic direction and partial oversight and accountability of the in-country contributions to the implementation of the 2030 Agenda for Sustainable Development, including the RC system. The Delegation considered that the actual financial and potential administrative and reporting implications of joining the UNSDG were reasonable, given the wider benefits to be gained from supporting the broader UN system. In particular, the RC system had proved invaluable in tackling the COVID-19 pandemic. The Delegation considered that it was more appropriate to measure future benefits to be gained rather than simply measuring the financial costs. Considering the relative financial stability of WIPO and the likelihood that broader global economic crisis may impact on this, it would make sense to ensure that all efforts were made to insulate against such difficulties, including strengthening multilateral cooperation frameworks. The Delegation highlighted that IP undeniably was cutting across broader issues of sustainable development. The role of WIPO as a specialized agency of the UN was to give expert technical advice and services in the field of IP. The Delegation emphasized that if WIPO dropped out of the discussion, there was a risk that actions in this area would not benefit from the unique expert perspective that WIPO had to offer. The Delegation indicated they were looking forward to receiving additional answers from the UNSDG Secretariat on the pending questions. At the same time, the Delegation considered it important that the PBC took steps towards WIPO becoming a member of the UNSDG and looked forward to concrete progress to achieve this in the near future.

243. The Secretariat indicated that it had noted one specific request for clarification namely the issue related to where the 400,000 Swiss francs amount originated from. The Secretariat referred in this context to GA resolution 72/279 on the repositioning of the UN Development System from 2018. There was a further question by the Delegation of Canada on the chronology of the exchange between WIPO and the UNSDG, which the Secretariat would look into and revert. The Secretariat highlighted that they had listened very carefully and understood that most of the Member States would like the Secretariat to supplement the information that was currently available on the implications of joining the UNSDG. The Secretariat noted that it did not have any more information, but following the encouragement and support of the Member States, the Secretariat was committed to going back to the UNSDG to obtain specific responses to the very specific questions highlighted and outlined by several Member State delegations.

244. The Chair provided a general overview of the discussion by indicating that there seemed to be a willingness to participate in the UNSDG, as WIPO was part of the UN. It was clear that WIPO participated in activities as part of the UN and this was part of its mandate. The Chair highlighted that through all the programs and activities that WIPO was undertaking it contributed to the implementation of the SDGs. Therefore, the Member States were all on board on WIPO contributing to the achievement of the 2030 Agenda. The Chair noted that there had been a wish expressed by some delegations to respond in favor of this invitation, and there had been a majority of delegations who expressed that more information would be necessary about the financial implications, the use of the contribution by WIPO to the UNSDG and other implications such as the administrative impact. The Chair requested that the Secretariat prepare the proposed language for a decision that would capture the need for seeking further clarifications from the UNSDG Secretariat to enable the preparation of a report about the administrative and financial implications for the next PBC session.

245. The Delegation of Zimbabwe aligned itself to the statement delivered on behalf of the African Group. The Delegation requested clarification on whether the PBC was the right Committee to discuss the policy issues relating to the request by the UNSDG for WIPO to join the group, given that the PBC primarily was concerned with the financial and administrative implications, whereas there were also policy issues relating to the Development Agenda recommendations. The Delegation inquired whether there would be a need for another Committee of WIPO to assess the policy implications of joining the UNSDG. The Delegation indicated their full support for the invitation and implored other delegations to view positively the invitation of WIPO to join the UNSDG.

246. The Secretariat highlighted that the presented document focused primarily on the financial and administrative aspects of the invitation and referred the question from the Delegation of Zimbabwe to the Legal Counsel for guidance on the policy matters. The Legal Counsel, in response to the question from the Delegation of Zimbabwe, indicated that the document clearly set out the potential financial and administrative implications of the invitation or the acceptance of the invitation, which would be proper for the PBC to consider. The Legal Counsel suggested that if they were additional matters for consideration, the Assemblies would be the right opportunity to raise any considerations that may be made that would go beyond the financial and administrative aspects that were contained in the document. In terms of the discussions held, the Secretariat had committed to provide further background information in response to the questions and comments that were made by Delegations, but other additional issues beyond the financial and administrative implications could be more properly discussed at the time when the item reached the Assemblies.

247. The Delegation of Zimbabwe thanked the Legal Counsel for the clarification and requested that the issue of whether another Committee should also assess the policy issues of the invitation be reflected in the PBC report.

248. The Chair noted that the issue under consideration was an important issue and that the PBC had to work within its statutory and institutional framework. The Chair believed that the response of the Legal Counsel was entirely clear and that the Assemblies, which would take place, were sovereign with regard to decisions on asking Committees to deal with various policy related issues. The competence of the PBC was on Program and Budget and hence the document contained the relevant issues related to that.

249. The Chair having circulated the draft decision on the UNSDG proceeded to read the proposed amendment, which read as follows:

250. The Program and Budget Committee, having discussed and considered the invitation for WIPO to become a UNSDG member as contained in this document, WO/PBC/31/10 and its annex;

- (i) acknowledged the important work of the UNSDG for achieving the SDGs to which WIPO is contributing through many of its programs and projects as per the Program and Budget 2020-2021.
- (ii) requested the Secretariat to seek further clarification from the UNSDG Secretariat and to submit a document to the PBC at its 32nd session elaborating on;
 - (a) how membership of the UNSDG would enhance WIPO's role in achieving the SDGs.
 - (b) the exact amount of the WIPO contribution based on the UNSDG cost allocation review and the associated administrative and reporting implications.

- (c) the use of the WIPO contribution and the possibilities for its future evaluation.”

251. The Chair proposed that some changes be made to the draft language that had been read out. The Chair suggested to delete subparagraph ii (a) from the decision and to keep paragraph (b) and (c) as he believed that the paragraph included matters that should be for the General Assembly's consideration. The Chair proceeded to read the decision to the PBC with subparagraph ii (a) deleted.

252. The Delegation of the Russian Federation thanked the Chair for the draft decision and for the efforts aimed at expressing the views of all Member States. The Delegation agreed overall with the formulation that was provided after the amendment following consultations with the Legal Counsel. The Delegation however did not see any conflicts with point (a) and hence preferred that the language remained in the draft decision for consideration. The Secretariat regularly provided a report on sustainable development and on the indicators included in the Program and Budget. The Delegation believed that it was appropriate for the PBC to include subparagraph ii (a) as the point was essential and better expressed the position of Member States. The Delegation also proposed to add another element in the decision related to the application of the one per cent levy with regard to voluntary contributions. After the Chair had requested further clarification on the one per cent levy, the Delegation noted that UN Resolution A/RES/72/279 included a one per cent levy aimed at financing the system of RCs. This resolution specifically called on a one per cent coordination levy to be charged on funds from voluntary contributions that were earmarked for sustainable development. The Delegation wished to know where these funds would come from and whether the levy would be applied to WIPO donors, were WIPO to become a member of the UNSDG. They further wanted clarity on whether the memoranda of understanding with the donors that had already been signed would also be included in the levy or whether this would only impact new donors.

253. The Delegation of Italy appreciated the efforts to come up with proposed draft language for the decision. The Delegation agreed with the Russian Federation that the point (a) should be kept in the text. The Delegation believed that it was an important aspect that should not be underestimated considering that WIPO was already actively engaged in achieving the SDGs. The Delegation wanted WIPO to have more information on how the participation in the UNSDG would increase the capacity of WIPO to meet such goals.

254. The Delegation of Spain thanked the Chair and sought clarification from the Delegation of the Russian Federation on their proposal, specifically on the application of the one per cent levy to new voluntary contributions or existing contributions. The Delegation highlighted that the invitation was to WIPO, not to Member States, who were providing voluntary contributions to the various programs being administered by the Organization. This was an invitation to WIPO as a whole, not to a series of countries who were making voluntary contributions.

255. The Delegation of the Russian Federation clarified that the reason they were raising the point on the levy was that they were not sure whether the one per cent coordination levy would be applied to WIPO donors or not. In addition, it was not clear how it would apply to agreements and the memoranda of understanding that had already been signed with countries. There was a lack of clarity as to whether that levy would be obligatory to the already signed memoranda of understanding or it was only obligatory to new agreements. Hence, this is why the Delegation was interested in including the point in the proposed draft decision so that more information could be obtained by the Secretariat from UNSDG on the matter.

256. The Chair thanked the Member States for their patience and understanding in coming up with language acceptable to all, in the spirit of consensus. The Chair clarified that the wording in the draft decision was not to impose a one per cent levy on voluntary donors, but rather asking the Secretariat to seek clarification from the UNSDG on the issue. The Chair believed

that having more information on the one per cent levy could be useful so that it could be taken into account when considering the invitation. The Chair turned to the discussion of whether subparagraph ii (a) should be kept in the decision and explained that Delegations had expressed the need to ask the UNSDG about WIPO's role if it became a member of the group and how WIPO's contribution would take shape. The Chair highlighted that there were certain issues that would be beyond the scope of the PBC's mandate and these should be for the Assemblies. Specifically, the Chair indicated that questions relating to the role of WIPO, if it were to become a member of the UNSDG, should be for the Assemblies and delegations could raise the concerns during the Assemblies. The Chair referred the issue to the Legal Counsel for further guidance.

257. The Legal Counsel thanked the delegations for the additional questions concerning this issue, which were a matter of importance to the PBC and the full WIPO membership. The Legal Counsel reiterated that the WIPO Assemblies had tasked the PBC to deal with program and budget, premises and finance issues. The manner in which the initially proposed decision under subparagraph ii (a) was phrased would seem to address broader policy questions concerning WIPO's role in achieving the SDGs, which given the mentioned competence of the PBC as previously referred to, it would seem to be more appropriately addressed or considered by the WIPO Assemblies. In addition, it was noted that WIPO was in the process of obtaining further information, notably financial, administrative and reporting information concerning obligations that would result from joining the UNSDG. Further to that, discussions had been focused on how to define the questions that ought to be clarified, and that was what, given the competence of the PBC, the proposed decision would need to focus on.

258. The Chair hoped that after further clarification provided by the Legal Counsel, it was for the Assemblies to consider the issue.

259. The Delegation of Iran (Islamic Republic of) sought clarification on whether WIPO, as a UN specialized agency, had the competence to decide on the membership or joining any group or initiatives in the framework of the UN system. The Delegation believed that further discussion on the topic should not be construed in any way that the eventual decision on UNSDG membership by WIPO would be subject to the approval by the Member States. The Delegation sought clarification from the Legal Counsel if its understanding of this discussion was not correct.

260. The Delegation of the United States of America thanked the Legal Counsel for the views on the appropriateness of this particular inquiry. The Delegation indicated that they would be interested in as much information as possible when WIPO would send the request for further information. The Delegation believed that if it was necessary to separate out the nature of the questions to the appropriate bodies of WIPO that would be acceptable to them. The Delegation indicated that they were more interested in the result as opposed to the process, but they sought advice as to whether it was the PBC which should request that the GA make this inquiry in terms of the nature of the question in subparagraph ii (a) or if it was a recommendation to the GA. If the latter was the case, was there a place for the GA to take up the item for discussion under the PBC report.

261. The Legal Counsel clarified that as part of the report of the PBC to the Assemblies, the Member States at that time would have an opportunity to comment on any issues related to the item. The Legal Counsel believed it was within the competence of the Assemblies to do so during the presentation of the PBC report.

262. The Chair highlighted that a detailed PBC report would be made to summarize the discussions and positions expressed. In response to the Delegation of Iran (Islamic Republic of), the Chair noted that the issues presented were for Member States to decide within the multilateral framework and find consensus on a decision.

263. The Delegation of the Russian Federation thanked the Chair and the Legal Counsel for their comments. The Delegation requested further clarification as they did not believe that the item was on the Agenda of the General Assemblies.
264. The Chair explained that the PBC report would be made to the Assemblies, and it would be under this item that the issue would be discussed.
265. The Delegation of Russian Federation sought clarification on whether the Chair was asking the PBC not to make a decision on the item.
266. The Chair clarified that the explanation was not intended at eliminating the decision but rather a proposal that the PBC would request the Secretariat to obtain further clarification from the UNSDG and to ask questions about WIPO's role within the remit of the financial and budgetary matters. The Chair further explained that the focus of the decision should be on the relevant financial implications. The Chair believed that paragraph (c) addressed the utilization of contributions which would help in understanding how these financial resources would be used, which was within the remit of the PBC.
267. The Delegation of Mexico supported the approach and logic of the Chair in resolving the issue. The Delegation highlighted that it was not clear whether subparagraph ii (a) was being retained in the decision or if the PBC would be requesting the Assemblies to analyze the point. The Delegation was of the view that subparagraph ii (a) should not be included in the decision as WIPO did not need the UNSDG to convince the Organization about its role in the SDGs. This information was already available in WIPO. The Delegation further commented on point (c) and agreed with the Delegation of the Russian Federation that it would be useful to have the issue clarified. However, it was proposed that the exact wording used in Resolution 72/279 of the General Assembly be included in the decision on the one per cent coordination levy. Paragraph 10 of Resolution 72/279 referred to the one per cent coordination levy on tightly earmarked third party non-core contributions to UN development-related activities.
268. The Chair invited the Delegations for informal consultations on the proposed language of the draft decision.
269. The Chair provided a summary of the discussion on the draft decision. The Chair indicated that the mandate of the PBC on the item had been clarified and hence it was important to ensure that the decision was within the mandate. The Chair emphasized that the PBC should take a decision reflecting the desire to understand the financial impact of WIPO joining the UNSDG. The Chair proposed an amendment to subparagraph ii (a) as follows: (a) how membership of the UNSDG would enhance WIPO's contribution to the SDGs, as per future Program and Budgets. The Chair viewed this as limiting the decision to within the mandate of the PBC and retaining the focus on getting more information about the impact of possible membership of the UNSDG. The Chair thanked the Delegation of Mexico for the reference for paragraph (c) with regards to the one per cent levy. The Chair emphasized that the draft decision was in the spirit of requesting information from the UNSDG with the view that detailed information would be available at the 32nd session of the PBC.
270. The Delegation of Iran (Islamic Republic of) expressed that they did not have a particular problem with the addition to subparagraph ii (a) but believed that the UNSDG Secretariat could not provide clarification on how WIPO's membership would contribute to the SDGs as per the Program and Budget. The Delegation believed that this was a subject matter only WIPO and its Member States, within the framework of WIPO, could address and provide clarification on, and not the UNSDG Secretariat. Secondly, with regard to WIPO's competence to make the final decision on membership, the Delegation sought clarification from the Legal Counsel on whether the discussion on the issue meant that the WIPO Secretariat could not make any decision on membership before the PBC's decision. As per previous practice, WIPO's decision to join any

UN system initiative was not subject to Member States' approval, so the Delegation was seeking clarification on this matter.

271. The Delegation of the United States of America indicated that they could envisage two parts to the decision, a request that the Secretariat would first seek clarification from the UNSDG Secretariat, and the second part being that the Secretariat would submit a document to the PBC with the detailed information. The Delegation felt that it was within the Secretariat's competence to prepare and submit a document to the PBC that would elaborate on how the membership of the UNSDG would enhance WIPO's contribution to the SDGs. The Delegation also proposed a wording change to the draft decision by deleting "as per" and inserting instead, "in the context of" or "relevant to" future program and budgets, which would capture the intended meaning better.

272. The Legal Counsel indicated that the question on who had the final decision making authority could be considered premature at this stage as the information to make the decision on accepting the invitation was not yet available. The discussions were focused on ways on how the invitation could be usefully considered, and that would be presented again at the next PBC session. The Legal Counsel believed that a final decision on the Organization's invitation was premature and should only be considered once a final and a better overview of the consequences of this invitation were clear. The Legal Counsel, therefore, suggested that the clarification could be considered once the information being sought from the UNSDG Secretariat was received.

273. The Delegation of the Russian Federation thanked the Chair for working on the compromised text for the proposed decision. The Delegation agreed with the Delegation of Mexico with regard to the addition to item (c), in terms of the reference to resolution 72/279. The formulation reflected was clearer and mirrored the language of the UN General Assembly Resolution that was being referred to. The Delegation also agreed with the proposed additions for the Delegation of the United States of America regarding subparagraph ii (a).

274. The Delegation of Iran (Islamic Republic of) appreciated the clarification provided by the Legal Counsel. However, the Delegation believed that the issue was not so premature. The comment was based on past practice at WIPO, when many decisions concerning joining any initiative or group within the framework of the UN system had been made. The Delegation acknowledged that based on the decision which was being considered, Member States would have to wait until the next PBC session to receive information on the issue, but the Delegation's understanding was that the membership should not be the subject of the decision by Member States. The Delegation believed that this was based at least on the past four or five years of experience, that WIPO when deciding to join any initiatives in the UN system had not sought the approval of the Member States.

275. The Legal Counsel thanked the Delegation of Iran (Islamic Republic of) for the clarification, and acknowledged that the document presented sought the PBC's consideration of the invitation and that had been a useful discussion that would help the Secretariat to move forward on the issue and hence the intent of the agenda item had been a success.

276. The Chair reiterated that the formulation of the draft decision was within the mandate of the PBC. The Secretariat had been requested to seek more information on the elements that were within the mandate of the PBC so that an informed opinion could be made on the invitation. The Chair read out the draft decision as amended as follows:

277. "The Program and Budget Committee, having discussed and considered the invitation of WIPO to become a UNSDG member as contained in the document WO/PBC/31/10 and its annex.

- (i) acknowledged the important work of the UNSDG for achieving the SDGs to which WIPO is contributing through many of its programs and projects as per the Program and Budget 2020-2021.
- (ii) requested the Secretariat to seek further clarification from the UNSDG Secretariat and to submit the document to the PBC at its 32nd session elaborating on;
 - (a) how membership of the UNSDG would enhance WIPO's contribution to SDGs in the context of future Program and Budget.
 - (b) the exact amount of the WIPO contribution based on the UNSDG cost allocation review and the associated administrative and reporting implications.
 - (c) the application of a 1% coordination levy on tightly ear marked third party non-core contributions to UN development related activities to be paid at source.
 - (d) the use of the WIPO contribution and the possibilities for its future evaluation.

278. The Delegation of the United States of America appreciated the interest in ending the item on a positive note but asked that the Delegations be given more time to consult with capitals over the final draft decision language. The Delegations needed to consult with experts on the subject matter on the particular issue.

279. The Delegation of Switzerland requested for more time to review the new proposal.

280. The Chair reopened discussions, after having given due consideration for consultation time requested by Delegations.

281. The Delegation of the United Kingdom, speaking on behalf of Group B, indicated that there seemed to be an agreement within the Group that the decision should go back to the original proposal regarding subparagraph ii (a) which included the deletion of this paragraph from the draft decision language.

282. The Delegation of the Russian Federation considered that the question of the membership of WIPO in the authoritative UNSDG was an important issue and expressed gratitude to Group B for the fact that they had held the appropriate consultations with their capitals and with other groups. The Delegation supported the retention of sub-paragraph ii (a) and was of the view that the latest version of the decision paragraph was well balanced. The Delegation believed that it also reflected the way discussions had progressed in plenary and they therefore did not see any impediment to having consensus on subparagraph ii (a). The Delegation indicated that they would be willing to reach a compromise in the interest of time if there could be a way to integrate (i) into paragraph (ii). The Delegation did not agree with the deletion of the wording in subparagraph ii (a).

283. The Delegation of Singapore, speaking on behalf of the Asia and the Pacific Group noted the concerns from the delegations and proposed compromise language for subparagraph ii (a) by proposing to separate it from paragraph ii. The Delegation proposed the following:

“iii. Requested the Secretariat to seek further clarification from the UNSDG Secretariat and to submit a document to the PBC at its 32nd session elaborating on,

1. the exact amount of the WIPO contribution based on UNSDG cost allocation review and the associated administrative and reporting implications;
2. the application of a 1% coordination levy on tightly earmarked third party noncore contributions to UN development related activities to be paid at source; and
3. the use of the WIPO contribution and the possibilities of its future evaluation.

Requested also that the Secretariat explore how the membership of the UNSDG would enhance WIPO's contribution to the SDG and report it to the 32nd session."

284. The Delegation believed that the formulation would have the essential elements that delegations had raised.

285. The Chair thanked the Delegation of Singapore for the proposed amendments and believed that the proposal was a good compromise.

286. The Delegation of the United Kingdom, speaking on behalf of Group B, invited the Member States of Group B to intervene on the proposal in their national capacity, but thanked the Delegation of Singapore for the compromise language proposed.

287. The Delegation of the Russian Federation requested more time for consultation with capital on the draft decision following the proposed amendments.

288. The Chair observed that progress had been made in the right direction and thanked the Delegation of Singapore for the suggestions. The Chair agreed to give more time to delegations to consult on the draft language.

289. The Delegation of Switzerland thanked the Delegation of Singapore and noted that having read the proposal from the Asia and the Pacific Group for the first time, and before having had consultations within other groups and colleagues in Group B, the Delegation had some preliminary comments on the proposal. The Delegation highlighted comments made by the Legal Counsel relating to the terms of reference of the PBC. On first reading, the proposal from the Asia and the Pacific Group did not leave the Delegation entirely convinced that the decision was within the purview of the PBC. The Delegation indicated that they would propose alternative language which was to amend the language in paragraph ii as follows:

ii (a): how WIPO envisions its role in the forum of the UNSDG, as that role relates to funding considerations in the context of the program and budget.

290. The Chair thanked the Delegation of Switzerland, for that alternative proposal and asked the Delegations to consult on the latest formulation of the draft decision language. Having provided time for consultation, the Chair invited delegations to make interventions.

291. The Delegation of the Russian Federation thanked all the delegations who had actively found compromise language for the draft decision. The Delegation proposed to make a minor amendment to the draft decision for either subparagraph ii (a) or subparagraph iii (c) as follows:

"Requested the Secretariat to report to the PBC, to the 32nd session of the PBC, how WIPO envisions its role in the forum of the UNSDG as that relates to the future program and budget.

292. The Delegation of Switzerland thanked the Delegation of the Russian Federation who had proposed amendments to the wording. The Delegation welcomed the constructive approach and took into account the points that had been raised. The Delegation was in agreement with the proposed amendment. The Delegation sought clarification with regard to one new issue which required consultations with Group B colleagues.

293. The Chair invited the Delegation of Switzerland to approach the Chair to further clarify the point. After informal discussions, the Chair invited the Secretariat to read the draft decision.

294. After the reading of the draft decision by the Secretariat, the Chair proposed that the decision paragraph be adopted as they were no further requests for the floor:

295. The Program and Budget Committee (PBC) having discussed and considered the invitation for WIPO to become a UNSDG member as contained in this document (WO/PBC/31/10) and its Annex:

- (i) acknowledged the important work of the UNSDG for achieving the SDGs to which WIPO is contributing through many of its programs and projects as per the Program and Budget 2020/21;
- (ii) requested the Secretariat to seek further clarification from the UNSDG Secretariat and to submit a document to the PBC at its 32nd session elaborating on:
 - a. The exact amount of the WIPO contribution based on the UNSDG cost allocation review and the associated administrative and reporting implications;
 - b. The application of a 1% coordination levy on tightly earmarked third party non-core contributions to UN development-related activities, to be paid at source;
 - c. The use of the WIPO contribution and the possibilities for its future evaluation.
- (iii) Requested the Secretariat to explore the impact of WIPO membership in the UNSDG as it relates to Program and Budgets and to report it to the 32nd session of the PBC.

ITEM 13 WIPO POLICY ON VOLUNTARY CONTRIBUTIONS

296. Discussions were based on document WO/PBC/30/11.

297. The Chair opened Agenda Item 13, WIPO Policy on Voluntary Contributions (Funds-in-Trust), and invited the Secretariat to present the report.

298. The Secretariat stated that WIPO Management had recently undertaken an analysis of the current approach with respect to the management of voluntary contributions (Funds-in-Trust (FITs)) received by WIPO, including an assessment of the administrative costs incurred by the Organization for their administration. The analysis aimed at: presenting a comprehensive overview of the Funds-in-Trust at WIPO, which was the first time it had been presented to the Program and Budget Committee (PBC); reviewing the complementarity of the Funds-in-Trust to WIPO's work under the regular budget within the results framework of the Organization and its alignment to the Results Based Management (RBM) Framework; clarifying the WIPO services provided and workload generated related to the management and administration of the Funds-in-Trust in comparison to the Program Support Cost (PSC) actually charged; and identifying key principles that would inform the revision of WIPO's internal policy on Funds-in-Trust. The present document provided Member States with a summary of the analysis, including key principles, which would be reflected in WIPO's revised internal policy on

FITs following the Member States' discussion in that session and the Secretariat's own internal revision.

299. The Delegation of Panama, speaking on behalf of GRULAC, welcomed the contributions from donors, which were administered by the Organization on behalf of donors, and thanked the Secretariat for its work in the administration and management of those funds and in preparing document WO/PBC/31/11. The Group thanked the Organization for the information provided and the members that provided support to beneficiaries. The Group underscored the importance of having that detailed information available and information on the key results achieved through FITs in 2019, contained in Annex II of the report on the return in 2018/19, document WO/PBC/31/6.

300. The Delegation of Singapore, speaking on behalf of the Asia and the Pacific Group, explained that voluntary contributions were important for supporting the development needs of developing countries and LDCs. It was thus the view of the Group that it was important that WIPO would engage the contributors with the intention of deriving a mutually acceptable policy that would serve to benefit both the Organization and its Member States.

301. The Delegation of Latvia, speaking on behalf of the CEBS Group, thanked the Secretariat for preparing the document on WIPO Policy on Voluntary Contributions and took note of the analysis contained in the document. The Group welcomed the alignment of the FITs with the RBM Framework. The Group believed that the integration of those funds in an overall framework would clearly demonstrate the contribution to the achievement of the expected results. The Group looked forward to seeing an updated policy on Voluntary Contributions in the upcoming sessions.

302. The Delegation of the United Kingdom, speaking on behalf of Group B, thanked the Secretariat for the preparation of document WO/PBC/31/11 on the WIPO Policy on Voluntary Contributions. The appropriate management of those funds was crucial, and the Group welcomed the Organization's commitment to ensuring that those funds were used in their proper purpose and in line with clear principles. Aligning the FITs with the RBM Framework would be an important way of assessing whether those funds were capable of achieving results in line with the expected results of the Organization. The Group welcomed work in that area and welcomed the move towards transparency of administrative and management costs. The Group noted that program support costs for average FITs had been calculated at 14 per cent to 21 per cent. However, the Group strongly encouraged the Secretariat to adhere to the general level of 13 per cent of program support costs. Any changes to minimum contribution thresholds or adding additional personnel costs to the FIT, which might affect the willingness of donors to contribute to the FIT program in the future, should be considered carefully. Moreover, it would be important to assess the impact any changes to key principles might have on the ability for FITs to make an appropriate impact for their intended beneficiaries.

303. The Delegation of the Republic of Korea thanked the Secretariat for preparing the document. The Delegation echoed the statement made by the Delegation of Singapore on behalf of the Asia and the Pacific Group and emphasized the importance that WIPO Secretariat engage with the contributors with the intention of deriving a mutually acceptable policy that served both the principles of the Organization and the benefit of Member States.

304. The Delegation of the Russian Federation thanked the Secretariat for preparing the analysis of the use of FITs. The Delegation stated that it did not oppose altering the principles contained in that analysis, however, the Delegation wanted to better understand what was being done in other specialized agencies of the UN System, particularly concerning polices and program management. The Delegation wished to know how UN core funds were used and noted that there were a number of pending issues as well where the Delegation would like to get further information.

305. The Delegation of France commended and congratulated the Chair and Vice-Chairs on their election. The Delegation supported the statement by the Delegation of the United Kingdom on behalf of Group B. It was vital that FITs were administered in accordance with clear management rules. Bearing in mind the key objectives of WIPO, the impact of new management rules on the FITs must be assessed very carefully. The Delegation supported the position expressed on behalf of Group B, to not go beyond the 13 per cent threshold for the administrative costs. The Delegation requested information about the conditions foreseen for implementing the fourth measure regarding the closure of inactive funds.

306. The Delegation of the United States of America thanked the Secretariat for providing the information and supported the principles of charging the 13 per cent fee in each MOU to adequately cover administrative costs and incorporating the work into the annual planning cycle. The Delegation also supported the return of unused funds to Member States upon completion of the project.

307. The Delegation of Japan aligned itself with the statement delivered by the Distinguished Delegation of United Kingdom on behalf of Group B. The Delegation thanked the Secretariat for preparing the analysis of the management of WIPO's FITs. The Delegation believed it was essential to set balanced principles in order to manage the FITs transparently and efficiently.

308. The Delegation of China thanked the Secretariat for the analysis and brief report on receiving the voluntary contributions and the FITs. The Delegation thanked the relevant departments at WIPO for the great support and hard work provided to China in managing and implementing the FIT. The Delegation believed that strengthening the management of the funds was an important guarantee for effective cooperation between Member States concerned and WIPO. The Delegation had noticed that in the MOU, the Secretariat had proposed to establish the PSC level at 13 per cent and to strengthen management through appropriate performance indicator settings. The Delegation pointed out that the FIT had been an important means for WIPO and the Member States that were willing to join to cooperate in order to achieve the purposes of the Organization. The FITs could fund activities that were in the regular budget but also complement the regular budget. The prerequisite was that those activities aimed at promoting global IP protection and allowed Member States to leverage IP to promote economic, social, and cultural development, and to improve the organization-wide flexibility. As a specialized agency of the UN, WIPO should stick to the principle of openness in promoting cooperation. In the future, the Delegation stood ready to keep supporting WIPO through FITs in encouraging innovation, promoting a balanced global IP system through IP cooperation and other endeavors.

309. The Secretariat thanked the delegations who had engaged in the discussion and given their valuable contributions and thoughts. The Secretariat expressed its appreciation and gratitude to all Member States who contributed to WIPO's programs of work through their voluntary contributions. Those contributions were an invaluable engagement from the Member States, and the Secretariat was committed to making that collaborative policy revision. On the question regarding the standard practice in the UN System, the Secretariat recalled that the document provided a link to such practice and noted that there was also a reference to the standard practice across the UN System in a JIU report: "The United Nations Secretariat and the specialized agencies apply a standard PSC rate of 13 per cent, while the United Nations funds and programmes, for example, UNDP, UNICEF and UNFPA, usually apply a lower common cost recovery rate of 7 per cent to cover fixed and variable indirect costs on activities funded by extrabudgetary resources. Deviation and exception from the standard rate for certain types of activities exist in all the organizations..."¹ The Secretariat summarized that it was a standard practice to apply 13 per cent, but noted that there were exceptions in some parts of

¹ Joint Inspection Unit (JIU). (2010). *Policies and Procedures for the Administration of Trust Funds in the United Nations System Organizations* (JIU/REP/2010/7), Paragraph 54. <https://undocs.org/pdf?symbol=en/JIU/REP/2010/7>

the UN system. The Secretariat further clarified that the reference to 14 to 21 per cent represented the actual costs that were incurred in providing all of the required services to the donors as well as to the FITs management. The Secretariat would continue to monitor those costs to make sure that they did not increase. The fundamental part of that cost was the cost of WIPO's operations in Geneva, which the Organization did not have any specific control of those costs in many respects. Thus, the actual costs were 14 to 21 per cent on the various FITs. The policy reference rate was 13 per cent, but there were FITs in the past that did not recover the 13 per cent. The objective of bringing up that discussion to the Committee was for the Secretariat to listen to the comments, take the valuable inputs, and take those into account to revise the policy and bring back the new policy elements to a future session of the PBC.

310. The Delegation of Australia thanked the Secretariat for preparing the document and was proud to be an active participant of the FIT since 2012. The Australian government had contributed from its aid program, a total of 5.8 million Australian dollars over three iterations of the WIPO Australia FITs program or the Australian FIT, as it is more commonly known. The Australian FIT provided support for a number of activities across the Organization to support developing countries and LDCs. The Australian FIT provided support for WIPO'S multi-stakeholder platforms, including WIPO Re:Search, the Accessible Books Consortium and WIPO GREEN. The Australian FIT was administered and managed by WIPO staff in collaboration with IP Australia and the Department of Foreign Affairs and Trade and was aligned with WIPO's goals and objectives. The Delegation expressed its gratitude to the staff within WIPO connected to the Australian FIT for their ongoing dedication, commitment, professionalism, and expertise to deliver strong outcomes for the Organization. Delivering on those outcomes would not be possible without the collaborative efforts between IP Australia and WIPO.

311. In response to the question from the Delegation of France related to the closure of FITs, the Secretariat clarified that inactive FITs also incurred administrative expenses, for example, in financial reporting. It was, therefore, very important to ensure that a Fund-in-Trust, which was an inactive, would be closed and off the books so that administrative costs would not be incurred. Following the closure of the FIT, the funds would be returned to the respective donors.

312. The Chair thanked the Secretariat and joined all of the speakers who had thanked the donors of voluntary contributions. It was a real commitment and a voluntary engagement to try to provide more funds for the Organization, and through the spirit of solidarity, which should be maintained to support creators and inventors all over the world, he thanked donors very much for those contributions.

313. As there were no further comments, the Chair read out the decision paragraph, which was adopted.

314. The Program and Budget Committee (PBC) took note of the Analysis on the Management of WIPO's Funds-in-Trust (document WO/PBC/31/11), including the key principles, which will be reflected in WIPO's revised internal Policy on Funds-in-Trust.

ITEM 14 SUPPLEMENTARY CAPITAL MASTER PLAN PROJECTS

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

316. The Vice Chair, Ambassador Katrina Naut, opened Agenda Item 14, Supplementary Capital Master Plan Projects, and invited the Secretariat to introduce the item.

317. The Secretariat recalled that in 2019, the Assemblies of the Member States of WIPO approved "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". The CMP 2020-29 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. The present document included a proposal for three supplementary capital master plan projects as follows: (i) Enterprise Performance Management (EPM) 2nd generation cloud-based; (ii) Establishment of a Long-term Capability for WIPO to Utilize Cloud Service Providers and Migration of Legacy Applications – Phase II; and (iii) Security Enhancement, Data Encryption and User Management Phase II: Identity Access Governance (IAG). Those three supplementary capital master plan projects were driven by two main considerations: an organizational risk that the ERP application underpinning the implementation of results-based management of WIPO (EPM) would no longer be supported by the supplier, and the need for continuing and/or completing current projects without interruption (Cloud Migration Project Phase II and IAG Project Phase II, respectively). A detailed description of the benefits of each project had been included in the Annex of the document. The document also provided an update on the status of approved CMP projects as well as relevant financial information in accordance with the Revised Policy related to Reserves to facilitate Member States' decision. The project proposals contained in the document were fully compliant with the principles contained in the Revised Policy related to Reserves.

318. The Delegation of China expressed its gratitude to the Secretariat for the preparation of the Supplementary Capital Master Plan Project Proposal. The Delegation was of the view that emerging technologies, including cloud technologies, were important for the modernization and effective management of UN agencies like WIPO. The Delegation welcomed the projects on Enterprise Performance Management (EPM) 2nd generation cloud-based, Establishment of a Long-term Capability for WIPO to Utilize Cloud Service Providers and Migration of Legacy Applications – Phase II, and Security Enhancement, Data Encryption and User Management Phase II: Identity Access Governance (IAG). Concerning the project on establishing a long-term capability for WIPO to utilize cloud service providers and migration of legacy applications Phase II, the Delegation believed that WIPO, as a UN agency in the field of IP, had provided high-level and trustworthy IP services for global IP clients over the years. More and more clients from all around the world had been inclined to use WIPO services, including among others, the PCT and Madrid Systems, which is inseparable from WIPO's guarantee of and credibility in protecting its clients' data security. The Delegation recalled the report of the UN Joint Inspection Unit (JIU) published the previous year, namely "Managing Cloud Computing Services in the United Nations System," JIU/REP/2019/5, which comprehensively analyzed the risks and benefits of using commercial cloud services by the United Nations and its specialized agencies, and especially recommended UN agencies to take note of the new risks raised by being completely reliant on external cloud service providers such as data leaks and breaches. The Delegation pointed out that the PCT data stored in WIPO comprised a large amount of prepublication patent information. Those data contained technology and commercial information that should be strictly kept confidential and was closely related to the significant technological and commercial interests of global PCT applicants and clients. Any leaks and breaches of that sort of sensitive data would surely incur irrecoverable losses to PCT users, the system itself, and WIPO. WIPO, as one of the major UN specialized agencies in both designing and implementing phases of cloud technology-based infrastructure projects, should attach great importance to the protection of the data of PCT users and must take all appropriate and necessary measures to ensure the absolute security of PCT sensitive data, including eliminating the risks that a third party or a party with a conflict of commercial interest gains access to PCT sensitive data, especially prepublication data. The Delegation was of the opinion that considering the specificity and sensitivity of PCT data, WIPO should consult with Member States in the procurement related to cloud projects concerning PCT data. Before that, PCT data should not be stored by any third party or party with a conflict of commercial interest, but should continue to be managed by UN entities like WIPO. The Delegation was of the view that the project on establishing a long-term capability for WIPO to utilize cloud service providers and migration of legacy applications Phase II, currently did not address the concern on the issue of

PCT data security. The Secretariat should re-evaluate and further revise that proposal. In the meantime, considering the complexity of the issue and the transitional period WIPO was currently undergoing, as well as the hybrid meeting format which could not meet the needs of comprehensive and in-depth discussion of this issue by the Member States, the Delegation suggested that the discussion on that project be deferred to the PBC at its 32nd session. The Delegation would continue to communicate with the Secretariat and Member States on the issue and try its best to achieve a satisfactory solution for all sides.

319. The Delegation of the United Kingdom, speaking on behalf of Group B, thanked the Secretariat for its preparation of document WO/PBC/31/12 on Supplementary Capital Master Plan Projects. The Group noted the proposal for three Supplementary Capital Master Plan Projects and the description of the benefits of each project. The Group considered those three projects and their envisaged outcomes as very important for the modernization and securitization of the Organization, even more so considering the current circumstances. The Group appreciated the update on the future project for the provision of daycare services and looked forward to further information on the pilot project. The Group supported the approval of the funding for the three projects proposed from the WIPO reserves. The Group asked that in undertaking those crucial projects, the impact of the global pandemic be similarly considered.

320. The Delegation of Latvia, speaking on behalf of the CEBS Group, thanked the Secretariat for preparing the document on Supplementary Capital Master Plan Projects. The ongoing COVID-19 crisis had demonstrated the importance of information communication technologies that enabled remote work. The Group believed that any investment in ICT would be beneficial in the long-term for the work of the WIPO Secretariat and would benefit the users of WIPO services. The Group fully supported the three supplementary projects as outlined in the document and had noted with interest the progress on the daycare services project and reiterated its support for that initiative.

321. The Delegation of Singapore, speaking on behalf of the Asia and the Pacific Group, noted that the Supplementary Capital Master Plan Projects proposed in document WO/PBC/31/12 were important for the regular functioning of the Organization and its phased continuation of prior approved plans. In that context, the Group fully supported the funding of the three Supplementary Capital Master Plan Projects.

322. The Delegation of the Russian Federation, speaking on behalf of the CACEEC Group, thanked the Secretariat for presenting the Supplementary Capital Master Plan Projects which included projects using cloud technology inter alia, to raise the level of security and the digitalization of data. The Group believed that the projects were aimed at achieving the objectives of the Organization and improving the reliability of the functioning of WIPO. The Group believed that increasing expenditure on IT infrastructure was important for increasing efficiency of work, especially regarding the virtualization of many processes due to remote working. The Group therefore supported financing the Supplementary Capital Master Plan Projects to the tune of 1.79 million Swiss francs.

323. The Delegation of the United States of America supported the intervention on behalf of Group B. While the Delegation supported the funding of those projects from the Reserves, it had a question as to which Reserves would be used for the funding. Specifically, the Delegation requested clarification regarding the funding, which was proposed to come from the Reserves of the Hague Union even though the Union was projected to have a deficit in the Reserves of close to 50 million Swiss francs. The Delegation recognized that the Hague Union had a small special project reserves fund, but it still seemed extremely unusual given their huge deficit that they would be considered to have the capacity to pay.

324. Regarding the EPM second generation cloud-based project, the Delegation of Canada stated that it would welcome additional information regarding the estimated annual costs,

notably the cost of annual technical support which was nearly the same as the cost of the yearly subscription. The Delegation also inquired what the cost of the subscription included. Regarding the Establishment of a Long-term Capability for WIPO to Utilize Cloud Service Providers and Migration of Legacy Applications – Phase II and Security Enhancement, Data Encryption and User Management Phase II: Identity Access Governance (IAG), the Delegation inquired if there had been lessons learned from the implementation of Phase I or challenges associated with the implementation of Phase I that could be mitigated as WIPO prepares for Phase II for each of those projects.

325. The Delegation of Switzerland thanked the Secretariat for the clear presentation of the status of the Supplementary Capital Master Plan Projects in the current document as well as in previous documents. The Delegation welcomed and supported the three supplementary projects and believed that those three projects would meet the objectives of increased security for the Organization, and two of them would enable the continuation of important projects already underway. The Delegation believed that those three projects were crucial for WIPO's future and the cost could be supported by the Organization without damaging its liquidity.

326. The Delegation of the Russian Federation thanked the Secretariat for the Supplementary Capital Master Plan Project proposal, as those projects would make the international registration systems more reliable and secure as they focused on the long-term potential of enabling WIPO to provide high-quality services on the cloud. The Delegation stressed that it attached particular importance to ensuring the security of data. The new conditions created by transitioning to virtual format and remote working were creating new technical environment. At the same time, the Delegation was of the view that it was necessary to guarantee the confidentiality of information. The Delegation hoped that the Secretariat would take into account the conclusions in the report of the Joint Inspection Unit on the practice of using the cloud in the implementation of the projects.

327. The Secretariat thanked the delegations for the questions. Concerning the questions from the Delegation of China on the PCT and related confidentiality aspects, the Secretariat clarified that the cloud migration Phase II project proposal did not relate to the PCT. The PCT project had been already underway as approved by the Member States and, in fact, it would be a subject of discussion in the next PBC when a subsequent phase for the PCT Resilient and Secure Platform (RSP) would be proposed. The Secretariat then invited the Director, IP Office Business Solutions Division, to provide a few words of clarification on the scope of this specific project and the Director, Security and Information Assurance to provide a few clarifications to the Delegations' questions.

328. The Director, IP Office Business Solutions Division explained that the project, which had been underway for nearly two years, had two main aspects. One of them was to provide an enterprise platform for cloud management, which covered aspects such as contracts and architecture, providing a platform for operations of cloud services, training of internal staff, management of costs and budget and various related issues. The other part of the project was the application migration. There was a catalog of around sixty applications which had been targeted for migration. In the first two years of the project, there had been about twenty-five migrations and about forty application migrations were aimed for the end of 2020. Phase II of the project would help to consolidate some of those achievements, in particular in the area of cost management of the cloud platform, training of staff and migration of further applications. In response to the question from the Delegation of Canada, several assessments of the project had been conducted as part of the general project management process in place in the Organization. A maturity assessment was conducted in 2019 and the second maturity assessment for 2020 was underway. The lessons learned from those assessments, which were done by external consultants to inform the planning for the next phase of the project, had been taken into account.

329. Responding to the questions from the Delegation of China about the security of confidential data as the Organization moved to the cloud, the Director of Security and Information Assurance stated that WIPO acknowledged the concerns of using the cloud as noted by the Delegation, but reassured the Delegation that the Secretariat took the security of all WIPO data, included those classified as confidential and highly confidential, extremely seriously. WIPO was continuing to put into place a number of measures to ensure the protection of all WIPO data as the Organization gradually was transitioning to the cloud. The Director stated that independent assessments and studies had been conducted, which revealed that the security provided by some of the leading cloud service providers was much higher than what WIPO could afford to implement. In addition, before the Organization signed a contract with any cloud service provider, a very rigorous risk assessment of the cloud providers was being done. A number of technologies, including strong encryption technologies, were used when storing data in the cloud during transmission as well as storage. Some of those also included storing the encryption key with WIPO so that the cloud service providers would not have the encryption key in order to decrypt the data. Further, strong authentication and access technologies had been used, ensuring that those who needed access to information only had it following the principle of least privilege. A continuous security monitoring capability had been in place where there was a 24/7 information security operation center looking for any malicious anomalies on WIPO's network. Additionally, a number of steps had been taken in improving the skills and the expertise of IT as well as business staff in securing and administering the cloud systems. In line with the recommendations of the JIU audit report on cloud services, a number of steps had been taken to protect WIPO's information and the Organization continued to do that.

330. Addressing the questions from the Delegation of the United States of America, the Director, Program Performance and Budget Division explained that there was a small amount of the proposed projects which had been allocated to the Hague Union, however, it was a direct cost related to the second phase of the migration of applications to the cloud. Those were applications in the Hague Registry which constituted a direct union cost and therefore, had been allocated to the Hague Union. It was a very small amount relatively speaking. The capacity to pay came into question only when the indirect union costs were allocated. On the question from the Delegation of Canada on the yearly subscription fee for EPM, it was explained that the subscription fee replaced the current license fee that was being paid for the current application. The EPM application, which was Oracle on premise based, had license fees and the yearly subscription fee would replace those license costs. The costs dependent on the number of users as EPM was a cross-organizational application that was used by managers across the Organization. Regarding the technical support resources, those were the resources that were currently used for support of the EPM application, it was therefore not a new cost. The cost reflected the current cost incurred for the support from the technical team for the EPM application.

331. The Delegation of China thanked the Secretariat for the clarification to its questions. The Delegation asked if in the future, in the implementation of the future cloud strategy, the PCT and other sensitive data would be stored or put on to the cloud-based platform. The Delegation had received some concerns expressed by the users of the PCT and had noted that when the priority strategy was established, those users had not been consulted. The Delegation inquired how the concerns and the comments by PCT users had been taken into account into the establishment of the cloud strategy of WIPO. Finally, the Delegation asked that if a cloud-based service provider had a conflict of interest, how that could be avoided regarding access to sensitive PCT data.

332. Having taken careful note of the three questions and subsequent to consultation with colleagues, the Secretariat proposed providing written answers to the Delegation of China. In the context of a more general clarification related to the current proposal, the Secretariat reemphasized that the migration of the legacy applications that were contained in the project

proposal were separate and distinct from the PCT platform. It was a separate set of applications that were the subject and the scope of the project proposal, which were not related to the PCT.

333. The Vice Chair retook the floor and thanked the Secretariat for the detailed explanation. The Vice Chair proceeded to read out the decision paragraph as follows:

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

335. The Chair then opened the floor for comments and observations from delegations.

336. The Delegation of China thanked the Secretariat for the proposed decision paragraph.

337. Following the Secretariat's explanation that the project proposal was not related to the PCT, the Delegation still believed that the proposed decision paragraph did not address its concerns. Considering the complexity of the issue, the Delegation suggested that the project proposal be deferred to the 32nd session of the PBC.

338. Taking into consideration the views expressed by the Delegation of China, the Vice Chair stated that it would be deferring the decision on the CMP document in order for the Secretariat and the Delegation of China to have a virtual meeting outside of plenary to propose an alternative wording for the decision paragraph.

339. The Delegation of China thanked the Vice Chair for the proposal and looked forward to a discussion with the Secretariat at the appropriate time.

340. The following day, the Chair reopened Agenda item 14 and thanked the Vice-Chair for having chaired the previous day's session. The Chair stated that sharing his duties with the Vice-Chair had given the Organization an excellent example of gender equality to which the Organization was striving. There had also been a fruitful discussion on that item the previous day. The Chair recalled that a discussion had taken place remotely with the Delegation of China. The Chair informed the delegations that consensus on a decision had been reached. The Chair then passed the floor to the Secretariat to provide an update on the progress made on that item to the delegations.

341. As guided by the Vice-Chair the previous day and as discussed in plenary, the Secretariat stated that consultations with the Delegation of China and several Secretariat colleagues had been held that morning. The Secretariat was pleased to announce that a decision paragraph had been agreed to, which would assure the Delegation of China in respect of their concerns related to confidential PCT data.

342. The Delegation of China thanked the Secretariat for the good communication and for the clarification on the issue. The Delegation agreed with the proposed decision and looked forward to discussing the issue with the Secretariat and other related parties.

343. The Secretariat read out the decision paragraph, which was adopted.

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

Following clarifications provided by the Secretariat, the PBC noted that the CMP supplementary project: Establishment of a Long-term Capability for WIPO to utilize Cloud Service Providers and Migration of Legacy Applications – Phase II, amounting to 560,000 Swiss francs, does not concern unpublished PCT data.

The PBC will continue to discuss the issue of data security of the WIPO cloud first strategy during its 32nd session in 2021 within the framework of the Program and Budget.

ITEM 15 REVISED POLICY ON LANGUAGES

345. The Vice-Chair, Ambassador Katrina Naut, opened Agenda Item 15, Revised WIPO Policy on Languages. With reference to the decision taken at the 30th session of the PBC (document WO/PBC/30/15 “List of Decisions”), namely: “(ii) b. to propose a revision to the Policy on Languages at WIPO at the 31st Session of the PBC”, the Vice-Chair noted that the Secretariat had not been able to prepare a document. An oral update on the key elements and factors to be considered for a policy on languages would be presented.

346. At the outset, and as the Director General had already stated in his introductory remarks, the Secretariat assured the delegations that WIPO had been committed to the promotion of multilingualism as a means of developing a balanced and effective international intellectual property system to ensure the protection of IP throughout the world. The Secretariat recalled that with regards to the policy on languages, at the 30th session of the PBC in the previous year, the PBC agreed to the inclusion of two new performance indicators in Program 19 (Communications) covering WIPO flagship publications and WIPO global publications on substantive IP topics. It was also agreed to an increase of 800,000 Swiss francs in the non-personnel budget to enable the achievement of the targets for those performance indicators. The PBC had requested the Secretariat to propose a revision to the policy on languages at WIPO at the 31st session of the PBC. In that regard, the Secretariat was conscious of the fact that the promotion of multilingualism and the associated revision of the language policy should not be undertaken in a piecemeal or limited manner. It should be comprehensive, coherent and address a broader range of issues including a review of the language regimes and communication strategies in the different business areas. The potential of artificial intelligence based modern translation technologies and the need for a new translation business model that integrated human and machine intelligence was a means to further promote multilingualism in a cost-effective manner beyond the existing language regimes. A scoping review process would require time and extensive consultation both internally and with Member States which had not been possible due to COVID-19. The Secretariat proposed that a document incorporating all the aforementioned elements along with a sustainable roadmap for a phased multi-year implementation be submitted to the PBC in 2021, when the PBC would also be considering the Program and Budget for the 2022/23 biennium. The Secretariat recalled that in discussing the language policy in both the PBC and Assemblies in 2010 and 2011, WIPO adopted a similar cost effective and phased approach and implemented six language coverage for all meeting documentation between 2012 and 2017 for the WIPO main bodies, Standing Committees and Working Groups. The Secretariat concluded that it had hoped that the exchanges that day would give the Secretariat the opportunity to gather Member States' preliminary views and observations on that matter.

347. The Delegation of the Russian Federation, speaking on behalf of the CACEEC Group, noted that a number of interested delegations put forward proposals for broadening the official languages of WIPO and innovation in language policy in order to achieve linguistic equality, which was one of the most important things in the UN system. The Group called for overcoming the current imbalance in the language barriers for broad access for users of the international IP system, publications, analytical and handbook material of WIPO and to be involved in the

broadening of the future IP system. The proposal was broadly supported by a number of Member States from different regional groups, and speaking in various different languages. The linguistic policy of 2020 required updating as many of the points that were reflected from the 2010 policy had already been implemented or were no longer relevant. Since that was a historical document, which was outdated, a reflection of the actual work of WIPO in terms of optimizing translation using the new technologies, including AI, and other innovative approaches was needed. The Group felt that it was important to reflect a new wording based on the UN Joint Inspection Unit's recommendations and conclusions on language policy. Within the UN, the Group believed that a new policy would help WIPO to make a great step forward in ensuring linguistic equality, and it would then be a leading organization within the UN on that issue. The Group concluded that it was something that ought to be looked at by the Secretariat at the next session of the PBC.

348. The Delegation of Singapore, speaking on behalf of the Asia and the Pacific Group, attached great importance to the language policy at WIPO, and appreciated the great efforts in implementing the language policy of 2010 and most recently, the extension of WIPO's publications in all UN official languages. Multilingualism played an important role in broadening the geographical coverage of WIPO activities. The Group looked forward to a coherent and holistic revised policy that promoted multilingualism in a comprehensive and financially sustainable manner, going beyond publications, and incorporating advanced technological tools available. The Group was of the view that having a roadmap would allow a systematic, gradual and phased implementation of such a policy for the long term. The Group looked forward to having a constructive discussion and making progress in consideration of the Revised WIPO Policy on Languages.

349. The Delegation of Panama, speaking on behalf of GRULAC, attached great importance to the linguistic policies which was an essential element for development in its work in WIPO, in the translation of publications and working documents, and for interpretation in all committees and main bodies of WIPO. The Group recalled that it had stated in various different meetings held by the Organization, and in the 31st PBC session, the topic required official consultations for a decision by Member States, and therefore the PBC could not finalize a decision on the item at that time, due to the situation and the implications of the COVID-19 pandemic. Therefore, the Group requested that consideration of the item be continued at the next session of the PBC to be held in 2021.

350. The Delegation of China noted that during the 49th Series of Meeting of the Assemblies of the Member States of WIPO held in 2011, a comprehensive language policy was approved and had since been implemented. WIPO had made considerable progress in extending the language coverage of its main committees and bodies to the six official UN languages, which the Delegation deemed laudable. In recent years, increasing new members and WIPO's global IP services systems, for example, the Madrid and the Hague Systems, had been rapidly expanding their geographical coverage. To render the above mentioned IP services systems to be better aligned with the users' needs and provide users with more convenient services, it was necessary to extend the current language regime of the systems. For instance, when consideration was given to extend the comprehensive multilingual policy to the IP services systems managed by WIPO, the Delegation had noted that at the Working Groups on the legal development under Madrid and Hague Systems the previous year, the Secretariat had been requested to prepare in-depth studies on the cost implications and technical feasibility of the introduction of new languages into the language regime. The Delegation encouraged and urged the Secretariat to submit the in-depth study report for the consideration of Member States at the earliest opportunity.

351. The Delegation of the United Kingdom, speaking on behalf of Group B, attached great importance to the availability of key WIPO publications in all official languages because it promotes inclusiveness and makes information available to a wider audience. The Group

encouraged the Secretariat to ensure that all key WIPO publications and documents were made available in all the official languages with a view to support longer term policy goals. The Delegation appreciated ongoing updates on the financial implications of the policy being implemented.

352. The Delegation of the Russian Federation thanked the Secretariat for their oral presentation of the item. The Delegation was very grateful for the efforts that had been made by the Secretariat in order to provide the language policy. The Delegation recalled that at the 30th session of the PBC, and supported by Assemblies, the Secretariat was asked to update the language policy for the 31st session of the PBC and ensure popularization and broader access to WIPO products. It was clear that the language policy needed to be updated, including by the use of innovative technologies. The Delegation noted the argument of the Secretariat with regard to why the document had not been prepared for the 31st session. Nonetheless, the Delegation pointed out that in accordance with the decision taken by the PBC at its 30th session, the Secretariat was meant to provide a document for consideration at the following PBC session. Those decisions ought to include the proposals made by Member States and reflect them. The Delegation considered that additional time, which was given for preparing the changes, alterations and amendments, could have been used to include the recommendations and reflections of the JIU on language policy within the UN system. As a good practice within the UN system, the Delegation believed that within the high level of the Secretariats there had to be a high level of appreciation for multilingual policy. The team of the Director General could have an annual report from the Secretariat on its implementation of multilingualism. The Delegation welcomed the Secretariat's idea about having a roadmap for multilingualism. The Delegation stated that it could not be opposed to a proposal for a roadmap on multilingualism by the Secretariat. Nevertheless, it seemed that a roadmap needed to focus on a long-term implementation of language policy. The idea of a roadmap should not be something that was a barrier to consideration of updating the language policy. The Delegation hoped that productive discussions on that topic could continue.

353. The Delegation of Japan aligned itself with the statement delivered by the Distinguished Delegation of the United Kingdom on behalf of Group B. The Delegation believed that improving the accessibility to information provided by WIPO was an important matter and encouraged the Secretariat to find a cost effective approach to provide its publications in a variety of languages.

354. The Delegation of the United Arab Emirates supported the statement made by the Delegation of Singapore on behalf of the Asia and the Pacific Group. The Delegation supported the broader use of languages through the revised language policy of WIPO, in line with the decisions of the 2010 Assemblies and valid until 2017. The Delegation thanked the Secretariat for its report, and for holding the 31st session of the PBC under exceptional circumstances. The Delegation repeated its commitment at the next session to modernize the language policy in WIPO. Recalling the Director General's earlier remarks that the main reports had to be published in all six languages of WIPO, the Delegation stated that the previous PBC session adopted criteria that analyzed, in the short term, what had to be done to update the publications of WIPO. The Delegation stressed the importance that all languages be in line with the United Nations and stressed the importance of all six languages especially Arabic. The Delegation thanked the linguistics language services that dealt with Arabic in WIPO and welcomed the enlarged use of languages, taking into account a coordination mechanism for coordinating the strategies in the different sectors. The policy would have to be introduced and implemented gradually while maintaining the quality of translation. In conclusion, the Delegation supported the appeal to the Secretariat that all languages be respected to reduce the obstacles of using WIPO platforms, in view of the global importance of that matter. The Delegation reiterated that Arabic, an official UN language, was spoken by 400 million people throughout the world.

355. The Secretariat took the floor and reassured delegations that WIPO had been fully committed to promote multilingualism in order to ensure inclusiveness, accessibility and language equality. In addressing the remarks by the Delegation of the Russian Federation concerning the roadmap being a barrier to updating the policy, the Secretariat assured the Delegation that in fact, a roadmap would not be a barrier but an enabler. The Secretariat further elaborated that it could help the member states and the organization, as it had done in the previous implementation of the 2010-2011 language policy, in ensuring that there would be a multi-year phased approach which would be sustainable in ensuring that the commitments entered into could be addressed biennium by biennium to ensure those commitments would get done. The Secretariat apologized that it had not been able to produce the paper for the 31st session of the PBC. The Secretariat expressed optimism that the elements coming out of the discussion on the item, the previous proposals made, and any relevant JIU recommendations would be used for future consultations. The Secretariat turned back to the Chair in the hope that a decision paragraph could be formulated containing those elements for the Member States' consideration.

356. The Vice-Chair retook the floor and stated that a proposed decision would be sent to the Member States for their comments and observations after the afternoon session, and it would be taken up at the follow day's session. The draft proposed decision read as follows:

357. The Program and Budget Committee (PBC):

- (i) recalled that the PBC had requested the Secretariat to propose a revision to the Policy on Languages at WIPO at the 31st session of the PBC.
- (ii) noted the explanations of the Secretariat that the process of reviewing the WIPO Policy on Languages would require time and extensive consultation, both internally and with Member States which had not been possible due to the COVID-19 pandemic;
- (iii) further noted that the promotion of multilingualism should be comprehensive and address a broader range of issues, including a review of the language regimes and communication strategies in the different WIPO business areas, the potential of AI-based modern translation technologies and the need for a new translation business model that integrates human and machine intelligence as a means to further promote multilingualism, in a cost effective manner, beyond the existing language regimes;
- (iv) requested the Secretariat, taking duly into account the outcomes of the consultations referred to in (ii) as well as (iii) above, to submit a comprehensive revised version of the Policy on Languages at WIPO at the 32nd session of the PBC including a sustainable roadmap for a phased multi-year implementation.

358. The following day, the Chair took the floor and thanked the Secretariat for the presentation given the previous day. It was much appreciated and there were interesting responses to that important issue. Multilingualism was not simply an issue at WIPO but at all international organizations because languages also carried with them cultural issues. The Chair recalled that the delegations had received a draft decision the previous evening and hoped that they had read and considered the proposal.

359. The Delegation of the Russian Federation expressed its thanks to the Secretariat for its attachment to the values of multilingualism. The Delegation had reviewed the draft decision and stated that generally speaking, it did reflect the approach which was discussed by the Committee the previous day. It also followed the Delegation's national approach to those issues and was in line with its values. However, in the third paragraph of the draft decision, the

Delegation drew attention to the part of the decision which mentioned multilingualism which the Delegation noted was very new for them and probably also for the rest of the Committee. The Delegation suggested putting a full stop after the phrase "...the potential of AI based modern translation technologies...". As far as the remainder of the decision was concerned, the Delegation stated that it could be discussed at the next session of the PBC.

360. As there were no further comments, the decision paragraph was adopted.

361. The Program and Budget Committee (PBC):

(i) recalled that the PBC had requested the Secretariat to propose a revision to the Policy on Languages at WIPO at the 31st session of the PBC;

(ii) noted the explanations of the Secretariat that the process of reviewing the WIPO Policy on Languages would require time and extensive consultation, both internally and with Member States which had not been possible due to the COVID-19 pandemic;

(iii) further noted that the promotion of multilingualism should be comprehensive and address a broader range of issues, including a review of the language regimes and communication strategies in the different WIPO business areas and the potential of AI-based modern translation technologies;

(iv) requested the Secretariat, taking duly into account the outcomes of the consultations referred to in (ii) as well as (iii) above, to submit a comprehensive revised version of the Policy on Languages at WIPO at the 32nd session of the PBC including.

ITEM 16 TERMS OF REFERENCE OF THE 2021 EVALUATION OF WIPO EXTERNAL OFFICES

362. The Chair opened agenda item 16, Terms of Reference of the 2021 Evaluation of WIPO External Offices. This item had been added subsequent to the decision of the Assemblies in 2019 in paragraph 57, document GA/51/18, and as quoted,

363. The WIPO General Assembly decided to:

(i) recall the decision of the 2015 WIPO General Assembly on External Offices and the Guiding Principles Regarding WIPO External Offices (document A/55/13);

(ii) conduct an evaluation during 2021 of the entire network of the WIPO External Offices. The Terms of Reference of such an evaluation would be decided by the Program and Budget Committee during its 31st session in 2020;

(iii) pending the results of the evaluation during 2021, defer the consideration of the current 10 applications of Member States for the 2018-2019 biennium to host new WIPO External Offices;

(iv) consider opening up to 4 new WIPO External Offices, including in Colombia, from the current 10 applications in the biennium 2022-2023.

364. The Chair, having read the decision of the Assemblies in 2019, inquired to the delegations on how they wished to proceed on the item.

365. The Delegation of Panama, speaking on behalf of GRULAC, considered the issue of External Offices as of the utmost importance. The Group stated that all members of the Group had made an effort to ensure that Colombia could hope to have an External Office. The Group believed that the consideration of this matter required negotiation and consultation among members and that the current circumstances made it extremely difficult to engage in an appropriate debate on the issue. The Group indicated that this had been the agreement reached by the members during the preparatory meetings of the PBC. It had been decided not to make any decisions requiring prior negotiation. Consequently, the Group repeated its position that discussion as to the drafting of the terms of reference for the evaluation of External Offices of WIPO referred to in paragraph 22 of the guiding principle, adopted in 2015, be postponed to the 32nd meeting of the PBC. The Group remained committed and willing to work on the issue and would analyze all the ideas, which had been submitted for debate that would be held at the next session of the PBC.

366. The Delegation of the United Kingdom, speaking on behalf of Group B, referred to its statement under Agenda item 5, Report by the External Auditor, in which the Group had attached great importance to the matter. The Group recalled the decision by the 2015 WIPO General Assembly, document A/55/13, as well as the decision by the 2019 WIPO General Assembly, document A/59/13 addendum 4 and the decisions of the 29th and the 30th sessions of the PBC. They particularly welcomed the interest by the External Auditor in this area. In particular, the Group agreed with the importance of developing a clear strategy on the development of the External Office network, the need to clarify the role of the Secretariat, and the need to enhance data available about the network to support its evaluation, including activity reports and plans produced by External Offices. The Group also considered the External Auditor's report as containing some very useful elements that could form the basis for the terms of reference. The Group stated that they were ready to discuss this matter, but were realistic about the ability of the 31st PBC session to decide on the terms of reference for the external evaluation of the entire network of WIPO External Offices, as contemplated in the decisions of the 47th and 51st sessions of the General Assembly. The Group proposed that the PBC should recommend that the General Assembly request the PBC to begin those discussions no later than at its 32nd session and to decide on such terms of reference by its 33rd session in 2021. The Group also suggested to recommend to the General Assembly that the request to the PBC to deliver the terms of reference should take into account the report by the External Auditor as contained in document WO/PBC/31/3. The Group viewed that as an important element that would allow the process to move forward. The 2019 General Assembly's decision established a sequence and timeline for the next steps in the discussions on the WIPO network of External Offices. Should the PBC recommend to the General Assemblies to postpone the first step of this decision as contained in its paragraph 2, the Group deemed it necessary to also recommend to the General Assemblies to revisit, as appropriate, the decision to uphold the agreed sequence, and allow sufficient time to be allocated to each of the steps, in particular the external evaluation.

367. The Delegation of Latvia, speaking on behalf of the CEBS Group, stated that the issue of the opening of new WIPO External Offices had been on the Organization's agenda for several years and had been the subject of lengthy negotiations between the Member States. The Group indicated that it was committed to the implementation of the 2015 WIPO General Assembly decision to conduct a review of the WIPO External Offices and was ready to discuss the terms of reference for the review. The Group also believed that the recommendations made by the External Auditor were valid and should be implemented in the review. At the same time, the Group was aware of the constraints represented by the current session and was ready to engage in the discussions on the terms of reference during the next PBC session.

368. The Delegation of Singapore, speaking on behalf of the Asia and the Pacific Group, recalled that at the 2019 WIPO General Assembly, it was mandated that the 31st session of the PBC should decide on the terms of reference for the evaluation of the entire network of WIPO

External Offices to be carried out in 2021. Due to the constraints posed by the COVID-19 pandemic on the conduct of WIPO meetings, it was not possible for members to engage in substantive discussions. The Group believed that the PBC was not in a position to consider and decide on the issue. The terms of reference, in the Group's view, should be decided by the PBC during its 32nd session in 2021. To facilitate deliberation on the matter, the Group was of the view that the terms of reference for the 2021 evaluation of WIPO External Offices should be based on the inputs and consultations with WIPO Member States while taking into account the report by the External Auditor. The Group further asked the Legal Counsel for advice on the implications of postponing any decision on the matter.

369. The Delegation of Iran (Islamic Republic of) indicated that on Agenda Item 16, Terms of Reference for 2021 Evaluation of WIPO External Offices, they wanted to recall the decisions made by General Assembly in 2019. The Delegation also was cognizant of the current restriction imposed by the pandemic, which prevented the PBC to discuss and decide on the terms of reference. The Delegation was of the view that in the process of drafting the ToRs, all relevant documents, including the decision of the GA and Member States' views, should be taken into account. The Delegation further recalled that the decision on opening new offices was a state driven process and that this principle should be respected.

370. The Delegation of Pakistan highlighted that the development of ToRs for the external evaluation of the entire network of External Offices was an important issue tasked to the PBC. In that regard, the Delegation wanted to draw attention to part B of the External Auditor's report. The report provided useful insights to issues existing in the External Offices, particularly related to their reporting, such as data validation and the lack of alignment with agreed work plan. It also highlighted problems associated with the overall process of opening new External Offices, such as the absence of a clear strategy to support the decision-making process, absence of a standard template for application from Member States for hosting the External Offices, and the absence of technical and financial aspects provided by the Secretariat. The report also pointed out that WIPO's Independent Oversight Division had not undertaken an audit of the External Offices in recent years. The External Auditor's report validated the rationale to carry out the much-needed evaluation of the existing network of External Offices before opening new offices. However, given the restraints imposed by the pandemic and the role of this PBC, which did not include any informal sessions, it would only be logical to postpone the discussion on the development of ToRs to the next PBC. The Delegation indicated that the recommendations contained in the External Auditor's report would be relevant and applicable whenever negotiations commenced on the matter. The Delegation also highlighted that in line with recommendation 2 of the External Auditor's report, future deliberations should also include the rationale for establishing new External Offices, considering the current stage of digital connectivity, and consider the development of a clear strategy for offices outside of Geneva to support decision-making by the Member States.

371. The Delegation of Nigeria took the floor on behalf of the African Group and joined colleagues in expressing heartfelt sympathy to the family, friends, and colleagues of the precious life that had been lost due to the COVID-19 pandemic and another precious one lost due to an accident which had occurred recently. The Group wished those who were suffering from the virus a quick and speedy recovery. The Group also thanked the frontline workers, including everyone who were present or attending remotely, for their selfless service thereby keeping communities safe. The Group recalled that the 59th session of the WIPO Assemblies decided to conduct an evaluation of the entire network of WIPO External Offices during 2021 and defer the consideration of ten applications from Member States to host four new External Offices, including Colombia, to the 2022/23 biennium. The Group appreciated the recommendations in the report of the External Auditor contained in document WO/PBC/31/3 which related to External Offices. The Group believed that some of the observations of the External Auditor on the External Offices were relevant and could serve as a reference, among other sources, for the formulation of future terms of reference for External Offices. The Group

emphasized the importance of this topic given that Africa currently had two External Offices in Algeria and Nigeria. The Group called for the alignment of those offices with the External Offices network in terms of resources and programs. The Group indicated that they had always advocated for equitable distribution of External Offices and hoped that these discussions would result in such an outcome. The Group noted that no document had been prepared on a draft terms of reference for the evaluation of External Offices. That could be attributed to the difficulties caused by COVID-19. In spite of the dire crisis that was being faced due to the unprecedented COVID-19 pandemic, the Group remained flexible and urged the 31st session of the PBC to arrive at a progressive decision on this matter and for the PBC at its 32nd session to consider the terms of reference. The Group believed that it would be pragmatic for the PBC to recommend to the General Assembly the deferral of the evaluation process. This recommendation was driven by a realization of the difficulties, which the current situation was posing, and the impracticality of remote evaluation. The Group highlighted that it was participating in discussions on how to resolve the matter and called on all parties involved to be reasonable and pragmatic given the current situation.

372. The Delegation of Chile indicated their support for the statement delivered by the Delegation of Panama on behalf of GRULAC. The Delegation agreed that a decision on the terms of reference for the evaluation of WIPO's External Offices was something that needed to be thoroughly discussed. Not all delegations were in a position to discuss at this moment. The Delegation also emphasized the content of the report of the External Auditor on this matter as this would be very helpful in preparing the terms of reference.

373. The Delegation of China indicated that they attached high importance to the evaluation of the External Offices' network in 2021. The Delegation also stressed that the pandemic had affected the possibility for Member States and the Secretariat to have thorough discussions on this issue and that the issue itself was very complicated. The Delegation noted that they did not have any disagreement about deferring the discussion of this topic to the next session of the PBC. They wished to stress that they hoped that WIPO, when having consultations about the terms of reference, that those should be open, transparent and inclusive. This would ensure the objectivity and comprehensiveness of the evaluation. The Delegation was of the view that the drafting of the ToR should be carried out based on consultation with Member States. In the future, they also wanted to keep open the communication with the Secretariat and other Member States.

374. The Delegation of the Republic of Korea thanked the Chair and the Regional Coordinators for their endless efforts to find the most optimal way forward on Agenda Item 16, Terms of Reference of the 2021 Evaluation of WIPO External Offices. The Delegation reminded the PBC of the 2019 General Assembly's mandate on External Offices, which stated that the 31st session of the PBC should decide on the terms of reference for the evaluation of the entire network of WIPO External Offices that would be carried out in 2021. The Delegation invited Member States to discuss the matter with a constructive spirit towards achieving agreement on how it could be moved forward, especially during the time between the 31st and the 32nd session of the PBC.

375. The Delegation of the Russian Federation indicated that they attached considerable significance to the Agenda item, and that they had participated actively in consideration of it in meetings and on the fringes of meetings. The Delegation indicated that they were prepared to continue to participate constructively in the discussion relating to the terms of reference. The Delegation believed that a constructive dialogue would help to urge positions closer and perhaps also would help to reach a decision on the carrying out of the evaluation that could be accepted by consensus. The Delegation thanked the Chair, the Secretariat and the Member States for the fruitful discussions.

376. The Delegation of Oman thanked the Chair for the consultations on the issue. The Delegation believed that consultations should be open, transparent, and inclusive and that drafting of the ToRs should be based on consultations with all interested Member States.

377. The Delegation of the Russian Federation, speaking on behalf of the CACEEC Group, was pleased to note the effective functioning of the WIPO External Office network. The Group was convinced that External Offices were an important tool for achieving WIPO's goals and promoting global services in various regions of the world. The Group supported the recommendations of the External Auditor regarding the mandate for evaluating External Offices. The Group believed it was possible to include in the mandate an assessment of the additional contribution of External Offices to the achievement of goals as well as the interaction of offices with stakeholders. The Group assumed that the assessment would include the implementation of only those tasks and performance indicators that were previously set for External Offices, which were provided for by the WIPO Medium-Term Strategic Plan 2016-2021 and the Program and Budget of the Organization. At the same time, the Group emphasized the need to take into account the amount of allocated financial resources. The Group expressed that it was ready to participate constructively in discussions on the mandate of the assessment and noted that its members were looking forward to proceed from the premise that discussions on this sensitive topic would be continued in the intersessional period. In this regard, the Group suggested considering the possibility of discussion by Member States under the leadership of the Chair of the PBC, with the possible provision of necessary assistance from the Secretariat. The Group was convinced that the continuation of the constructive dialogue would contribute to the convergence of positions and the achievement of a mutually acceptable consensus solution on the modalities of the assessment.

378. The Chair thanked all the delegations that had commented on the Agenda Item and noted the Guiding Principles as agreed in 2015, which remained a document of crucial importance in providing an outline for the terms of reference. As the Delegations had already mentioned, the conditions were challenging for holding consultations. However exceptional efforts to try and hold the consultations despite the existence of these conditions were being made. The Chair mentioned that there was the possibility of deferring consideration of this issue to the 32nd session, which seemed to be widely agreed as a possible option. The Chair indicated that the PBC was faced with the obligation to discharge its responsibilities as there was a decision by the General Assembly to provide the terms of reference for the evaluation at the 31st session. From the discussions, it was clear that the topic had not yet been discussed as thoroughly and in as much detail as it perhaps should have been and that not much progress could be made. The Chair indicated that, if the Agenda Item was to be deferred, then the PBC should continue demonstrating the constructive spirit that many member states would like to see and consider the outlines of the terms of reference for the evaluation in the period in between the 31st and 32nd sessions, which would be essential, at least to find some decision language on which Member States could build consensus. The Chair called for forty-five minutes to consult with the Group Coordinators and come up with decision language, which would most faithfully reflect the spirit of the discussions. The Chair emphasized the need for being open-minded, constructive and transparent in moving the Agenda Item forward.

379. The Chair reported that consultations had been held with the Regional Coordinators, which had been fruitful. The Chair noted that the consultations had come up with pertinent results considering that the issue had been put forward a number of times over prolonged period. The Chair thanked the Delegations for the constructive spirit and collaboration and believed that a formulation and wording of the decision, which would have the most consensus, had been reached. The Chair noted that, this was a very exceptional situation and that due to the challenges, full discussions, debates and consultations could not be held in the session, but what was presented was a draft decision, which had been consulted and had been discussed throughout the morning and in the afternoon in all possible directions.

380. The Chair requested the Secretariat to read the proposed language on the decision:

381. In view of the constraints presented by the prevailing COVID-19 pandemic, this session of the PBC was unable to discuss and decide on the terms of reference of the evaluation of the entire network of WIPO External Offices, as mandated by the WIPO General Assembly 2019. The Program and Budget Committee recommended to the General Assembly to request the Program and Budget Committee to decide during its 32nd session in 2021 the terms of reference for such an evaluation, taking into account all relevant documents, including but not limited to the report by the External Auditor, WO/PBC/31/3. The Program and Budget Committee recommends to the General Assemblies to refer, as appropriate, to its decision contained in document A/59/13 ADD.4 to ensure sufficient time is allowed for the finalization of the evaluation.

382. The Delegation of Iran (Islamic Republic of) sought clarification as it was unclear what it meant "that the Committee recommended to the General Assembly to refer to its decision". The Delegation requested that the Legal Counsel clarify the meaning of that part of the decision.

383. The Legal Counsel indicated that as he was not responsible for the drafting of the proposed decision, which had been done through consultations among Regional Group coordinators, he asked that the question be referred to the drafters of the decision to provide the clarification.

384. The Chair noted that the reference to document A/59/13 ADD.4 was an important reference in order to refer to the decision of the General Assembly. The document referred to the issue under discussion, which was the evaluation of the External Offices. Given the constraints faced due to the COVID-19 pandemic and the inability for the PBC to discuss the terms of reference and therefore having to postpone meant that the issue would have to be referred to the General Assembly. There was a decision in 2019, according to which, the PBC would decide on the terms of reference, but given that this was not possible, the Committee faced a situation in which it was recommending to the General Assembly, on the basis of decision A/59/13 ADD.4, to refer to its decision and the timeline in which the PBC should have taken action. The PBC has noted that they would not be able to finalize the Terms of Reference for the Evaluation of the External Offices within the deadline. This was why some delegations thought it would be necessary to add the reference, that referring the item back to the General Assembly would be necessary, given the fact that the PBC had to delay the discussion due to very objective reasons, which were not under the control of the PBC's collective will hence the need to refer back to the GA so that the ToR for the evaluation could be finalized at the next session. The reference was meant for the GA, which was sovereign body and which took decisions as it saw fit for the PBC's work to be carried out correctly. With this in mind, it seemed that a recommendation would be necessary, so as to have sufficient time for the finalization of the Terms of Reference for the Evaluation of External Offices. The Chair explained that the decision had been reached based on consensus and that the wording was the result of a very constructive spirit among the delegations as the PBC could not meet the timelines given the exceptional circumstances.

385. The Delegation of Iran (Islamic Republic of) thanked the Regional Coordinators for their effort to come up with language, which would be acceptable to all. The Delegation indicated that if the Committee was in agreement with the language, it did not have any objections. The Delegation was not sure that the specific language served the intention that the Delegations have had. The Delegation reiterated that this was only a concern and that it did not intend to block the decision. The Delegation hoped that the language which appeared to be ambiguous would not create some discussion and confusion in future, which was what the real concern was.

386. The Chair thanked the Delegation of Iran (Islamic Republic of) for the constructive approach. The Chair turned to the plenary and asked whether there were any objections to the text as it stood. The Chair reiterated that the wording was a result of a very lengthy discussion and consultation that had lasted several hours. The Chair noted no objections from the floor. The Chair further elaborated that he was counting on the understanding of the Delegation of Iran (Islamic Republic of), that there was no intention to create confusion, but it was a way to highlight the need for sufficient time and to give the General Assemblies, which were sovereign, the ability to appreciate the time element, noting that time was something that the PBC had no power over. The PBC was in a situation where, due to the COVID-19 pandemic, the discussions could not be held and hence the need for more time.

387. The Delegation of Oman indicated that they understood the concerns expressed by the Delegation of Iran (Islamic Republic of), and they hoped that the explanation provided by the Chair would be part of the decision.

388. The Chair reassured the Delegation of Oman that all comments and all observations would be included in the exhaustive report of the PBC, not only for the GA, but for the Organization as a whole. As there were no further requests for the floor, the decision was adopted:

389. In view of the constraints presented by the prevailing COVID-19 pandemic, this session of the PBC was unable to discuss and decide on the Terms of Reference of the evaluation of the entire network of WIPO External Offices as mandated by the WIPO General Assembly 2019. The Program and Budget Committee recommended to the General Assembly to request the Program and Budget Committee to decide during its 32nd session in 2021 the Terms of Reference of such an evaluation, taking into account all relevant documents, including but not limited to, the report by the External Auditor (WO/PBC/31/3).

The Program and Budget Committee recommends to the General Assemblies to refer, as appropriate, to its decision contained in document A/59/13 ADD.4 to ensure sufficient time is allowed for the finalization of the evaluation.

ITEM 17 METHODOLOGY FOR ALLOCATION OF INCOME AND EXPENDITURE BY UNION

390. The Chair introduced the Item, reminding the PBC that it followed a decision taken by the WIPO General Assembly in 2019. According to paragraph 151 of the corresponding report of the session (document A/59/14),

“With respect to the Proposed Program and Budget for the 2020/21 Biennium, the Assemblies of WIPO, each as far as it is concerned:

(i) Approved the Proposed Program and Budget for the biennium 2020/21 (document A/59/8), subject to the allocation of income and expenditure by Union as reflected in the attached revised version of Annex III, which reverts to the allocation of income and expenditure by Union in the Program and Budget for the 2018/19 biennium;

(ii) Recalled that, in accordance with the treaties of the fee-financed Unions, each Union should have revenue sufficient to cover its own expenses;

(iii) Noted that each fee-financed Union with a projected biennial deficit in the 2020/21 biennium should examine measures in accordance with its own treaty to address that deficit;

(iv) Noted that if any Union in any given biennium does not have sufficient revenue and reserves to cover its projected expenses, the amount required to fund the operations of such Union is provided from the net assets of the Organization and is disclosed in the Annual Financial Report and Financial Statements, Revenue, Expenses and Reserves by Segment of the Organization, which includes the Surplus/Deficit of the Unions, and is to be repaid when the reserves of such Union allow it to do so;

(v) Decided that in accordance with (iv) above, for the 2020/21 biennium, if any fee-financed Union does not have sufficient revenue to cover its expenses, the required amount mentioned in (iv) shall be provided from the reserves of the Contribution Financed Unions, if those reserves are fully sufficient, otherwise from the reserves of the other fee-financed Unions, and be disclosed in the Financial Statements as notes;

(vi) Noted that the allocation methodology for the income and expenditure by Union is a cross cutting topic and decided to continue discussion on this topic bearing in mind the overall long-term financial sustainability of the Organization based on documents A/59/10, A/59/11 and A/59/INF/6 and other proposals by Member States at the 31st session of the PBC for the PBC to make a recommendation, by consensus, to the WIPO Assemblies in 2020 on the methodology for the allocation of income and expenditure by Unions;

(vii) Noted that all diplomatic conferences contemplated in the 2020/21 biennium, that may be held under the auspices of WIPO during the 2020/21 biennium and funded by the resources of the Organization, will be open to the full participation of all WIPO Member States in accordance with the Recommendations of the Development Agenda;

(viii) Noted with concern the possible effect the ILO AT Judgment No. 4138 may have in undermining the UN common system;

(ix) Recognized that WIPO, being part of the UN Common System, will continue to fulfill its obligations in accordance with the Agreement Between the United Nations and the World Intellectual Property Organization and further to its acceptance of the ICSC Statute;

(x) Noted that the personnel resources in the Program and Budget 2020/21 does not represent any additional personnel resources associated with the implementation of ILO AT Judgment No. 4138 as compared to the Approved Program and Budget 2018/19.”

391. The Chair felt it was useful to read that decision in order to give PBC the general background to the issue. As far as the decision itself was concerned, the Secretariat had circulated a proposed decision from Group B to the other Regional Coordinators. Having said that, the Chair opened the floor for discussion on the item.

392. The Delegation of the United Kingdom, speaking on behalf of Group B, observed that the unprecedented situation caused by the pandemic had forced the Group to be realistic about the session's ability to continue discussions and to make a recommendation on the methodology for the allocation of income and expenditure by Unions, as contemplated in the decision of the 59th session of the Assemblies of the Member States of WIPO. Therefore, the Group proposed that the PBC recommends to the Assemblies to request the Program and Budget Committee to continue the discussions at its 32nd session and, if needed, its 33rd session, and to make a recommendation by consensus to the WIPO Assemblies in 2021 on the methodology for the allocation of income and expenditure by Unions.

393. The Delegation of Iran (Islamic Republic of) recalled the decision made by the WIPO General Assembly in 2019. Cognizant of the current constraint caused by the pandemic, which prevented the PBC to discuss the item in a substantive manner during the session, the Delegation was of the view that in the future discussions on the matter, the fundamental

principle of solidarity among the Unions, as well as the principle of capacity to pay, should be respected.

394. The Chair thanked the Delegations for their comments. As there were no comments or requests for the floor, the decision was adopted:

395. Due to the unprecedented situation caused by COVID-19 pandemic, the 31st session of the Program and Budget Committee reported to the Assemblies of WIPO that it was unable to continue discussions and make a recommendation on the methodology for the allocation of income and expenditure by Unions as contemplated in the decision of the 59th session of the Assemblies of the Member States of WIPO. The Program and Budget Committee recommended to the Assemblies to request the Program and Budget Committee to continue these discussions at its 32nd session and, if needed, its 33rd session and to make a recommendation, by consensus, to the WIPO Assemblies in 2021 on the methodology for the allocation of income and expenditure by Unions.

ITEM 18 CLOSING OF THE SESSION

396. The Chair opened agenda item 18, the closing of the sessions, and recalled that the Secretariat had prepared the draft "List of Decisions Adopted by the Program and Budget Committee" for the delegations review. The Chair thanked the delegations for their extraordinary collaborative work and the decisions reflected what had been achieved during the session. The Chair then gave the floor to the ADG Mr. Sundaram.

397. The ADG thanked the Chair and stated that he wanted to share a few personal words of thanks as this was his 18th and last PBC after 11 years at WIPO. At the outset, he wished to thank the Director General, and the representatives of the Member States for the opportunity to serve this wonderful organization. The ADG also thanked everyone for their kind words of appreciation during the PBC session. He stated that he would be remiss if he did not recognize the fact that the work accomplished during his two terms in office were thanks to the dedicated team of staff in his sector, some of whom could be seen around him and others who would always remain invisible, but were equally important. He stated that he owed them an immense debt of gratitude. As there were too many to name, as the sector has some 250 staff, he thanked them all through his direct reports. He thanked the Director, Program Planning and Finance (Controller) and her team, the Chief Information Officer and the staff of the Information and Communication Technology Department, Procurement and Travel Division Director and her staff, the Director and the staff of the Premises and Infrastructure Division, and the staff of the Language Division, the Director and the staff of the Conference and General Services Division, the Director and the staff of the Security and Information Assurance Division. Last but not least, he thanked his assistant, one of those invisible staff who had immensely facilitated his work during the last 11 years. His appreciation also went to the Chair, the past Chairs, and all of the assembly, the Member State representatives, both physical and virtual, for the constructed engagement, trust, and friendship over the years. The ADG stated that it had been a pleasure and privilege to serve the United Nations and the multilateral system the past 41 years.

398. The Chair thanked the ADG for his words. The Chair thanked all the delegations that participated in this session as it had been very special session in the history of the Organization. The Chair mentioned that he valued and appreciated what the PBC Members had been able to do collectively and through the participation of all, and thanked the delegations for what they had presented individually, collectively and also regionally. The Chair specifically mentioned all the coordinators of all the groups who had proven their ability to consult and achieve consensus, which had allowed the PBC to overcome technical and other obstacles. The Chair stated that for the very first time in the history of WIPO, PBC Members were able to take

decisions through a hybrid format. The Chair explained that he had witnessed that many organizations had not been successful in doing so, and did not take any decisions in view of the COVID-19 pandemic and the specificities that it had imposed on taking such decisions. However, the delegations had collectively managed to take important decisions and he wished that this collective effort would be recorded in golden letters in the history of WIPO. The Chair mentioned those who were to be leaving, competent people and leaders of the Organization, and there were many, especially the Director General, and the ADG Mr. Sundaram. The ADG was a valuable coordinator and the Chair acknowledged the confidence of the ADG with all who were working within the Organization, but also the delegations. Furthermore, he had put all of his energies and previous expertise at the delegates' disposal because he had a lot of experience from other organizations before joining WIPO and came with an accumulated amount of expertise and experiences that he put at the disposal of the Organization, which provided an enormous contribution to the success of PBC's work. The Chair thanked the ADG specifically for his memorable effort and undertaken. The Chair called for a standing ovation for the ADG. The Chair thanked the Legal Counselor, an example of such competence and he had been of a great support in explaining and clarifying many of the technical and legal items that the delegates had to deal with. The Chair also thanked the PBC Secretary and the Secretariat for their efficiency, competence, and high professionalism. He thanked the staff and paid tribute to those who had lost members of their families because of the pandemic. He wished success and health to everyone and their families and for their professional endeavors in the future. The Chair assured that he would be coming back to the PBC Members in the next weeks so that they could launch informal consultations to prepare for the upcoming work. The Chair was confident that he would find in each and every one of them individually, collectively full understanding and cooperation. Multilateral work, depended on confidence, and he believed that the confidence they had built between themselves in the past few days would assist them in overcoming the upcoming challenges.

399. The Delegation of United Kingdom, speaking on behalf of Group B, thanked the Chair for his dedicated guidance throughout the PBC. The Group mentioned that he had done an excellent job facilitating discussions and gave good support when it had come to decisions. The Group also thanked the Vice-Chairs and extended its appreciation to the Secretariat for its support during the PBC. It would have been remiss not to thank the conference staff and the skilled interpreters, without whom this PBC would not be possible. The Group also thanked all the regional coordinators as well as Member States for their tireless efforts during the PBC. Considering the circumstances that were cited numerous times, Members states still managed to make progress on many issues. The Group stated that the PBC was an essential component of the oversight and governance structure of the Organization, and it had delivered results during the session. The Group noted with satisfaction that it had been able to adopt positive decisions throughout the agenda. It was unfortunate that due to the prevailing COVID-19 pandemic, the Group was unable to discuss and decide on the terms of reference of the evaluation of the entire network of WIPO external offices, as mandated by the WIPO General Assembly in 2019. The Group wished to express its continued interest in ensuring to take the work forward in a manner that reflected the timeline and modalities agreed. The Group remained committed to ensuring that the review of the entire network of WIPO external offices would be taken forward in an independent and impartial manner. The Group considered an independent and external body would be best placed to effectively undertake the work. The Group profoundly and sincerely thanked the ADG for his work. The Group mentioned that he had been essential to the advances of the Organization in the field of Management and Administration. He attached great value to the ADG's true collegiality and personality and was looking forward to seeing the ADG at the General Assembly.

400. The Delegation of the Russian Federation, speaking on behalf of the CACEEC Group, thanked the Chair and Vice-Chairs for their excellent management of the work helping to understand one another and achieve positions on the most sensitive issues. The Group thanked him for his diplomacy and his skills which had been key in achieving a balanced

decision. The Group understood how difficult it had been during the week and was grateful to the Chair and asked him whether he could continue to preside over unofficial consultations during the intersessional period. The Group thanked the Secretariat for the efforts made in preparing the PBC documents. The Group also noted the particular contribution in the Committee's work and achievement of compromises. The Group wished the ADG all the best in his future endeavors. The Group noted the important contribution of all the members of WIPO. The technical activities necessary for the session had shown that the Secretariat was able to adapt operationally and with a high quality to the current situation. The Group thanked the translators and the interpreters for their work and their contribution. This was a very difficult period for all, but the Group wished everybody health and success.

401. The Delegation of Latvia, speaking on behalf of CEBS Group, congratulated the Chair and the Vice-Chairs for their able guidance during the session. The Group thanked the Secretariat for their hard work in the preparation of the documents, and also thanked the External Auditor, IAOC, and the IOD, especially in the context of the global pandemic. The Group thanked the interpreters, the conference services, as well as different delegations for their active role during the PBC 31 week. The Group noted with satisfaction the progress achieved during the week. Finally, the Group reiterated its readiness to take part in future discussions in a constructive manner on the terms of reference of the evaluation of External Offices and Methodology for Allocation of Income and Expenditure by Union. The Group wished to join its colleagues in thanking the ADG for his investment in this Organization.

402. The Delegation of China wished to extend its regret over the tragic passing of the WIPO colleague due to an accident in the past weeks and sent their condolences to the family. The Delegation commended the Chair for its able and effective leadership in convening the unprecedented hybrid PBC 31 session with high diplomatic wisdom and skills and thanked all delegates for their constructive discussions. The delegates were hundreds of thousands of miles away and located in different time zones, nevertheless, positive developments on some issues were achieved. This quite fully illustrated that the COVID-19 pandemic could not hamper the willingness and the endeavor of the global community in promoting the development of international IP systems. This was the first time for the Secretariat to organize a committee meeting in such a way, and it was definitely not an easy job. The Delegation believed that the experience gained from the session would help the Secretariat to better organize the following IP multilateral meetings during the "new normal" before the complete elimination of the pandemic, including the upcoming 61st session of the General Assembly. The Delegation expressed its appreciation to the Secretariat, especially to the Director General, Assistant Director General, the Controller, and others. The Delegation wished the ADG every success in his future endeavors. The Delegation thanked the Secretariat for the support and clarification provided during the whole process of the meeting which facilitated the Member States to reach consensus on many issues and for providing clarification in the discussion on data security issues of the cloud first strategy. The Delegation looked forward to discussing all the matters submitted to the 61st session of the General Assembly with other delegations. Finally, the Delegation thanked the interpreters and conference service for their excellent work during the week.

403. The Delegation of Panama, speaking on behalf of GRULAC, thanked the Secretariat and congratulated them for the way they conducted the meeting. The PBC Chair's sense of humor and dynamism had enabled the delegations to manage their time very efficiently so that members could achieve understanding and consensus on the various agenda items. The Group took the opportunity to express its gratitude to the PBC Vice-Chair and the Secretariat for their work in preparing for the meeting. The Group also recognized the participation of all of the WIPO bodies represented during the 31st PBC session who brought explanations and contributions which facilitated the decisions the delegations were able to adopt. Equally, the Group thanked the membership for their contributions and their flexibility which enabled the Group to conclude the meeting even though they were going through a very particular period

because of the COVID-19 pandemic. The experience of the meeting demonstrated that despite the technological tools that the Delegations had, which facilitated the participation of the delegations in the meetings, it showed that they still had important challenges which made it difficult or even impossible for them to take up all of their work. The GRULAC region had been severely affected by the pandemic and had restrictions on movement, therefore the Group called on members to stick to the agreement to not include in the various agendas of the next committee meetings or committees topics which would involve extensive consultations or negotiations given that the current circumstances did not enable them to carry out their work in the appropriate manner. The Group thanked the interpreters for their excellent work as this was a key part of the communication process and it broke down the language barrier. On this particular issue, the Group requested WIPO to find and provide to members some solution which would enable them to have virtual interpretation services not only for formal committee meetings, but also for coordination meetings of the various different regional groups and other meetings which merited it. The Group reiterated its commitment to the PBC and the constructive spirit which had been evident throughout this meeting, and looked forward to the next meeting of the committee and hoped that it would be able to achieve positive results which were anticipated for that meeting. The Group thanked the ADG and his team for all his work, commitment, and support he had given to GRULAC and to the Organization over the last 11 years. The Group wished him and his family health and all the best in this new stage of life.

404. The Delegation of Singapore, speaking on behalf of the Asia and the Pacific Group, thanked all members who had contributed to the outcomes of the PBC 31. The Regional Coordinator's stated that his work was made possible because of support from the Group's members, and fellow regional group coordinators. The Group also extended its appreciation to the Secretariat, conference staff, interpreters, and technical teams for their excellent work in supporting the PBC. The Group thanked the ADG for his dedication to the Organization. The Group thanked the Chair for his incredible patience, humor, and wisdom which had contributed to the collegial atmosphere of the session. The Group looked forward to continuing constructive discussions in successive sessions and wished everyone good health.

405. The Delegation of the Russian Federation thanked the Secretariat and the Chair for the excellent work of steering the session. Despite a very heavy agenda and the hybrid format, delegations had been able to achieve positive results. The Delegation hoped that in the future they would be able to continue to work with them. The Delegation thanked the Secretariat and its colleagues from the financial section and the administrative services section of WIPO for their contribution to the preparation of reports and other documentation required for the session. The Delegation was very grateful for their active participation in the meeting itself. The Delegation thanked the ADG for his colossal contribution to the work of WIPO over the years, for his professionalism, his attachment to the values of this Organization, his open-mindedness, and his readiness to always give support to Member States when needed. The Delegation expression its gratitude to its colleagues and friends from other delegations, those who were in the room and those who were participating remotely in the session. The Delegation was grateful to them for their active work and for demonstrating the spirit of cooperation which had prevailed during the week. The Delegation also thanked the conference service and the interpretation service in particular because they had been continuing to do their difficult job in an even more difficult than usual circumstances.

406. The Delegation of the Republic of Zimbabwe, speaking on behalf of the African Group, commended the Chair for his able guidance and stewardship during the course of this week as deliberations were carried out. The Group wished to extend its gratitude to the Secretariat for the conference facilities which provided an atmosphere for delegates to conduct their deliberations. The 31st PBC session took its place in history as the first Committee of WIPO to be convened through a hybrid format. There were many lessons to be learned to adjust to the new norm. In spite of the limitations posed by COVID-19, the Group noted the various reports presented in PBC 31 including the Report of the External Auditor. The Group congratulated

WIPO on the unqualified audit report for the year 2019 and on the surplus and reserves. The Group appreciated the briefing it received by various programme managers on adjustments made by the organization in light of the challenges posed by COVID-19. The Group reiterated and urged that these adjustments be implemented in a development oriented manner. The Group further appreciated the efforts made by the Secretariat in achieving gender equity within the Organizations' workforce and amongst IP users. The Group also believed in a broader geographical balance in the workforce to reflect the current realities of the membership of the Organization. The Group was pleased that its recommendations to defer discussions on External Offices and Methodology for Allocation of Income and Expenditure by Union to the 32nd PBC had been acceptable to all. The Group believed that such a reasonable and pragmatic approach was in the best interests of the long term objectives of the Organization. As this was the last PBC under the stewardship of the Director General, the Group extended its gratitude to him for his able stewardship of the administrative and budgetary matters of the Organization. The Group believed that under his administration, many gains had been achieved in terms of the integrity of financial reports and transparency within the Organization. The Group also wished to extend its appreciation to the ADG for his 12 years of service to the Organization. The Group wished him well in his future endeavors.

407. The Chair called for a collective standing ovation for the interpretation team. There being no further requests for the floor, the Chair closed the meeting.

[Annex follows]

ANNEX : LISTE DES PARTICIPANTS / LIST OF PARTICIPANTS

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*(dans l'ordre alphabétique des noms français des États/
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[End of Annex and of document]