1. At their 2006 session, the Assemblies of the WIPO Member States requested the Secretariat to prepare a comprehensive revision of the Financial Regulations and Rules and submit it to the first 2007 formal session of the Program and Budget Committee with a view to recommending their adoption at the 2007 session of the Assemblies of the WIPO Member States (document A/42/14, paragraph 187 (i)).

2. Pursuant to such request, the Secretariat submitted to the June 2007 session of the Program and Budget Committee a proposal for the comprehensive revision of the Financial Regulations and Rules of the Organization, in line with best practice in the United Nations system of organizations and other relevant international standards. As outlined in document WO/PBC/11/8, such proposal had been based on an extensive analytical and consultative process involving also the WIPO Audit Committee, the External Auditor and the Internal Auditor.

3. After reviewing the proposals contained in document WO/PBC/11/8, the June session of the Program and Budget Committee thanked the Secretariat for the extensive work undertaken and requested it to convene informal consultations on the subject to enable further feedback from the Member States (document WO/PBC/11/17, paragraph 68).

4. Pursuant to this request, informal consultations were organized by the Secretariat on July 20, 2007, under the guidance of the Chair of the Program and Budget Committee, Guilherme Aguiar Patriota (Brazil).
5. Based on the feedback received at these informal consultations, the Secretariat prepared a revised version of the proposal and submitted it for the consideration of the twelfth (September) session of the Program and Budget Committee (document WO/PBC/12/6).

6. As stated in the report of the September session of the Committee (document WO/PBC/12/9, paragraphs 61 to 70 and Annexes V and VII thereto), following discussion and input from Member States as well as from the Audit Committee, the Program and Budget Committee deliberated as follows:

   “70. The Program and Budget Committee:

   “(i) took note of the information contained in document WO/PBC/12/6, as well as of the views expressed by the delegations and the Audit Committee;

   “(ii) recommended to the Assemblies of WIPO Member States the adoption of the new Financial Regulations as appended to document WO/PBC/12/6, with January 1, 2008, as date of entry into force, as amended to reflect the recommendations of the Audit Committee (as per paragraph 34 of document WO/AC/6/2), as well as to reflect the agreement reached by the Committee on a number of further amendments, as described in the report of the session. Regarding draft Regulation 5.6 (Flexibility Adjustments), the Committee agreed that it required further consultations before being in a position to make a recommendation to the Assemblies on the adoption of this provision, and proposed to continue examining this draft with a view to making a recommendation to the Assemblies at their 2008 session;

   “(iii) gave its positive advice on the establishment by the Director General of the new Financial Rules as appended to document WO/PBC/12/6, effective January 1, 2008 as amended to reflect, as appropriate, the recommendations of the Audit Committee (as per paragraph 34 of document WO/AC/6/2) as well as to reflect the agreement reached by the Committee on a number of further amendments, as described in the report of the session.”

7. To facilitate the deliberations of the Assemblies of WIPO Member States, the proposal submitted to, and an extract from the report adopted by, the September session of the Program and Budget Committee, are enclosed to the present document under Annex I and II, respectively.

8. Subject to the agreement of the Assemblies of WIPO Member States with the proposal contained in paragraph 9 below, the Office of the Legal Counsel will officially notify all Member States of the adoption of the new Financial Regulations and Rules of the Organization, and disseminate the final text thereof, as required, prior to January 1, 2008.

9. The Assemblies of WIPO Member States are invited to:

   (i) decide that the proposed new Financial Regulations of the Organization, as referred to in the recommendation of the twelfth session of the Program and Budget
Committee (as reproduced in paragraph 6 of the present document), shall enter into force on January 1, 2008;

(ii) request the Secretariat to submit to the first 2008 formal session of the Program and Budget Committee a revised draft text of Regulation 5.6 (Flexibility Adjustments), with a view to enabling the Program and Budget Committee to submit a final recommendation for adoption to the 2008 session of the Assemblies of WIPO Member States.

[Annexes follow]