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Twenty-Fifth Session
Geneva, August 29 to September 2, 2016

DRAFT REPORT

prepared by the Secretariat[1]

[1] Delegations represented at the session are invited to submit their comments, if any, to controller.mail@wipo.int by October 31, 2016.

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1. The 25th session of the WIPO Program and Budget Committee (PBC) was held at the Headquarters of WIPO from August 29 to September 2, 2016.

2. From October 2015 to October 2017, the Committee is composed of the following Member States: Argentina, Armenia, Azerbaijan, Bangladesh, Belarus, Brazil, Cameroon, Canada, Chile, China, Colombia (2015/16), Congo, Czech Republic, Ecuador, Egypt, El Salvador, Estonia (2016/17), Ethiopia, France, Germany, Greece, Guatemala, Hungary, India, Iran (Islamic Republic of), Italy, Japan, Latvia (2015/16), Malaysia, Mexico, Morocco, Nigeria, Pakistan, Panama, Poland, Republic of Korea, Romania, Russian Federation, Senegal, Singapore, Slovakia, Slovenia, South Africa, Spain, Sri Lanka, Sweden, Switzerland (*ex officio*), Tajikistan, Trinidad and Tobago (2016/17), Turkey, Uganda, United Kingdom, United States of America, Viet Nam, Zimbabwe (53).

3. Members of the Committee represented at this session were: Argentina, Azerbaijan, Bangladesh, Belarus, Brazil, Cameroon, Canada, Chile, China, Colombia, Congo, Czech Republic, Egypt, El Salvador, Ecuador, Estonia, Ethiopia, France, Germany, Greece, Guatemala, Hungary, India, Italy, Iran (Islamic Republic of), Japan, Latvia, Morocco, Mexico, Nigeria, Pakistan, Poland, Republic of Korea, Romania, Russian Federation, Senegal, Singapore, Slovakia, Slovenia, South Africa, Spain, Sri Lanka, Sweden, Switzerland (*ex officio*), Tajikistan, Trinidad and Tobago, Turkey, United Kingdom, United States of America, Viet Nam, Zimbabwe (51). In addition, the following States, members of WIPO but not members of the Committee, were represented as observers: Albania, Algeria, Angola, Australia, Austria, Bahamas, Belgium, Bosnia and Herzegovina, Côte d'Ivoire, Cyprus, Cuba, Democratic Republic of the Congo, Dominican Republic, Finland, Georgia, Ghana, Haiti, Indonesia, Iraq, Ireland, Israel, Kazakhstan, Kenya, Kuwait, Monaco, Lesotho, Mauritius, Moldova, Montenegro, Myanmar, the Netherlands, Niger, Oman, Peru, Philippines, Portugal, Republic of Moldova, Saudi Arabia, Serbia, Thailand, Ukraine, United Arab Emirates, Uruguay, Venezuela (Bolivarian Republic of), Yemen (44).

ITEM 1 OPENING OF THE SESSION

4. The session was opened by the Director General.

5. The Director General welcomed delegations to the 25th session of the PBC. He noted that as it was a non-budget year, there was only a single session of the PBC in the current year. Nevertheless, there was a very comprehensive agenda, on which the Director General wanted to make brief remarks concerning some of the main clusters of items. The Director General explained that the first cluster of items related to audit and oversight and included reporting by each of the audit and oversight bodies as well as the progress report on the implementation of the Joint Inspection Unit (JIU) recommendations. The Director General thanked the Chair and the Vice-Chair of the Independent Advisory Oversight Committee (IAOC) as well as the External Auditors and the Internal Oversight Division (IOD) for all of their contributions to the smooth functioning of the Organization. The Director General added that the Member States would consider the report of the selection panel for the new members of the IAOC. Five new members had been selected by the panel to replace those who were retiring at the natural expiration of their terms, and one to replace a member who was no longer able to continue on the IAOC after January 2017. The Director General then pointed to the second category of items on the agenda, namely, those related to the program and performance of the Organization. The Director General noted that the 2014/15 biennium had yielded very positive results, with the Organization having achieved over 72 per cent of its biennial targets and having posted an overall financial result of 70 million Swiss francs. The Director General stated that the net assets of the Organization as of December 31, 2015 (the closing of the last biennium) were 280 million Swiss francs and the External Auditors had delivered an unqualified opinion on the 2015 financial statements. With respect to the financial results, the Director General noted

that there had been an overall budgetary surplus of 133 million Swiss francs which exceeded by some 93 million Swiss francs the budgeted surplus target of 39 million Swiss francs. The Director General reminded that a surplus was budgeted to account for the adjustments that would take place as a consequence of the application of the International Public Sector Accounting Standards (IPSAS) principles. Consequently, the income on a budgetary basis was some 8.7 per cent higher than the budget, and expenditure on the budgetary basis was some 4.7 per cent lower than what was set out in the budget. The main contributing factors to the budgetary and the overall surplus were: the PCT System (which accounted for just over 76 per cent of the revenue of the Organization and which experienced greater than budgeted growth and a healthy surplus) and the Madrid System (which contributed some 16 per cent of the revenue of the Organization and which also recorded a reasonably good surplus). The Director General noted that the Hague System recorded revenue which was slightly lower, 1.4 per cent lower, than the budget estimates. With respect to the budgeting process for the Hague System, the Director General pointed out that it was extremely difficult in the current environment to be able to arrive at accurate budgetary forecasts for the performance of the Hague System and this was a consequence of three major filing countries joining the System, notably the Republic of Korea, Japan and the United States of America. It was early days in the experience of those countries concerning the Hague System and, as the delegations were aware, the number of international applications under the Hague System last year had risen by some 47 per cent. The Director General continued that, during this year, the figures were somewhat similar with the number of international applications rising by about 40 per cent. The Director General emphasized that the situation meant that it was very difficult to estimate for the future. The Director General added that with the likely accession of some other major filing countries, this situation for the Hague System would prevail for the next biennium or the whole of the current biennium. Indeed, it did not make a significant difference to either the overall budgeting of the Organization or the overall financial results of the Organization because the component of revenue of the Hague System was rather small, at between 1 and 2 per cent. At the same time, the Director General again signaled the presence of uncertainty. The Director General then turned to the next cluster of items concerning financial management and noted that the Organization was in the process of shifting the location of the investment of its reserves. This was as a consequence of the decision of the Swiss authorities to no longer provide the facility of, as it were, being banker to international organizations by holding reserves on deposit. The Director General emphasized that the situation required a completely different approach. The Director General noted that Member States had discussed this in the PBC for some two years and the new investment policies had been set out just to signal, first of all, that the Organization was in the process of implementation and, secondly, that this would lead to a different picture of the reserves and investments of the Organization because they would be invested in a much more volatile environment. The Director General pointed out that with a less certain environment, it should be expected that there would be short term fluctuations in the overall value of the reserves. At the same time, the Director General stressed that there should be confidence that with prudent financial management the longer term picture would be a very positive one. The Director General then turned to the second comment concerning financial management, namely, the question of hedging. The Director General reminded of the significant financial flows which occurred in the international registration systems between the Member States and the International Bureau and between the Member States acting in different capacities (for example, in the PCT System, acting as a Receiving Office as opposed to acting as an International Authority or a Designated Office). The Director General noted that the Secretariat had done a great deal of work exploring the possibility of the use of hedging as a means of limiting the risks that arose from currency and exchange rate fluctuations. At the end of the analysis, the Secretariat had come to the view that hedging would not be helpful to undertake in the context of the PCT System. The Director General added that his colleagues would provide more details of this and, at the same time, reiterated that the Secretariat had come to its conclusion due to the lack of forecast accuracy on payments received from Intellectual Property Offices acting, in particular, in their capacity as Receiving Offices. The Director General then commented on several new items on the agenda. The Director General

referenced the issue of External Offices (EOs) and stated that there had been a long process in that respect involving Member States. As Delegations were aware, 26 notifications had been received from Member States desiring to host EOs and some 18 proposals following these notifications had also been received. The Director General stressed that Member States had all been participating in the process and, as such, the Director General did not feel the need to go into details except to say that the Secretariat very much hoped that Member States would be able to reach a positive decision on that item and provide a positive recommendation on that item at the current session. The Director General then referenced a second major item, namely, the Medium-Term Strategic Plan for 2016-2021, which was a general orientation document for the Organization for the next period of six years, i.e., it made concrete plans with respect to each of three program and budgets that fit into that six-year period. The Director General then referred to a question which had been discussed in the Organization and within the United Nations (UN) System for some time, namely, After-Service Health Insurance (ASHI) liability. The Director General noted that Member States were aware that WIPO was fully engaged with the other organizations within the UN System in the consideration of the topic in the Finance and Budget Network under the High Level Committee on Management and in the ASHI Working Group. The Secretariat believed that it was very important to stay aligned with developments within the UN System. The Director General pointed out that ASHI could have an effect on the competitive status of the Organization in terms of recruitment and it was desirable in this respect that WIPO be aligned with the policy adopted by all other organizations. The Director General then noted a third new item and that was the exercise commissioned by the Member States at the last Assemblies concerning the study on the methodology of the allocation of income and expenditure of the Unions. The Director General stated that several informal consultations had been conducted with respect to this matter. The Director General commented that this was not an easy subject owing to the complexity of the constitutional architecture of the Organization and stated that colleagues in the Secretariat had done extremely good work in being able to clarify that very difficult issue and subject which arose for the consideration of Member States at this PBC meeting. The Director General then briefly referenced two other items. The Director General noted that the construction projects had been completed successfully and the accounts had been brought to an orderly closure. At present, the Secretariat had the task of ensuring, as an organization, that it maintained those excellent facilities and the excellent campus in such a way as not to run into, at a later date, significant liabilities in terms of renovation. In closing, the Director General emphasized that the Enterprise Resource Planning (ERP) project had been successfully progressed in the course of the last several years and stated that in the previous year, a more modern recruitment platform had been introduced, and there had been successful experiences with the platform. The ERP portfolio of projects was within budget and on track for completion in 2017.

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

6. The Director General opened the floor for nominations of the Chair and two Vice-Chairs of the Committee.

7. The Delegation of Latvia, speaking on behalf of Group of Central European and Baltic States (CEBS), wished to nominate H.E. Ambassador Janis Kärklins of Latvia for the position of the Chair of the PBC.

8. The Delegation of Greece, speaking on behalf of Group B, seconded the nomination of Ambassador Kärklins for the position of the Chair of the PBC. Recognizing Ambassador Kärklins' engagement in the matters of the PBC during the last Assemblies, Group B was confident under his able leadership the Committee would be able to reach successful conclusions during the present session.

9. In view of no further requests for the floor, the Director General concluded that there was unanimous agreement with the proposal put forward by the Delegation of Latvia and seconded by the Delegation of Greece and announced that Ambassador Janis Karklins was elected the Chair of the PBC. The Director General noted there were no proposals for the position of Vice-Chairs and urged delegations to undertake informal consultations in this regard so that by the time of the afternoon session at least one Vice-Chair could be elected. The Director General was aware of some delegations' reservations about volunteering for a position of Vice-Chair since they might be considered to have a conflict of interest with respect to the item on External Offices (EOs). In this regard the Director General reassured the membership that the EOs consultations would be conducted by the Chair of the PBC, Ambassador Karklins, which might free up some space for some delegations to be able to act as a Vice-Chair. The Director General invited the Chair to the rostrum.

10. The Chair thanked the delegations for the confidence they had placed in him and promised to do his best in steering the work of the PBC to a very successful outcome. Recalling the remarks of the Director General regarding Vice-Chairs, the Chair encouraged delegations to reflect on the nominations of Vice-Chairs as it was always good to have a back-up in case the Chair was unable to attend the meeting.

11. During the afternoon session Delegation of Chile, speaking on behalf of the Group of Latin American and Caribbean Countries (GRULAC), nominated Mrs. María Inés Rodriguez of the Permanent Mission of Argentina in Geneva for the position of a Vice-Chair of the PBC.

12. The Delegation of India, speaking on behalf of the Asia and Pacific Group, seconded the nomination put forward by GRULAC.

13. The Chair asked delegations whether they were in agreement to elect Mrs. Rodriguez as a Vice-Chair. There were no objections to the proposal, which was gaveled. The Chair congratulated Mrs. Rodriguez on her election and called on delegations to put forward a nomination for the second Vice-Chair.

14. The following day the Delegation of Thailand, speaking on behalf of the Asia and the Pacific Group, proposed to elect Mr. Sumit Seth from the Permanent Mission of India in Geneva as a Vice-Chair of the PBC.

15. The Delegation of Chile, speaking on behalf of GRULAC, seconded the nomination of Mr. Seth.

16. The Chair asked the membership whether it was in agreement to elect Mr. Seth. There were no objections to the proposal, which was gaveled.

> 17. The Program and Budget Committee (PBC) elected, for its sessions to be held in 2016 and 2017: Ambassador Janis KÄRKLINS (Latvia) as the Chair of the PBC; and Mrs. María Inés RODRIGUEZ (Argentina) and Mr. Sumit SETH (India) as the Vice–Chairs of the Committee.

ITEM 3 ADOPTION OF THE AGENDA

18. Discussions were based on document WO/PBC/25/1 Prov.2.

19. In introducing the draft agenda, the Chair expressed hope that item 13 of the draft agenda would not derail the successful conclusion of Members' dialogue on external offices. The Chair inquired whether delegations were in agreement to adopt the draft agenda. There were no comments on the document.

20. The Program and Budget Committee adopted the agenda (document WO/PBC/25/1).

21. The Chair introduced the tentative timetable for the session and announced that item 14 on the Medium-Term Strategic Plan would be taken up that afternoon as that was when the Director General was able to join the meeting. Item 6 (Report by the External Auditor) would be taken up on Tuesday morning. The Chair asked delegations to be present on time so that the morning and the afternoon sessions could start at 10 a.m. and 3 p.m. respectively. The Chair opened the floor to general statements by the WIPO Regional Groups.

22. The Delegation of Nigeria, speaking on behalf of the African Group, congratulated the Chair on his election and was confident that under the Chair's leadership the Committee would continue to be steered professionally and would achieve results. The African Group thanked the Secretariat for the hard work done for the preparation of the session and took note of the reports and proposals on the agenda to be considered during the week, including the audit and oversight reports, MTSP, Annual Report on Human Resources, Program Performance Report and financial reviews, the item on governance at WIPO, and the establishment of new WIPO External Offices (EOs) among others. The African Group would make specific comments on the respective agenda items as required. Regarding the opening of new WIPO EOs, the African Group was pleased with the adoption of the guiding principles for the establishment of WIPO EOs at 2015 Assemblies and the priority given to Africa as a region in WIPO's EOs network. That recognition was not taken lightly by the African Group. Since that time the African Group had held rigorous consultations to identify two countries within the region and put them forward as candidates for the establishment of WIPO EOs in Africa in the 2016/17 biennium. The full transparent and democratic process undertaken by the African Group saw the selection of Algeria and Nigeria as the candidates to be presented at the 25th session of the PBC for the 25th session of the PBC recommendation to the General Assembly for the establishment of WIPO EOs in Africa in 2016/17. The African Group counted on the support of Member States to ensure that the present PBC session would make a recommendation for the establishment of the two said offices in Africa in 2016/17. When established, they would function not only in a national capacity but would also provide coordination activities for the African interests in the field of IP development. The African Group applauded the entry into force of the Marrakech Treaty. Given the different processes and mechanisms for the ratification and domestic implementation of international instruments, the African Group wished to thank all the countries that had enabled the early entry into force of such an important Treaty that would facilitate access to published works for the blind, visually impaired and print-disabled persons. The African Group concluded by saying that it looked forward to a constructive session of the PBC.

23. The Delegation of India, speaking on behalf of the Asia and the Pacific Group, congratulated the Chair on his election and expressed confidence in the Chair's experience and able leadership which would guide Member States towards reaching constructive conclusions during the present session. The Group also thanked the Secretariat for the preparation of the meeting and providing relevant documents. After examining the various documents submitted to the Committee, the Group was hopeful that the documents before the PBC would encourage Member States to take stock of the current situation and provide an opportunity to put forward ideas and recommendations which would help further optimization of the functioning of WIPO. The issue of governance at WIPO was important to the Group, which believed that finding solutions to the present impasse required mutual trust among Member States. Therefore, the members of Asia and the Pacific Group would work towards contributing positively on this agenda item so that consensus could be reached. The Group continued by saying that Guiding Principles for the establishment of EOs had been approved after lengthy negotiations, reflecting the diversity of views on the subject. Decision on the location of these offices entailed priority given to Africa in line with the principle of parity and inclusivity and objective consideration of all other proposals including that of India, Iran (Islamic Republic of) and the Republic of Korea from the Asia and the Pacific Group. The Group took note of the report submitted by the WIPO IAOC and acknowledged the important role the IAOC played in assisting Member States in exercising

their governance responsibilities concerning the various operations of WIPO and thereby helping Member States in their role of oversight. The Group also acknowledged the substantive observations and specific recommendations made by the External Auditor for the financial year of 2015. Regarding the delivery by various programs and activities by the WIPO management, the Group wished to thank the external auditors for the continuingly meticulous work done in making useful suggestions and urged the Secretariat to look seriously into the various recommendations *inter alia* those on the Arbitration and Mediation Center. The Group looked forward to participating in further discussion on that agenda item during the session. Regarding the geographical distribution of WIPO staff, the Group was of the firm belief that there was a significant gap in the equitable geographical representation of the Asia and Pacific region in the WIPO Secretariat. Therefore, the Group stressed that it was of high importance to take all necessary steps to gradually increase representation in particular of those Member States from the region that were currently underrepresented. It would be in line with the principle of equitable geographical distribution, especially from underrepresented countries within the region. Asia and the Pacific Group attached great importance to the review of the proposed Medium-Term Strategic Plan (MTSP) for 2016-2021 which would serve as the overall strategic direction for the preparation of the three consecutive program and budgets. The Group requested the Secretariat to compare the changes between the MTSP 2010-2015 and the new proposed MTSP 2016-2021 so that the lessons learned in the previous MTSP could be transferred to the next plan. The Group added that its members would make their country-specific comments under each agenda item.

24. The Delegation of Greece, speaking on behalf of Group B, congratulated the Chair on his election and was confident that the Chair's skills would help the membership navigate to a safe harbor at the end of the week. Group B also thanked the Secretariat for its hard work in the preparation of the documents for the session, among others, the Annual Financial Report, the Financial Statements 2015, Annual Report on Human Resources and Progress Report on the Implementation of the Joint Inspection Unit's Recommendations. Group B also expressed its gratitude to the IAOC and the IOD as well as the Selection Panel for the appointment of the new members of the IAOC. All of them played an exceptional role in the audit mechanism of the Organization through their continuous work and reports to the PBC. Group B also added that the timely submission of the documents this year, which it considered important, was highly appreciated. Group B took note of the fact that surplus for the year 2015 was 33.27 million Swiss francs, representing 10.02 per cent decrease as compared to the surplus for the year 2014. The PCT had a weightage of 77.66 per cent in the 2015 surplus. Thus the surplus/deficit of WIPO was mainly influenced by the surplus/deficit in the PCT performance, which was something that needed to be taken into consideration. The driver for revenue from the fee paid services was the international demand for IP titles. That demand was influenced by the weak performance of the global economy. Since 2010 global IP filing had continued to grow. Those elements confirmed that the fragile financial system called for a cautious management. The Group then recalled that the 2015 WIPO Assemblies had adopted the Guiding Principles on the opening of WIPO EOs. The Group was confident that the PBC would be able to recommend to the coming Assemblies the most appropriate way forward to implement that very important decision. In order to save time for the discussion of the items on the agenda, from both quantitative and qualitative perspectives, Group B would leave its comments for the respective agenda items. Group B hoped that Members' collective efforts would crystallize into a positive outcome of the session.

25. The Delegation of China congratulated the Chair on his election and was confident that under his leadership the PBC would achieve successful results. The Delegations also thanked the Secretariat for the preparation of the session. Referring to the Program Performance Report, the Delegation noted that in the 2014/15 biennium, with the guidance of the 2014/15 Program and Budget, WIPO had achieved better results in performance indicators. Positive results had been achieved and impacts had been made, which the Delegation appreciated. The Delegation also noted that the internal and external oversight bodies had played an active role in exercising their respective functions and had made comments and

recommendations. The Delegation expressed hope that WIPO would pay full attention to those recommendations and take them into consideration and implement them in its future work. The Delegation appreciated WIPO's efforts in improving its governance, realizing that WIPO's governance was a complex issue. At the present stage Member States needed to continue the discussion on that issue, in a pragmatic way, in order to make progress. The Delegation added that it would actively participate in the discussion on the subject of EOs. The 2015 Assemblies had provided guidance on this subject. The Delegation wished to thank the Chair for his flexibility and hoped that good progress would be made during the present session. The Delegation assured the Chair that, together with other delegations, it would continue to participate in the discussion on all agenda items in a constructive way and would present its further detailed comments on each substantive item.

26. The Delegation of Latvia, speaking on behalf of CEBS Group congratulated the Chair on his election and had full confidence in the Chair's able guidance of the work ahead. It also thanked the Secretariat for preparing the session documents in a timely manner and commended the quality of the documents. The CEBS Group was looking forward to fruitful discussions, especially on the topics such as the opening of WIPO EOs and the Review of Allocation Methodology for the Income and Budget by Union. With regard to the items under the heading of Audit and Oversight and Program Performance, the Group was of the view that continuous improvement enhanced the performance of the Organization and the fulfillment of its mission. The CEBS Group was pleased to see that 72 per cent of performance indicators had been assessed as fully achieved. The Group congratulated the Secretariat for the efforts made, at the same time being aware of the responsibility of Member States in the area of normative work. The CEBS welcomed the MTSP 2016-2021 and looked forward to its implementation in the next six years. As to the question of WIPO EOs, which would be established in accordance with the Guiding Principles agreed at the 2015 Assemblies, the priority should be given to the regions without any EOs. The establishment of an EO should correspond to the actual needs of the Organization, in terms of providing technical assistance, capacity building and training. Finally, the CEBS Group reiterated its commitment to the work of the PBC and assured of its constructive engagement.

27. The Delegation of Chile, speaking on behalf of the Group of Latin American and Caribbean Countries (GRULAC), congratulated the Chair on his election and expressed confidence that the PBC would achieve good results during the current session which would look at some very relevant topics for the Organization. It assured the Chair of its full-hearted support. GRULAC thanked the Director General for the report and information provided on the achievements throughout the Organization as far as the Program and Budget were concerned. GRULAC also commended the Secretariat for the preparation of the session and the informal briefings and the effort put into the preparation of the session documents. For GRULAC the opening of new WIPO EOs was the fundamental issue to be dealt with during the present session. GRULAC was an active proponent and had participated actively in the negotiation on the Guiding Principles on the establishment of WIPO EOs that had been agreed to in the last Assemblies. GRULAC had contributed to the achievement of consensus on the matter and the priority given to the African region for the opening of new EOs. GRULAC expressed its genuine interest in hosting an EO and considered that the opening of such an office in a region during the present biennium would be beneficial for the Organization. With that understanding, GRULAC hoped that it would be possible to achieve a recommendation to the General Assembly which would respond to that need and all the objectives and the needs of the WIPO. GRULAC added that it would be an active participant in the discussion on the various topics of the agenda during the intense week of work before the Committee. GRULAC hoped to help the Committee arrive at decisions and recommendations in the spirit of cooperation and the feeling of responsibility, which the Organization required and deserved.

28. The Delegation of Tajikistan, speaking on behalf of the Central Asian, Caucasus and Eastern European Countries (CACEEC), congratulated the Chair on his election and believed that under the Chair's skillful leadership discussions would be smooth, leading to the successful

conclusion of the work of the Committee. The Group also thanked the Secretariat for the tireless work put into the preparations prior to the Committee's meeting. The Group stated that it had specific concerns on certain agenda items, on issues such as equal geographical representation in the WIPO workforce as well as EOs, among others. To make efficient use of the time, members of the Group would make interventions on the specific agenda items in the course of the meeting. Concluding its statement, the Group wished the membership productive discussions with the pragmatic and constructive approach.

29. The Delegation of Bangladesh, speaking on behalf of the least developed countries Group (LDCs), congratulated the Chair on his election to lead the Committee, which was an extremely important Committee to LDCs, playing a crucial role. It added that through the PBC Member States exercised an oversight function of finances and programs of WIPO which, in the end, defined and illustrated how IP promoted development. The Group was confident that with the Chair's guidance, experience and efforts the PBC would reach decisive conclusions and achieve the expected success at the present session. The Group also thanked the Director General for his valuable introductory remarks. The Group acknowledged the contribution of the Secretariat to the preparation of the session's documents and excellent logistical arrangements. The Group also thanked the LDCs Division for their continued support to the LDCs members of WIPO. The Group was pleased to note that the report of the External Auditor found WIPO's revenue increased by 3.8 per cent in 2015. With regard to the consensus definition of development expenditure, LDCs hoped that no reduction would be made in the development expenditure of WIPO. The LDCs Group strongly hoped that, even in emergency, WIPO would always champion the issue of development and would not compromise the future of LDCs. The Group stressed that there was no other issue more important than the realization of the Sustainable Development Goals (SDGs). The Group thanked WIPO for remaining engaged with other international organizations in that matter. The Group hoped that WIPO's engagement would be wide, diversified and continuous and would be more focused on development. The Group further hoped that the members of the PBC would encourage any expenditure which justly related to the realization of the SDGs. The Group was happy to see that the review of the Medium-Term Strategic Plan (MTSP) 2010-2015 identified positive outcomes for WIPO programs on national IP strategies in the development plans of LDCs. and WIPO deliverables for LDCs capacity building in the use of appropriate technology and human resources development. The Group appreciated that the MTSP for 2016-2021 also aimed at further consolidation and mainstreaming of some of them. The Group expected the Committee to discuss the best ways to implement the MTSP for 2016-2021. The Group stressed the importance of Program 9 and added that while there were notable successes for LDCs under Program 9, it must be ensured that the required financial and human resources were available to keep the momentum. The Group then referred to the Annual Report of the Director of the Internal Oversight Division (IOD), which contained a comprehensive evaluation of WIPO's assistance to LDCs. The report highlighted very positive outcomes which warranted continuation of WIPO's assistance to the LDCs, preferably to the LDC Division, in order to ensure continuity and to avoid duplication by regional bureaus. Finally, the Group pointed out that the LDCs group at WIPO constituted more than one-fourth of the total WIPO membership and pledged its total cooperation and support to Chair. The members of the Group would make their respective interventions during the discussions on the specific agenda items, as and when necessary.

30. The Delegation of the United States of America congratulated the Chair on his election as Chair of the PBC and was very confident that the Chair would ably guide the Committee's discussions. It also thanked the Secretariat for its efforts in preparing the comprehensive documents for the session. The Delegation added that it supported the statement made by the Delegation of Greece on behalf of Group B. Although the current year was not a "budget year" for WIPO, the present meeting of the PBC represented the first meeting of a WIPO governing body since the previous year's Assemblies and provided an excellent opportunity for Member States to send guidance on several key issues to the upcoming WIPO Assemblies. After difficult but constructive discussions on Program and Budget-related issues at the previous

year's Assemblies meetings, WIPO Member States had been able to bridge differences on a number of contentious issues and adopt decisions on all outstanding items, including the 2016/17 Program and Budget. It was the Delegation's hope that the constructive spirit that permitted those positive results would continue into the present meeting of the PBC and into the WIPO Assemblies meeting in October. At this point the Delegation wished to highlight one very important item for the United States of America. The issue in question was the proposed Medium-Term Strategic Plan (MTSP) for 2016-2021. This important document outlined the strategic plan of the Organization for the next five years. Although the document had only been made available less than two weeks ago, Members were being asked to make recommendations on it to the WIPO Assemblies. For the most part the Delegation was very pleased with the proposed MTSP and its presentation. There were many specific elements which the Delegation especially liked and would discuss under the agenda item later in the week. However, the Delegation must note at the outset of the meeting that it was not in a position to make a positive recommendation on some aspects of the MTSP, in its current formulation, relating to the administration of a new system for the international registration of geographical indications and the lack of any mention of a broader discussion of protection for geographical indications in all aspects. When the WIPO Assemblies approved the current Program and Budget, the Organization's first budget following the adoption of the Geneva Act of the Lisbon Agreement, there had not been consensus that WIPO administer this new system for geographical indications. The United States of America had specifically noted in its statement upon the budget adoption that the decisions by the General Assembly and each WIPO Union did not confer approval of the Geneva Act of the Lisbon Agreement or any measures for WIPO to administer the Geneva Act. During the previous year's Assemblies, the Director General had stated that the International Bureau was not in a position to decide whether administration of the Geneva Act was automatic or had to go through the separate approval process outlined in the WIPO Convention. Yet, in the proposed MTSP, the International Bureau appeared to present the administration of the Geneva Act of the Lisbon Agreement for automatic approval by asking the PBC to recommend the proposed plan to the Assemblies. The position of the Delegation was very clear – the United States of America were not in a position to assent to the automatic administration of an agreement that had been concluded by less than one-sixth of WIPO members without having a broader discussion among the WIPO full membership as required by the WIPO Convention. The WIPO Convention required, among other things, "cooperation among unions", and the Delegation had been clear in its position that the Geneva Act had not been adopted with the required cooperation. The Geneva Act invited entities which were neither members of WIPO nor members of the Paris Union to join as members, without seeking the approval of the broader membership. The Union created under the Geneva Act of Lisbon could be considered a "special union" under the Paris Convention since it invited non-Paris and non-WIPO entities to join it, and thus the Delegation believed that WIPO could not automatically assume its administration. The question of administration of the Geneva Act was not immediately before the PBC or the Assemblies this year since no WIPO member had ratified the Geneva Act to date. Thus the Delegation was confident that suitable language for the MTSP could be found that would permit the work to proceed without prejudicing the position of the United States of America and other WIPO members on the Geneva Act of the Lisbon Agreement. The Delegation also believed that the MTSP should acknowledge the General Assembly's mandate to consider the protection of geographical indications (GIs) more broadly. The Delegation added that it looked forward to the detailed discussions during the course of the week.

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

31. Discussions were based on document WO/PBC/25/2.

32. The PBC Chair invited the Chair of the WIPO Independent Advisory Oversight Committee (IAOC) to introduce document WO/PBC/25/2.

33. The Chair of the WIPO IAOC made the following Statement:

"Thank you, Chair. Let me take this opportunity to congratulate you on your election to lead the session of the PBC. I wish you success in this very important role.

"Dear Delegates, let me quickly introduce myself. My name is Gábor Ámon. I am the Chair of the IAOC. I am here with Ms. Ncube and Mr. Chatterji, members of our Committee. We are grateful for the opportunity to present to you the Annual Report of the IAOC, which you can find under WO/PBC/25/2, and which provides a comprehensive picture of the Committee's activities in the period. Let me highlight a few of the topics that the Committee discussed during this year.

"First of all, the Committee is pleased with the high quality work that the IOD delivered during the period and we would like to thank the Acting Director for his efforts to lead the function. Under the new disclosure policy, we reviewed seven evaluations, and three management reports which are published on the IOD website. In addition to IOD reviewing and offering useful recommendations to the Secretariat, we would also like to acknowledge the Administration and the Secretariat's effort to implement these changes which are equally important elements of the oversight cycle. As for investigations, we are pleased to report to Member States that, according to the latest statistics, only three out of the 14 open cases originate from the period prior to 2016. Investigations are undertaken in an effective and timely manner.

"As you may remember, the Committee has been recently tasked with ethics-related duties. The Chief Ethics Officer is a regular guest at IAOC meetings. The Committee closely follows the strategy of the Ethics Office and we are looking forward to learning the results of the audit of the ethics function that is currently in progress. Based on lessons learned from past investigations and the approaches from Member States, the Committee decided to initiate a process to prepare a comprehensive set of proposals to amend the IOC, the Internal Oversight Charter, to address different gaps in the oversight procedures. This process will have elements that are not technical but rather political in their nature. Therefore we require Member States' input and Member States' guidance. One Member State has already approached the Committee with its comments on these matters and we would like to encourage other Member States too, to actively participate in this process.

"As it is described in our written report, the External Auditor provided the report only after our report had been prepared. Therefore, Mr. Chatterji will give you a brief verbal update on this topic.

"Overall the Committee is pleased to report to the Member States that the oversight system within WIPO works effectively and is capable of safeguarding the Organization. On behalf of the Committee, I would like to take the opportunity to thank those who helped the work of the Committee during the period, among others the Assistant Director General for Management and Administration, especially the Finance Team and the Acting Director, IOD. "

34. Mr. Anol Chatterji, member of the WIPO IAOC, made the following statement:

"Mr. Chairman, sir, while finalizing its report to the 25th session of the PBC, the IAOC was unable to include its comments on the report of the External Auditor on the Financial Statements of the year ending December 31, 2015 (paragraph 41 of our report, which is with the Committee, refers). As the report has since been received, the comments are being made through this verbal report.

"In his report on the Financial Statements for the year ended December 31, 2015, the External Auditor has recorded an unqualified opinion. I shall not reiterate the other

observations of the External Auditor in his report, which stands concluded in our report to this Committee.

"The Committee commends the work done by the External Auditor and is happy to note that Management has accepted all the recommendations made in his report.

"The Committee would like to bring to the attention of Member States that there was a mismatch between the deadlines by which the IAOC is required to submit its Annual Report, that is, two months prior to the PBC session for a particular year, whereas the External Auditor is required to submit his Annual Report so that the IAOC receives a copy at least four weeks prior to the session of the PBC. This is the reason for our inability to report completely on the External Auditor's report, because all documents had to be submitted for processing for presentation to the Committee. Thank you very much, Mr. Chair."

35. The Chair thanked the members of the IAOC for their presentations of the report and opened the floor for comments by delegations.

36. The Delegation of Chile, speaking on behalf of GRULAC, stated that the oversight activities were essential for transparency and accountability in the Organization. The Delegation commended the IAOC on the report and urged the Committee to strengthen its work through the submission of recommendations which ought to be specific in the different scope of the IAOC's mandates.

37. The Delegation of Greece thanked the IAOC for its report and expressed its gratitude for the essential role in the audit and oversight mechanism carried out by the Committee so as to maintain efficiency and relevance of management and activities of the Organization. Greece particularly appreciated the IAOC's interaction with Member States, facilitated through the quarterly Information Meetings, as well as the synergy between the Committee and the External Auditor aimed at improving the follow-up process of recommendations and enhancing cooperation. Regarding internal oversight, Greece appreciated the IAOC's efforts in the recruiting process of the new Director, IOD, and its attention in reviewing oversight rules and procedures so as to strengthen WIPO's accountability and oversight framework. In closing, the Delegation of Greece hoped the IAOC would continue to play a key and active role in the overall audit and oversight mechanism of the Organization.

38. Speaking in its national capacity, the Delegation of India thanked the IAOC for its comprehensive report. Highlighting some points of the report, the Delegation noted with concern the staffing situation in the IOD, particularly the vacant position of Director, IOD, the early retirement of the Head of the Evaluation Section, the absence on special leave of a Senior Evaluator and the extended leave of another staff member. Those staffing patterns within the IOD needed to be rectified as soon as possible so that the work of the IOD could reach an optimal level. On another matter, the Delegation requested clarification from the IAOC on the issue of discrepancies between the submission dates for reports of the IAOC and the External Auditor, whether or not it was an institutional issue which needed rectification in terms of resetting deadlines or was directed at a part of the report submitted by the External Auditor.

39. The Delegation of Pakistan noted that the IAOC was an important body, tasked with internal and external oversight of the Organization, and providing unbiased feedback to Member States. Echoing expressed concerns over the various staff positions which had been vacant, especially the prolonged continued vacancy of Director, IOD and considering the sensitive work of the Division, the Delegation requested the Committee to ensure that recruitments were made at the earliest and that similar situations were avoided in the future. The Delegation also took note of the Committee's concerns as outlined in paragraph 19 of the report regarding the repeated needs expressed by Member States to confidentially access reports that were

published in redacted form or held from publication, and appealed to the Committee to request a framework to the proposed amendments to the charter.

40. The Delegation of United States of America thanked the IAOC for its informative report and for their efforts aimed at improving the overall health of the Organization, noting that the Committee's activities provided insights into the Organization which were critical for Member States to execute their governance and oversights responsibilities. The Delegation saw the Ethics Office as an important element of the accountability framework of any Organization and appreciated the WIPO Ethics Office sharing its annual work plan with the IAOC for immediate feedback and advice. The Delegation supported the IAOC's suggestion to revise the Office Instruction and for the development of a new Financial Disclosure Policy, and welcomed a revision of the Whistleblower Protection Policy so as to ensure it remained up to date and in line with best practices within the UN system. The Delegation felt that strong Whistleblower Protection Policies were very important to building an organizational culture of ethical conduct and accountability. The Delegation was encouraged by the IAOC's comments regarding amending the Internal Oversight Charter. Referring to paragraph 19 of the report, the Delegation extended its support for amendments to the Charter regarding a policy on publication of oversight reports. Based on lessons learnt over the last two years, the Delegation strongly believed there were existing procedural gaps in the Internal Oversight Charter which needed to be addressed immediately. The investigation of a senior WIPO official had been conducted in the view that the process be as independent, transparent and swift as possible. As the matter was now being discussed and while it was still fresh in minds, the United States recommended that the IAOC provide amendments for Member States to review as soon as possible, preferably before October. This would allow Member States to pursue the issue at the General Assembly in October. The Delegation felt a timeline should be agreed to and be reflected in the decision paragraph on the IAOC report agenda item or as an individual matter, and was willing to work with Member States to suggest the language of this paragraph if it would be helpful.

41. The Delegation of Brazil congratulated the Chair on his election, and aligned itself with the statement made by Chile on behalf of GRULAC. It thanked the outgoing members of the IAOC for their work and for preparing the report. Observing that the selection process for the position of Director, IOD was nearing its conclusion, the Delegation deemed it important that the IOD was provided with adequate financial resources in order to carry out important responsibilities, and felt the vacancy situation should be normalized as early as possible. The Delegation attached great importance to the Investigation Policy. Providing guidance to WIPO's employees of every level increased overall accountability and efficiency of the Organization. The Delegation hoped that the revised Investigation Policy and Manual would represent a significant improvement over current rules and would follow established best practices.

42. The Delegation of China thanked the IAOC for the tireless effort, objectivity and fairness displayed by its members in conducting their work and hoped the Committee would play an even greater role within WIPO in the future. The Delegation observed that over the past review period, the IAOC provided comprehensive evaluation and advisory services in areas of external oversight, financial reporting and risk management, work which greatly contributed not only to the efficiency and transparency of WIPO's procedures, but also to the overall work of the Organization.

43. The Delegation of Turkey congratulated the Chair on his election, expressing its belief that under his guidance, the PBC would produce good results by the end of the week. The Delegation felt strongly that IP could better serve the purposes of improving the lives of people. The Delegation drew attention to the recent attempted *coup d'etat* in Turkey and expressed the thanks of the Government of the Republic of Turkey to Member States which had expressed their solidarity with the Turkish Government. Regarding the matter at hand, the Delegation aligned itself with the statement made by Greece on behalf of Group B. The Delegation

thanked the IAOC for its report and wondered if all the Audit and Evaluation Reports mentioned therein were directly reflected in the IOD's report.

44. The Delegation of Canada added its voice in congratulating the Chair on his election and pledging its support. The Delegation echoed the statement made by Group B, thanking the IAOC for its report and the important work carried out by the Committee. Welcoming the added detail the IAOC introduced to its reporting, the Delegation was pleased to note the Committee had observed suggestions made by some Member States during the PBC's 2015 session for a more analytical style of reporting, as this somewhat increased the impact of the IAOC's report and added value to its work. The Delegation cited paragraphs 19 and 29, summary views on the IOD publication and investigation policy and investigation manual, respectively, as examples of the additional details found in the current IAOC report. Canada expressed its interest in the planned new WIPO Vendor Sanction Policy and sought to obtain information from the Secretariat as to whether the development of that policy was in response to recommendations from the Joint Inspection Unit (JIU) in that regard, as well as whether the policy would be based on the UN model policy framework on Vendor Sanctions. Canada would also welcome receiving information from on next steps in the process.

45. The Delegation of the Republic of Korea congratulated the Chair on his election, expressing its appreciation for his dedication to the Committee, and also thanked the Secretariat and the IAOC for all their work and efforts made in maintaining regular communication between all Member States. The Delegation recalled that at the 24th session of the PBC, several Delegations had suggested more analytical information in the IAOC reporting. The Delegation was pleased to note the IAOC's effort to make a more analytical approach in some part of its report. While emphasizing the importance of the IAOC function as a pillar to WIPO's oversights mechanism, it was felt that the IAOC's role of oversight ought to be enhanced through the use of outstanding expertise and authorities of the IAOC.

46. The Delegation of Mexico congratulated the Chair on his election, and thanked the IAOC for its report. It commended the excellent communication and interaction between the Secretariat and Member States, facilitated through informal consultations, and was pleased that the IAOC had responded favorably to a request from Member States for additional details and information in reporting. While encouraging the IAOC to submit specific recommendations on the various aspects of its mandate, the Delegation felt it would help Member States in endorsing its supervisory role. The Delegation was particularly pleased to see the recommendation on the modification of the Internal Oversight Charter and the investigation policy, as this offered possibilities for having a comprehensive and intergroup process for the modification of the charter. The Delegation felt this approach would help to chart the gaps identified in various areas including investigation while following the best practices which already exist and operate in the UN system, and committed its continued cooperation to the process.

47. Echoing the statement made by Greece on behalf of Group B, the Delegation of Switzerland expressed its appreciation for the work put into preparing the meeting. The Delegation shared the opinion already expressed by several Delegations that the rules contained in the charter needed to be made more specific, and that efforts should not be directed at reinventing the wheel but rather to take inspiration from already existent policies within the United Nations system. For example, UN General Assembly Resolution A/59/272 would be useful. The Delegation felt it was important that when making the rules more specific, the basis of expert contributions, particularly contributions coming from the WIPO IAOC was used as a guiding principle. If rules were to be adopted, it should be done carefully so that they could be applied properly in the future. While sharing its appreciation for the Chair's comment about wishing to embark upon the process of modifying the charter, the Delegation of Switzerland was happy to work with WIPO and other interested individual Delegations on this effort.

48. The Delegation of Turkey sought clarification on three matters: what were the deliberations regarding the new Ombudsperson?; could the Secretariat provide more information regarding the recruitment process of Director, IOD, including the proposed changes to the vacancy announcement of the post?; why were there no comments in the report on geographical distribution, an important goal of the Organization, as was established in the ninth Article of the WIPO Conventions?

49. The Delegation of Australia congratulated the Chair on his election and thanked the Secretariat for all the work put in preparing the meeting. The Delegation thanked the IOD and the IAOC for providing excellent support to Member States, noting that WIPO and its Member States had been at the forefront of the UN system in developing and improving internal oversight rules and procedures. The Delegation supported a review of the charter by the IAOC, in consultation with IOD, with an objective to ensure that the charter would become a model within the UN as best practice oversights procedures.

50. Responding to the issues raised by the delegations regarding the staffing position within the IOD, the Chair of the IAOC observed that its report reflected an earlier stage of the situation, which had changed significantly and positively. There were now new staff members added to the team, a new investigator was on board, and the evaluation function had been strengthened. Nonetheless, the IAOC felt that the Acting Director of the IOD was in a better position to give offer statistical details. Access to reports and changes to the oversight charter remained clear focal issues for the Committee. A revision of the oversight charter required the input and a discussion process around it of Member States, which the Committee hoped to achieve by the next PBC session. Two major elements affected the timeline for changes in the oversight charter: one was the publication and access of Member States to oversight reports that were either redacted or not published on website; the other was the investigations of senior officials, the latter of which was a far more complex task. The IAOC Chair recalled that the last time the oversight charter was amended and new elements were introduced, the Committee had led the process based on the support it had received from and the consensus of Member States. Regarding the issues of protection, the IAOC Chair stated that this was a topic which appeared on its agenda each time the Committee met with the Ethics Officer, whose report had already been prepared and submitted to the Coordination Committee. The IAOC Chair explained the process behind the reports prepared by IOD, approved by its Director, and then presented to the IAOC. Comments or feedback from the IAOC were taken into consideration but the final decision remained the responsibility of the Director, IOD, and determined whether or not further actions were taken. This embodied the Director's independence. On the matter of geographic representation raised by the Delegation of Turkey, the IAOC Chair commented that a review of the topic was important, but explained it was not in the charter of the Committee, whose starting point was the internal control framework and oversight activities. If the Coordination Committee, under guidance of the Member States, decided to introduce that element in the charter, the IAOC would be happy to deal with the issue.

51. Addressing the question posed by the Delegation of India concerning the timing of the submission of the report, Mr. Chatterji of the IAOC explained that the mismatch occurred for the first time in six years that he had served on the Committee, and probably resulted from the timing of the PBC. The two-month deadline for document preparation was a necessity for the Secretariat to ensure translation of and dissemination to Member States. He added that the deadline disparity was beyond the control of either the External Auditor submitting his report, which was done well within the due dates, and its consideration by the IAOC in a time frame which would permit any observations it had to be reflected in the document presented to the PBC. The IAOC was grateful to the Chair of the PBC for allowing it to make this supplementary statement which gave the complete picture.

52. Responding to the question raised by the Delegation of Canada, the Secretariat stated that the vendor sanctions policy was aligned with that of the UN system, and added that the

individual in charge of that policy actually validated the Secretariat's draft. WIPO was in fact advanced on the policy and hoped to issue it by the end of the year.

53. The Chair thanked the Secretariat and the IAOC for the clarifications it offered, and asked if the United States of America was satisfied with the outlined timeline of modification of the charter or if it maintained requesting to expand the point in the draft.

54. Recognizing that this was a priority for the IAOC, the Delegation of the United States of America wished to have a decision paragraph added, and said it had discussed with other Member States the drafting of such a paragraph, which would reflect the timeline. The Delegations requested a short break to further discuss with those Member States a suitable language around the timeline to be reflected in a paragraph for the agenda item.

55. Decision on the agenda item was postponed until a redrafted decision paragraph would be available.

56. Following distribution of the amended decision text, the Chair read out the proposed decision. In the absence of further comments the decision was gaveled.

57. 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/25/2).

58. The PBC also, taking note of the discussions during the 25th session of the PBC regarding a timeline to revise the Internal Oversight Charter, recognized that revision of the charter was a high priority for Member States and directed the IAOC, in accordance with its mandate, to:

(i) propose forward looking amendments to the WIPO Internal Oversight Charter with the view to ensure it is a model within the UN System for the efficiency, independence and transparency of investigatory processes involving allegations against senior officials;

(ii) hold consultations with relevant stakeholders during the revision process; and,

(iii) put forward these amendments for consideration and possible decision at the upcoming 56th session of the WIPO Assemblies.

59. The Chair of the IAOC stated that, based on the decision taken, he would call for an extraordinary meeting of the Committee to prepare the decision. He took the opportunity to encourage Member States to provide their input and views on those matters as soon as possible, as there were only four weeks away from the next GA. The exercise could only be useful if Member States promptly shared their views with the Committee *via* the Secretariat.

ITEM 5 REPORT OF THE SELECTION PANEL FOR THE APPOINTMENT OF THE NEW MEMBERS OF THE WIPO INDEPENDENT ADVISORY OVERSIGHT COMMITTEE (IAOC)

60. Discussions were based on documents WO/PBC/25/3 and Corr.

61. The Chair invited the Chair of the WIPO Independent Advisory Oversight Committee (IAOC) Selection Panel to introduce the document.

62. The Chair of the IAOC Selection Panel, H.E. Ambassador Rhoda Jackson (Bahamas), made the following statement:

“Mr. Chairman, thank you very much. Good morning to everyone. Allow me to introduce myself. I am Rhoda Jackson, Ambassador and Permanent Representative of the Commonwealth of The Bahamas to the United Nations. I wish to congratulate you, Mr. Chairman, on your election to the Chair of this important WIPO body and we look forward to your continued guidance during this meeting. I'm pleased in my capacity as Chair of the Selection Panel to present this report to the Program and Budget Committee.

“I would like to take this opportunity to thank the members of the Selection Panel, the names of whom are contained in the report, together with Arendina Koppe and other members of the Secretariat for their support. You may recall that the Selection Panel was established to select five members to replace outgoing members of the IAOC for the following five regional Groups: the African Group, Asia and Pacific Group, CACEEC, China and GRULAC. At the PBC session held in September 2015 you may recall that the PBC had decided to set up an IAOC selection panel comprising seven representatives of Member States in line with paragraphs of 18 and 19 of WO/PBC/39/13 and had taken note that the Secretariat would launch an IAOC selection panel with a view to the selection panel submitting its recommendations at the PBC's 2016 session. This process has culminated in the report that you have before you in document WO/PBC/25/3, which contains the recommendations of the Selection Panel.

“I wish to highlight that the Panel's recommendation contained in paragraph 33 of the report was unanimous and that the process was a Member State driven process. The selection process is clearly articulated in the report before you. However, I would take this opportunity to highlight certain elements of the report. Procedures for selection and rotation of IAOC members are set out in document WO/GA/39/13 and in the IAOC's terms of reference. In line with these procedures, each of WIPO's seven Groups of Member States nominated one representative for the seven member panel. The Selection Panel adopted its own rules of procedure. Priority was given to filling the five vacant seats on the IAOC from the same Regional Groups as the outgoing five members to ensure that to the extent possible, the IAOC as a whole would be composed of one member from each of WIPO's seven Regional Groups. This prioritization was reflected in the vacancy announcement and the letter from the Director General to all Member States inviting applications. This time, the vacancy announcement also included a specific reference to the number of years of relevant professional experience required at the senior management level which was set at ten years. This element was added as a direct response to a recommendation made by the previous selection panel involved in the 2013 recruitment of IAOC members.

“There was a total of 136 applications received from each of WIPO's seven Regional Groups, 37 from female candidates and 99 from male candidates. The external consultant screened each of the 136 applications to determine the eligibility of the candidates. As a result of her individual review, 48 of them met the minimum requirements, out of which, 41 came from the five Priority Groups. The 48 applications were forwarded to the IAOC for a ranking-based assessment with the names and the nationalities of the candidates suppressed. The IAOC then ranked the candidates using an evaluation matrix that had been prepared by the Selection Panel and in relation to which the IAOC had been consulted. The IAOC passed its assessment on to the Selection Panel following which, the names and nationalities were restored and the Selection Panel considered the IAOC’s ranking-based assessment and established a short list of 12 candidates which it wished to interview, taking into account regional representation. The interviews took place via video conference. The Selection Panel included questions in relation to areas that the IAOC had indicated it was unable to assess on the basis of paper applications.

"The selection panel unanimously agreed on the five candidates to be recommended, coming from each of the five Priority Groups, two females, three males. Their summary biographies are also attached to the report. In closing I wish to reiterate that the selection process was thorough and fair with questions posed to applicants in a comfortable and engaging manner, and there was a good pool of qualified professional applicants. The Selection Panel sought fit to engage the IAOC when necessary to ensure complementarity with the skills required for the IAOC.

"The outcome before you represents the best and most suitable candidates while respecting the principles of geographical representation. I thank you for your attention, Mr. Chairman."

63. The Delegation of Chile, speaking on behalf of GRULAC, supported the recommendations of the Selection Panel chaired by Ambassador Jackson. The Delegation extended its gratitude to her for the report. The Delegation welcomed the new members of the IAOC and stated that it hoped to be able to continue with close cooperation and dialogue with them, which had been a feature so far between the Committee and Member States.

64. The Delegation of Greece extended its thanks to Ambassador Jackson for her detailed presentation. The Delegation also thanked the Selection Panel. The Delegation noted that the IAOC had an essential role in the audit and oversight mechanism of WIPO and, in that respect, commended the Panel for the transparency of the document WO/PBC/25/3, which indicated that the procedures were followed.

65. The Delegation of Mexico, in expressing its full support for the statement made by the Delegation of Chile, thanked Ambassador Jackson for her excellent report. The Delegation went on to thank the other members of the Selection Panel, noting that they had done a very good job. The Delegation reiterated that it attached particular importance to the IAOC and added that the procedure for the selection of new IAOC members was essential. It also wished to welcome the five new members. The Delegation made a suggestion, as to the possibility of convening the new members, by the next meeting of the IAOC, to facilitate a smooth transition between the current membership and the forthcoming new membership. It invited the Secretariat and the Committee to consider its proposal. The Delegation felt that, if the possibility existed, it would be beneficial, thereby providing an opportunity for Member States to get to know the new experts on the IAOC.

66. The Delegation of Nigeria, speaking on behalf of the African Group, thanked Ambassador Jackson for the report and extended its appreciation to the Secretary of the Panel, the Secretariat and the external consultant who had worked on the selection process. It also extended its appreciation to the Selection Panel who supported the work of the Secretariat, and Ambassador Jackson for identifying the candidates for selection for appointment as new members of the IAOC. In a personal capacity, the Delegate also thanked Ambassador Jackson for her leadership during the selection process and concurred that the process was fully transparent, thorough, informed and competitive.

67. The Delegation of China noted that the Selection Panel and all relevant parties had worked hard, resulting in the final five candidates for the IAOC membership who all had rich experience in auditing and were fully qualified. The Delegation remarked that many of the new members also had audit experience in both the UN system, including the UN headquarters, and as such, fully met the WIPO IAOC requirements with regard to its members. The Delegation therefore suggested the approval of the list. The Delegation also pledged its continued support to the IAOC's work, to make sure that it could better carry out its oversight and advisory mandate. The Delegation concluded by taking the opportunity to thank the Selection Panel for its hard work.

68. In reference to the question posed by the Delegation of Mexico with respect to a possible meeting of the new candidates at the next meeting of the IAOC, Ambassador Jackson advised that the issue would be addressed by the Secretariat. Ambassador Jackson concluded by thanking the members of the Selection Panel who, in her view, did a very sterling job in the process. Noting that whilst it was tiring from time to time, they all survived, and that she wished again to thank the Secretariat staff for their support.

69. The Secretariat, in answer to the question from the Delegation of Mexico, explained that the rotation policy had been planned so that there were good possibilities of overlap between the memberships. The Secretariat highlighted that it was a unique situation that five members out of seven were being rotated at the same time, advising that it would typically have been four. It also went on to acknowledge that it was entirely at the discretion of the IAOC Chair to decide how he wished to conduct the next meeting but concluded by advising the Committee that a rough cost estimate for the five members to be added to the participation of the next meeting would be around 55,000 Swiss francs.

70. The Delegation of Canada, whilst thanking Ambassador Jackson and all members of the Selection Panel, requested a postponement of any decision on the issue, citing a wish to clarify certain elements of the report before proceeding. The Delegation requested that a meeting be held with members of the Panel and/or the Secretariat before proceeding with the adoption of the recommendation.

71. Responding to the request, Ambassador Jackson indicated that a suitable time for the meeting would be arranged in consultation with the Secretariat.

72. The Chair requested clarification from the Delegation of Canada as to whether the difficulties were of a substantive nature or just procedural, and asked if the Delegation would be in a position to agree on the proposed draft decision simply for planning purposes.

73. The Delegation of Canada indicated that the issues were of a substantive nature, and that it would have a better idea after its meeting with the Panel and/or the Secretariat.

74. The Chair encouraged the Secretariat to arrange a meeting as soon as feasible so that the PBC could swiftly proceed to decision making after all issues had been clarified.

75. In the afternoon session, the Chair reported that he had been informed that a positive conclusion had been reached on the item of the appointment of new members of the WIPO IAOC. In this respect, he invited the Secretary of the Committee to brief the PBC on the latest developments.

76. The Secretary of the IAOC Selection Panel recalled that one of the delegations had requested a clarification from the Selection Panel and its Secretary in relation to the Selection Panel's report. The Secretary reported that a meeting had taken place with the members of the Selection Panel and herself, during which it was determined that the summary biography of one of the recommended candidates, required a minor editorial change, namely in the title of his previous position as Attorney General where the word ‘Zanzibar’ needed to be inserted before the words ‘United Republic of Tanzania’.

77. The Secretariat therefore proposed that a corrigendum be issued to this effect. The Secretariat was also of the view that the minor editorial change would not necessitate a modification to the decision paragraph in which the PBC was requested to recommend to the General Assembly the five IAOC candidates.

78. Following the Secretariat’s clarification, the Chair requested that the PBC proceed with the adoption of the decision. Seeing that delegations were satisfied with the clarification provided by the Secretariat and that there were no objections, the Chair read out the proposed decision paragraph which was gaveled.

79. The Program and Budget Committee (PBC) recommended to the WIPO General Assembly the approval of the recommendations of the Selection Panel for selection of five new members of the WIPO Independent Advisory Oversight Committee (IAOC), which appear in paragraph 33 of the Selection Panel's Report (document WO/PBC/25/3).

ITEM 6 REPORT BY THE EXTERNAL AUDITOR

80. Discussions were based on document WO/PBC/25/4.

81. The Chair invited the External Auditor to present the document and his report.

82. The External Auditor (represented by Mr. J. Parkash and Mr. P. Khanooja) delivered his report as follows:

"Honorable Chair and Distinguished delegates

"At the outset I would like to convey greetings and compliments from Mr. Shashi Kant Sharma, the Comptroller and Auditor General of India. It is my privilege to present to you today, on his behalf, the results of the external audit of the World Intellectual Property Organization (WIPO) for the financial period ended December 2015. Report of the External Auditor for the year 2015, giving important audit observations and recommendations, has been presented separately for transmission to the General Assembly.

"The audit of WIPO was assigned to the Comptroller and Auditor General of India for the financial years 2012 to 2017 in terms of approval of WIPO General Assemblies Fortieth (20th Ordinary) Session, Geneva, held in October, 2011. The scope of the audit is in accordance with Regulation 8.10 of the Financial Regulations and the Terms of Reference set out in the Annex II to these regulations.

"The audit was conducted in accordance with the International Standards of Auditing issued by the International Federation of Accountants and adopted by the Panel of External Auditors of the United Nations, its Specialized Agencies and the International Atomic Energy Agency; Auditing Standards of the International Organization of Supreme Audit Institutions; and Regulation 8.10 of the Financial Regulations of the WIPO and the Terms of Reference governing the External audit of WIPO as set out in the Annex II to the Financial Regulations.

"We had carried out a detailed risk analysis before taking up the audits for the year ended December 2015. Risk based execution strategy was formulated to add value to the performance of WIPO while providing independent assurance to the WIPO Management. Results of the risk analysis formed the basis for our Strategic and Annual Audit Plans.

"Our Audit Report contains 30 recommendations. The recommendations were finalized after obtaining the response of Management on our audit findings. I am happy to report that WIPO has accepted most of our recommendations. Follow-up of open recommendations is an ongoing process and the implementation of the recommendations is being monitored periodically. As on date, there are 30 open recommendations pertaining to previous periods. Based on inputs received from the management on implementation of external audit recommendations, we have closed/settled 16 recommendations this year so far.

"In addition to expressing an opinion on the financial statements of WIPO, our audit coverage included areas on economy, efficiency and effectiveness of financial procedures, the accounting system, internal financial controls and general administration

and management of WIPO. The areas covered by us in this cycle of audit were: Arbitration and Mediation Center; and Travel and Fellowships.

" Audit opinion on the 2015 financial statements: Audit of the financial statements for the financial period 2015 revealed no weaknesses or errors which we considered material to the accuracy, completeness and validity of the financial statements as a whole. Accordingly, we have placed an unqualified audit opinion on the WIPO's financial statements for the financial period ended 31 December 2015. I shall now briefly dwell on the significant findings of our audits conducted during the year and our recommendations flowing from them.

"Financial Matters: We analyzed data pertaining to PCT applications published during 2015 and observed that though the total number of PCT applications published almost matched with corresponding data given in Annual Financial Report of WIPO for 2015, the international filing fees based on the number of applications published did not match. We also observed that WIPO had received a payment regularization of 4.7 million Swiss francs during 2015. The same was included in PCT system fees for the year 2015, though the PCT applications for which the payment was received related to the filing year as far back as 2004. In our opinion, had there been a detailed mechanism to reconcile the revenue arising out of PCT international filing fees in a reporting year with the figure based on PCT applications published in that year, it would have enabled correct depiction of the PCT fees in the financial statements for 2010, i.e., in the year IPSAS were adopted by WIPO and thereafter. We have, therefore, recommended that WIPO may devise a detailed mechanism to ensure that the revenue arising out of PCT international filing fees in any reporting year reconciles with the figure based on PCT applications published in that year.

"We observed that there was no formal mechanism to ascertain whether there were any volatile changes in fair value of the property, plant, and equipment, which required annual revaluation, to ensure that the carrying amount did not differ materially from the fair value. We have recommended that WIPO may formalize suitable indicators and criteria that would guide it on the necessity of performing revaluation of the property, plant and equipment each year.

"We noted that fully depreciated assets with gross carrying amount of 10.31 million Swiss francs were in use. This implies that these assets possess economic value to the organization and that the useful lives of some assets might have been significantly under estimated. We have recommended that WIPO may reassess the useful lives of assets to reflect fair presentation and to achieve a reasonable estimate of useful lives of assets.

"Arbitration and Mediation Centre: A review of "Result Framework" for the Arbitration and Mediation Centre (AMC) for the biennium 2012-2013 to 2016-2017 showed that despite achievement of targets under some categories being exceeded consistently by considerable margins, certain targets for subsequent years were not suitably revised. We have recommended that AMC may continue to strengthen its mechanism of fixing realistic targets for performance indicators.

"The AMC has not been able to fully achieve all three Outcome indicators as per the Medium Term Strategic Plan relating to increased use and enhanced demand of its global products and services contributing to the financial sustainability of the Organization. We have recommended that the AMC may adopt a more proactive approach to make WIPO's Alternative Dispute Resolution services, the system of first choice for users through attractive and cost-effective efforts.

"The AMC included new names in the list of neutrals, i.e., arbitrators and mediators, on the basis of application from the candidates, invitation from the AMC to them, or after

meeting them in various trainings/workshops/conference, *etc*. We are of the view that the current system of empanelment does not allow the AMC to include names of neutrals from a wider field. We have recommended that the AMC may consider framing a more transparent and well-publicized policy setting out the process and the criteria for inclusion of neutrals in WIPOs list.

"While appreciating that in reality some delays may be inevitable which are not foreseen in the Rules, we are of the view that time is an important element in Domain Name Disputes because of which ADR services are preferred. We have, therefore, recommended that the AMC may strengthen its monitoring mechanism to reduce the time taken for providing domain name dispute resolution services to its clients.

"Travel and Fellowships: We observed some instances of non-compliance of Staff Regulations and Rules, Office Instructions and Guidelines relating to Travel Missions, Home Leave Travel, Education Grant Travel, Travel on Appointments and repatriation, *etc.* We have recommended that WIPO may continue to adopt effective measures to comply with Rules and Instructions in these cases of travel.

"We noted that the contract with the travel agent provided for only two kinds of booking, *viz.*, Offline and Online. As the contract did not provide for 'Agent Assisted' bookings, the travel agent was paid the higher of the two contracted rates. We have recommended that WIPO may take steps to address the technical problems in booking of online tickets and in the interim may negotiate a minimum transaction fee for 'Agent assisted' bookings with suitable contract revision.

"We noted that 50 per cent on-board DSA was allowed to staff members for nights spent in aircraft which is not applicable at other UN Agencies. We have recommended that the travel policy for payment of 50 per cent of the DSA may be reviewed.

"We observed that the existing regulations and rules were silent about accounting of costs on account of cancellation of tickets by staff members on personal grounds. We have, therefore, recommended that WIPO may consider including necessary provisions in the Regulations and Rules towards recovery of the cost of the cancellation of tickets from the concerned staff members wherein cancellation is due to personal reasons.

"In conclusion, on behalf of the Comptroller and Auditor General of India and all my colleagues who were deputed to conduct the audit of WIPO, I wish to place on record our appreciation for the cooperation and courtesy extended to us by the Director General, the Secretariat and the staff of the WIPO during our audit.

"I thank the Honorable Chair and the distinguished delegates for providing us the opportunity to present our report before you. Thank you."

83. The Delegation of Greece, speaking on behalf of Group B, thanked the External Auditor for the report on Financial Management, the Arbitration and Mediation Center and audit of the Travel and Fellowships. The timely submission of the report this year was also highly appreciated, as were the responses given by the Secretariat to the 30 audit recommendations. The Group took note that the surplus for the year 2015 was 33.27 million Swiss francs, a result which was mainly influenced by the PCT performance. The driver for revenue from fee-paid services in the international demand for Intellectual Property titles was influenced by the performance of the global economy, although since 2010 global Intellectual Property filing activity had continued to grow, despite an economic recovery from the global financial crisis that had begun in 2008. The findings of the report confirmed that the fragile international financial system under which WIPO had to operate called for prudence and cautious management, a view which was repeatedly expressed by the Group.

84. The Delegation of Latvia, speaking on behalf of the CEBS Group, expressed its satisfaction to see IPSAS-compliant financial statements for 2015 and that the financial transactions were conducted in accordance with WIPO financial regulations and rules. The Delegation took note of the auditor's findings on the PCT international filing fees, assets, the Arbitration and Mediation Center, and Travel and Fellowships, and expressed its belief whereby the areas of improvement identified by the External Auditor would enhance the effective functioning of the Organization.

85. The Delegation of Mexico expressed its satisfaction to see that there was an unqualified audit opinion on the financial statements. The Delegation asked to see the recommendations linked to the indicators and criteria to reassess property, plant and equipment on a yearly basis to evaluate whether or not there had been changes in their value and also to follow the useful lives of assets, as this would give a reliable reflection of reality. The Delegation also wished to be able to look at the policy of the inclusion of neutral arbitrators and mediators on the WIPO list. Finally, looking at the status and regulation of staff as well as services and issues relating to travel, home leave and education travel entitlements, the Delegation underlined the importance of the report being prepared by the Joint Inspection Unit at the UN level which would, no doubt, give rise to additional recommendations. The Delegation suggested that the Secretariat provide a general overview of the status of implementation of the External Auditor’s recommendations and of the JIU system-wide report at the next PBC session.

86. The Delegation of Turkey expressed its support of the statement made by the Delegation of Greece on behalf of Group B. The Delegation considered the observations and findings of the External Auditor related to the AMC as representing correct and realistic targets to be aimed for. The Delegation furthermore expressed its full support for recommendation 7 of the External Auditor and encouraged WIPO to further publicize the AMC, ADR and the empanelment processes, particularly in countries where they were less well known.

87. The Delegation of the United States of America expressed its support for the statement made on behalf of Group B and welcomed the clean audit opinion of the 2015 audited financial statements. The Delegation expressed its view whereby the reviews made by the External Auditor were an important part of WIPO's oversight structure to ensure funds were used in the most efficient and effective manner. It trusted that the Secretariat would fully implement all of the auditor's findings and recommendations. The Delegation took note of the External Auditor's recommendation pertaining to the review of WIPO’s travel policies and encouraged the Secretariat to implement these recommendations. It also encouraged the Secretariat to work on the application of the staff regulations and rules in a uniform manner especially when they pertained to staff travel entitlements, as recommended by the External Auditor. The Delegation noted, with concern, that the External Auditor had found irregularities in the areas of business class travel and possible excessive costs due to the use of offline travel booking. It believed that these issues could be resolved quickly and appreciated the Secretariat’s efforts in this area.

88. The Delegation of Canada also expressed its support for the statement made by the Delegation of Greece on behalf of Group B. The Delegation welcomed the positive audit opinion and trusted that the Secretariat would be able to implement most recommendations, including those related to staff travel, relatively easily. The Delegation said it was intrigued in a neutral way by the approximation of the PCT revenue reconciliation as described in paragraphs 26-30 of the report and added that it would welcome further information from the Secretariat as to the situation to which the External Auditor was referring regarding the sort of adjustments and changes that this recommendation would entail in practice.

89. The Delegation of India welcomed the comprehensive nature of the audit report which was submitted in a timely manner, thereby giving ample opportunity for Member States to deliberate on it. The Delegation had gone through the observations and also carefully studied the recommendations made by the External Auditor to the WIPO Secretariat. It acknowledged the substantive observations and specific recommendations made by the External Auditor for

the financial year regarding the delivery of various programs and activities by WIPO management and welcomed the steps taken by the WIPO Secretariat in the implementation of these recommendations, specifically those on the Arbitration and Mediation Centre and those relating to staff travel and rules. It suggested that WIPO may devise a detailed record to ensure that the revenues arising out of PCT international filing fees reconciled with the figures based on PCT applications published in a given year. The Delegation wished to see WIPO formalize suitable indicators and criteria that would guide it on the necessity of performing evaluation of property and equipment each year. There was a need, it considered, to evaluate the useful life of assets to reflect fair representation and to achieve a reasonable estimation of these. Also, a formal documentation policy would enable the right amounts to be returned to applicants. The monitoring of the implementation of recommendations made by the External Auditor, deemed the Delegation, was an important part of the accountability process. It observed that the majority of the recommendations made in the report were at various stages of implementation. The Delegation complimented WIPO management for their response to the recommendations by the External Auditor and the measures taken by them to implement these in different areas. It urged the Secretariat to take actions to implement the pending recommendations, adding that it considered the report by the External Auditor as a valuable tool for the work of the Program and Budget Committee. The Delegation wished to place on record its appreciation to the External Auditor for their diligent work and for making a timely presentation of the report which would form the basis of the PBC's recommendations.

90. The Delegation of the Republic of Korea appreciated the opportunities provided by the report of the External Auditor to tackle various issues especially regarding the Arbitration and Mediation Center and in the area of Travel and Fellowships. The Delegation said it expected the Secretariat to fully implement these recommendations or to try to follow the underlying intent of such recommendations, especially regarding the AMC. Should such recommendations be difficult to implement, the Delegation trusted that WIPO would seek practical solutions to address these. The Delegation had noted that there were some instances of noncompliance with Staff Regulations and Rules and Office Instructions, in particular in the case of travel-related recommendations. It trusted that the Secretariat would take measures to enhance internal controls so as to avoid such cases of noncompliance in the future.

91. The External Auditor thanked the delegation for their appreciation of the work of the External Auditor, underlining the usefulness of the comments and observations of Member States which were valuable for the audit planning process.

92. The Secretariat thanked the External Auditor for the report and the recommendations contained therein, adding that the Secretariat had accepted the great majority of the recommendations to be implemented. The Secretariat, as per usual practice, would report back on these. This process formed part of the reporting cycle which was valid for the whole of the oversight mechanism be it Internal Audit, the IAOC, the External Audit or JIU. There were, continued the Secretariat, occasions on which the Organization was not yet fully aligned with the provisions of Office Instructions (OIs). This was due to the fact that the concerned OIs had not yet been updated but, assured the Secretariat, they would be. These were check point audits which, at times, showed there was a need to align some of the Organization’s internal processes to address any discrepancies appropriately.

93. Speaking of the Financial Audit, the Secretariat responded to the question raised by Canada in relation to PCT. The Auditor had recommended that the Organization devise a detailed mechanism for the reconciliation of filing fees and the applications which were actually published in the year. In fact, explained the Secretariat, there was a mechanism in place, but at the time of the calculation of deferred revenue from PCT, which was part of IPSAS adjustments, the reconciliation was basically a question of looking at the applications that had not yet been published, and there was an element of estimation involved in this calculation. The Secretariat gave an example of one of the various elements that could arise in this process: the applications that had not yet been published would be reviewed in order to work out the

estimated cost of translation of these applications. Although not all applications required translating, a fair number of them did. Since the actual cost of the translation was not available, an estimation of the translation costs was used. This was just one example of where estimations fell into the calculation. As a consequence, it meant that when the Organization tried to reconcile the actual revenue recorded with the actual filings received in a given year, the reconciliation would not be completely accurate due to these estimates. The Organization did, however, carry out reconciliations. It was effectively looking at the correlation between the revenue recorded and the applications received. It was by looking at this correlation or this slightly "high-level" reconciliation, if it could be so described, that the Finance Division had spotted the difference of 4.7 million Swiss francs that had been mentioned. This amount pertained to the fact that, until the end of 2015, WIPO maintained a bank account in its books on the WIPO balance sheet for the Japanese Patent and Trademark Office. Japan was unable to maintain its own bank account due to local legislation reasons. This was a situation that had prevailed for many years. The account received application fees paid by Japanese applicants, and WIPO was following instructions from the Japanese Patent and Trademark Office with regard to the amounts to be transferred from the bank account over to WIPO bank accounts to correspond to the monies actually received in relation to applications as they were being received from Japan. So effectively, explained the Secretariat, WIPO was relying on instructions from the Japanese Patent and Trademark Office, knowing that there were various reconciliation difficulties with that Office which colleagues in PCT were following up with colleagues in Japan, a situation which had gone on for several years. Over the last few years, WIPO had worked with Japan so that they could take over responsibility for this account themselves. All parties had concluded that this would be easier all round, certainly for WIPO and also for the colleagues in the Japanese Office since it would be easier for them also to reconcile the monies they had received for the applications. The Japanese Office had also worked with their legislative authorities to change the law in Japan. Finally, concluded the Secretariat, they were able to take over responsibility for the account last year. So WIPO then closed the account concerned and the Japanese Patent and Trademark Office opened a new account there. At this point, WIPO was able to try and really reconcile the balance on the bank account maintained for Japan. In liaison with the colleagues in Japan, it was determined that all of the money sitting in the account actually related to WIPO. It belonged to applications that had been received over many years, going as far back as 2003, certainly to a pre-IPSAS time when the same accounting policy of only recording revenue for PCT with regard to applications published was not yet applied. It was only at this point, explained the Secretariat, that it was determined that the money should be assigned to WIPO's revenue. Effectively, the Secretariat said it was quite pleased with the Organization's reconciliation mechanism because it had spotted this as additional revenue, adding that it would obviously take on board the recommendation from the External Auditor and look to see if there were ways in which the reconciliation mechanism in place could be improved. This was effectively a correlation mechanism. There was always room for improvement and the Secretariat would certainly look at that.

94. Speaking of the recommendations made by the External Auditor on travel, the Secretariat said that these had all been accepted and found to be very useful and constructive for the improvement of the Organization's system and controls. The Secretariat was therefore examining the recommendations but wished to do this in a holistic and consistent approach with the JIU recommendations that it expected to receive shortly since there was an audit currently taking place. All of the recommendations would be considered and the Secretariat would then determine how to transpose these either into policy changes or additional controls or how to integrate some of them into the new IT system, which was due to replace the current IT system for travel and which would be delivered in 2017. Of course, the Secretariat said, it would be pleased to report on a regular basis on progress made on these recommendations.

95. Seeing that there were no further requests for the floor the Chair read out the proposed decision, which was gaveled.

96. 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/25/4).

ITEM 7 ANNUAL REPORT BY THE DIRECTOR OF THE INTERNAL OVERSIGHT DIVISION (IOD)

97. Discussions were based on document WO/PBC/25/5.

98. The Chair opened agenda item 7 and invited the Acting Director of the Internal Oversight Division (IOD) to present the status Report.

99. The Secretariat explained that the report was provided in accordance with paragraph 38 of the Internal Oversight Charter, and contained an overview of oversight activities undertaken by the IOD during the reporting period July 1st, 2015 through June 30, 2016. The Secretariat began with the policies and procedures, explaining that IOD continued to enhance its policies and procedures by revising them, in order to align with good practice as well as the best UN practices. First, starting with the evaluation function, the IOD issued a revised Evaluation Policy and Manual which was prepared in light of the comments and feedback received during extensive consultations with WIPO Management, the Independent Advisory Oversight Committee (IAOC) and Member States. With the adoption of the new Evaluation Policy, the IOD's evaluation function, in addition to its primary role of conducting independent evaluations, was also a centralized evaluation function. It also provided more active and systematic advice and assistance to WIPO programs willing to commission or conduct decentralized evaluations. The Secretariat recalled that the IOD’s investigation function had undergone an External Quality Assessment (EQA) conducted by two independent investigators from two separate international organizations. The EQA report (completed in November 2015) concluded that IOD's investigation function “generally conformed with the standards”, the best rating one could get, and that it operated on a solid and sound legal basis and discharged its function according to the standards. With that assessment, all IOD's functions: Internal Audit, Evaluation and Investigation had undergone an External Quality Assessment since 2014 with positive results. The Secretariat believed that those very positive results provided Member States, the IAOC, and the WIPO Management with the assurance that the IOD performed its duties and functions in line with internationally recognized standards and norms as well as UN and other accepted best practice. The Secretariat assured that an implementation plan was drawn-up with an estimated timeline for each recommendation that IOD had agreed, coming from both Evaluation and Investigation External Quality Assessments. The Secretariat specified that, with regard to the EQA, with the adoption of the new Evaluation Policy and Manual, the IOD had implemented all of the recommendations and that it reported on the progress regularly to the IAOC during the reporting period. The Secretariat continued that for Investigation, a considerable number of the EQA recommendations would be addressed by the Revision of the Investigation Policy and Investigation Manual that was ongoing. Based on iterations with the IAOC and WIPO Management, the IOD had prepared a revised version of the Investigation Policy and had shared it with Member States. The consultation process with Member States was still ongoing and the IOD hoped to finalize the process and issue the revised Investigation Policy and Manual as soon as it had consolidated all the comments and feedback from Member States and after their last iteration with the IAOC. The Secretariat said it was hoping to finalize and issue the Investigation Policy before the year end. The Secretariat explained that, with regard to the implementation of IOD’s oversight plan for 2015 and 2016, it was pleased to report that all planned activities for 2015 were fully implemented and that the implementation of the 2016 work plan was on track. As every year, the oversight plans had been prepared based on the IOD’s own risk assessment but also considering, since the previous year, WIPO's corporate risk registers. The IOD had put some reliance on the corporate risk registers and had also received comments and feedback from WIPO’s Senior Management, the IAOC and Member States. The Secretariat specified that the IOD's oversight work with respect to the audit and evaluation

reports during the reporting period had covered the following key operational areas: Business Continuity Management, WIPO Customer Services, Individual Contractual Services Management, Staff Performance Management, Program 15: Business Solutions for IP Offices, Program 30: Small and Medium-sized Enterprise and Innovation, Program 3: Copyright and Related Rights and WIPO's assistance to least developed countries. The Secretariat stated that during the reporting period the IOD had recorded 31 new investigative cases and had closed 32 cases in the same period. As of June 30, 2016 there were 17 open cases and on that day the Secretariat had reported 14 open cases. The IOD showed seven investigation reports and four management implication reports. The Secretariat continued that complaints of alleged harassment, discrimination or abuse of authority as well as fraudulent, corrupt or abusive of practices constituted more than half of its cases. At the time, the average time to complete an investigation was of six months. The Secretariat mentioned that, with regard to IOD's outreach, it continued to make some presentations at induction trainings for new staff and that it also continued to issue newsletters twice a year to inform WIPO colleagues on IOD's news and activities. The Secretariat stated that, since the previous year, it had started a dashboard to provide some information on oversight activities, which were available on the WIPO website, under oversight/internal oversight. The Secretariat said that it continued to keep track of satisfaction by its colleagues when IOD did audits and evaluations on the quality of its oversight work. The analysis of consolidated results indicated an average satisfaction rate of 84 per cent for post assignment survey. The Secretariat said that it was sending another survey to assess the impact of its work after a year and after implementation, and the results were of 74 per cent for one year after survey. The Secretariat was pleased to note that the work of the IOD had been assessed very satisfactorily by its colleagues and that it was taking into account the comments made in each and every satisfaction survey to further improve its work. The Secretariat continued that considering the follow-up of oversight recommendations it had, at the reporting date, 161 open recommendations of which 93 were of high priority. To reduce the number of open recommendations and to have a clear picture, the IOD held regular meeting with colleagues from various programs to discuss progress made to implement the recommendations. That very interactive dialogue and all updates on open recommendations were made in a web-based software, called Team Central, accessible by all: the IOD, WIPO colleagues and the External Auditor. The Secretariat stated that it continued its advisory role in the Organization and provided management with advice on governance, risk management and compliance issues. The Secretariat assured that it had commented on a number of new system implementation, new business processes, policies and procedures before they were implemented, to make sure that key controls were identified and that they had been developed to mitigate potential key risks before the final implementation of any new system or policy. A detailed list was provided in Annex II of the annual report. With regard to the IOD resources, the Secretariat underlined that the IOD's budget represented 0.74 per cent of WIPO's budget and 0.97 per cent of WIPO's staff cost. At present, the human and financial resources were adequate for IOD to effectively cover high priority areas as identified in its work plans. That had been achieved thanks to the exchange of oversight plans and continuous coordination of oversight activities with the External Auditor as well as the effective use of Information Technology tools at the IOD's disposal to achieve higher efficiency and effectiveness in the coverage of high risk areas. The Secretariat informed that it had developed a continuous auditing approach. In addition to its traditional audits tools, it had also, at regular intervals, selected some high risk transactions and then provided assurance on them and discussed the outcome with colleagues. Over the previous year, unexpected changes in the IOD staffing had been effectively managed with a view to minimizing their impact on the planned activities. To this end, adequacy of financial resources enabled IOD to hire external consultants or temporary staff to effectively carry out its planned activities. As some questions had been raised earlier on the subject, the Secretariat informed the PBC of the latest developments in the IOD staffing: a new Head of Evaluation Section at P5 level was recruited and the recruitment was at the stage of background and reference check. As soon as that was completed the person would start on the job. A new temporary investigator at P3 level had been recruited and had started mid-August. Following the transfer of the Senior Investigator to another unit within WIPO, the

recruitment process of a temporary Senior Investigator at P4 level to replace the incumbent was on-going. Once the IOD recuperated the post, a new recruitment would be launched for a fixed term P4 post. To cater for the extended absence of Senior Evaluator, an evaluation officer had been recruited until the return of the incumbent in December. The Secretariat reassured that the situation had improved, as Member States might have seen. The only real vacancy was, as already mentioned earlier, the post of the Director. Furthermore, the IOD maintained an excellent professional relationship and cooperation with the External Auditor. The IOD and the External Auditor met regularly to exchange views on the risks facing WIPO as well as to discuss the timing of audits and areas to be included in the oversight plans, in order to avoid any overlap and improve oversight coverage of high risk areas. The IOD cooperated closely with the Ombudsman and the Chief Ethics Officer to avoid duplication of efforts. The IOD also carried on dialogue with the IAOC on a continuous basis and benefited from its valuable advice, which helped to improve the IOD's overall functions and the quality of its work.

100. The Delegation of Bangladesh, speaking on behalf of the LDCs Group, appreciated that a comprehensive evaluation had been done by the IOD. Concerning WIPO's assistance to LDCs, the assessment included all activities in the sector, from 2010 to 2015, and identified lots of successes. It was noted that the realization of the original plans only highlighted the requirement of the continuation and strengthening of WIPO's assistance to LDCs. In its document, the IOD submitted some recommendations to make this activity more effective. However, the Group felt that, to keep the continuity and to ensure conformity between the goals and its past experiences, the text of paragraph 27(a) of document WO/PBC/25/5 should be amended. To bring more clarity, the following text was proposed: "*At a strategic level, the Division for the LDCs in cooperation with concerned country and in coordination with the relevant Regional Bureau and other Divisions and Sections of the Organization should prepare integrated programs and plans for country comprehensive assistance which entail initial needs assessment. Formulation of tangible and implementable projects and identification of cooperation partners to improve efficiency in mobilizing resources. The LDC Division should also monitor and evaluate the implementation and sustainability of the agreed technical assistance provided to LDCs*." The Group added that this text would keep the current method of providing WIPO assistance to LDCs and the Division for LDCs would also benefit through horizontal learning from Regional Bureaus.

101. The Chair acknowledged the concerns of the Delegation of Bangladesh. While the Chair could not confirm that it was a current practice for Member States to edit the report of the Secretariat, he agreed that the text of the Delegation's statement would be reproduced in the report of the PBC and it would be fully acknowledged by the Secretariat.

102. The Delegation of Latvia, speaking on behalf of the CEBS Group, thanked the Acting director, IOD for the annual report. The Group highlighted that it valued the Division's work and believed that it contributed towards continuous effectiveness and transparency of the Organization. The Group welcomed the results of the audit and evaluation activities that had taken place during that year and expected the Secretariat to implement the recommendations in a timely manner. Finally, the Group encouraged the Secretariat to implement the 161 open recommendations and, particularly, the 93 high priority recommendations.

103. The Delegation of Japan thanked the Acting Director for his report which provided a comprehensive overview of IOD's work. The Delegation was of the view that the Internal Oversight was important in order to ensure sound management and to re-enforce the Organization's activities. The Delegation appreciated the fact that the Secretariat had been addressing all recommendations made by the IOD.

104. The Delegation of Ethiopia thanked the IOD for the evaluation report. In relation to the evaluation of Program 30, Ethiopia had benefitted from WIPO's support in the area of small and medium enterprises (SMEs) in the past. Based on that past experience, Program 30 should be further strengthened or enhanced, in collaboration and cooperation with other UN agencies as

the Delegation considered that coordination proposed by the IOD in the report (paragraph 22(f)), at the national level could also include other UN agencies working in the area of SMES, such as ILO or UNCTAD. That would further expand the collaboration and cooperation, and enhance the effect on the ground. In relation to the evaluation of WIPO's assistance to the LDCs, based on the Delegation's experience and the various benefits that Ethiopia had received over the past years from the LDCs Division of WIPO, WIPO's assistance to LDCs could be further strengthened with a comprehensive needs assessment of the national IP offices and other relevant stakeholders. Such needs assessments would enable WIPO to design and implement a tailored program which fitted the specific situation of the specific countries, i.e., LDC Member States. The Delegation continued that there was also a need for a follow-up of implementation of the IOD recommendation under paragraph 27(a). The Delegation was of the view that a comprehensive assistance should be understood to include all those aspects: needs assessment, designing and formulation of tangible and implementable projects based on the initial needs assessment and identification of cooperation partners to improve efficiency of mobilizing resources and as well as evaluation of the implementation and sustainability of the agreed technical assistance provided to LDCs by the Division of LDCs of WIPO.

105. The Delegation of Turkey thanked the IOD for its efforts and for the efficient discharging of its duties, mainly through preparing the various reports and undertaking consulting and advisory activities. The Delegation underlined that 15 reports were prepared and 10 consulting advisory activities had been undertaken. In paragraph 5, the IOD reported that it had taken measures to avoid potential overlaps with other oversight bodies. The Delegation questioned if the IOD's report was the last audit report prepared after the external audit report and the IAOC's report. The Delegation said it would appreciate knowing to what extent the results of evaluation of Program 30 summarized under paragraph 22 of the annual report had been taken into account and implemented by the Secretariat. The Delegation inquired whether substantive overlaps identified in the area of training activities provided by the WIPO Academy had been addressed. The Delegation concluded that, paragraph 32 stated that 77 per cent of the programs reported accurate and verifiable performance data. The Delegation asked the Secretariat to elaborate as to what the situation was with the rest of the programs that did not have accurate and verifiable performance data.

106. The Delegation of the United States of America expressed its appreciation for the hard work of the IOD and encouraged the Director General to implement the IOD's recommendations in a timely manner. The Delegation thanked the Secretariat and the IOD for their efforts to implement and close recommendations but noted the number of the recommendations that were still open. The Delegation expected more information about the possible obstacles or challenges in implementing those recommendations. In addition, the Delegation underlined that the report also mentioned the use of a Team Central system where the IOD was interacting with Program Managers to manage and implement recommendations. The Delegation wondered if the Program Managers responsible for implementing recommendations were held accountable for the amount of time recommendations remained open, such as through work commitments and performance appraisals.

107. The Delegation of the Republic of Korea appreciated the IOD's report and was generally pleased with the IOD's recommendations made in various fields. However, the Delegation had a slightly different view from the IOD but was still in line with its recommendations especially in respect of Individual Contractual Services Management. Employment of temporary staff could be more efficient in terms of personal expenditure in the short run, but the Delegation added that it was undeniable that regular staff were more effective in terms of stability and expertise. The Delegation pointed out that if a position was essential and that a temporary worker performed well, the Secretariat should make an effort to change the temporary position to a regular one, as well as create a more consistent restructuring system instead of reviewing the limitation of employment duration.

108. The Delegation of Canada thanked the IOD for its work and a very rigorous analysis provided in the document. The Delegation wished to highlight a few points. First, it welcomed what had been stated with reference to Program 15, and fully supported the recommendations from the IOD in that regard. The Delegation appreciated the importance of careful management of WIPO resources. In that regard, the recommendation for well-defined criteria to be fulfilled by the IP offices requesting WIPO's assistance under Program 15 was very well taken. That recommendation was fully in line with the general interests and the Delegation believed that that was crucial to good governance. The Delegation supported comments and observations made with reference to Program 30 and attached great importance to the role of SMEs in economy and innovation. However, the Delegation was concerned about the IOD's comments with reference to shortcomings in performance. On the issue of WIPO assistance to LDCs, the Delegation was awaiting the results of the positive developments observed by the IOD and that recognized the importance of having national roadmaps, which was fully in line with the views expressed by the Delegation of Canada in that same Committee, and fully in line with previous opinions that have been expressed by the IOD. Having that kind of country-wise approach would greatly enhance program rollout at the country level and enhance its efficiency and transparency, allowing Member States to create a closer relationship between WIPO and the countries, which would be to the overall benefit of strengthening WIPO's programs and operations. The Delegation urged WIPO to look at the examples set by other UN agencies in this regard. The Delegation noted that some recommendations were cross-cutting and could apply to all programs, for instance, better definition of roles and responsibilities under Program 30, or the recurrent issue of overlapping between various program activities. The Delegation encouraged the Secretariat to implement those cross-cutting recommendations in order for all programs to benefit from a single recommendation at the same time.

109. The Secretariat thanked the delegations for their supportive remarks and encouraging comments on the IOD's work. The Secretariat specified that it was impossible to change a report, as once the report was final. Recommendations were made by the IOD and the Management had the ownership to accept and implement the recommendation or not to accept the recommendation and to explain why. If a recommendation was not accepted by the Management, the IOD would report back to Member States. The Secretariat added that any position could be an attachment to the PBC document but that internal oversight reports would not be revised. That position formed part of IOD's independence. The Secretariat continued with the number of recommendations and said that the figure itself did not mean anything by itself. The important thing was how many were found to be high-risk and the IOD included an analysis of how many were added and how many were closed during the reporting period. It detailed that it was more important to look into the details rather than the absolute numbers, to look at the qualitative aspect in terms of how many old recommendations the Organization managed to close and how many were still open. When the number of 161 open recommendations had been quoted, it meant not only the recommendations from the IOD but also from the External Auditor and from the IAOC. That figure gave a global picture of oversight recommendations. In that regard there were no obstacles, no impediments. The Secretariat reassured that the system functioned well, that the dialogue with Management was on-going and that there was no concern in that regard. The Secretariat reiterated that the recommendations had been agreed by Management and that the IOD was in charge of the follow-up and tracked its status. The Secretariat explained that an audit report was a snapshot of a situation at some point, and that the recommendations were there for the Management to consider to accept and implement or not to accept and explain the reasons why. The Secretariat clarified that the IOD's report was the last report, following that of the External Auditor or the JIU and, a general principle, overlaps had been avoided. The IOD exchanged views with the External Auditor on the oversight plans. The IOD would not include the subject matter in its plan if it was going to be audited by External Auditor; IOD could even discuss the scope of the audit with the External Auditor. Sometimes, because of the timing, it could be decided whether an audit would take place this year or the year after. That was a part of what was called "oversight fatigue" and some colleagues knew that pretty well. A timeline was set between the external and the internal audits, so that the client's needs were taken in to account.

In any case, an audit was an administrative overhead for the Management. The Secretariat added that a good collaboration was established with the IAOC. The Secretariat said that the IAOC, in line with the Internal Oversight Charter, provided feedback and comments on the IOD's annual report. Therefore, before the report was finalized the IAOC was fully aware of its content.

110. The Delegation of the Republic of Korea clarified that its intention was not to change the IOD's report but to emphasize that a strict regulation on limitation on the time limits of the Individuals Contractual Services was not efficient.

111. The Delegation of Turkey detailed that overlapping areas had been discussed but that there was no discussion about the missing areas. The Delegation specified that it had not found any oversight and audit comments regarding WIPO operations falling within the mandate of Article 9 of the Convention: the geographical distribution. The Delegation would like to see the oversight/audit comment on that item in the report of the oversight bodies.

112. The Secretariat intervened on the number of open items and referred to paragraph 44 of the document and the table therein. The Secretariat reiterated that it took recommendations made by the audit and oversight bodies very seriously. Unfortunately, as said in the past, the number of recommendations that the Secretariat closed was often outpaced by the number of new recommendations which were placed year on year, which was depicted in the table 2 under paragraph 44, where 116 recommendations were closed and 93 more were added. The numbers by themselves were not as telling as the efforts made by the Secretariat.

113. The Delegation of Greece, speaking on behalf of Group B, appreciated the continuous efforts of the IOD in the cooperation with the IAOC and the External Auditor to achieve its crucial role in ensuring effective internal controls and the efficient use of resources in WIPO. In this regard, the Delegation thanked the IOD for the annual report that provided a comprehensive overview of the Organization's functions, and represented a valuable source of information as well as a point of reference throughout the year.

114. The Chair proposed to take action on this agenda item, then read out the proposed decision paragraph: "*The Program and Budget Committee took note on the Annual Report by the Director of the Internal Oversight Division, as contained in document WO/PBC/25/5*."

115. The Delegation of Bangladesh took note of the answer from Acting Director, IOD and highlighted that it had no intention to change the text of the report but requested that the delegations' views be reflected in the decision paragraph. In that sense, it proposed to add a phrase at the end of the decision paragraph, reading: "*as well as comments and views expressed by Member States and Groups*." If that sentence was acceptable to all delegations the decision could be adopted, if not, the Delegation would request the Chair to keep the item open for further discussion.

116. The Chair proposed to amend the decision paragraph by adding the phrase proposed by the Delegation of Bangladesh. The Chair verified that the modification was acceptable to delegations. As there were no objections, the decision was gaveled as amended.

> 117. The Program and Budget Committee took note of the Annual Report of the Director of the Internal Oversight Division (IOD) (document WO/PBC/25/5) as well as comments and views expressed by delegations and Groups.

ITEM 8 PROGRESS REPORT ON THE IMPLEMENTATION OF THE JOINT INSPECTION UNIT'S (JIU) RECOMMENDATIONS

118. Discussions were based on document WO/PBC/25/6.

119. The Vice-Chair opened agenda item 8, and gave the floor to the Secretariat to introduce the document.

120. The Secretariat provided a brief introduction, noting that the progress report provided an overview of the status of implementation of the outstanding recommendations addressed to the WIPO legislative bodies resulting from the reviews of the JIU during the period from 2010-2015, including the JIU's review of Management and Administration in WIPO. Since the last report submitted to Member States on the same subject, the JIU had issued five new reports, of which three were relevant to WIPO. New reports have been signaled as such with the status updates from reports issued in prior years highlighting the change from the previous reporting period. The Secretariat further indicated that it continued to provide Member States with enhancements to the report, which consisted of the following this time: Hyperlinks to JIU reports relevant for WIPO had been added to the report titles in the document for ease of reference as well as navigation, and a new Annex had been added to the document. The latter was intended to provide (i) a complete and comprehensive list of all active JIU reports in a summary view for Member States' information, as well as (ii) hyperlinks to the comments of Executive Heads on JIU reports and recommendations, which are collated by the Chief Executives' Board (the CEB), which are then presented to the General Assembly of the UN.

121. The Delegation of Latvia, speaking on behalf of the CEBS Group, thanked the Secretariat for preparing the document, which enabled Member States to monitor the implementation of the Joint Inspection Unit's recommendations. The Group was pleased to see that the majority of the recommendations from the reviews held in 2015 were accepted and implemented and encouraged the Secretariat to continue the work on the remaining recommendations. The CEBS Group emphasized its commitment to engaging in the discussions on the implementation of the recommendations requiring actions by the Member States. The Group also welcomed the technical improvements allowing the Member States to track the implementation of the Joint Inspection Unit recommendations in a more accurate manner.

122. The Delegation of Greece, speaking on behalf of Group B, thanked the Secretariat for the JIU reports which helped them understand the efforts made by the Secretariat. The Group noted that it expected recommendations by the JIU to be considered and implemented, and drew attention to the proposal of Group B contained in document WO/PBC/25/19 for this Committee's consideration, in relation to recommendation 1 under JIU/REP/2014/2 "Review of Management and Administration in the World Intellectual Property Organization (WIPO).

123. The Delegation of Brazil thanked the Secretariat for the progress report on the implementation of the JIU recommendations. In the Delegation's opinion, it was a clear and very easily accessible document, and it complimented the Secretariat for its elaboration. Brazil noted with satisfaction that the majority of the recommendations were implemented by the Organization during the reporting period. However, it requested clarification on recommendation 4 under JIU/REP/2012/12 "Strategic planning in the United Nations system", which stated that *"system-wide common goals are enshrined in the 2030 Development Agenda i.e. the 17 SDG's, which provide the framework for the preparation of strategic plans across the UN system*", a statement with which the Delegation very much agreed. The Delegation wished to know how WIPO had been complying with the recommendation and whether this information was available in a report that could be made available so that Member States could follow developments on the matter.

124. The Delegation of Canada supported the statement by the Delegation of Greece on behalf of Group B. The Delegation thanked the Secretariat for having prepared the progress report and expressed its hope that the implementation of the JIU's recommendations contained in the report on contract management in the United Nations system was progressing. This, combined with the Secretariat's follow-up on the IOD's recommendations on individual contracting services will further strengthen the overall governance of contracting services at WIPO. Recalling its comments on the IOD report, the Delegation noted that this was another instance

where the auditors called for clarification of roles and responsibilities, highlighting that this was a recurring issue not only in WIPO but in the UN system in general, and which WIPO should manage in a horizontal fashion. As indicated by the Delegation last year, it highlighted that the JIU's recommendations mentioned in the report were addressed the General Assembly, other Assemblies or the Coordination Committee, and in its view, those governing bodies would have to consider the recommendations themselves. The Delegation recognized, however, that they had considered the language that Canada proposed when they last met in 2015.

125. The Delegation of China noted its satisfaction with the implementation of JIU's recommendations by WIPO as of the end of April 2016. Under the efforts of the Secretariat, 57 recommendations have already been implemented. The Delegation particularly appreciated the implementation of recommendations mentioned in the report on South-South and Triangular Cooperation in the UN system and in the report on Policies and Procedures for the Administration of Trust Funds in the United Nations System Organizations. The Delegation hoped that WIPO would further strengthen its efforts in these two areas.

126. The Delegation of Germany thanked the Secretariat for preparing the documents for the PBC, which was a lot of work and highly appreciated by the Delegation. It indicated that it shared a lot of the proposed Secretariat's assessments of the status of the implementations of the JIU recommendations. In light of the ongoing discussion on further changes expected to be made to the Internal Oversight and the IAOC Charter, the Delegation requested that the language for recommendation 17 under JIU/REP/2010/3 “Ethics in the United Nations System” be changed, and asked the Secretariat to revert on this in the next year. Accordingly, the Delegation proposed to deal with this recommendation separately in the decision of the PBC on this item, in an additional paragraph. It proposed to insert this under Roman (ii), to read as follows: "*took note of the Secretariat's assessment of the status of the implementation of the recommendation under JIU/REP/2010/3 bracket recommendation 17, bracket, semicolon*."

127. The Delegation of Mexico thanked the Secretariat for presenting the report, which now included links to the JIU's recommendation of interest to WIPO and links to the comments of the CEB regarding these reports and recommendations of the CEB. The Delegation considered these improvements to be very useful because they facilitated cross-referencing by Member States with regard to implementation of these reports that apply to the UN system as a whole. The Delegation expressed its gratitude for these improvements. The Delegation further noted that, as mentioned by the Delegation of Germany, it also believed that the assessment of the status of implementation of the recommendation under the 2010/3 report of the JIU needed to be separated out in light of the comments heard with regard to the expected changes to the IAOC and the Internal Oversight charters. The Delegation supported the comments of the Delegation of Germany.

128. The Delegation of the United States of America appreciated the report on the implementation of JIU recommendations dating back to 2010. It requested clarification regarding the recommendation on whether the annual report of the Ombudsperson to the Director General would also be presented to Member States. The Delegation understood that WIPO's new Ombudsperson started in May 2016, and requested clarification as to when the first report of that office would be made available. The Delegation hoped to see continued progress in the implementation of the JIU recommendations and looked forward to further updates at the next PBC meeting. The Delegation indicated its support for the proposal by the Delegation of Germany and the comments made regarding recommendation 17.

129. The Secretariat thanked delegations for recognizing the improvements made, as the Secretariat continued to strive to improve this report year on year. The Secretariat continued to be in constant dialogue with the JIU, which had been very fruitful, because it had allowed the Secretariat to address issues on some of the outstanding recommendations. The Secretariat was pleased to report that in a very recent exchange with the JIU, they were very pleased to note that when compared to other organizations, WIPO’s rate of implementation was at 97.8 per

cent versus 86.2 per cent as an average across the system. The Organization had come a long way in the last six years and wished to share this with Member States so it could be recognized.

130. The Vice-Chair gave the floor to another member of the Secretariat (Deputy Director General for Development) to respond to the question from Brazil.

131. The Secretariat indicated that it was responding to the question from Brazil regarding recommendation 4, and that the question was whether the Secretariat provided any specific report to the JIU, or in general, on the recommendations and specifically on recommendation 4 under JIU/REP/2012/12 “Strategic planning in the United Nations system”. The Secretariat confirmed that Member States were informed through the present status report on the implementation of JIU recommendations. In substance, the work was integrated through the work of the CDIP.

132. The Delegation of Brazil clarified that it was aware that this recommendation was not only addressed to the CDIP, but was to be addressed in the strategic planning of the Organization.

133. The Secretariat responded that the Delegation was correct, and that development was now mainstreamed as an integral part of WIPO’s work, and was considered in the development of strategic plans and work plans – development was integrated as part of the Organization’s daily work.

134. The Chair concluded discussion on the agenda item, and read out the amended decision paragraph, which was gaveled.

135. The Program and Budget Committee (PBC):

(i) took note of the present report (document WO/PBC/25/6);

(ii) welcomed and endorsed the Secretariat’s assessment of the status of the implementation of recommendations under

JIU/REP/2015/5 (Recommendation 2); JIU/REP/2015/4 (Recommendation 1); JIU/REP/2014/9 (Recommendation 1); JIU/REP/2012/12 (Recommendation 4); JIU/REP/2011/3 (Recommendations 3 and 9); and JIU/REP/2010/7 (Recommendation 7) as set out in the present report;

(iii) took note of the Secretariat’s assessment of the status of the implementation of the recommendation under JIU/REP/2010/3 (Recommendation 17); 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 9 PROGRAM PERFORMANCE REPORT FOR 2014/15

(A) PROGRAM PERFORMANCE REPORT FOR 2014/15

136. Discussions were based on document WO/PBC/25/7.

137. The Chair stated invited the Secretariat to present the Program Performance Report (PPR) for 2014/15.

138. The Secretariat observed that the document was very voluminous and was meant to provide Member States with a very comprehensive report of the performance of the different programs during the entire biennium 2014/15. The Secretariat recalled that the PPR is WIPO's

principal accountability tool for reporting performance to Member States and an integral part and cornerstone of WIPO's results-based management framework. The Report is a self-assessment by Program Managers on the progress made and/or on the achievements of the expected results as measured by the performance indicators and with the resources that Member States had been previously approved in the Program and Budget 2014/15. In the context of the PPR, it was brought to the attention of the PBC that WIPO had instituted the practice, considered as a best practice, of having, since the report is a self-accountability report, an independent validation of the Report by the Internal Oversight Division (IOD) that is presented alongside the PPR every biennium.

139. The Chair thanked the Secretariat for the presentation of the document and invited Delegations for comments.

140. The Delegation of Greece, speaking on behalf of Group B, recalled that the PPR was a principal accountability tool for reporting on organizational performance to Member States and an integral part of the results-based framework. It was also recalled that the results served as an important learning tool to ensure that lessons from past performance were learned and duly incorporated into WIPO's activities. In this regard, Group B expressed its satisfaction for the results in achieving the nine Strategic Goals (SGs) of the Organization.

141. The Delegation of Latvia, speaking on behalf of the CEBS Group, expressed its gratitude to the Secretariat for preparing the PPR for the period 2014/15. The CEBS Group stated that the nine SGs varied from one another but that overall the achieved results met the expectations of the Group. It was noted that 72 per cent of the 394 performance indicators had been fully achieved and then acknowledged that CEBS was aware of the fact that some indicators were directly influenced by the norm setting activities, which fell under the responsibility of the Member States. It was further noted that, while progress was made since the PPR 2014 for the majority of the SGs, with regard to SG V (World reference source for IP information and analysis), the assessment that 57 per cent of the indicators were on track in the PPR 2014 had now decreased to 36 per cent. The Group sought clarification from the Secretariat to understand the reasons for the decline. The Group noted with satisfaction that almost all performance indicators of the expected results under Program 10 (Cooperation with Certain Countries in Europe and Asia) had been fully achieved and commended the excellent work of the Secretariat. The Group also welcomed the assessment of the evolution of the risks and the implementation of the mitigation strategies, stressing that this type of measure would assist the Secretariat in achieving the SGs and help the Organization in fulfilling its mandate in a more effective manner.

142. The Delegation of China thanked the Secretariat for the very comprehensive and enriched report for 2014/15 and articulated its hope to make some general comments and recommendations. The Delegation welcomed the achievement of 72 per cent of fully achieved results and stated that WIPO, under the guidance of the Director General and the very able work team, had achieved a great deal of results, which were reflected in all the data included in the PPR. It was also noted that under every program, there was a new item, the report of risk assessment of the biennium, which was very much welcomed because risk assessment could be very helpful in finding out potential risks, as well as their evolution during the biennium, which could be helpful for adopting targeted measures to control risks and improve the quality of the report. The Delegation expressed its hope that this practice would continue in future reports to enhance the risk assessment activity. China also expressed eight points of view regarding the Report. First, the Delegation recalled that the current Report had adopted the same practice as in the PPR 2014, which was to integrate the evaluation of the implementation of the Development Agenda (DA) into the main text. The Delegation welcomed this approach and was of the view that this was very important to reflect the mainstreaming of the DA. It was noted that the implementation work had achieved great progress and even some breakthroughs, however, it was stressed that in some main issues, such as the third pillar of the Committee on Development and Intellectual Property (CDIP), which is to establish a standing

Agenda Item, additional work needed to be carried out on it. The Delegation expressed its wish to see it reflected in Program 8 of the Report. Second, with regard to SG I (Balanced evolution of the international normative framework for IP), aimed at developing an international IP normative framework that would take into consideration all parties' interests, the Delegation said that the progress had been very slow and suggested that WIPO should continue to play the leading role in norm setting activities. However, the Delegation stressed that the lagging behind in this goal would not help to achieve the SG I, and it therefore called on those Member States that had the intention to accelerate their ratification or accession to the Beijing Treaty so that it could enter into effect as soon as possible. The Delegation also called on the Secretariat to carry out relevant work to share the resources. With regard to IGC, the Delegation hoped that further results would be achieved as soon as possible. Third, the Delegation pointed out that in the risk assessment report of Program 5, the filing numbers in PCT compared to the filing numbers through the Paris Convention had decreased. However, it stressed that in China, the PCT filing had kept growing rapidly and in the future would continue to contribute to this area. Four, with regard to Program 31 (The Hague System), the Delegation stated that there had been a mention of substantive observation and that the concept had never appeared before. According to the Delegation's experience, during the examination, there would only be comments on many observations, and therefore it hoped that the Secretariat could clarify this issue so that the Delegation could better understand the use of the Hague System. The fifth point, in the risk report of Program 13 (Global Databases), so as to avoid the collapse of the PATENTSCOPE, the Delegation noted that WIPO had established a website in Asia. In the Delegation's view, China commended WIPO for its efforts, however, further noted that as WIPO was an important organization for this kind of data, the choice of the website would be very important because the data security was at stake and data should not be used only by one country. In this respect, the Delegation asked the Secretariat to provide more information so that Member States could better review and assess the situation. Six, for Program 14 (Services for Access to Information and Knowledge), the Delegation noted that in the next biennium, the Member States that would build the Technology and Innovation Support Centers (TISCs) would increase to 50 countries and that half of them had already achieved sustainable development. The Delegation welcomed this result and expressed its view that the TISC network would be beneficial for the development of innovators in developing countries, which it considered it to be a very good platform as its extension had already achieved very good progress. Therefore, the Delegation suggested that in the future, on the basis of current experiences, the resource distribution should be enhanced so to attract more Member States to establish TISC networks. Seven, the Delegation noted that for SG VII, which deals with IP in relation to Global Policy Issues, that 32 per cent of the expected results had not been achieved. In the Delegation's view, WIPO, as a specialized agency of the UN, has a duty and the responsibility to overcome global challenges, and therefore the Delegation suggested to enhance WIPO Re:Search and WIPO GREEN in order to be in line with the UN Strategic Development Goals (SDGs). The Delegation added that WIPO should continuously extend cooperation areas so that IP's contribution could be extend to global health and other issues.

143. The Delegation of Chile, speaking on behalf of GRULAC, expressed its thanks for the PPR Report for 2014/15 prepared and submitted by the Secretariat. Concerning SG 1 and Program 3 (Copyright and Related Rights), GRULAC referred particularly to the TAG of Excellence project and thanked the Secretariat for the steps, which had taken, in order to ensure the holding of the regional meeting the following November. GRULAC also expressed its gratitude to the Delegation of El Salvador for having agreed to host the event. The commentary was all in response to a request, which GRULAC had made at the previous session of the PBC, and the Group hoped that it would give the PBC an excellent opportunity to discuss the project. GRULAC expressed its belief that the Member States copyright offices should be active participants in the standards definition process. The Group further noted that, in the same way, conclusions reached and suggestions made by Member States copyright offices should be duly included in the project documents, including the compendium handbook. GRULAC took note of the fact that the process included the participation of Collective Management Organizations (CMOs) but also requested to be on record that it recollected that

WIPO was a member driven organization, and, therefore, that those members should have priority. The Delegation expressed its hope to be able to continue a constructive dialogue on this matter with the Secretariat.

144. The Delegation of Canada thanked the Secretariat and everyone involved in the preparation of the massive report and acknowledged the fact that it represented a tremendous amount of work by a lot of people, which certainly showed. The Delegation expressed appreciation and also stressed that the Report had been read with interest. The Delegation continued to note with satisfaction a number of ongoing improvements in the presentation of information in the reports, and particularly in the traffic light system (TLS), as well as those generally implemented suggestions made by Canada at the PBC a few sessions ago, for which the Delegation thanked the Secretariat. The Delegation noted the overall good performance of Programs, like other delegations had mentioned earlier, and further noted that quite a few shortfalls were due to the negotiation of Member States rather than the Secretariat. The Delegation drew particular attention to the performance data of External Offices (EOs), which were being factored into its broader analysis of an approach to the current proposals for the opening of new EOs. On a related note, the Delegation added that it would have been remiss not to commend and thank the IOD for the very thorough and very valuable validation report, which had become an indispensable tool for WIPO sound management and continuous improvements, as well as for further strengthening overall confidence in the organizational management. The Delegation concluded that the report and particularly the validation in Annex 3 provided added perspective and provided programs with clear indications regarding areas for improvement.

145. The Delegation of the Russian Federation expressed its gratitude to the Secretariat for preparing such a voluminous and detailed document, which contained a full picture of WIPO's activities to implement its program in 2014/15. The Delegation noted and understood that the PPR was a self-assessment undertaken by the Secretariat and, then expressed its desire to make a couple of points. First, the Delegation expressed its overall appreciation for the activity of the Secretariat and what it had been done to ensure program performance in 2014/15, noting that the Secretariat certainly had worked hard to help to achieve the Organization’s SGs. Having said that, the Delegation requested some clarification from the Secretariat about the savings of resources under Program 10 (Cooperation with Certain Countries in Europe and Asia), notably on whether or not the savings were related to staff. The Delegation stressed that clarification on this point would help to better understand the development and implementation of the program, which covered *inter alia* countries with economies in transition. Generally speaking, the Delegation hoped that, in the future, WIPO's activities would implement the Program and Budget and the activities in the planning documents in order to have a higher percentage figure for program implementation compared to what was had this time.

146. The Delegation of Brazil supported the statement made by Chile on behalf of GRULAC. The Delegation deemed the document to be a very important tool and thanked the Secretariat for the elaboration of the document, which certainly had taken a long time and work by the Secretariat. The Delegation noted that the PPR was a self-assessment by the Secretariat. Regarding the DA and development expenditure, the Delegation noted its first point, namely a reduction in the development expenditure, and further observed that, without taking into account DA projects, there had been a reduction of 11 million Swiss francs when comparing the approved budget and the expenditures actually made. The Delegation commented that this was a trend that should be reversed in the current biennium. Further, the Delegation noted that the individual program performance assessment reports did not provide any information on the budget for development expenditure and that future versions of the report should include such information. The Delegation further posited that development expenditure should also be broken down under each item in order to provide more details on personnel and non-personnel costs, for example. Still on the subject, the Delegation supported the statement made by the Delegation of China regarding the lack of progress and implementation of the third pillar of the CDIP. The Delegation deemed important to expand the geographical origin of IP protection and

suggested that this could be done by providing assistance to Member States in adapting their national IP systems in a way that would enable the production and dissemination of IP rights and technologies therein, taking into account the particular characteristics. The Delegation also stated that the adoption by the PCT Working Group regarding the fee reduction for universities from developing countries would provide a much welcomed stimulus to filing from developing countries. With regard to WIPO's work in assisting Member States to elaborate the national IP strategies, the Delegation noted that the performance indicator showed a high level of achievement; however it was not clear to what extent the assistance provided and the strategies implemented were "development-oriented" and requested clarification on the criteria used to identify activities as development-oriented. The Delegation further noted that the afore-mentioned comment also applied to the other references to "development-oriented" in the texts. Regarding Program 3 and the TAG of Excellence, the Delegation stressed that the copyright offices of Member States must actively participate in the process of defining standards and that the regional meeting in El Salvador would be a great opportunity for Latin American countries to introduce their views. The Delegation further stated that the conclusions and suggestions must be duly incorporated in the documents, including the Compendium. The Delegation further requested that the outcome of past regional meetings be circulated. The Delegation further recalled that WIPO was a member-driven organization and that precedence should lie with them. It then stated it looked forward to further discuss the issue with the Secretariat. On Program 4 (Traditional Knowledge, Traditional Cultural Expressions and Genetic Resources), the Delegation stressed the importance of continuing the work of the IGC and its intention to reach an agreement on international legal instrument or instruments, which would provide effective protections for the matters discussed therein. The Delegation noted that despite the high rate of satisfaction mentioned in the PPR with the IGC, much work remained to be done in order to expedite the work of the Committee. Under Program 16 (Economic and Statistics), the Delegation expressed its support to the work of the Economic and Statistics Division, which provided valuable inputs that assisted Member States, and observed that the great demand from Member States was a testimony to the quality of the work of the Division. The Delegation further noted that the Division provided world class information and analysis, which were later used in relevant IP debates, and that should continue to be supported by the Organization and Member States. On Program 20 (External Relations, Partnerships and External Offices), the Delegation noted that it had been mentioned that WIPO had submissions and responses to external requests for contributions and stressed the importance of providing those documents to Member States, following the principles of transparency and accountability and the DA Recommendations. Still under Program 20, the Delegation stated that it would be important for WIPO to provide more information regarding the participation of WIPO in the United Nations Interagency Task Team on Science, Technology and Innovation for the SDGs. Lastly, commenting on Program 18 (IP and Global Challenges), while the Delegation deemed it relevant that WIPO consolidate itself as the main forum for IP debates, it noted that the activities on the so called "global issues" must be oriented by Member States' decision.

147. The Delegation of the Republic of Korea expressed its gratitude to the Secretariat for preparing the PPR for the 2014/15 biennium and was pleased with the fact that more than 91 per cent of program indicators were assessed as fully or partially achieved. The Delegation announced that it had two comments. The Delegation commented that WIPO's performance indicators should not reflect the input but the outcomes of WIPO's programs. However, the Delegation noted that there were some performance indicators that appeared to only present the input of such programs, especially for Program 15 (Business Solutions for IP Offices), such as the Industrial Property Administration System (IPAS). The Delegation observed that it was hard to find the outcomes of deploying WIPO's IP office business system in this PPR. The Delegation, therefore, asked the Secretariat to provide Member States with sufficient information regarding the outcomes, such as WIPO's IP office systems' yearly deploying result and the usage situation of each system. Secondly, regarding the Hague System and referring to page 107 of the English version of the PPR 2014/15, the Program 31 Annex, the Delegation noted that the pendency period had increased, which meant that the number of Hague applications had dramatically increased in recent time. To respond to the current situation, the

Delegation posited that WIPO should take some measures to respond to it and asked what kind of measures WIPO intended to prepare in response.

148. The Delegation of Japan commended the Secretariat for their hard work in preparing the document and recalled that according to the PPR 2014/15, out of the total of 394 performance indicators in the Program and Budget 2014/15, 286 Indicators or 72 per cent had been assessed as fully achieved. In addition this year, the PPR included biennial performance data for each of the nine SGs. In this regard, the Delegation was pleased to see the hard work and hard efforts made by the Secretariat to implement the programs. Concerning the performance indicators that were assessed as partially achieved or not achieved, the Delegation stated that it would be necessary for the Secretariat to appropriately address this when implementing the Program and Budget for this biennium by applying lessons learned from the past. In addition, the Delegation suggested that the Secretariat should review if the initial targets and their performance indicators were appropriate, stating that it was not the Delegation's intention to micromanage the Secretariat's work but that at the same time, the Delegation believed that one of the most important purposes of the report was to always continue to implement the program. Therefore, the Delegation hoped that meaningful measures had been adopted to mitigate the issues and that such measures had been appropriately reflected in the Program and Budget.

149. The Delegation of Romania joined the other delegations in congratulating the Chair on his election and expressed its confidence in the Chair's leadership skills. The Delegation fully supported the statements delivered under this item and commended the Secretariat for preparing a comprehensive document on the PPR and for the results achieved in the last biennium, which were reflected throughout the level of achievement of the Performance indicator ratings. Moreover, the Delegation thanked the Secretariat, especially the Department for Transition and Developed Countries (TDC), for the support provided to the development by Romania of the project related to teaching IP in high schools. The Delegation reported that the IP course was officially approved by the Ministry of Education in March of the previous year and that the curriculum was elaborated for one class per week during a study year and could be taught in any high school grade. The Delegation further noted that on November 18 and 19, 2015, it had organized in Bucharest, in cooperation with WIPO, a national seminar teaching IP for high school teachers aimed at raising awareness among high school teachers on IP issues. The Delegation noted that the participants had appreciated the event and that it planned to organize similar meetings in the near future.

150. The Chair closed the list of speakers under the present agenda and invited the Secretariat to provide the necessary answers. The Chair also commented that the answers would not be just one since the questions covered a whole range of WIPO activities and invited the Secretariat to coordinate the order of the responses.

151. In response to the question from the Delegate from Latvia on Program 16, the Secretariat explained that it was a pure technicality because in the PPR 2014 there were seven targets, whereas in the PPR 2014/15, some of the targets had been broken down into individual targets. For example when the achievement on each of the specific reports is looked at, there were more targets that had been assessed in 2014/15 compared to those assessed in 2014. The Secretariat continued to explain that when looking at the statistics, it actually skewed the statistics to non-assessable compared to what was reported in 2014; however, the Secretariat noted that it actually just provided Member States with more information. The Secretariat further explained that in some reports, because the baselines were not available, the indicators had been assessed as non-assessable rather than achieved, and that it was rather a way of showing the more detailed presentation that Member States had in 2014/15, which was giving these numbers to which Latvia was referring. The Secretariat then asked Member States if additional information from the Chief Economist was required. There were no further requests. The Secretariat then gave the floor to the Assistant Director General of the Global Infrastructure Sector.

152. The Secretariat thanked the Delegation of China for the question relating to the Risk Mitigation Strategy on page 158, which refers to the risk reporting and mitigation of PATENTSCOPE of Program 13. The Secretariat stated that, on examination of the web traffic to the PATENTSCOPE website, it was realized that a large number of users came from Asia and, in particular, from Japan and that there was a latency issue. The establishment of a mirror site in the region was investigated, and a pilot project initiated to establish a mirror site, controlled from Geneva, to provide a duplicate of the WIPO PATENTSCOPE website in Tokyo. The data, once uploaded on the WIPO web site from servers in Geneva, would be sent to Tokyo, and a few hours later, servers in Tokyo could allow users in Japan, and also in the Asian region, to download with greatly improved latency and access speed. For example, the Secretariat note that it greatly improved download times for PCT documents. The Secretariat also addressed the question from the Delegation of the Republic of Korea regarding the use of IPAS, the related software modules and the number of IP Offices using the suite. The Secretariat pointed out that information on the use of IPAS had been provided on pages 164 and 165, as figures of average service level of IPOs assisted, and in response to the request from the Delegation, the Secretariat also agreed to provide further more specific data.

153. In response to the comment by the Delegation of China on the risk identified in the PPR for Program 5 (The PCT System) that the number of PCT filings could decrease, either in absolute terms or relative to Paris route filings, the Secretariat stated that the risk had not materialized during the 2014/15 biennium. On the contrary, in absolute terms, a record number of about 435,000 PCT applications had been received during the biennium, an increase of about 9 per cent compared to the previous biennium. Moreover, relative to Paris route filings, the PCT had increased its “market share” to about 57 per cent. The Secretariat further stated that it was monitoring the development of PCT filing figures very closely, noting the importance a decrease in PCT filings would have on PCT fee income and thus on the income of the entire organization.

154. The Secretariat thanked the delegations for their appreciation of Programs 10 and 30, as well as for the question from the Russian Federation regarding the savings reported for Program 10. The Secretariat confirmed that savings were made both in personnel and non-personnel resources and that this was above all due to the staff of the Department, which is continuously striving to improve management and achieve the best possible results in the most effective manner. The Secretariat added that the Member States had also been taking a very constructive attitude and approach in implementing the work program and that Member States showed great understanding and support of the attempts made by the Secretariat for making savings in a constructive manner, while at the same time discharging all the tasks in the interest of the Member States as foreseen in the relevant work plan.

155. The Secretariat thanked both delegations for their questions, indicating that they were linked together in that the recent expansion of the Hague System to large economies where a thorough examination system was in place, such as the Republic of Korea, Japan and the United States of America, had had two consequences: not only had it led to a massive increase in filings, but it had also introduced new elements that could be included in international applications in support of the designations of the countries and that complicated the examination work of the International Bureau. Thus, turning specifically to the intervention of the Delegation of China, the Secretariat gave the example of the claim that international applicants needed to provide in support of their designations of the United States of America and which sometimes presented a formal defect, requiring the International Bureau to intervene ex officio. The result of that ex officio intervention would then be referred to as a “substantive observation” as it related to an element of the international application itself, as opposed to an “irregularity” or a mere “observation” communicating information. Turning to the question put forward by the Delegation of the Republic of Korea, the Secretariat indicated that the increase in processing time in 2015 was again another reflection of the recent complication introduced in the Hague System but that situation was of a transitional nature, as new procedures were stabilizing, and that the three new examiners recruited were gaining in autonomy.

156. The Secretariat noted that the specific questions which were asked to the Secretariat had been exhausted and provided further assurance that it had duly taken note of the intervention by the Delegation of Brazil regarding the presentation of development expenditure in future PPRs, as well as on the request for additional information to be circulated. The Secretariat further explained that it would get in contact with other colleagues in the Secretariat to see how this could be best done and get back to the Delegation during the week.

157. On a request from the delegation of Republic of Korea in connection with the PPR, the Secretariat stated that it held an informal consultation with the delegation of the Republic of Korea on its request for review of a performance indicator of IPAS of Program 15 and was pleased to inform the Committee that the Secretariat had agreed with the Delegation that the Secretariat should propose a new additional performance indicator of IPAS, which would be based on quantitative measurement of applications processed by IPAS. The new performance indicator would be prepared and presented at the next session of PBC in 2017 in the course of preparation of a draft Program and Budget for the next biennium.

158. The Chair thanked the Secretariat for the detailed clarifications and invited the Secretariat to very carefully look through the statements made by Member States under agenda item 9, and, after examining them, to go back to Member States to provide additional information. The Chair added that doing so would certainly facilitate the conversation during the Assemblies, where Member States would do a little bit of repeat of the exercise. The Chair then encouraged delegations to address specific questions for clarification to the Secretariat prior the Assemblies, so as to have a smooth conversation and examination of the agenda item during the Assemblies. The Chair then read out the proposed decision paragraph as outlined in document WO/PBC/25/7. As there were no objections, it was gaveled.

> 159. The Program and Budget Committee (PBC), having reviewed the Program Performance Report (PPR) for 2014/15 (document WO/PBC/25/7), and recognizing its nature as a self-assessment of the Secretariat, recommended that the Assemblies of the Member States of WIPO acknowledge Programs' contribution made in 2014/15 to the achievement of the expected results.

(B) INTERNAL OVERSIGHT DIVISION (IOD) VAILIDATION REPORT ON THE PROGRAM PERFORMANCE REPORT FOR 2014/15

160. Discussions were based on document WO/PBC/25/8.

161. The Chair opened the agenda item and stated that the Validation Report provided the IOD's main findings, conclusions and recommendations arising from the validation exercise of the WIPO Program Performance Report (PPR) for 2014/15. The Chair invited the Acting Director of IOD to present the report.

162. The Secretariat specified that the IOD carried out a validation exercise of the PPR every two years. The IOD submitted its report to the PBC as part of the discussions taking place in the context of the PPR. The present document was an independent validation of the PPR based on a random selection of one Performance Indicator *per* program. The Secretariat underlined that the IOD had taken 30 or 31 key performance indicators on which it had drawn some conclusions. It was a random sample and it could be recognized that there were some limitations because of the number of PIs selected, although representative, which might not reflect exactly the full population. The Secretariat continued that the purpose of the validation exercise was to contribute towards further enhancing accountability for results within the Organization and added that it was the fifth exercise undertaken since its inception in 2008. The Secretariat explained the objectives of those exercises. The IOD wanted to provide an independent verification of the reliability and authenticity of information contained in the 2014/15 PPR for each program, follow-up on the implementation status of the recommendations of the previous PPR validation reports and make further recommendations to strengthen the

performance Results Framework and performance framework at WIPO. The scope included assessment of performance data of one randomly selected Performance indicator for each program against the set of preset six validation criteria, assessment of the accuracy of the Traffic Light System used by each program to self-assess, and the examination of the achievements of the targets set for that PI. A survey of Program Managers, Alternates and other staff responsible for reporting on program performance was performed to obtain their feedback about the Results Framework. The summary results showed overall improvement, in terms of "fully meeting the criteria" over the last biennia. A comparison was done and, based on that random sample, 90 per cent of all performance data provided in support of the randomly selected PIs were "relevant and valuable", 73 per cent were "sufficient and comprehensive", 77 per cent were "accurate and verifiable", 73 per cent were "timely reporting", and 70 per cent were "efficiently collected and were provided in a clear and transparent manner". In comparison with the previous two biennia, WIPO's Results Framework had been enhanced and improvements were made. However, some programs still "partially met (their) criteria". The Secretariat said that it needed to focus on the sufficiency and comprehensiveness of performance data for seven programs. Nine programs were still facing some challenges in efficiently collecting their performance data; accuracy and verifiability had been partially met by seven programs, against six for the last biennium. That issue was discussed and colleagues would take on board and implement the recommendations. In terms of "did not meet the criteria": only one program was found not to have sufficient and comprehensive data, and there was one case of a "timely reporting" issue. Overall, none of the programs was rated as "did not meet the criteria", which was something very positive. In terms of accuracy of the Traffic Light System (TLS) used to self-assess, 25 programs were found to accurately self-reported, and six could not be assessed for various reasons and there was not a program that reported in an inaccurate manner. The main conclusions included in the Validation Report could be summarized as follows: improvements continued in the Results Framework and performance management at WIPO, the number of expected results has been reduced from 60 in 2012/13 to 38 in 2014/15. WIPO had a decrease in the number of key performance indicators from 286 in 2012/13 to 269 in 2014/15 and enhanced accountability framework through effective linkage of WIPO's Results Framework with the establishment of the Risk Management Policy and Risk Management Group. More performance data had met the assessment criteria compared to the last biennium. TLS used to record achievement had improved. The existing tools continued to be enhanced to help monitor and report on work plan activities, and action had been taken on three out of the five recommendations made during the validation of the 2012/13 report. Two recommendations were still open and the IOD was tracking their implementation status on a regular basis. Three recommendations were made during the validation exercise: In the coming biennium, the Organization should further refine and streamline the number of indicators with no baselines or targets that had been found in 2014/15. The IOD also recommended that WIPO establish framework criteria and procedures for discontinuing key performance indicators within a biennium, in order to better support performance results, recommendation 3 specified that WIPO had to develop internal procedures to assess any requests made by programs to modify key performance indicators as appropriate in order to provide a transparent and consistent method for assessing requests.

163. The Delegation of Greece, speaking on behalf of Group B, welcomed the Validation Report by IOD, which was an independent validation report of the PPR, as an appreciated and very helpful practice. The Validation Report showed that WIPO had made further progress with implementation of the Result Based Management Framework (RBM). The Group acknowledged that there was still room for improvement for some programs, yet welcomed the overall process which was well on track. The Group also encouraged the Secretariat to implement the recommendations made by the IOD with regard to the improvement of quality of performance indicators. In particular, indicators should be increasingly outcome oriented as well as have clear baselines. The Group also supported the recommendations to clarify procedures for changing and discontinuing indicators, as well as any efforts to strengthen understanding and ownership of the RBM framework by WIPO staff.

164. The Delegation of Canada thanked IOD for its very thorough and very valuable Validation Report which had become an indispensable tool for WIPO's sound management and continuous improvements as well as for further strengthening the overall confidence in the Organization's Management. That report, particularly the validation in Annex 3, provided an added perspective and provided programs with clear indications regarding areas for improvement. The Delegation added that it supported the intervention made by Group B.

165. The Chair read out the proposed decision paragraph. There were no objections, and the decision was gaveled.

> 166. The Program and Budget Committee (PBC) took note of the IOD Validation Report on the Program Performance Report for 2014/15 (document WO/PBC/25/8).

ITEM 10 ANNUAL FINANCIAL STATEMENTS 2015; STATUS OF THE PAYMENT OF CONTRIBUTIONS AS AT JUNE 30, 2016

(A) ANNUAL FINANCIAL REPORT AND FINANCIAL STATEMENTS 2015

167. Discussions were based on document WO/PBC/25/19.

168. The Chair introduced document WO/PBC/25/19 that provided information concerning the financial statements of the Organization for the year ending December 31, 2015. The Chair reminded the Committee that, in accordance with the Financial Regulations, the PBC was required to consider the Financial Statements and transmit them to the General Assembly with comments and recommendations. The Chair handed the floor to the Secretariat for the further introduction of the agenda item.

169. The Secretariat specified that the Financial Statements had been prepared in accordance with the International Public Sector Accounting Standards (IPSAS), adding that it was pleased to inform delegates that an unqualified audit opinion had been received. The financial report firstly provided a discussion and analysis of the results for the year as well as giving a detailed explanation of the constituent parts of the Financial Statements themselves. The statements themselves, explained the Secretariat, were followed by a number of tables which were non-obligatory for IPSAS compliance purposes but which provided additional useful information such as the first two tables which provided details of the financial position and the financial performance of the Organization by business unit. The Organization's results for 2015 showed a surplus of 33.27 million Swiss francs for the year, with revenue of 381.9 million Swiss francs and expenditure of 348.7 million Swiss francs. The net assets of the Organization as at December 31, 2015, amounted to 279.06 million Swiss francs. The largest source of revenue during 2015 was PCT system fees, which accounted for 72.1 per cent of total revenue. Madrid system fees represented the second largest source of revenue for the Organization, accounting for 17.8 per cent of total revenue. The largest expense for the Organization was personnel expenditure which amounted to 216.3 million Swiss francs, representing 62 per cent of total expenditure.

170. The Delegation of Greece, speaking on behalf of Group B, welcomed the comprehensive report prepared by the Secretariat and the fact that, as a result of the surplus for 2015, net assets had increased from the balance of 245.8 million at the end of 2014. In 2014 the Organization, continued the delegation, recorded a surplus of 37 million Swiss francs. The surplus for the year 2015 was 33.27 million Swiss francs, mainly influenced by the PCT performance and level of expenditure. WIPO's total revenue, continued the Delegation, had increased by 3 per cent from 370.18 million Swiss francs in 2014 to 381.94 million Swiss francs in 2015. The Delegation noted that the Patent Corporation Treaty Union had accounted for 77.6 percent of the surplus for 2015. Thus, the surplus/deficit of WIPO was mainly influenced by the surplus/deficit in the PCT performance and level of expenditure. The largest source of

revenue during 2015 was PCT system fees accounting for 72.1 per cent of total revenue. Revenue from PCT system fees had decreased in the year 2015 by 1 per cent compared to 2014. The driver for revenue from fee-paid services in the national demand for intellectual property titles, said the Delegation, was influenced by the performance of the global economy, although since 2010 global intellectual filing activity had continued to grow despite an uneven economic recovery from the global financial crisis that had begun in 2008. Given the various parameters that were taken into account and which were described in the report in a detailed manner, for example, the increase to the revenue from Madrid system, the Delegation wished to commend the exchange loss for 2015 on PCT fees received, which was limited to 0.7 million Swiss francs. While congratulating the Organization for keeping balanced financial management, the Delegation said it was important to continue to bear in mind that significant increases were attributed to the growth of one global intellectual service, mainly PCT. Although further growth of the system was speculated until at least 2017, the Delegation said it would be wise to follow the same prudent approach taking into account the changeable economic situation which had a great impact on the trend of patent applications. Furthermore, considered the Delegation, the increase in the Organization's expenditure and future liabilities also required prudence.

171. The Delegation of Brazil noted that WIPO continued to have a healthy financial situation. This, said the Delegation, was reflected in the surplus of 33.3 million Swiss francs and an increase in net assets to 279.1 million Swiss francs in 2015 alone. PCT fees continued to provide the majority of WIPO's income. The Delegation said that in order to further explore the objectives of the PCT and to expand its current and future base of applicants, WIPO members had consistently urged that the geographical origin of PCT applications be diversified. Those elements, added the Delegation, provided support to the proposal by Brazil in the PCT working group for Developing Countries and LDCs. The Delegation explained that this was based on a solid study prepared by the International Bureau in which the costs for WIPO of the reduction of fees was calculated by reference to the elasticity of those PCT fees for universities from Developing Countries and LDCs. The adoption of the proposal would entail a projected cost of a mere 1 million Swiss francs per year. This, added the Delegation, represented 0.28 per cent of WIPO’s total revenue. It was Brazil's expectation to advance this proposal in the next session of the PCT working group which was in agreement with the proposal.

172. The Delegation of the United States of America endorsed the statement made by Group B, and said it was pleased to know that WIPO continued to set aside funding for future financing of after-service employee benefit liabilities. This, said the Delegation, was an important step in covering an unfunded liability, and WIPO was fortunate enough to have the resources to do so. Consistent with its position on increased transparency for the Lisbon system in the budget, the Delegation expressed its wish to see increased transparency in the financial statements. It noted that there was Lisbon-specific information in several budget tables throughout the document and appreciated the clear representation given in the table on page 77, Revenue, Expenses and Reserves by Segment. This table displayed revenue and some expenses related to the Lisbon system. Although the Lisbon Union held a Diplomatic Conference in 2015, continued the Delegation, the Lisbon Union was only held responsible for 66,000 Swiss francs in expenses for conference and language services. The Delegation asked if the Secretariat could provide additional information as to where the expenses related to the Diplomatic Conference and the Lisbon Union working groups were noted. In that regard, the Delegation noted that the Lisbon system reserves and working capital funds continued to have a negative balance of over a million Swiss francs. The Delegation wondered when the Lisbon Union would establish a working capital fund. As it had stated last year, the United States did not support subsidizing the Lisbon system using fees from other unions. Moreover, it believed that such subsidy was clearly inconsistent with the Madrid Agreement and also the Patent Cooperation Treaty. As a result, the Delegation reiterated that the parties to the Lisbon system were responsible for covering any unfunded expenses.

173. The Delegation of France extended its congratulations to the Organization for its healthy financial situation and added that it fully supported the statement made on behalf of Group B by Greece. It affirmed that it would not respond to the comments on the Lisbon Union made by the Delegation of the United States of America, as this had already been discussed at the last General Assembly. It did not see the point in going back over this. However, the Delegation had a few questions in regard to the document under review. It stated that the amounts in respect of the ASHI liability had increased between 2013 and 2015 and requested clarification as to the reasons for these variations.

174. The Secretariat, in response to the questions on the costs incurred on the Lisbon Diplomatic Conference in 2015, on page 77, Revenue, Expenses and Reserves by Segment, these costs were included in the 1,154,000 Swiss francs for Program 6 because Lisbon and Madrid were a single program in that biennium, as approved by the Member States. Within the 1,154,000 Swiss francs, the specific cost of the Diplomatic Conference was 430,000 Swiss francs.

175. The Secretariat, in response to the question from the Delegation of France, confirmed that the ASHI liability would increase every year. Each year, explained the Secretariat, the costs of each employee's entitlement had to be reflected, as each employee had earned another year's worth of entitlement, in effect. The Secretariat added that interest costs also needed to be reflected, which meant the value of the liability changed between the beginning and the end of a given year. Basically, explained the Secretariat, the liability was moved on by one year (interest cost), and the extra year's entitlement for each employee was added to it (service cost). If nothing else changed, the liability would increase due to these two factors. The Secretariat added that there were various other elements involved in the calculation, including discount rates. If the discount rate changed, that could also have an impact on the growth of the liability.

176. The Chair read out the proposed decision paragraph. There were no objections and the decision was gaveled.

> 177. The Program and Budget Committee (PBC) recommended to the General Assembly and other Assemblies of the Member States of WIPO to approve the Annual Financial Report and Financial Statements 2015 (document WO/PBC/25/9).

(B) STATUS OF THE PAYMENT OF CONTRIBUTIONS AS AT JUNE 30, 2016

178. Discussions were based on document WO/PBC/25/10.

179. The Secretariat explained that the document under review provided information on the statement in arrears in annual contributions and payments towards the Working Capital Funds as at June 30, 2016. However, since the time that the document had been drawn up on June 30, additional payments had been received. The Secretariat provided an update to the PBC on the additional payments that had since been received: Benin had paid 405 Swiss francs, Botswana had paid 2,849 Swiss francs, Colombia had paid 1,560 Swiss francs, Costa Rica had paid 531 Swiss francs, Ecuador had paid 1,429 Swiss francs, Fiji had paid 2,849 Swiss francs, France had paid 729,237 Swiss francs, Greece had paid 34,183 Swiss francs, Maldives had paid 2,849 Swiss francs, Niger had paid 163 Swiss francs, Oman had paid 11,395 Swiss francs, St. Vincent and the Grenadines had paid 2,849 Swiss francs, Senegal had paid 464 Swiss francs, the United Republic of Tanzania had paid 1,424 Swiss francs and Vanuatu had paid 1,424 Swiss francs.[2] In addition, the Secretariat wished to update the PBC on the arrears in annual contributions of LDCs placed in a Special Frozen Account. These

[2] Between the time of the update provided by the Secretariat and August 31, 2016, the following payments have been received : for the Republic of Malawi, a payment of 2,738 Swiss francs (1,424 Swiss francs in respect of 2015 and 1,314 Swiss francs for 2016); for Spain, the payment of its contribution of 455,790 Swiss francs

included: Mali which had paid 142 Swiss francs and the United Republic of Tanzania which had paid 59,941 Swiss francs.

180. The Delegation of France wished to clarify a point with regard to the arrears indicated for France in the document. It concerned a late payment which was addressed on June 30, 2016 so the situation had been rectified.

181. The Secretariat informed the delegation that the date of the payment from France in the records was July 31, 2016. The amount received was 729,237 Swiss francs, which was the balance of the 2016 contribution. The Secretariat said it would check bilaterally with the Delegation on where the confusion lay between the two dates.

182. The Chair confirmed that the Delegation of France and the Secretariat would clarify this situation on a bilateral basis. Seeing no further requests for the floor, the Chair read out the decision paragraph. Seeing that there were no objections, the Chair gaveled the decision.

> 183. The Program and Budget Committee took note of the Status of the Payment of Contributions as at June 30, 2016 (document WO/PBC/25/10).

ITEM 11 FINANCIAL MANAGEMENT REPORT (FMR) FOR THE 2014/15 BIENNIUM

184. Discussions were based on document WO/PBC/25/11.

185. The Secretariat introduced agenda item 11 and the corresponding document. The Secretariat explained that the Financial Management report (FMR) for 2014/15 was transmitted to the Program and Budget Committee in accordance with Regulation 6.7 of the FRR (the Financial Regulations and Rules) which required that the FMR be transmitted to all interested Member States. The FMR, continued the Secretariat, showed the Organization's results for the 2014/15 biennium compared with the budget for the previous biennium. It also provided details of the Organization’s financial performance during 2014/15 and of its financial position both at the end of 2014 and 2015, in accordance with IPSAS. The Secretariat went on to say that the overall budgetary expenditure for the 2014/15 biennium amounted to 642 million Swiss francs, representing a utilization rate of 95.3 percent of the approved budget of 674 million Swiss francs. This demonstrated the successful efforts made by the Secretariat to manage and reduce expenditure through cost efficiency measures. Actual income on a budgetary basis amounted to 775 million Swiss francs, an increase over the budgeted estimate by 62.4 million Swiss francs or 8 percent. The Organization's healthy financial performance was reflected in the data for the biennium, which showed that a budgetary surplus of 133.1 million Swiss francs against the budget was generated. Expenditure against amounts allocated from the reserves for various projects amounted to 40.3 million Swiss francs and IPSAS adjustments amounted to 22.5 million Swiss francs. The overall result was therefore a surplus of 70.3 million Swiss francs for the biennium 2014/15. The Secretariat wished to add, for the benefit of delegations, that an element of duplication transpired as they had gone through WIPO’s performance reporting and financial reporting. The Program Performance Report contained significant programmatic and financial reporting elements, explained the Secretariat, and there were also the Financial Statements. Now the Financial Management Report was being presented in accordance with WIPO’s Financial Regulations and Rules. The Secretariat said it would be very grateful for Member States' suggestions on how to minimize the duplication of the various reporting elements in the reports that had been presented.

186. The Delegation of Mexico, referring to this last point raised by the Secretariat, recalled that, a year ago, there had been an exercise to try to identify how to avoid overlap in terms of the information provided in the Financial Statements, the Financial Management Report and the PPR. It was important, considered the Delegation, to avoid the duplication of work because this created additional work for the Secretariat. Obviously, there were the principles of transparency and accountability that needed to be respected, but from the point of view of the Delegation,

having heard the presentation of the Financial Statements and the External Auditor's view on those Financial Statements, that information was already there. The Delegation therefore wished to ask advice from the Legal Counsel on this matter. As the Controller had mentioned, presenting the Financial Management Report was done because of the Financial Regulations and the requirements therein. Did the PBC need to amend the Financial Regulations in some way, wondered the Delegation, or how could this process be made more streamlined? The Delegation pointed out that additional resources in the Secretariat were being used to create these excellent reports but were very often duplicating the information and this may lead delegations to actually get confused because of the different information that could be found in these various documents.

187. The Delegation of the Russian Federation also noted that there was some overlap in financial reporting. The Delegation considered that it would be worth considering how work in this area could be optimized. The Delegation had a specific question about the report under review, namely about staff resources, table 7 on page 13 of the report and the subsequent paragraph dealing with personnel resources according to which total costs were lower than both the level in the approved budget and also the final budget after transfers for 2014/15. The Delegation wondered what the reasons for this reduction in costs were. The Delegation also wished to know what exactly was covered by the term "personnel expenses" and wished to have an overview on this given the significant amounts involved. The Delegation said that, concerning posts, a total of 1,205 posts were mentioned in table 5. The Delegation also had a question in this respect, mentioning that there had been a large increase in posts in the professional category. It wondered what the reason behind this trend was. There were 43 more posts in the professional category and five more posts in the director category. The Delegation asked what the vacancy rate included in the 2014/15 budget had been and what the actual vacancy rate in 2014/15 was. The Delegation also asked what the cost of a post in the Organization was, for example, at the P4 grade.

188. The Delegation of the United States of America welcomed the presentation of the Financial Management Report for the 2014/15 biennium. The Delegation was pleased to see that the 2015 financial statements for WIPO were once again prepared in compliance with International Public Sector Accounting Standards. It commended the Secretariat for its fiscal discipline and management policies; however, continuing increases in personnel and contracting costs could become problematic and should be carefully monitored. The Delegation noted the continued accumulation of reserves due to an excess of revenue over expenditure and believed a dialogue on how best to balance revenue with expenditure would be appropriate and instructive.

189. In response to the question posed by the Delegation of Mexico, the Secretariat (Legal Counsel) recalled that this issue concerned the role of the Program and Budget Committee with respect to the financial management reports. It referred to the WIPO Financial Regulations and Rules, in particular Regulation 6.7, according to which *"After the annual audit, the annual financial statements and the report of the external auditor shall be transmitted to all the interested states every two years following the end of the biennium, the financial management report shall also be transmitted to all interested states."* The Secretariat explained that it had been standard practice for the Program and Budget Committee to act as the committee through which this report was submitted to interested states. With respect to the approval process of the actual Financial Regulations and Rules, the Secretariat mentioned that Regulation 1.1 clearly provided that there were financial regulations, approved by the General Assembly, and that the PBC would follow these. Additionally, specified the Secretariat, the Financial Rules were established and amended by the Director General in accordance with the Regulations and Rules, and the Program and Budget Committee would be informed of any such change in financial rules.

190. The Secretariat further wished to draw the Delegation of Mexico's attention to the fact that these Regulations and Rules were established before the implementation of IPSAS. It followed

that, previously, the Financial Management Report had been the Organization's main biennial report in the pre-IPSAS era, this was something important to note and this had, of course, been replaced by yearly financial statements. It should also be recognized that, with the implementation of results-based management, there was now a very comprehensive Program Performance Report, which had not necessarily been as comprehensive in terms of financial information in previous years.

191. The Delegation of Mexico confirmed that there appeared to be an overlap of information between the Program Performance Report and the Financial Statements. In addition to this, continued the Delegation, it appeared that the information contained in the Financial Management Report was adapted to the prior, pre-IPSAS era. The Delegation wished to suggest that the Secretariat, if in agreement, present a revised version of the reporting document(s), taking into account the overlap of information and the fact that the Financial Management Report responded to a pre-IPSAS situation. This could be done by next year, which would allow the PBC to decide whether or not to recommend such a change. The Delegation said it was open to comments on this from any other Member States.

192. The Secretariat confirmed that it would take this discussion, as well as the many Member States' comments that had been made in the last survey conducted on Financial and Program Performance Reporting, into consideration. It would look at all of this information and attempt to make a proposal to the Member States in the next PBC.

193. The Delegation of Canada expressed support for the statement made by the Delegation of the United States about the possibility or necessity for a dialogue on how to balance expenditure and revenue in light of the surplus and believed that such dialogue would support a broader objective regarding concern about overall financial prudence and good governance. The Delegation suggested looking at practice in other UN agencies in respect of the structure of financial reporting, especially since this pre-dated IPSAS.

194. The Secretariat, in response to the questions asked by the Delegation of the Russian Federation concerning savings in personnel costs reported in the Financial Management Report and the reasons for these savings, explained that the main factors for the savings were that the number of vacant posts in the biennium were higher than the budgeted number of vacant posts, i.e. the vacancy rate, that was foreseen in the budget and that there were savings on the contribution to the pension fund, the UNJSPF. This was first of all because of a lower number of filled posts and secondly because the exchange rates (the U.S. dollar and Swiss franc exchange rates) in the last biennium 2014/15 were somewhat lower than what had been budgeted in the Program and Budget. The Secretariat added that there had also been a somewhat lower number of regularizations of continuing functions than had been planned in the Program and Budget. There was a cost element when a temporary position was converted into a fixed-term post, since the latter was more costly than a temporary position, hence the cost savings generated when a lower number of posts than planned were regularized. The Secretariat said there was a fourth element which was that there was a more flexible resourcing of some projects, so instead of filling the posts that had just been described, such posts were filled in some cases by temporary personnel or contractual services were used instead, giving rise to some savings. Considering the second question about the definition of personnel resources, it could be seen from the Program and Budget that this concerned the cost of the fixed term posts and the temporary positions. The third question pertained to the number of posts in Table 5. The total number of posts remained unchanged at 1,205. However, there were differences due to the allocation of posts which were previously in unallocated but part of the total post count, and which had then been allocated to various programs following regularizations. Concerning the cost of posts the Secretariat recalled that, in the 2014/15 Program and Budget, both posts and temporary positions had been budgeted on the basis of standard costs. However, there had been a move to actual-based costing in the Program and Budget 2016/17. This implied that every budgeted post corresponded to the actual cost of the incumbent. The Secretariat gave an example of what the standard costs were in 2014/15: for a

P4, the standard cost was approximately 200,000 Swiss francs, which included the ASHI cost of 6 percent.

195. The Secretariat wished to make a clarification within the context of the discussion of the Financial Management Report. There had been a related question the previous day on development expenditure, which required further explanation. In the context of the Program Performance Report for 2014/15, the question was on how the development expenditure share had been calculated. The Secretariat recalled that the development expenditure was calculated based on the definition in the Program and Budget. In the Program and Budget 2014/15 document, this was on page 46, paragraph 53. The development expenditure share had been estimated on that basis and the estimated actual expenditure was similarly estimated using the same definition as in this paragraph of the Program and Budget. The paragraph was reproduced on page 24, paragraph 17 of the Program Performance Report, for ease of reference. It was the same methodology that had been used for the estimation of development expenditure at the budgeting stage.

196. The Delegation of Brazil thanked the Secretariat for having responded to its question asked the previous day. The question, continued the Delegation, was indeed related to development expenditure, but the Delegation was also seeking clarification about what criteria the Secretariat was using in stating that an indicator was development-oriented in the Program Performance Report. This, said the Delegation, appeared more than ten times in the report. It added that another question it had raised the previous day was related to the TAG project because Brazil was interested in receiving information on past regional meetings held in preparation for the El Salvador meeting which related to GRULAC.

197. The Secretariat recalled that the definition of development expenditure pertained exclusively to the definition of development-related expenditure, in the context of the Program and Budget. It recalled the discussions in the Program and Budget Committee that had taken place on the revised definition of development expenditure which would now be applied to the 2018/19 Program and Budget, and that this pertained very specifically to the definition of development expenditure in the context of the Program and Budget. Regarding the TAG project, the Secretariat reiterated that it would consult with colleagues on how this information on the outcome of the meeting, held, it believed, last November, could be made available in the most pragmatic way.

198. The Delegation of Brazil wished to clarify that it had understood the definition of development expenditure by the Secretariat very well and appreciated the response in respect of the TAG project. However, the question was specifically related to the definition of development-oriented activities, not development expenditure, which was clear for the Delegation. It wished to request information on how development-oriented activities were defined by the Secretariat.

199. The Secretariat, in response to the question posed by the Delegation of Brazil, explained that its development-oriented activities were guided by the 45 recommendations of the Development Agenda.

200. The Chair read the proposed decision paragraph and in the absence of any objection the decision was gaveled.

> 201. The Program and Budget Committee recommended to the Assemblies of the Member States of WIPO to approve the Financial Management Report for the 2014/15 Biennium (document WO/PBC/25/11).

ITEM 12 ANNUAL REPORT ON HUMAN RESOURCES

202. Discussions were based on document WO/PBC/25/INF.1 and Corr.

203. The Chair introduced this agenda item and invited the Director of the Human Resources Management Department to introduce the documents.

204. The Secretariat stated that the present report covered the period from July 2015 to June 2016 and would be presented to the Coordination Committee (CoCo) in October 2016. It stated that staff continued to be WIPO's most important asset and significant achievements had been accomplished by staff during that period. Innovation and improvements in IT infrastructure were continuously implemented, improving service delivery to global clients, whilst internal process improvements were made to deliver faster and better services internally to staff and managers. In this regard, a new recruitment tool had been recently introduced. The Secretariat mentioned that, as had been the case the last couple of years, the size of the workforce had remained stable while new jobs in priority areas had been created through re-alignment, which enabled the Organization to do more with the same number of staff, to renew and re-profile particularly to meet new needs in terms of language and IT skills requirements. The Secretariat added that staff costs had remained largely stable and that staff turnover continued to be very low, whilst a high proportion of staff have remained on permanent contracts. This required the Secretariat to be attentive to training and skills development. Geographic and gender diversity had also been the focus of work during the past year, the Secretariat was now composed of a record number of 119 nationalities. There still remained quite a large number of Member States which were not represented and a number of initiatives were undertaken to reach out to the unrepresented states. On the basis of the decision taken by the Member States at the CoCo session in October 2015, the Secretariat had provided support to the Chair of the Committee in the intensive consultation process with Member States on equitable geographic representation, the report of which would be presented at the session of the CoCo in October 2016. Progress was also made in gender diversity. Whilst the Secretariat had overall gender balance, much work still needed to be done to attain gender balance at the levels P5 and above. In this regard, the pilot project on the professional development of women to support gender balance internally, which was positively evaluated during its first year of implementation in 2015, would move into a second year with the intention to reach a larger number of staff that would benefit from individualized attention and career support. The Secretariat reported that the UN compensation systems reform would be implemented in the near future and that the corresponding changes to the Staff Regulations and Rules were being submitted to the CoCo for its approval in October 2016. In terms of HR process improvements, the implementation of a staff self-service system, a new performance management system, a new learning and training system, and a skills inventory would be the focus of attention in the coming 12 months. In addition, the current time and attendance management system was undergoing reform and a Working Group consisting of staff and management representatives had come up with a number of recommendations to modernize the way staff working time was managed, which was expected to be completed by mid-2017. In this respect, a survey had been conducted, in which more than 700 staff participated. Finally, the Secretariat was expecting to receive guidance from the CoCo on the implementation of geographic diversity initiatives that would then be included in the human resources strategy that would be developed for the coming years.

205. The Delegation of Chile, speaking on behalf of GRULAC, stated that the latter welcomed the presentation of the Annual Report on Human Resources and that it granted the highest importance to human resources in the Organization, particularly the measures aimed at ensuring a broad and balanced geographical representation.

206. The Delegation of Greece, speaking on behalf of Group B, thanked the Secretariat for the Report on Human Resources, submitted to the PBC for information purposes, and welcomed the continuous improvement of the report, which had established its role as a key source of information on human resources for Member States. Taking account of the nature of the Organization, human resources remained the most critical part in achieving its mandate and objectives, and that fact was also reflected in the percentage of the personnel costs. From that perspective, the appropriate administration of human resources in the Organization was important. Group B understood that convergence of the recognition of WIPO as a global

service provider in a fast-changing environment and the demand for cost containment by its Member States was very challenging. Therefore, Group B appreciated the Secretariat's efforts to respond to such a challenging demand by achieving stability and flexibility in the workforce through non-staff contracts and outsourcing mechanisms. With respect to recruitment, which formed the basis of human resources and therefore was especially important for the Organization, the Delegation reiterated the importance that recruitment should be conducted based on merit and the highest standards of efficiency, competence and integrity, taking account of the very technical nature of WIPO and the reality of the service which WIPO provided. That overarching principle was essential in order to achieve the unique mandate of the Organization, even in the context of the United Nations. The Delegation added that it also appreciated the Secretariat's continuous efforts on geographical diversity and recalled that various views had been expressed in the discussions during the consultations led by the Chair of the WIPO Coordination Committee on the revision of the 1975 principles of geographical distribution, the draft report of which would be issued shortly. It said that it supported WIPO's current initiatives, including outreach initiatives, to improve geographical distribution and encouraged the Secretariat in those activities in order to secure as broad a geographical distribution as possible, as well as gender parity.

207. The Delegation of China thanked the Secretariat for providing the important and informative report, which gave the Member States an overview of WIPO's initiatives and strategic planning in the area of human resources. It appreciated the positive results achieved by WIPO in the implementation of the Human resources strategy and its efforts in improving geographical diversity. It believed that WIPO was facing some challenges in satisfying increasing business demands, enhancing Human resources and improving geographical diversity, and that the Organization might need to plan for a strategically diversified HR taskforce in an innovative and efficient way. In this respect, it suggested that: (i) an information desk should be set up to explain to Member States the recruitment process in WIPO during the 2016 Assemblies of Member States, as was the case in 2014; (ii) WIPO should organize, in interested countries, especially developing countries, more outreach activities in order to make WIPO's activities and recruitment process more visible, by using its staff travelling on official business to serve as WIPO's ambassadors, advocating not only their own departments or offices, but also exchanging ideas on human resources; (iii) interested parties, Member States, could set up contact points for recruitment, which could cooperate with the WIPO HR department; (iv) the Organization could explore the possibility of extending its JPO program with interested governments willing to participate in the JPO program; and (v) the Secretariat could explore more channels to publish recruitment information, including social media. With respect to the overall management of human resources by the Secretariat, the Delegation stated that staff mobility could be enhanced, especially between the headquarters and the EOs, which would enable staff to have more career opportunities and the Organization to operate in a more flexible way, noting that the establishment of a staff mobility policy could be considered by the Secretariat. It added that the Secretariat could continue to increase transparency in the recruitment process and consider publishing on the Internet not only the vacant posts information, but also the progress of the recruitment process. Furthermore, to enhance training for employees, the budget could be increased and a planning established. The Delegation added that those suggestions would concur with the JIU report entitled Review of Management and Administration in the World Intellectual Property Organization (JIU/REP/2014/2).

208. The Delegation of the Republic of Korea extended its appreciation to the Secretariat for preparing the Annual Report on Human Resources and mentioned that human resources were one of the most important resources at the Organization and one of the most highlighted issues among Member States. It added that the information contained in the report would be very useful in the ongoing discussions regarding geographical distribution. It stated that one of WIPO's core missions was to provide global IP services, which was the primary financial resource of the Organization and, therefore, WIPO's personnel and material resources had to be managed in a way that enabled the Organization's core mission to be carried out efficiently

and effectively. In this regard, geographical distribution was very important, but it should be discussed in light of fashioning WIPO's global IP services in a user friendly environment.

209. The Delegation of Brazil supported the statement made by the Delegation of Chile on behalf of GRULAC and stated that human resources were of great importance to WIPO and were the core engine of the Organization. It welcomed the positive results depicted in the report, but also noted that some challenges remained. It agreed that recruitment should be based on competence and was of the view that there were many opportunities to be explored in order to reach gender parity and geographical balance. It mentioned that those criteria should be taken into account during the recruitment process and that it looked forward to the discussions on the matter under the guidance of the Chair of the Coordination Committee. With respect to outreach activities, the Delegation supported the expansion of these activities as provided for in the report and stated that they should perhaps be extended to those regions that had not yet been included in such activities.

210. The Delegation of Iran (Islamic Republic of) stated its firm belief that despite the implementation of policies and strategies by the Secretariat to reach equitable geographical distribution of WIPO staff, there still was a significant gap in the equitable geographical distribution of some Member States. It mentioned that it was of high importance to take all necessary measures to recruit staff from those states that were underrepresented and that due consideration should be given to increase the proportion of staff from Member States, which were not currently represented.

211. The Delegation of Japan appreciated the Secretariat's ongoing activities and initiatives on human resources and believed that the appropriate management of human resources was essential for sound administration. It added that appropriate HR management was even more important for WIPO, as personnel costs accounted for approximately two-thirds of its annual expenditure. The Delegation urged the Secretariat to continue to improve human resources management in order to provide effective services and to meet the demands of management, staff and users. With respect to geographical diversity of WIPO's staff, it stated that the mission of the Organization was to provide better services to users and to ensure the financial foundation of the Organization, which was supported by revenue generated from its global IP services. As such, geographical diversity should take into account the geographical distribution of international applications and registrations, users and the languages used, in order to enhance WIPO's activities, including human resources, the development of IT infrastructure, whilst supporting developing countries.

212. The Delegation of the United States of America supported the statement made by the Delegation of Greece on behalf of Group B and thanked the Director General for the very detailed and informative report and was pleased by the progress made by WIPO in all of the four pillars set forth in the human resources strategy. While the Delegation supported the paramount focus of the UN charter of selecting candidates based on merit and competence, it also encouraged organizations to develop comprehensive diversity recruitment and workforce planning strategies that addressed gender equality and geographic representation. It commended the Secretariat for its programs and outreach initiatives to improve geographical distribution and gender parity and encouraged the Secretariat to continue those efforts. With respect to gender parity in particular, it suggested to the Secretariat to continue considering ways to ensure that highly qualified internal candidates could rise in the ranks of the Organization. It highlighted that that suggestion included an organizational culture that provided equitable access to training opportunities and family friendliness at the headquarters and at the country level.

213. The Secretariat thanked the delegations for their suggestions and views and responded that, with respect to geographical distribution, some of the issues mentioned by Member States were already being addressed and that the Secretariat would organize a side-event during the Assemblies of Member States to provide information on recruitment procedures. It also stated

that a number of outreach activities had been planned for later this year and for the coming year, with the intention of carrying out such activities using a very balanced approach. With respect to the JPO program, the Secretariat explained that it would seek to reach out to interested Member States, which had not participated in the program until now. It added that the suggestion by one of the Member States on staff mobility between headquarters and EOs was under review by the Secretariat. In response to the proposal to increase support to internal candidates in order to achieve gender balance, the Secretariat recalled that the pilot project for the professional development of women had commenced in 2015 and would be expanded in the current year to include around 10 staff members, who would get personalized attention in the coming year with regard to career development. The Secretariat emphasized that, in terms of gender, the underrepresented gender was examined at every level and whilst in most cases it related to women, for certain levels it was men who were underrepresented.

214. The Chair thanked the Secretariat for the presentation of the report as well as for its additional comments and conveyed that the exchange of opinions was useful in view of the forthcoming session of the Coordination Committee, when this report would be considered next.

ITEM 13 OPENING OF NEW WIPO EXTERNAL OFFICES

215. Discussions were based on document WO/PBC/25/12 (Opening of New WIPO External Offices during the 2016/17 Biennium).

216. The Chair proposed to consider Item 13, following which, depending on the progress made, there could be informal consultations, and received no objection. The Chair invited the Secretariat to introduce the topic.

217. The Secretariat noted that the subject of the opening of new External Offices (EOs) had been a rather long-drawn and at times tedious process, and wished to make a relatively brief opening statement. The Secretariat stated that, as Member States were aware, the WIPO Assemblies at its session the previous October had decided to open not more than three EOs *per* biennium for the biennia 2016/17 and 2018/19. The Secretariat viewed this unanimous decision by the Member States as an endorsement of the work already being conducted in WIPO's EOs, namely in Brazil, China, Japan, the Russian Federation and Singapore, and the intensive efforts that it had taken since January 2015 to bring added coherence and effectiveness to the functioning of these offices. The Secretariat noted that, while many gains had been made in terms of enhanced effectiveness of the offices to inculcate an external office culture in WIPO, there was still some considerable way to travel, and continued efforts were being undertaken to this end. The Secretariat had also taken careful note of the guidance provided by Member States in the Guiding Principles which formed part of the Assemblies decision, on how new offices should be opened. Referring to the Guiding Principles, the Secretariat noted that it was clearly indicated that it was Member States which were to decide on new WIPO EOs. The Secretariat had also been given a specific role, namely, the preparation of a separate, factual and technical report on proposed new EOs. This report and the proposals from Member States to host new offices in the 2016/17 biennium were before the present session of the Committee for consideration. The Secretariat recalled that, given that all documents for this session of the PBC needed to have been posted in all six languages at least two months in advance of the Committee meeting, that is, by June 29, 2016, the Director General had issued a circular note on November 13, 2015, in which he had laid out a timeline based on the practical considerations of delivering the mentioned report by June 29. Member States had been given until February 29, 2016, to submit notifications of intention and concrete proposals to host new EOs. The Guiding Principles also stated that Member States, in the preparation of their proposals, may request the assistance of the Secretariat. Consequently, the Secretariat had met, at the request of Member States, 11 delegations to provide assistance on whether draft proposals were consistent with the Guiding Principles. The Secretariat noted that, in all, notifications were received from 26 Member States, and the list of these Member

States was contained in document WO/PBC/25/12. Owing to the fact that some Member States were unable to submit their proposals by the February 29 deadline, the Secretariat noted that the Chair of the WIPO Assemblies, Ambassador Duque of Colombia, had met with Regional Coordinators several times and it had been agreed to extend the deadline for proposals to host WIPO EOs to March 29, 2016. As no objections to this had been received by the Chair from Member States, it had been agreed that the deadline be so extended. The Secretariat explained that, by March 29, it had received 18 proposals from Member States for hosting WIPO EOs: six from the African Group, six from GRULAC, three from the Asia and the Pacific Group, one from CEBS, one from CACEEC and one from Group B. The Secretariat noted that the separate, factual and technical report before Member States contained all of these 18 proposals. The Secretariat also emphasized that, in response to the specific request of some Member States for the 18 proposals to be made available to all Member States as soon as possible, the Secretariat had had all 18 proposals translated into all six official UN languages and made available to all Member States on a secure page of the WIPO web page on May 18, 2016. The Secretariat then wished to say a few words on the separate, factual and technical report. The Secretariat understood that some delegations may be disappointed that the Secretariat in its separate, technical factual report had not elaborated on the technical and financial sustainability of the proposed new EOs as referred to in paragraph 11 of the Guiding Principles. The Secretariat explained that the reasons for this were fourfold. First, there was the lack of a standardized format for receiving the proposals. The Secretariat noted that it had debated this matter and discussed with some Member States, and had been informally told that a standardized format was not required. Second, there was a lack of adequate data in the proposals received. Third was the apprehension by the Secretariat that any such analysis would be seen as some kind of value judgement. Fourth, the Guiding Principle gave the Secretariat a minimalist role and stated that this would be a Member State driven political process. The Secretariat stressed that it was for these aforementioned reasons that it did not go into detail as envisaged in paragraph 11, and that the matter was now in the hands of the Member States to take forward.

218. The Chair thanked the Secretariat for the clear and helpful explanation of the reasons for its actions. The Chair noted that many delegations had participated in the informal consultations which were conducted the previous Friday, and that there was an explicit request and understanding that those delegations who wished to make a presentation of their case would do so before the Committee engaged in a general exchange of views. The Chair proposed the following methodology for the presentations: depending on the number of delegations which wished to make presentations, between 10 to 15 minutes would be allocated *per* presentation *per* delegation. Twelve minutes would be offered to each delegation to speak, and the remaining three minutes would be devoted to asking questions, should there be any questions for that particular country. The question and answer session was not compulsory but, rather, voluntary, and it would be up to each delegation whether it wished to answer questions or not. The Chair estimated that it should not take longer than the morning session but, of course, the Committee would need to see how it progressed. The Chair then listed the delegations which had expressed a wish to make a presentation, namely, India, Chile, Iran (Islamic Republic of), Romania, Colombia, Nigeria, Algeria, the Republic of Korea and Turkey. The Chair further suggested that there only be two to three such questions, taking into account that Group B had already distributed questions in writing and some presentations may already take into account those questions. The Chair emphasized that, with there being agreement on methodology and order, now was not the time for delegations to express views on the process or candidatures, as there would be a fully-fledged exchange of views after the presentations as to how to proceed and arrive at a decision. The Chair reiterated that he only wanted to hear, at this time, important statements for the benefit of all.

219. The Delegation of Egypt, referring to the consultations which had taken place within the African Group to reach a consensus, stated that the Group had chosen Algeria and Nigeria as candidates to host the EOs. The Delegation fully supported the African Group’s position and wanted to withdraw its proposal to welcome an EO.

220. The Delegation of Chile, speaking on behalf of GRULAC, referring to the Group's opening statement, noted that GRULAC considered EOs to be a crucial issue and as such, its Members had been active proponents of, and participants in the negotiation of the document on Guiding Principles regarding WIPO EOs. The Group recalled that, at the last Assemblies, GRULAC had contributed to ensuring that consensus was achieved on the Program and Budget. The Group had also decisively contributed to approving and giving priority to the African Group concerning the opening of two offices in this biennium, linked to the option that the third office for this biennium was to be established in the GRULAC region. The Group pointed out that it was against this backdrop that GRULAC had arrived at consensus to endorse the candidacy of Colombia to be the host of a WIPO EO to be recommended by this Committee for decision at the next Assemblies for the biennium 2016/17. The Delegation emphasized that, in this way, the presence of WIPO in the region would be strengthened, complemented by the Brazil Office. In view of the high quality of its solid proposal, the Group was confident that the option backed by GRULAC would also be backed by the Committee.

221. The Delegation of Morocco endorsed the position taken by the African Group and offered its support to the candidatures of Algeria and Nigeria. The Delegation added that it was withdrawing its candidature.

222. The Delegation of Algeria gave a summary presentation of Algeria's candidacy to host a WIPO EO during the biennium 2016/17. The Delegation referred to the decision of the African Group, reached through a transparent and democratic process, to select Algeria and Nigeria to be the candidates to host WIPO EOs on the only continent so far not represented in the EO network. The Delegation emphasized that its proposal had been drawn up in accordance with the Guiding Principles decided upon at the 2015 Assemblies and, as such, the proposal was consistent with WIPO procedures. The Delegation stated that the proposal was part of Algeria's policy to transform, overhaul and diversify its economy. Algeria was trying to build an efficient economy based on knowledge, innovation, transfer of technology and the development thereof. Algeria's authorities supported innovation, the development of culture, investment in industry and boosting competitiveness and this, of course, went hand in hand with the development of Algeria's IP system. The Delegation underscored that having an EO in Algeria would contribute to those efforts. Those efforts included boosting the capacity of Algeria's institutions responsible for dealing with IP matters. That was something which Algeria considered to be a national priority. In that context, the Delegation explained, Algeria wanted to expand its activities so that it could better cooperate with other countries in its region. Second, the Delegation noted that Algeria sought to consolidate its computerized IP system and see that system expanded to the larger region as well. Third, Algeria wanted to support local and regional information and technical assistance systems. The Delegation explained that the two Algerian institutions responsible for copyright and industrial property had already built on their experience over the last few years and solidified their management systems. At the same time, these institutions had made these systems a smoothly operating and harmonious part of their business activities. The Delegation noted that more needed to be done if these systems were to contribute effectively to a rapid rollout of appropriate strategies. The Delegation thought that, in this area, a WIPO EO could assist by making a significant contribution to the national development strategy. The Delegation pointed out that the Algerian copyright office (ONDA) is responsible for the entire process of documenting works, rights, neighboring rights, private copying and collective management of neighboring rights. ONDA's expertise had made it possible for it to build a database which works with its own information system and that of CISAC, and also to develop its own system for tracing authorizations. The Delegation noted that the Institute for the Protection of Industrial Property, as part of its cooperation with WIPO, had been able to make effective use of most of the solutions linked to the information systems that WIPO has created. It now sought to build on its expertise, particularly through cooperation with WIPO, in its work with countries in its region. The Delegation then turned to the question of where the EO would be located and noted that the capital, Algiers, had been selected owing to its status, size and its nature as the main city of Algeria. The Delegation stated that Algiers had a large population, a flourishing services industry, good infrastructure, research centers and

industry, and it was growing. The Delegation continued that 'Hydra', which was part of Algiers, would host the EO. The Delegation explained that Hydra was located in the southwestern suburbs and had a very dense and efficient road network, putting it 20 minutes from the international airport which was 16 and a half kilometers away. The Delegation underlined that the presence of the State institutions, diplomatic missions, major foreign companies and foreign banks, research centers, universities and higher education institutes meant that it would be the ideal place for a WIPO EO's location.

223. The Delegation of India thanked the Delegation of Algeria for its very brief and concise presentation and asked whether the proposed EO would be established in a national or regional capacity. If it were in a regional capacity, then the Delegation wished to know which countries the office would cover, and whether those countries were going to submit in writing that they agree to be covered by the regional office in Algeria.

224. The Delegation of Algeria responded that, according to document WO/PBC/25/12, it was clear that Algeria's candidature was to be for a national office. The Delegation added that Algeria had always been open to any and all forms of cooperation. The office could, therefore, have a certain regional dimension if a need for such regional services or activities were felt or there were a request for such a need.

225. The Delegation of Greece, speaking on behalf of Group B, noted that Group B had already submitted four questions to Algeria and, indeed, to all Member States. The Group looked forward to hearing answers to those questions. Group B wished, in particular, to hear answers from Algeria as to how a WIPO EO in Algeria would complement the functions of the national IP office, and how such an office would serve the region and the needs of neighboring countries. The Group also wished to hear how an EO in Algeria would be able to contribute to the fulfillment of WIPO's Strategic Goals and to WIPO's program delivery.

226. The Delegation of Algeria replied that it hoped that the EO in Algiers would breathe life into the national IP Office. The Delegation felt that the national IP Office would benefit from opening up further to the international scene and, perhaps also, to international standards and procedures. The Delegation recalled that Algeria was one of the biggest countries in Africa, having borders with six other countries. The Delegation also noted that Algeria sat on the Mediterranean coast which meant that, over the years, quite a few cultures had been through and settled within its current borders. This meant that Algeria had a culture which had links with other cultures. The Delegation also pointed out that three different languages were spoken within Algeria's borders. In this context, the Delegation stated that the EO would be able to work with other neighboring French speaking countries when it came to IP issues and, indeed, with neighbors whose language was Arabic as well.

227. The Delegation of Colombia congratulated the Chair on being elected, and acknowledged the presence of the new Ambassador and Permanent Representative of Colombia to the WTO, H.E. Mr. Juan Gonzalez. The Delegation referred to the long and sometimes difficult process which enabled Member States to adopt the Guiding Principles related to the EOs. The Delegation stated that, as a result of the collective effort of Member States and the Organization to ensure transparency in procedures and decision-making on this point, this discussion was a further step in the right direction, which made it possible for Member States to implement the provisions relating to the opening of new offices. The Delegation reiterated the appeal made by GRULAC in its opening statement concerning the need of the region to have an EO in this biennium. It was an honor for the Delegation to submit the proposal for an EO from the Government of Colombia, which it noted was the result of a collective effort and consensus within GRULAC, as previously announced by the Delegation of Chile. The Delegation considered that the serious approach which had been taken to developing the proposal would enable the Committee to positively consider the proposal. The Delegation was grateful to the Secretariat and to the translators for the work accomplished. The Delegation noted the importance of economic and social development for its peoples, as well as the enormous

contribution which the functioning of the IP system made to that development. The Delegation underlined that Colombia had developed its proposal in strict accordance with the provisions in the Guiding Principles, and wished to touch upon one or two aspects of the proposal. First, the proposal was the result of a decision and mandate emanating from the Intersectoral Commission for IP (CIPI) in Colombia, which brought together ten Ministries and eight other national bodies responsible for the highest level of coordination and development of policies on IP and its enforcement. The Delegation noted that Colombia had made every effort to implement WIPO programs and had acknowledged the relevance of the contributions which had been made through cooperation and training with WIPO in various areas and sectors since Colombia had acceded to the Organization in 1980. Colombia had made progress on developing best policies, legislation and regulation. At the same time, Colombia was aware that if it were to increase its competitiveness and national productivity, it needed to do more to protect creativity and inventions. The Delegation emphasized that it was part of Colombia's national development plan to boost productive development and help the country meet the social challenges it faces through, inter alia, promoting science, technology and innovation. The Delegation continued that Colombia wanted to find more resources to achieve that. The Delegation underlined that its proposal was specific, technically solid and sustainable from both the budgetary and financial points of view. The Delegation also noted that in Colombia, there was the political will and institutional commitment needed. Colombia had strengthened its IP institutions and adopted the needed programs and activities described in detail in the proposal. That made it possible for Colombia to become a platform for the development of South-South cooperation activities, which it intended to continue. The Delegation pointed to some of the initiatives concerning which it had taken a leadership role, namely, regional internships, online training courses, enforcement, arbitration, patents, registering marks, centers to support innovation and technology, the registration of works, and others. The Delegation stated that Colombia was ready to continue to support regional activities as well, and in doing so, Colombia would act in accordance with the procedures outlined in the Guiding Principles. The Delegation noted that the EO would contribute to ensuring that services and technical cooperation relating to IP are brought closer to groups that had an interest in them. That would provide greater protection to creation and promote innovation and, the Delegation hoped, would build understanding concerning protection and promotion of IP among the wider society, users and creators, and the creative community. The Delegation stated that the proposal offered physical infrastructure in the headquarters of the Trade and Industry Board (SIC) in Bogota. The Delegation explained that this is a body acknowledged both nationally and regionally to be very efficient and have highly-qualified staff. The Delegation also noted that the proposal detailed everything related to infrastructure, furniture, equipment, maintenance costs, operating costs, rent, and public assurance. That confirmed Colombia's interest in having this office up and running as soon as possible. The Delegation reminded the Committee that Colombia had an excellent location in the Americas, being well-connected internationally. The Delegation also noted that Colombia was an attractive destination for foreign investment and was a business friendly nation that offered good protection to investors. Despite the challenges and difficulties of the world economy, Colombia continued to grow faster than many countries in its region. The Delegation stated that its presentation was being made in the historic circumstances for both Colombia and the other countries of the region. Colombia was now, finally and steadily, moving along the road to peace. As such, the Delegation said that it was a time full of opportunities and it hoped that this time would make Colombia a cohesive nation, a diverse nation, a nation that worked through dialogue in order to achieve prosperity for everyone. The Delegation thanked the Committee for its patience and attention and reassured that Colombia would act seriously and with commitment in developing and promoting its IP system and that of the wider region.

228. The Delegation of India thanked the Delegation of Colombia for the very comprehensive case made to host an EO and noted that it had the same question as previously posed to the Delegation of Algeria, namely, had there been any change from the indication that the proposal was for a national office. The Delegation also asked whether any GRULAC Members wished to withdraw their proposals in the way that Egypt and Morocco had done in the African Group.

229. The Delegation of Greece, speaking on behalf of Group B, thanked the Colombian Ambassador for the presentation, and read out the four questions, the answers to which the Group was interested in, seeking to avoid repeating the questions after every presentation. The first question was: what assurances Colombia could offer that the proposed WIPO EO would be located in a suitable building with access to Government apartments and a social infrastructure, such as the central business district, international airport and connections to the neighboring countries? Second, how would the proposed EO complement the functions of the national IP office? Third, how would the proposed EO serve the region and the needs of the neighboring countries? Finally, how would the proposed EO contribute to WIPO's goals and program delivery? The Delegation recognized that some elements of those questions had already been answered, but wished to hear some further elaboration.

230. The Delegation of Colombia was grateful for the questions asked. The Delegation replied that Colombia's proposal was originally for a national office to begin with, but Colombia had also been cooperating with countries in the region in providing various services and developing courses, training, and exchange of best practices, and it would continue to work on this. The Delegation stated that it had strictly restricted itself to the terms of reference and the Guiding Principles and had, therefore, presented a proposal as a regional office, noting that it would have had to first obtain the commitment of each of the countries to which it would provide the services of a regional office, prior to presenting its proposal. Therefore, a consensus had been made by GRULAC to support the proposal of Colombia in the region. The choice to withdraw or not was up to each country. With regard to the questions asked by the Delegation of Greece, the Delegation of Colombia responded that the exact location of the proposed EO would be at the Trade and Industry Board, which was in the international center of Bogota, the capital city. The location was very close to all of the Government entities which are considered to be important in this area, the airports, the business district, the finance district, and also to Universities and the national Department of Science and Technology of Colombia. Regarding the proposed EO complementing the functions of WIPO, the Delegation stated that the EO would ensure that the activities conducted have the greatest impact, and that the objectives and strategies were extended and enriched by what had been done in other parts of the world, as well as ensuring that there was coherence, alignment and added value. The Delegation stated that it sought to establish a platform to bring the services of WIPO to the citizens, by improving the understanding of what IP meant, and what the benefits of IP were for citizens, businesses, the private sector, and of course, the country. The Delegation also emphasized that an EO could contribute to the economic and social development. The Delegation suggested that the EO would also oversee whether proposals were realistic, focused on learning, and whether they utilized the knowledge that the Secretariat in Geneva and other offices had accumulated over the years of operation. The Delegation was ready to respond to any other question that the Committee might wish to raise.

231. The Delegation of Pakistan thanked the Ambassador of Colombia for a very comprehensive presentation, and sought details of how the proposed EO would add value to WIPO's program delivery in a way which was not being already achieved through the WIPO Headquarters.

232. The Delegation of Colombia pointed out that being aware of the needs of organizations, people and businesses on the ground was clearly crucial. It was something that could not always be achieved from Geneva, but the Delegation stated that it had seen it attained by the existing regional offices, and from the experience of the EO in Brazil. The Delegation stated that it was also seeking to provide better ownership and recognition of IP, not only for governments, but also for citizens and small enterprises, which would allow them to better train professionals in the countries involved. Further, the Delegation believed that it could contribute ongoing assessment of WIPO's activities to the Committee, to ensure that WIPO's activities are effectively making progress, and to allow them to continue to improve. This was something that the Delegation thought it could bring to the table.

233. The Delegation of India thanked the Chair for the opportunity to make a case for why a WIPO EO should be hosted in India. In view of the limited time, the Delegation drew the attention of the Committee to document WO/PBC/25/12, page 48, which contained the in-depth proposal, which strictly followed the Guiding Principles. In addition, the Delegation hoped that a small abridged version had already been distributed – it was a six-page brochure which the Delegation hoped would make it easy to understand the detailed proposal already submitted, and which highlighted some of India's strengths and why there should be a WIPO EO in India. In addition, the Delegation made itself available to answer the Committee's questions. Going back to the proposal, the first point that the Delegation wished to make was that the rationale for hosting an EO in India was based on the Guiding Principles, which had been agreed after a long-drawn process of two to three years with long negotiations, and, therefore the proposed activities of the EO in India would not risk the rights of any other countries in regard to WIPO's programs and activities, especially at the national level, including delivery of any legal or technical assistance to those countries directly from WIPO headquarters. The opening of a WIPO EO in India would only benefit the countries of the region. The Delegation assured that, by no stretch of imagination, would it harm the ecosystem of those countries who would be dealing directly with Geneva if they wished. The Delegation continued that, if countries were willing to have an agreement with India and benefit from the WIPO EO, it would be great for the Indian EO. To make its second point, the Delegation brought the global IP map to the notice of Committee, and pointed out that in Central Asia there was not a single office. The Delegation was, therefore, proposing to host an office as the first EO in the region, even if it were in its national capacity. The Delegation reiterated that in Central Asia and South Asia there was not a single office, and stated that it was an important aspect which the Committee needed to consider while deciding the locations of new WIPO EOs. Turning to why India was an ideal candidate to host an EO, the Delegation wished to highlight some of India's strengths. The Delegation referred to the Global Innovation Index (GII) for 2016, and stated that India was ranked first as far as the GII ranking was concerned in Central and Southern Asia. India was number two in innovation quality, and number one as an exporter of ICT services among all of the 128 countries in the GII 2016. The Delegation stated that this was a good example of how IP policy and the innovation environment within India were improving, and that it was an important factor which the Committee needed to consider. In addition, in the last two years, the Government of India had launched some flagship programs, including the Make in India Program, which aimed at fostering innovation. The Delegation explained that the second flagship Program was the Digital India Initiative, whose vision was to transform India into a digitally empowered society and knowledge economy, and to help to foster a culture of creativity. Another Program recently started is called Startup India, targeting the young and bright minds of those willing to move ahead in the world. The Delegation added that, after the submission of its proposal, the Government of India had approved the national Intellectual Property Rights Policy 2016, which was a policy and a vision document encompassing all types of IP. The Delegation explained that the policy's purpose was to create and exploit synergies of all types of IP, and to create institutional mechanisms for implementing, reviewing and adapting global best practices, as well as facilitating and commercializing the IP efforts of individuals, building respect for IP. The Delegation foreshadowed that a detailed presentation on the National IP Rights Policy would be given by the Head of the IP Division in the next session. The Delegation added that the National Institute of IP Management in India was a world-class institute providing training and research. Further, the Delegation stated that India had met all of its international obligations, including ensuring that its IP regime was TRIPS compliant, and that India maintained a fine balance using the flexibilities available to it, so that private rights as well as public goods were balanced. With regard to human resources, the Delegation pointed to the growing demand for IP services in India had been met with an enhanced and qualified labor force. Further, India's IP infrastructure had been modernized, with a 24-by-7 online facility, the dissemination of information through all base utilities, and synergy between various offices across India, and the Delegation stated that this would help in the simplification of IP processes. The Delegation additionally remarked that there had been a huge increase in IP filings in India: trademark examinations had increased to 75 per cent and trademark filings had increased by 13

per cent in the first quarter of 2015/16 as compared to 2016/17. India had also enacted *sui generis* legislation to help artisans realize the true value of their labor, as well as developed a pioneer project undertaken by India called the Traditional Knowledge Digital Library, which was an initiative to prevent the misappropriation of traditional medicinal knowledge and enhance the quality of search and examination of prior art to prevent IP claims on the already existing traditional knowledge for the larger benefit of the society. The Delegation continued that India had signed a memorandum of understanding with WIPO, and was working toward the agreed action plan, so there was a close relationship between the Indian IP office and WIPO, and the proposed EO should opened in India because of the already intense level of engagement between WIPO and the IP offices in India. The Delegation referred to the document for extensive details of the purpose of the proposed office, the functions it would perform, its objectives and validations, and wished to give an overview of that. The Delegation stated that the purpose of the proposed EO would be to promote WIPO's global IP systems and that, in its view, effective delivery of those systems would increase with an EO hosted in India. With regard to the promotion of WIPO treaties, the Delegation stated that communication would become more extensive, more effective and WIPO's outreach strategies would be enhanced with an EO in India. Regarding the functions of the proposed office, the Delegation stated that one important factor in EO in India was cost effectiveness. Further, WIPO's general customer network would benefit, as there was a time difference between India and Geneva of some three and a half hours, so the office would help to enhance customer service, including answering various queries which might be diverted to the EO in India. Another function of the EO would be providing technical support to IP asset seekers through TISCs. The Delegation stated that the objectives were to promote WIPO's global IP systems and to provide efficient IP services and cooperation with other UN services; to assist WIPO Headquarters in various outreach programs, capacity building and technical assistance programs; and support WIPO's 24-by-7 services. With regard to the value added, the Delegation assured that an EO in India would not duplicate any activities. The Delegation remarked that it was a well-known fact that India provided first-rate services at very competitive prices, which would be a very cost effective and useful value addition if an EO was opened in India. The Delegation concluded that this would be a win-win situation, as an EO would complement the work of WIPO Headquarters and become an integrated part of WIPO's result-based system. The EO in India would provide a robust and streamlined IP ecosystem, more revenues from increased filings, and cost-effective services, and would enhance WIPO's global reach as well as boost IP awareness all over the world. The Delegation made itself available for questions.

234. As the Delegation of India had exhausted its allotted 12 minutes for the presentation, the Chair stated that there was no time left for answering questions from the Committee.

235. The Delegation of Iran (Islamic Republic of) presented the proposal paper for the establishment of a WIPO EO, and wished to provide some brief information concerning the Islamic Republic of Iran and IP. The Delegation stated that Iran was currently a member of the WIPO Convention, the Paris Convention, the PCT, the Lisbon Agreement, the Madrid Agreement and Protocol, as well as a signatory to the Marrakech Treaty, Phonographs Convention, and the Strasbourg Agreement. The Delegation added that it had received news that its parliament had ratified the Nice and Locarno Agreement, and hoped that Iran would be a member of these instruments in the near future. The Delegation stated that Iran had unique capacities for intellectual production, and had made impressive progress in the field of IP at both the regional and international levels. Promotion of the development of science, technology and intellectual production had been emphasized in the country's 2020 Horizon plan, and in a series of five-year economic plans. The Delegation continued that, in addition to the organization of joint programs and events with WIPO, Iran had organized more than 300 IP workshops and seminars across the country. The Delegation stated that Iran had a long history in the registration and protection of IP. Its national IP office had been created about nine years ago. Further, due to the mentioned capacities and the promotion and development of IP in Iran, the numbers of patent, trademark, and industrial design applications had significantly increased since 2013, as shown by the statistics published by WIPO. Further, the Patent Office of Iran

and the Industrial Property Office were ranked in the top 20 offices of the Member States of WIPO because of the increasing numbers of applications. Concerning the proposed scope of activities for an EO in Iran, the Delegation explained that the first point was the provision of local support services for WIPO's global IP systems. One of the principal activities of the EO would be close cooperation with the national IP office in helping to achieve better and more effective enforcement of the systems of WIPO, including the Madrid, Lisbon and PCT Systems. Another activity would be the provision of technical support and other development cooperation activities, to support IP owners to exploit IP for the development of the country and also for the transfer of technology. The Delegation continued that assisting in the commercialization of IP and links between industry and authorities of intellectual productions would be one of the main activities that could be expected from the EO. The last but not least activity was promoting the role to be played by IP in a knowledge-based economy in Iran. With regard to the question raised by Group B concerning the facilities available for the External Office, the State Organization for the Registration of Deeds and Properties, as the competent authority for industrial property, would provide all the necessary facilities for the establishment of a WIPO EO in Iran. The Delegation explained that, at that time, there existed a separate, suitable building of 500 square meters beside the IP Center in Tehran that would be allocated for this purpose, and which could be expanded at a later stage if necessary. The building would be located in the heart of Tehran, which had a very good international airport with direct flights to all neighboring nations. The Delegation added that, according to Article 63 of the law on registration of patents, trademarks and industrial designs, it was possible for the competent authority to use 50 per cent of its revenues from providing services related to international registration systems for the promotion and equipment of the EO. The competent authority of Iran would provide all the expenses and needs of the EO in Iran according to its legal authority through using basic and other revenue resources. In conclusion, the Delegation remarked that its country had a firm determination, politically and administratively, to contribute to WIPO's global goals and strategies. Given the increasing numbers of applications, and increasing exploitation and commercialization of IP in Iran, it was obvious that the establishment of a WIPO EO in Iran would promote increased respect for IP in the country. The Delegation added that Iran also had an appropriate geographical location in the region for the establishment of an EO, and that no WIPO EO was located in the region, so an EO in Iran could possibly play a regional role in the future. An EO in Iran could assure advancement of WIPO’s goals and strategies in the region more than ever, through its regional activities, due to Iran’s privileged scientific position and existing universities offering Masters and PhD Degrees in IP, and Iran’s geographic location.

236. The Delegation of Nigeria recalled that Nigeria and Algeria were elected by the African Group to host two EOs in the region in the 2016/17 biennium. The Delegation expressed its appreciation to the African Group for its strong support and confidence, and thanked the Delegations of Egypt, Kenya, Morocco and Tunisia who graciously accepted the outcome of the election process and committed to support the establishment of WIPO EOs in Nigeria and Algeria. The Delegation added that Nigeria's proposal was guided by the adopted Guiding Principles. In answer to the question, ‘Why Nigeria?’, the Delegation believed that Nigeria was ready, able and strategically located to establish a WIPO EO, which would not only add value, diversity and exclusivity in WIPO's EO network, but also serve as a WIPO investment in Africa. The Delegation wished to share some important information about Nigeria, noting that it was a country of over 182 million people, made up of more than 65 per cent youth. It was the seventh most populous nation in the world, a culturally diverse country with about 500 ethnics groups and about 700 languages, and a strong consumer market. Further, the Delegation stated that there were many young people who were developing apps every day to solve solutions that they faced—including apps to do their homework, apps to inform them of the nearest gas stations and restaurants—and that those were all developed domestically and did not have the opportunity to reach a global market. The Delegation noted that Nigeria had a flourishing creative environment with a very large economy, the largest economy in Africa at the time of writing the proposal. There were good roads, sea and air transportation links to the country, including airlines which flew to and from the airports in Nigeria at least twice a day. The

Delegation stated that Nigeria had a large presence of the financial and communication sectors for banking and ease of foreign exchange transactions, affordable broadband and telephone services, available social amenities such as safe medical and education facilities, residential environments and entertainment and recreational activities. The Delegation observed that Nigeria had a long history with WIPO and other international agencies. It was a WIPO member and signatory to the treaties and agreements, including some that were undergoing the ratification process in the capital, and it maintained a fruitful and cordial relationship with WIPO. The Delegation noted that WIPO had already undertaken various technical assistance activities and had held national and sub-regional meetings in Nigeria, some of which were listed in its proposal, though that list was not exhaustive. Nigeria was also one of the largest hubs in Africa with a strong international and diplomatic presence, including 119 diplomatic missions abroad, and hosting 134 diplomatic missions and several international organizations including the UN headquarters in Nigeria, the United Nations development Programme (UNDP), United Nations Office on Drugs and Crime (UNODC), the UN Information Centre, the United Nations Children's Fund (UNICEF), and the World Meteorological Organization (WMO) office for North and Central Africa. The Delegation turned to the IP framework in Nigeria, which was managed through an effective signage between key government actors, involving the Ministry of Trade and Investment, the Nigerian Copyright Commission and the National Office for the Acquisition of Technology. They managed Nigeria's very vibrant and creative sector and growing financial, technological, communications and creative industries which had attracted very high domestic and international investment. The Delegation noted that the film industry, Nollywood, is the largest in Africa and the second largest in the world, with an output of 180 to 200 films *per* month and an annual revenue stream of about 250 to 600 million US dollars, based on an investment rate of about 40 million to 100 million US dollars. Nigeria was, therefore, a creative sector and it resonated very well around Africa and the rest of the world, and contributed about 1.42 per cent to the GDP. To better manage the huge creative sector, the Delegation explained that three collective management organizations had been established to manage IP rights and to provide comfort and transparency and good governance to the rights' owners and authors. In the industrial property field, the Delegation noted that Nigeria was not doing as vibrantly as in the creative sector, but that there was an enormous potential for prolific good. The Delegation reported that, at that time, Nigeria had approximately 35,000 trademark registrations, about 8,000 patent applications (domestic and foreign) and 415 industrial design registrations. The Nigerian patent and design and trademark registries worked with several learning institution, innovation hubs, SMEs, ICT villages to develop the use of IP in Nigeria and to promote the dissemination of those assets. The Delegation stated that the nature and role of the EO in Nigeria would be that of a national office with the capacity to serve the African region through cooperation activities, memoranda of understanding, and bilateral, sub-regional and regional engagements. With regard to the location of the proposed EO, the Delegation stated that it would be situated in a safe and secure government-allocated 400 square meter space within the Nigerian Export Promotion Council building, which was in the diplomatic area, less than ten minutes' drive from the central business district and several key institutions and social amenities. The large office space would be very useful for training activities, conference services, knowledge events and more. The EO and the staff of the EO would be accorded diplomatic and consular immunity. The Delegation then turned to the benefits of an EO in Nigeria and Africa. The Delegation informed the Committee that economic diversification was one of the pillars of Nigeria's new administration, to move from resource dependence to a knowledge-based economy. In that regard, the WIPO EO would align with the government policies and, therefore, receive a lot of support and facilitation. Mindful that a WIPO EO was integral to the delivery of WIPO services and objectives and recognizing that Nigeria/Africa was replete with human and material resources that could be harnessed through IP, the Delegation believed, in particular, that an EO would assist in integrating a value system for IP in Nigeria and Africa through enhanced IP knowledge promotion and dissemination of IP assets. That would respond to Strategic Goal III and Programs 8, 9 and 11, and build respect for IP and respond to Strategic Goal VI and, specifically, Program 17. The Delegation continued that the EO in Nigeria would strengthen the reach and use of the already established Technology and

Innovation Support Centre in Nigeria to achieve targets in the country and other African countries, which would also respond to Strategic Goal IV, Programs 13, 14 and 15. Further, the EO would support efforts to increase the use of WIPO's global systems through promotion, knowledge building and technical assistance, which would respond to Strategic Goals II, III and IV and their respective Programs. The EO would also contribute to the implementation of the DA recommendations, which would respond to Strategic Goal III, Program 8. The Delegation continued that the EO would add diversity and inclusivity by bringing WIPO closer to Africa and would complement the services of national IP offices through the provision of assistance, policy and regulatory support. It would also help enhance WIPO cooperation activities in Africa and respond to Strategic Goal III, which was one of the bedrocks of Nigeria's proposal, that is, the facilitation of the use of IP for growth and development. Viewing the map of Africa, the Delegation found it evident that Nigeria was strategically placed to easily access most African countries. The Delegation noted that Nigeria has four neighboring countries: Benin, Cameroon, Chad, Niger - with the Atlantic Ocean to the South and southwest of the country, and direct flight connections to most African countries. The establishment of sub-regional frameworks such as the Economic Community of West African States (ECOWAS) in Nigeria provided a ready base for the EO. The Delegation noted Nigeria already provided services in a number of languages, so there was already a skilled, multilingual human resource capacity in the country. For Nigeria, IP was as intangible as it was powerful, extensive and transformational. The Delegation also noted that Africa was recognized as a global economic frontier and that Nigeria was a leader in the African economy. The Delegation believed that there was a ready and compelling market size for the dissemination, consumption and commercialization of IP assets in Nigeria and other African countries through the services that Nigeria would provide. With regard to the activities that were planned to be undertaken by the EO, the Delegation hoped that, with the cooperation of the EO, Nigeria would be able to establish and grow its data development; sharpen the feasibility of creative works to consolidate the already established international recognition of the creative industries in Nigeria; facilitate sustainable partnerships and connection of local content to global value chains; as well as promote and strengthen linkages between universities, research institutes, industries and private entrepreneurs. Lastly, the Delegation wished to speak about the people of Nigeria and to tell the Committee that, as a people, Nigerians were resilient in spirit, industrious, of good cheer and very hospitable, and the Delegation could guarantee that the EO, when established in Nigeria, would be a successful investment.

237. The Delegation of the Republic of Korea commenced by observing that the main goals of WIPO were, in brief, to develop the global IP systems for the enhancement of innovation and creativity, and to enable less developed countries to benefit from those global IP systems by building their IP capacity. Keeping in mind that WIPO EOs existed to achieve such goals through global outreach services, the Delegation found it logical to establish an EO in Asia, specifically Korea, as soon as possible. The Delegation also recalled that Asia led global innovation, with 60per cent of global patent applications being produced in the Asia and the Pacific region, and added that innovation was also reflected through PCT applications, of which Asia was responsible for 43 per cent. The Delegation continued that, among Asian countries, the Republic of Korea was a core IP power house. It ranked first in the world for research and development expenditure *per* GDP, and also ranked first in the number of patent and design application *per* GDP. The Delegation presented a diagram demonstrating that the Republic of Korea was one of five countries which led innovation and creativity to a great extent by using globalized systems. Yet, the Delegation noted, Korea was the only one among those countries that did not yet have any WIPO offices. The Delegation thought that, if WIPO were to sensibly operate without losing track of the two main goals mentioned, the necessity of an EO in Korea could not be ignored. The Delegation recalled that the Republic of Korea had made significant contributions to WIPO and the IP community. The Delegation stated that, judging by its significant contributions to WIPO and the IP world, Korea's dedication was undeniable and that it should, therefore, host an EO. For example, the Delegation reported that approximately 5 to 6 per cent of WIPO revenue derived from the Republic of Korea and, since 2004, it had contributed to 113 projects in 50 different countries through the WIPO Funds-in-Trust

arrangement. The Republic of Korea had developed various global offline and online education materials and training courses for the benefit of WIPO Member States, and had also disseminated appropriate technology, as well as developed brands, for local products in developing countries to improve their quality of life. The Delegation added that the Republic of Korea had also helped to spread the IP information system and provided IT consultation to 14 countries. All in all, it had made some significant contributions. The Delegation remarked that, if a WIPO EO were established in the Republic of Korea, this would ease various burdens and lead to positive consequences. First of all, an EO in the Republic of Korea could provide customized service to all IP users in Korea, which would in turn increase the PCT, Hague and Madrid applications. The Delegation thought that there was a high potential to increase PCT applications in the Republic of Korea, since only 6.3 per cent of domestic patent applications went abroad through the PCT system, but the Delegation expected that, with an EO in Korea, the country would produce 10,000 more PCT applications, which would lead to an increase of about 50 million U.S. dollars in revenue for WIPO. Secondly, the Delegation believed that a WIPO EO in the Republic of Korea would help to provide activities developed through the Korean Funds-in-Trust and development projects in a larger, more efficient and effective manner. The Delegation recalled that, in the short span of only 50 years, the Republic of Korea had been able to utilize IP to successfully transform from an LDC to a developed country, and that was only possible due to help from the international community. The Delegation felt that it was now time to pay it forward by sharing its unique experience of national development with any country which had an interest in learning more. Further, an EO in the Republic of Korea would provide a space for offline IP education and training as well. In order to make a WIPO EO operate successfully, the Delegation reported that, first, the Korean Government would provide top-notch premises in the global business center area near the well-renowned Incheon international airport. Second, the Korean Government would secure the financial sustainability of the operation of the EO in the Republic of Korea through the use of the WIPO Korean Funds-in-Trust. Third, the resulting revenue growth coming from an increase in the use of the international IP system would exceed all the expenses required for the operation of an EO in Korea. The Delegation recalled that the previous week, the Director General and the President of the Republic of Korea had met and that the President of the Republic of Korea had expressed her support and interest in introducing a WIPO EO into the country. The EO would have the full support of the Korean Government impelled by the President. The Delegation knew that there could be a political motive for the location of WIPO EOs, and that geographical distribution had been emphasized very much. However, the Delegation thought that the selection of the location of WIPO EOs should also take into consideration the practical needs and demands of global IP users. From that perspective, the Delegation stated that the Republic of Korea was the best place for the EO, as it would be equipped with strong IP capacity, a global business environment and firm government support. A WIPO EO in Korea would furnish optimal services, so the Delegation anticipated strong support from all the Member States.

238. The Delegation of Greece, speaking on behalf of Group B, requested more details on how the proposed WIPO EO in the Republic of Korea would complement the functions of the national IP Office, how it was envisaged that it would serve the region and the needs of the neighboring countries, and last but not least, how it would be able to contribute to the fulfillment of WIPO's Strategic Goals and add value to WIPO program delivery.

239. The Delegation of the Republic of Korea reiterated that the proposal was for an EO in a national capacity. The Delegation explained that the Korean Intellectual Property Office (KIPO) handled many matters in relation to the international registration systems such as the PCT Madrid, and the Hague, and received many questions regarding how to deal with the application procedures of those system. KIPO had to spend a lot of time in conveying those questions to the WIPO Headquarters in Geneva. There had been many problems, for example, the time difference meant that working time in Korea was midnight in Geneva and, of course, there were some language problems. The Delegation added that a WIPO EO would help users in the Republic of Korea, and as the Delegation had stated in its presentation, the potential to increase international registrations in the Republic of Korea would be maximized. The Delegation

referred to the presentation it had given, but wished to add that, although WIPO had other EOs in Asia—namely, in Singapore, Japan and China—the proposed EO would serve mainly Korean users and users who wanted to file in the Republic of Korea, so it would not duplicate the functions of any other offices. Regarding assistance to developing countries to build their IP capacity, the Delegation reiterated that the coverage of the WIPO Korean Funds-in-Trust Program was not limited to the Asia and the Pacific region, so it covered all activities on any continent on the globe. If there were an EO in the Republic of Korea, there would not be any duplication of the work of nearby WIPO EOs in Asia.

240. The Delegation of Romania congratulated the Chair on his election for the chairmanship of the Committee, and wished to present the main elements of its proposal for the opening of a sub-regional WIPO EO in Bucharest, Romania in the 2016/17 biennium, as submitted by the deadline of March 29, 2016. The Delegation noted that the full version of the proposal remained the reference point. The Delegation wished to take the occasion to provide some additional information in order to update the Committee on recent developments and referred to its PowerPoint presentation. The Delegation explained that the proposed sub-regional EO would be located in Bucharest, Romania, in the CEBS region, connected by twice a week direct flight of approximately three hours or by various possibilities of two combined flights amounting to approximately six hours. The Delegation noted that no WIPO EO had yet been established in the CEBS region and that five CEBS countries had expressed their support for the sub-regional office, by the submission date of the proposal: Albania, Georgia, the former Yugoslav Republic of Macedonia, Moldova and Serbia. After the expiry of the deadline, another two other countries joined; Bosnia and Herzegovina, and Montenegro. The Delegation stated that the rationale for the EO was to create the best possible match between the economic growth and the innovation and creativity potential of the sub-region which were encouraging, and IP results, which were not at the expected level. The Delegation referred to Program 10 of the WIPO Program and Budget for 2016/17, which indicated that, although countries in the region have already joined WIPO systems, "*the full potential of these systems in the region has not been fully realized*." In addition to those factors, the Delegation noted that the statistics on the level of counterfeiting and piracy in the sub-region showed that more efforts needed to be invested in the fight against this phenomenon. With regard to the mandate of the EO, the Delegation believed that the EO in Bucharest would act as a WIPO service center for the sub-region, similarly to the other existing WIPO EOs. The Delegation sought to highlight some specific pillars of the mandate. The Delegation had identified the added value in the three main categories: for WIPO, for the Member States in the sub-region, and the added value in terms of efficiency and cost effectiveness. The Delegation remarked that, as far as WIPO was concerned, its direct presence in the sub-region would improve the promotion of the Organization's values and services, and also increase its local impact by addressing the specificities of the sub-region, namely the use of IP by SMEs, enforcement of IP rights, the development of new and innovative multistakeholder partnerships, and the cooperation in the region in order to support the implementation of the SDGs. Concrete benefits were also foreseen for the countries in the sub-region. Other important added valuing components were the efficiency and cost-effectiveness of the External Office, because the External Office would be able to provide services of quality at lower costs. For example, referring to the WIPO Secretariat's post adjustment index as of July 15, 2013, the Delegation noted that the index for Romania was 122.8, which was the lowest as compared to the other possible hosting countries, and also compared for headquarters, which was 195.9. Moving onto financial and budgetary aspects, the Delegation stated that the establishment of a WIPO EO for the sub-region would not impose any additional financial burden on Member States other than the approved budget allocation, as there would be no rental costs, and the local support from the national IP authorities, including by working to raise extra funding for different activities from the private sector, non-governmental entities and other stakeholders. Requests for financial support could also be submitted for EU funded projects. Based on an in-depth analysis of several options at hand, the Delegation had made a concrete proposal for the EO headquarters, although it had not been specifically mentioned in the tabled proposal. The EO would be located in downtown Bucharest, inside the National Library building, benefitting from a generous space of 240 square

meters with the state-of-the-art facilities, and reachable from the capital's international airport in half an hour to one hour. The Delegation continued that the office's location would provide opportunities to collaborate, as it would be situated within the administrative quadrant composed of the Government and the Parliament, close to the business district and the Chamber of Commerce and Industry of Romania and the Court of International Commercial Arbitration, and banking institutions. The Delegation, noting that it still had time left, invited the Committee to glance at the location of the proposed office on the slides that followed.

241. The Delegation of Greece, speaking on behalf of Group B, requested further elaboration on how a WIPO EO in Bucharest would complement the functions of the National IP Office.

242. In response, the Delegation of Romania believed that there would be close cooperation between a WIPO EO hosted by Romania and the national IP Offices, noting that Romania had two IP Offices. That cooperation would be based on specific requests coming from the national IP Offices in order, for instance, to facilitate the implementation of national goals, to facilitate the design of public awareness campaigns, and last but not least, the Delegation believed that education was a key part of that future cooperation if it were decided that a sub-regional External Office be hosted in Bucharest.

243. The Delegation of Turkey recalled that Turkey had been a proud member of WIPO since 1976 and that, since then, it had been actively implementing the global policies on IP, including its obligations under 17 WIPO-administrated international treaties. In 1995, soon after gaining membership of the World Trade Organization (WTO) and the establishment of a Customs Union with the European Union, Turkey had launched a campaign to modernize its legislation on industrial property rights, and issued a number of laws that were still in force. The Delegation continued that, in 2008, soon after the opening of accession negotiations on IP law with the EU, the Turkish Government had adopted an action plan listing Intellectual Property Rights (IPR) protection as one of the main priorities for the economic development of Turkey, which had triggered a further enhancement in the IPR system. An Intellectual and Industrial Property Rights Coordination Board had been established in order to increase the effectiveness of enforcements in force and implementation of IPRs. The Delegation explained that, in line with the decisions of the Board, the Turkish Government had taken steps in adopting a number of IP-related strategy papers including national strategies and action plans on IP, geographical indications, and designs. In addition to ongoing work on high-level strategy, Turkey had taken the second step in modernizing its IP system by unifying all decree laws into a single draft Act on Industrial Property, which would introduce measured enhancement to the system to improve the protection of IPRs to international standards while encouraging innovations and facilitating technology transfer. In an enthusiastic effort to share its experience with its region and other Member States, Turkey had launched initiatives on becoming an International Search and Preliminary Examining Authority under the PCT system and had been providing its technical support to the international community in the examination of patent applications. The Delegation further informed that, in cooperation with WIPO, the IP Master's Program specialization in patents and designs would be launched in 2016/17, and that it would be open to participation from all Member States. Additionally, the Turkish IP Academy established jointly by WIPO would become fully operational in 2017 at the national level, which would transform into a regional academy in the short term. The Delegation explained that, in order to ensure the successful transfer of knowledge within its region and beyond, the Turkish Patent Institute had entered into 28 bilateral cooperation agreements with the national IP Offices in order to synchronize training activities, data exchange and policy-level interactions. In consideration of all the initiatives taken by Turkey, the Delegation strongly believed that the establishment of an EO in Turkey would provide many benefits within its mandate and also complement WIPO's and Turkey's efforts on the dissemination of IP knowledge, raising awareness and respect for IP, and further enhancing innovation and creativity by promoting the effective use of IP services in Turkey and in its region. Being one of the frequent users of the Madrid, the Hague and PCT Systems, the Delegation expected that peer-to-peer interactions on these global systems, with a tailored approach adopted to the needs of the business community, by EOs would further

increase the use of WIPO's Global IP Systems in Turkey in the region. In addition to supporting and promoting WIPO's Global IP Systems, delivering technical assistance and capacity building activities and awareness enhancing activities, the Delegation envisaged that IP-related educational activities would be given more importance by the EO in Turkey. The Delegation assured that work to be undertaken by the EO in Turkey would be complementary to the program delivered by the WIPO Academy and would not duplicate the other already-initiated programs. Since it would be more capable of determining and identifying the specific needs and requests, having the advantage of being in the field where the actual needs arose, the EO would work as an interface, mostly between the WIPO Academy and the beneficiaries, and would serve in a more efficient and effective way without any duplication with WIPO's related programs. The Delegation stated that the EO, being in constant contact with the domestic actors such as universities, technology transfer offices and other relevant educational institutions in Turkey, would possess deeper knowledge on the priorities and needs of the stakeholders. This would allow it to be able to respond to their needs in a more comprehensive and effective manner without any duplication. Working with the stakeholders directly would inevitably be more cost effective for many reasons. It would much more effective and cost efficient to reach the targets identified in Programs with the performance indicators in WIPO's Program and Budget if the priorities and needs were identified locally by the External Office. In line with the adopted Guiding Principles regarding WIPO EOs, the EO in Turkey would be an integral part of WIPO's result-based management and regulatory framework. The Delegation continued that, once the EO is established and operational, its performance and activities would be evaluated on the performance indicators and targets and reported to the PBC which would, in turn, transmit its recommendations to the Assemblies as appropriate. Finally, the Delegation reported that pursuant to the decision adopted during the Fourth United Nations Conference on the Least Developed Countries in May 2011, Turkey's preparations for the establishment of a technology bank for LDCs had achieved considerable progress. In order to speed up the bridging of the technology gap in LDCs, the technology bank would serve the facilitation of technology transfer, the promotion of an indigenous science, technology and innovation capacity building, and mobilization of strong global support. The Delegation recalled that the feasibility report prepared by the United Nations Secretary General's High-Level Panel on Technology Bank for Least Developed Countries highlighted the role of WIPO, in particular, through the objectives of DA and strengthening the national capacities of LDCs in the transfer, development of, and adaptation to the appropriate technologies to address nationally-identify development challenges. In this regard, the Delegation strongly believed that WIPO EOs support to the technology bank would be a perfect supplement, and would provide better opportunities to LDCs due to the synergy of the joint efforts. The Delegation stated that Turkey attached great importance to, and had acquired strong experience in, hosting international organizations, and that Istanbul, in particular, was a unique hub for its geographical proximity and ease of travel to almost all regions, particularly to Africa, Asia, Europe and the Middle East. In line with the aim of building a UN home in Turkey that complied with the UN standards, Turkey had 13 UN agencies functioning as either regional, sub-regional or country offices. Meanwhile, preparation for two regional offices by UN Women and UNICEF, and a sub-regional office by Food and Agriculture Organisation (FAO), were also under way. Turkey's location, as well as its logistical and financial support to the offices of international organizations based in Turkey, had served as an incentive for those institutions to prefer Turkey for their headquarters and regional bureaus. In this respect, the Delegation observed that it went without saying that a WIPO EO would also benefit from that support. The Delegation stated that, once Member States decided on the mandate of EO in Turkey, in consideration of the advantages it provides, the required human resources, financial resources, physical infrastructure and the location, either in Ankara or Istanbul, where the EO could best fulfil its mandate, would be jointly decided with WIPO's services.

244. The Chair remarked that the last presentation had brought the Committee to the end of the presentations given by delegations proposing to host EOs in their respective countries, and noted that the Committee had listened to eight presentations. The Chair suggested that the Committee engage in full conversation about how it should proceed. The Chair observed that

the Committee was facing a relatively difficult situation because, as was heard from the presentations, there were very strong cases, and every offer merited full consideration. However, there were limited resources, meaning that there were only three seats for the present biennium and three seats for the following. The Delegation recalled a Latvian proverb: 'When you have ten fingers and you bite them, every finger hurts in the same way.' The Chair urged the Committee to find the most appropriate way of dealing with those questions, because the decision should be taken by consensus. The Chair recalled that, during the informal consultations, he had asked a number of questions, and that it became clear that the Committee could not combine the consideration of EOs that would be open in the present biennium with the consideration of the EOs that could be open in the following biennium. That was because the call for proposals which had been issued on the basis of GA decision clearly indicated that that would be for the present biennium. However, nothing prevented the Committee from relaunching, in an expedited manner, a call for proposals for the following biennium as well, as an element which would facilitate the conversation. Another point that the Chair had heard in informal consultations was that the Committee could use the same method as it had when negotiating the decision of the Assemblies, where certain understandings had been reached and had been formulated in the decision in a rather explicit manner, referring to the decision that priority should be given to Africa. The Chair continued that the Committee could, therefore, think about a firm decision on up to three offices in the present biennium, and give some kind of consideration of priorities for further offices to be opened in the following biennium. The Chair noted a further element, which had arisen from informal consultations held the previous Friday, i.e., that the Committee now had a clear decision from two regions on their support for opening of a WIPO EO in Algeria and Nigeria in the African region, and in Colombia in the GRULAC region. The Chair noted that this was a factual element that would need to be factored into the Committee's conversation. Having made note of a number of elements which had emerged from the informal consultations, the Chair opened the floor for interventions.

245. The Delegation of Greece, speaking on behalf of Group B, stated that although the Group had prepared a short statement, it would need to reconvene after the morning's session to discuss the issue again. The Delegation hoped that the Group would be in a position to give the Committee its comments after its further discussion as a group. As a very preliminary comment, the Delegation shared an element contained in that statement, which was that Group B believed that agreements were a step in the direction that could facilitate the process. Having said that, the Delegation undertook to consult with its Group and come back to the Committee.

246. The Delegation of Iran (Islamic Republic of) thought that further clarification was needed because the Delegation was not sure whether, other than the withdrawal of the proposals by Egypt and Morocco, the other candidate's proposals from GRULAC and the African region had also been withdrawn. The Delegation thought the Committee should first know how many proposals were still on the table.

247. The Delegation of Nigeria stated that, following the meeting of the African Group the previous day, the two African Group contenders left were Algeria and Nigeria.

248. The Delegation of Chile wished to emphasize and respond to any questions in that regard, that Colombia was GRULAC's candidate for the present biennium and added that it was GRULAC's consensus decision.

249. The Delegation of the Republic of Korea stated that, since the 2016 Assemblies were going to select three EOs and for the following biennium, safeguards would be needed to avoid duplication of the previous complicated procedures. When Member States would start their informal discussion on the EOs, they would need to discuss the safeguards first.

250. The Delegation of India, speaking in its national capacity, believed that the undisputable fact was that the priority should be given to Africa. At the same time, as for the countries from the Asia and the Pacific Group, there were three proposals on the table. The Membership had

to devise a formula resulting in a fair decision in favor of countries from all three regions which had put forward their proposals. There were proposals from Africa that had been put forward as proposals from the African Group. There was one proposal from GRULAC. There was no consensus proposal from the Asia and the Pacific Group as of the present time but there were three countries' proposals on the table. They should be carefully considered and India should not have the impression that it was being left out simply because of the strength of the regional Groups. The Delegation wished to find a justifiable solution on the proposals issue by devising a formula, which would give Members some faith in the system.

251. The Chair fully agreed with the Delegation of India and confirmed that all proposals were on the table, and that nothing had been decided yet.

252. The Delegation of Latvia, speaking on behalf of the CEBS Group, thanked WIPO Member States for putting forward proposals to host the EOs, and the Secretariat for preparing and providing the factual reports. CEBS saw the benefit of opening the EOs while bearing in mind the Guiding Principles, particularly the first paragraph reading: "*The following principles shall guide the role of the WIPO Secretariat and the decision making by Member States on the establishment of a sustainable, adequately sized network of WIPO EOs that adds clear value, efficiency and effectiveness to Program delivery in accordance with the results framework of the Program and Budget, in a coordinated and complementary way with WIPO Headquarters and in a way that may otherwise not be achieved through operations at WIPO Headquarters*." The establishment of EOs should correspond to the actual needs of the Organization in terms of providing technical assistance, capacity building and training. The CEBS Group recalled that Romania had tabled a proposal for a sub-regional office, which was supported by five Member States at the time of the submission of the proposal. The Group stressed the equitable graphical distribution of the WIPO EOs network. For that reason the Group believed that the priority should be given to the regions without any EO.

253. The Delegation of Romania, referring to the intervention by the CEBS Group, wished to emphasize its support for the arguments presented in that statement.

254. The Delegation of Nigeria, speaking in its national capacity, wished to remind the Membership that the priority had been given to Africa.

255. The Delegation of Georgia, referring the presentations made before the Committee, thanked the presenters for their comprehensive and informative presentations. The Delegation wished to reconfirm its support for the proposal for opening of a WIPO sub-regional EO in Romania. The Delegation considered that the priority should be given to the regions without any EOs and believed the geographical coverage of the EOs should be a topic of the Members States' first discussions and consultations.

256. The Delegation of Pakistan expressed its support for the establishment of EOs in the regions without any WIPO presence at the moment. It also cautioned against any decision being taken for the following biennium because the call for proposals was for the present biennium. The Delegation did not see how Members could discuss a formula for the following biennium without knowing how many candidates there would be in the future.

257. The Chair wished to clarify his remarks, which he believed might have been misunderstood by some delegations. The Chair said that he had simply wondered whether the process regarding the next biennium might be accelerated, however, not by curtailing any formal procedure, but rather by launching that procedure without any delay. That meant the decision, or one of the elements of the decision, could be to instruct the Secretariat to launch the call for proposals for biennium 2018/19 as soon as feasible, aiming at collecting all views by mid next year and a decision by the PBC in 2017. That would facilitate decision making and provide some additional safeguards for those who had not be selected, simply because there were too many candidates for too few seats.

258. The Delegation of Iran (Islamic Republic of) stated that, as regards the establishment of a new WIPO EO, it believed that decisions on the establishment of such offices must be taken in accordance with the Guiding Principles, without any discrimination and on the basis of equitable geographical distribution. The Delegation maintained that the issue of new EOs must be considered as a new approach in the Organization to move towards universality and promote the efficiency and effectiveness of the Organization. The Secretariat, in providing technical reports on the proposed new EOs, should remain transparent and neutral and act according to paragraph 3bis of the Guiding Principles. One of the core functions of the EOs was to deliver technical assistance and capacity building activities. Therefore, according to paragraph 14 of the Guiding Principle, in establishing new EOs, consideration should be given to the development aspect. That issue was very important because currently no developing country was hosting any EOs. According to paragraph 13 of the Guiding Principles, due consideration should be given to the principle of the sustainable, equitable and geographical network of the prospective EO. Currently, no EOs were located in Western Asia and the Middle East region.

259. The Delegation of Viet Nam expressed its support for the establishment of an EO in the Republic of Korea during the 2016/17 biennium. The Delegation believed that the proposed EO, in close cooperation with KIPO, would best serve as a hub for the implementation of international regional development and technical assistance projects and, thus, would bring about the benefits not only to IP users in the country itself, but also to IP users in other countries in the region.

260. The Delegation of the United Arab Emirates recalled that the 2015 Assemblies had taken their decision in the hope that the matter could be settled in the course of the 2016/17 biennium. Other nominations had not been taken into account in that decision. The Delegation believed that, in the next biennium, Member States might be able to give an opportunity to the countries that had not submitted their candidatures because this had not been provided in the decision taken by the 2015 Assemblies. The opening of three EOs in 2016/17 should be the subject of a decision to be taken by the Assemblies in the current biennium. Following that, an opportunity would be given to other countries in the next biennium. There were 26 countries that had submitted their candidacy but had not had the possibility of making a complete formal application this time.

261. The Chair confirmed that that was exactly the way in which Members should proceed. There would be a formal application period and everyone would be able to apply.

262. The Delegation of Nigeria, speaking on behalf of the African Group, thanked all the delegations that had made presentations in support of their candidacy to host an EO. In response to the Chair's suggestion, the African Group's preference was not to have an early start for the submission of proposals for the next biennium, i.e., not before the EOs for the current biennium were confirmed. The Delegation recalled that it was a long and rigorous process to come to an agreement and adopt the Guiding Principles that prioritized Africa. The Delegation wondered to what extent there might not be willingness to move forward on that. Members wanted consultations to identify the countries, even though the African Group had put forward two African candidates and welcomed the news from GRULAC that, following consultation, they had put forward one candidate. That clearly provided a route to move forward, and a basis for consideration of costs, without minimizing the importance or relevance of the Asia and the Pacific Group which was supportive of the prioritization of Africa. The Delegation believed that there existed leeway for the Chair to continue consultations.

263. The Delegation of Montenegro wished to add to the statement made on behalf of the CEBS Group. In the spirit of negotiations between the IP Office of Montenegro and the IP Office in Romania, the Delegation supported the candidature of Romania for the opening of an EO, through which Montenegro would be covered by WIPO technical assistance consisting of training in the use of IP tools and services from the base scope of WIPO's expertise. The Delegation appreciated the wish of Romania to contribute to the delivery of WIPO Strategic

Goals in the region, and expected that such an EO would bring multiple benefits to the countries in the region by encouraging innovation and creativity, using IP tools, and promoting research and the transfer of technology. The Delegation hoped such an EO would further improve and strengthen cooperation in the IP area among the countries in the region.

264. The Delegation of Serbia expressed its support for the establishment of a WIPO EO in Bucharest and hoped the establishment of the office would further improve and strengthen the cooperation between IP Offices in the region. Bearing in mind that the countries from the region were confronted with similar challenges, the Delegation believed that organizing meetings with a focus on relevant topics in the region or training courses would be of high value, and expressed its wish to provide facilities for the EO.

265. The Delegation of El Salvador said that GRULAC and El Salvador had always wanted to ensure that the matter was dealt with within a pre-established framework. It recalled that, at the 2015 Assemblies, the Guiding Principles had been adopted and it was on that basis that a process to select three proposals for the EOs for the biennium had been opened. The Delegation expressed its satisfaction at having the Guiding Principles which made it possible to have clarity on the procedures that would be followed. On this basis, the Delegation, along with five other countries from its region, had submitted its proposal. The six proposals from the region referred to the ongoing process of development of IP and the potential for further development. The Delegation added that it was not feasible to have all of their proposals accepted and that it may not be in accordance with the Guiding Principles. A consensus to support one proposal from the Delegation's region had, therefore, been reached, that of Colombia. The Delegation had not wanted to let the opportunity pass without speaking as El Salvador, and endorsing the GRULAC support given to the current proposal.

266. The Delegation of Chile, speaking in its national capacity, expressed its support of Colombia's proposal from the GRULAC region to host an EO.

267. The Delegation of Mexico expressed its support for the statement made by the regional coordinator from Chile and also for the declaration made by the Delegation of El Salvador. It added that the interest shown by its region in establishing a WIPO EO had been particularly clear. For one thing, added the Delegation, six candidates had initially been put forward. The Delegation wished to take the opportunity to support the Colombian proposal, particularly because it was based on a consensus reached within their region. Speaking of this proposal, the Delegation highlighted the fact that their region cooperated very intensively and very actively in all work on IP, and that the proposal represented potential for a considerable multiplying effect which would be beneficial to the organization and also to the region.

268. The Delegation of Brazil expressed its support for the unified GRULAC proposal. That was the consensus: having an EO in Bogota would add to the office that was already in Rio de Janeiro.

269. The Delegation of Ecuador endorsed what had been said by the Delegation of Chile speaking as the GRULAC Coordinator, adding Ecuador's support to the Colombian candidacy.

270. The Delegation of Guatemala also endorsed what had been said by the Delegation of Chile as GRULAC Coordinator and wished to put its support for the candidacy of Colombia for a WIPO EO on record, adding that the Colombian candidacy had been agreed by consensus within GRULAC, and that it considered that the proposal would be to the benefit of the Organization and the region.

271. The Delegation of Saudi Arabia expressed its support for the statement made by the Delegation of the United Arab Emirates in order to establish three EOs during the 2016/17 biennium.

272. The Delegation of the Republic of Korea thanked the Delegation of Viet Nam for expressing its support for its proposal for hosting an EO. The Delegation recognized that many delegations expressed support for a single country candidate and wondered what that meant. It was convinced that any group decision could not override the decision which would be made by the PBC and the General Assemblies. It was not yet decided which region would take an EO. The Delegation thought that it was not the right time for delegations to make support statements. Delegations had just finished making their presentations on the merits of their respective proposals to host an EO. The merits of each proposal needed to be discussed and considered. Therefore, the Delegation suggested that during the informal consultations to be held that afternoon, each Regional Group consider the merits of proposals made by other regions as well.

273. The Delegation of India, speaking in its national capacity, aligned itself with the statement made by the Delegation of the Republic of Korea, i.e., that Members should study each case on its own merit and not by the number of people supporting it. That meant a democratic process, as Member States were engaged in a process based on consensus and not on a number of words. Consensus was the first principle in WIPO which Member States had been following.

274. The Delegation of Romania stated that, after speaking and carefully listening to the representatives of Member States, it was overwhelmed by two feelings. One feeling was that the Delegation tended to agree with all the speakers because it saw merits in all the statements that had been made. Second, the Delegation felt inspired by GRULAC and, as at the Olympic games, there were only three medals: the gold, silver and bronze. Although there was no order of precedence, at the end of the day there were only three winners. If Members kept that in mind, they should continue to work towards reaching consensus.

275. The Chair, commenting on the results of the discussion so far said that, first, the Committee, indeed, needed to think of the best way to proceed. All presentations made in support of the proposals had been extremely informative and provided a good overview that would certainly facilitate the decision making. Second, there were limitations in the resources available as there were only three seats and about a dozen candidates for them on the list. There certainly would be countries which would not make the top three. That was the reality. Members needed to find the best way to reach consensus because the second limitation was that of time. It was expected that the PBC would agree on and recommend a decision to the Assemblies. At present, there were 15 working hours left till the end of the session in which to arrive at that consensus. Therefore, the Chair encouraged delegations to start every possible consultation in order to find potential solutions that could be put forward and discussed. The Chair proposed to continue with informal consultations later that afternoon before resuming further discussion on this agenda item.

276. Resuming discussion on agenda item 13, the Chair stated that lengthy conversations had been had in informal consultations on the different aspects of the decision, and that Members had tried to make a very simple and straightforward decision on three EOs, but that the straightforward decision did not gather consensus during the informal consultations. The Chair recalled that Members had then worked on other elements that may facilitate the decision-making process, and that they spoke about many different options, but that none of them had gathered the consensus of all. The Chair noted that the Committee was under relative time pressure, which was to make a decision in the upcoming Assemblies, because, otherwise, WIPO would not be able to open any EOs in that biennium, unless an extraordinary General Assembly is called, which the Chair did not think was justifiable for only that purpose. Therefore the Committee would need to attempt to make a decision that day. Based on the Chair's personal sentiment, the Chair had drafted a proposal that had been distributed in the room, which represented nothing else other than the Chair's personal feeling on the possible consensus, where everyone would need to give up something, and to show flexibility and solidarity with others. If Members could agree on that text without any change right then, then it would be submitted straight to the Assemblies and the Chair was very doubtful that any

delegation would challenge the consensual decision of the PBC. But if no consensus were to be found, then, of course, Members would continue working and consulting and addressing the issue in the run-up to the Assemblies and during the Assemblies. The Chair fully understood that this was a shot in the dark, but he thought that sometimes it was necessary to shoot in the dark hoping to land right in the center. The Chair also wanted the membership to understand that if there were a single delegation asking for the floor to challenge the proposal, the proposal would be withdrawn. The Chair was sorry for putting delegations in an uncomfortable situation, but this was his best attempt at formulating something that may serve the interests of all Member States and the Organization. With that in mind, the Chair wished to attempt to proceed. With regard to the procedure, the Chair noted that there were no requests for the floor, and he hoped that no one would request the floor until a decision was made. The Chair continued that, if there were requests for the floor before he hit the gavel, he would consider that there was no consensus. The particularity of the situation was that no one in the room, except the Chair, would know who had pressed the button, which was why it was a little bit like a secret ballot, but if the challenging delegation wished to make the challenge in public, that would be fine. If no one were to seek the floor before the Chair hit the gavel, the Chair would consider the decision made. The Chair added that there might be some language issues because English was not the Chair's mother-tongue, and there may be some contradictions. The Chair then formally introduced his proposal and sought to see whether delegations were in a position, based on everything the Chair had just said, to accept the proposal as a compromise. The Chair noted that two delegations had requested the floor, and therefore withdrew his proposal. The Chair invited those delegations who wished to take the floor to speak.

277. The Delegation of the Republic of Korea noted that all delegations were exhausted from the work on this issue, and thanked the Chair for his efforts to reach consensus on the matter. With regard to the Chair's proposal, and especially regarding the safeguards, the Delegation recalled that it had proposed that consideration of the locations of the global IP services be an element of the drafted text and there was little opposition to that element. The Delegation noted that unfortunately that element was not reflected at all in the Chair's document. Further, the Delegation was of the view that any future consultation, informal or formal, cannot be based on this text. Maybe it would be better to start with the paper that Members had in the previous hours in the other room.

278. The Delegation of Iran (Islamic Republic of) wanted first to express its gratitude to the Chair for his endless efforts to make common ground for some kind of consensus. At the same time, the Delegation said that the new proposal could not convince it yet to support yet. The Delegation thought that there was still a need for more consultation, before sending any decision in this regard to the Assemblies.

279. The Delegation of India noted that, since there was no formal proposal on the table at that stage, it would not comment on the substance of the Chair's document, but had some general remarks to make. First, the Delegation wanted to put on the record its appreciation for the earnest attempts that the Chair had made so that everybody can agree to the proposal and of course it was a 'take it or leave it' option. But the Delegation wanted to point out a larger issue – that such an important decision cannot be taken in a 'take it or leave it' fashion. The Delegation reiterated that this was a very important issue, as WIPO EOs would help IP services and global IP systems, and would have a positive effect on the way the IP systems could work all over the world. The Delegation urged the Committee to 'make haste slowly' because it needed a balance between urgency and diligence. This delicate balance needed to be maintained.

280. The Delegation of Turkey thanked the Chair for his tireless efforts, and for all the comments made in the formal plenary and in the informal consultation sessions.

281. The Delegation of Chile, speaking as GRULAC Coordinator and also in its national capacity, first thanked the Chair for his efforts undertaken throughout the process. In addition, the Delegation wished to highlight the effort that has been made to interpret the deliberations that the Members had had, which the Chair managed to put into text in his proposal which unfortunately now had been withdrawn. For the Delegation, this document expressed faithfully the spirit and the letter of the documents and the ideas that Members had before them to develop their proposals and to decide on each one of them. As a consequence, the Delegation expressed its gratitude and stated that the Chair's proposal reflected what GRULAC wanted, but had been improved by the Chair. And it should have satisfied the legitimate aspirations of various Members. Finally, the Delegation believed that its proposal continued to be available for conversations which necessarily would have to happen when Members would seek to come to an agreement on these proposals for the next Assemblies.

282. The Delegation of Nigeria, speaking on behalf of the African Group, thanked the Chair for his guidance and efforts to get the Committee to agreement. The Delegation felt that the Chair had been very hasty in withdrawing his proposal, which the Delegation would have welcomed, even though it would have sought clarification on paragraph 4 and what that was meant to convey. However, since Members were not able to reach a decision, the Delegation encouraged Member States to reflect deeply on the need to be bound by agreements that were reached in a multilateral system and to also consider the priority given to Africa, and to ensure that when this discussion would be resumed in the informal stages proposed by the Chair, both before and during the Assemblies, that Members would be able to reach a decision on this subject.

283. The Delegation of Greece, speaking on behalf of Group B, reiterated that the Group was in the process of assessing the proposals that had been made.

284. The Delegation of Pakistan joined other delegations in appreciating the Chair's efforts and guidance to bring the Members to agreement on that very difficult topic, and hoped that any further discussions and decisions ultimately reached would not prejudice future applicants.

285. The Delegation of Algeria thanked the Chair for all the efforts that he had made over the course of the week, as well as the delegates who had taken part in the consultations, and who had made an effort to come up with proposals. The Delegation observed that it was always fairly sad to complete a week's work, and hard work at that, in such a way, but unfortunately that this was part of the job; however, the Delegation regretted very much that the Committee hadn't been able to reach an agreement. The Delegation believed that Africa has been treated very poorly as a result of this, and that it would draw conclusions from that. The Delegation assured that it would maintain its position of being, as it had always been before, positively engaged in any consultation process that would enable Members to reach an agreement before the next Assemblies.

286. The Delegation of Latvia, speaking on behalf of the CEBS Group, joined its colleagues in thanking the Chair for all his efforts to find an agreement, and stated that he could count on a constructive and active CEBS presence in the informal process.

287. The Delegation of Germany thanked the Chair for his efforts. Even though the Chair's proposal was no longer on the table, the Delegation wished to make a clarification, because it saw at least one thing which would somehow override the Guiding Principles, and this was one of the reasons why it wished to state again that Members should stick to the Guiding Principles.

288. The Delegation of Nigeria, speaking in its national capacity, thanked the Chair for his efforts in guiding the discussions, informal and formal, on EOs. Referring to the statement made by the Delegation of Algeria, the Delegation was equally regretful that the Committee could not reach a decision on EOs, and reiterated that the Committee should stay true to the priority given to Africa. The Delegation felt that the proposal made by the African Group during

the session and discussion on EOs was fair, and hoped that Member States would think differently when they returned to the subject in informal consultations or the General Assemblies.

289. The Chair brought the Committee's attention to a formal proposal that was displayed on the screen. It was a factual proposal stating that, after having examined document WO/PBC/25/12, the Committee had not reached consensus on the opening of new EOs, had decided to continue informal consultations, and recommended further consideration of the matter at the 56th session of the WIPO Assemblies. The Chair invited delegations to consider the proposed decision. There were no comments from delegations and the decision was gaveled. The Chair proceeded to thank delegations for their kind words and added that, indeed, he had been trying because he had felt that the Committee had an opportunity to reach consensus. Unfortunately, the membership could not get on the same page, but that was life - there were sunny days and rainy days. The Chair believed, however, that with common efforts, and showing sufficient flexibility, Member States could make the necessary decisions based on informal consultations. The Chair said that he would reflect on how to organize such consultations in the coming weeks in order to reach consensus during the Assemblies.

290. Having examined document WO/PBC/25/12 "Opening of New WIPO External Offices during the 2016/17 Biennium", the Program and Budget Committee (PBC):

(i) did not reach consensus on the opening of new External Offices;

(ii) decided to continue informal consultations in advance of the upcoming 56th session of the WIPO Assemblies; and

(iii) recommended further consideration of the matter at the 56th session of the WIPO Assemblies.

ITEM 14 MEDIUM-TERM STRATEGIC PLAN (MTSP)

(A) REVIEW OF MEDIUM-TERM STRATEGIC PLAN (MTSP) 2010-2015

291. Discussions were based on document WO/PBC/25/17.

292. The Chair opened the discussion on the Medium-Term Strategic Plan (MTSP) stating that that agenda item included two sub-items, namely the Review of Medium-Term Strategic Plan 2010-2015 and the Medium-Term Strategic Plan 2016-2021. The Chair then passed the floor to the Secretariat for the introduction of the subject and of document WO/PBC/25/17.

293. The Secretariat explained that the MTSP 2010-2015 Review was a comprehensive review of the MTSP spanning from 2010 to 2015. The Secretariat added that the document was a self-assessment of the progress made towards achieving the Strategic Goals as measured by the Strategic Outcomes and Strategic Outcome Indicators, which were included in the Annex. The MTSP 2010-2015 Review highlighted the key achievements during the period under review, based on the linkages with WIPO's frameworks, which were approved in the budget documents during the three biennia of the six-year MTSP period. The assessment was based on the following methodology: (i) comprehensive review of the data in the Program Performance Reports (PPR) for the three biennia and (ii) a comprehensive desk review of all other related and relevant documents, such as, for example, the final report on the implementation of the WIPO's Strategic Realignment Program (SRP), which was concluded during the same period, the early reviews of WIPO's international registration systems, validations of the PPR that have been conducted by the Independent Oversight Division as well as the multiple independent evaluations conducted during the period under review. The Secretariat recalled that the PPR was WIPO's principle accountability tool for reporting on organizational performance to WIPO's Member States and an integral part of WIPO's RBM framework.

294. The Delegation of Greece, speaking on behalf of Group B, thanked the Secretariat for the document WO/PBC/25/17 and recognized it was a complete review of the Organization's functions for the period 2010-2015. Group B also stated that it believed that it was a successful period for the Organization during which multiple advances had been achieved.

295. The Delegation of Turkey supported the statement made by the Delegation of Greece on behalf of Group B and thanked the Secretariat for the document. The Delegation added that the report was quite comprehensive covering the period from 2010 to 2015, which meant three biennia, and that it encompassed all the achievements undertaken in the five-year period. The Delegation recognized that although the document was a self-assessment report, it found it very useful to have an in-depth opinion on all of WIPO's undertakings, supported by detailed graphs and statistics under each Strategic Goal and output indicators.

296. The Chair thanked the Delegation of Turkey. Noting that there were no more requests for the floor, the Chair proceeded to reading the proposed decision paragraph, which was adopted and gaveled.

> 297. The Program and Budget Committee (PBC), having reviewed document WO/PBC/25/17, and recognizing its nature as a self-assessment of the Secretariat, recommended that the Assemblies of the Member States of WIPO acknowledge Programs' contribution made in 2010-2015 towards the achievement of the nine Strategic Goals of the Organization.

(B) MEDIUM-TERM STRATEGIC PLAN (MTSP) 2016-2021

298. Discussions were based on document WO/PBC/25/18 (Medium-Term Strategic Plan 2016-2021).

299. The Chair opened the discussion on the sub-item relating to the Medium-Term Strategic Plan for 2016-2021 (MTSP) and invited the Director General to introduce the sub-item.

300. The Director General wished to make a number of introductory remarks without entering into the substantive details of the document. First of all, the Director General noted that the purpose of the MTSP was to provide some visibility around the medium-term strategic direction of the Organization. It was a document which should be read; eventually, with the individual Program and Budgets of the biennia that fitted into the period of this Medium-Term Strategic Plan. The Director General underscored that it was not a legally binding document in the sense that the Program and Budget was, and that each Program and Budget approved in the relevant period of six years would take specific positions which would, of course, be legally binding for the Organization for the period of the relevant biennium. The Director General explained that Member States were invited to note this document because it was not legally binding, but rather an attempt to indicate the strategic direction that would be followed by the Organization in the course of the following six years. The Director General added that, in today's world, six years was a very long period of time. With the accelerated pace with which change was occurring, it was difficult to have complete visibility for a period of six years. The Director General explained that the Secretariat had, nevertheless, attempted to take the directions that had been set by the Member States in the course of the last six years, and to project those into the following six years, continuing very much along the same orientations that had been set for the Organization in the course of the preceding period. The Director General added that the Secretariat had tried to set out the context of each Strategic Goal (SG), to indicate the variables in that context and the way in which the circumstances were changing, and to then suggest strategies that would be appropriate to adopt, in view of those circumstances, for the achievement of each Goal.

301. The Chair thanked the Director General and opened the floor for comments on this sub-item.

302. The Delegation of Latvia, speaking on behalf of the CEBS Group, thanked the Director General for his presentation of the MTSP and the Secretariat for preparing the relevant documentation. The Group supported the vision outlined in the strategic plan. CEBS acknowledged that the MTSP took into account the unstable financial environment at the global level, and at the same time identified particular challenges for each SG. The Group considered that the document adopted a prudent approach regarding the finances of the Organization, while safeguarding its flexibility. CEBS welcomed the inclusion of the United Nations Sustainable Development Goals (SDGs) in the MTSP, and noted that the Group looked forward to seeing the contribution of the Organization in the implementation of the SDGs. The Group supported, overall, the proposed approach for the next three biennia and believed that this plan would be a useful guide for the production of the Program and Budget.

303. The Delegation of Greece, speaking on behalf of Group B, welcomed the MTSP prepared by the Secretariat, and the introduction given by the Director General. Group B considered that the MTSP for 2016-2021 contained in document WO/PBC/25/18, while not a legally binding document, provided ideas for high-level strategic guidance for the preparation of the three consecutive Program and Budgets covered by the MTSP. Group B took note of the fact that the MTSP had commenced at a very challenging time for the multilateral community, when the world economy continued to underperform, and the long awaited recovery from the global financial crisis was slow to materialize. Group B also acknowledged that, in this context, the MTSP for the period of 2016-2021 would need to be executed with an emphasis on continued fiscal prudence, flexibility to respond to changes in circumstances, and a realistic focus on what was possible for the Organization to achieve in order to add value to the multilateral framework for intellectual property. In this regard, Group B acknowledged the main orientations and strategies that were set out in the MTSP, corresponding to the nine Strategic Goals (SGs) of the Organization. The Delegation indicated that the specific concerns that some Group B Member States had regarding the document would be presented in an analytical manner by those individual delegations.

304. The Delegation of the Russian Federation congratulated the Chair on his election, expressed its pleasure that the Chair was presiding over this PBC session and believed that his Chairmanship would play a very important, indeed key, role in this session. The Delegation was also very grateful to the Secretariat for having prepared this meeting and the documents relevant to it. The Delegation felt that the document on the MTSP for WIPO for 2016-2021 was particularly interesting, and was grateful to the Director General for it. The Delegation considered that the document defined the basic directions for WIPO's activities for the following five-year period, and that it was clear from the document that the work which was being done on achieving WIPO’s SGs would be continuing over the following five years. The document also underlined the fact that particular attention would be paid to encouraging innovation, in helping to achieve the SDGs, which the Delegation believed was very positive. The Delegation also hoped there would be more detailed documents which would shed further light on the link between innovation and the strategic plan. The Delegation believed that the document’s methodology was also very helpful, because it described the current situation in respect of the specific SGs for the first time, highlighted the results which had already been achieved, and indicated where there were problems and where work and attention should be focused. The Delegation noted that the document also gave a glimpse of the expected results of this work. On SG I, for example, the balanced evolution of the international normative framework for intellectual property, the Delegation saw that activities would be continued to attract new participants to the international treaties administered by WIPO, and that work would continue and would build on what had already been done by the various committees. The Delegation continued that the Organization was going to try to improve the results between the Organization and Member States in areas of activities which had not yet been on the agenda. The Delegation remarked that the current situation in respect of international documents and, particularly, international treaties, was making headway, but that it was doing so rather slowly, which meant that Member States did not always manage to have mutually advantageous solutions. The Delegation pointed out that sometimes, parallel and additional work needed to

be done in certain committees on documents which were of a more practical nature, and on certain questions. The Delegation referred, for example, to recommendations, practical guidelines, etc., because those documents could be addressed to individually interested groups of participants. The Delegation also thought it would be helpful to describe in more detail the activity which was going to be undertaken and the instruments that could be used, as well. In the Delegation's opinion, it was particularly important that steps be taken to achieve SG IV. The Delegation referred specifically to coordination and development of global IP infrastructure, which meant developing platforms, services and databases*, inter alia*, which would help to achieve WIPO's SGs. The Delegation pointed out that WIPO had some existing instruments already, such as patent system search tools and reviews of international filings, and thought these could be improved even further with additional expert input. The Delegation stated that developing new systems and bringing them into operation were equally important because the systems needed to be made more user-friendly; if they were, the Organization could expand the access that States have to them, and the use that they make of them. The Delegation considered that this was particularly important for developing countries and countries with economies in transition because it could have a very positive effect for them and, furthermore, for the Organization. The Delegation observed that more active use of these instruments would help both Member States and the Organization, referring to the Access to Specialized Patent Information (ASPI) program and others, and that access to the instruments could be provided through Technology and Innovation Support Centers (TISCs). The Delegation hoped that in future documents, which would be prepared on the development of the strategic plan, some of these aspects could be addressed in greater detail. The Delegation thought it important that the Organization's activity and work be improved and made more effective, for its benefit and for that of its Member States.

305. The Delegation of China highly commended the MTSP for 2016-2021. The Delegation hoped that this plan would take into consideration the experiences gained in implementing the previous plan, and that it would effectively guide the establishment of the following three biennial Program and Budgets. Regarding the plan itself, China hoped that WIPO would strengthen its work, in the following stage, in encouraging Member States to ratify or accede to the Beijing Treaty and other new international instruments; promoting norm setting activities in areas such as genetic resources; promoting an increasing service level of the PCT and IP systems in general; increasing coordination so as to facilitate the use of IP for development; and extending the network of TISCs and increasing its service level. Furthermore, the Delegation noticed that the MTSP emphasized that WIPO would ensure an effective contribution to the implementation of the SDGs, within its mandate. The Delegation agreed with this position, recognizing the responsibility and duty of WIPO and the international IP community to contribute to the realization of the SDGs. The Delegation agreed with WIPO's view that SG IX was a priority. Meanwhile, the Delegation wished to point out that IP could also play an important role for the other Strategic Goals, such as SG XII.

306. The Delegation of Pakistan thanked the Director General for his remarks, and the Secretariat for the relevant document. Considering the importance of the document which provided the strategic roadmap for the Organization, the Delegation believed that it required more deliberation and reflection. In its preliminary comments, the Delegation believed that for the MTSP to remain relevant, it was imperative that it be aligned to national and regional needs and that work continue towards achievement of a balanced global IP system, as indicated in SG I. The Delegation remarked, however, that there were no details in the document about how the Goal was to be achieved, including any reference to flexibilities, which were essential for balance. Similarly, the Delegation considered that the results of the external evaluation of the Development Agenda (DA) recommendations would be useful in guiding the plan. The Delegation stated that, in SG III, IP and its role in fostering innovation and the effective use of IP by businesses, was another important area. The Delegation wished to request details on specific measures resolved in the plan for this purpose. The Delegation also saw a need for a specific locus in the Organization to address this need, which was currently scattered, and hoped to see this reflected in the plan. In this regard, the Delegation believed that the

Intellectual Property Automation System (IPAS) was a useful tool and encouraged the use of national IP expertise, wherever available, to overcome shortfalls. In SG IV, the Delegation supported the expansion of TISCs and their linkages with other IP services into a more broad-based, comprehensive range to cater to IP services related to innovation. Here again, the Delegation saw a need for a dedicated, cohesive nexus in the Organization for IP services and innovation, which was currently fragmented. The Delegation believed that the Global Innovation Index (GII) methodology should be continuously reviewed; one specific aspect which the Delegation viewed as requiring quick work-up was improved collection of up-to-date data, which was currently weak and required strengthening. The Delegation stated that this was essential to ensure accuracy and credibility of the GII. In SG VII, the Delegation trusted that the Organization would ensure that conflicts of interest were recognized when engaging in public-private partnerships. Similarly, the Delegation appreciated the provision of factual technical input to other UN agencies. However, conflicts of interest have risen in this regard, as was the case with the UN Secretary General's High-Level Panel on Access to Medicines, which should be avoided in the future. The Delegation also felt that the plan lacked information on how the proposed External Office (EO) network fit into the broader organizational framework, especially in view of the perception that the EO network indicated a more decentralized functioning of the Organization. The Delegation would seek more details on this. The Delegation believed that the plan required more deliberation, and requested that the Secretariat share the comparison of the changes proposed to the MTSP for 2010-2015, to the new MTSP for 2016-2021.

307. The Delegation of Brazil joined other delegations in thanking the Director General for his remarks and the Secretariat for preparing the MTSP. The Delegation stated that the MTSP was a useful document in order to follow the many activities of WIPO. While the Delegation recognized that the MTSP was a self-assessment exercise and a framework by the Secretariat, the Delegation's firm view was that guidance by Member States should be fully taken into account in an open and transparent process. The Delegation also believed that the document should provide more information on each of the SGs so that Member States would be able to follow their implementation, and understood that the specific strategies under each SG could be more detailed. The Delegation stated that the document did not provide the linkage between the DA recommendations and WIPO's SGs, and that it should be amended in order to include this information, as had been done in the MTSP for the period of 2010-2015. The Delegation proceeded to comment on specific SGs. On SG I, in the Delegations' view, implementation of the Marrakesh Treaty was one of the main issues. The period covered by the last MTSP saw the conclusion of the Marrakesh Treaty. The Delegation considered it a major achievement of the Organization, and an expression of the fact that a balanced IP system must incorporate the humanitarian and social development dimensions. In the MTSP for the period of 2016-2021, the Delegation saw a need of ensuring adequate financial and human resources to assist Member States, especially developing countries, to implement the Treaty. The Delegation stated, however, that the document only made reference to technical and legal assistance in the process of ratification, not with regard to implementation, and expressed the view that it was appropriate that the MTSP be amended in order to clearly state that members who choose so would be able to receive support from WIPO in order to initiate their national implementation. Regarding SG III, Brazil was keen to continue implementation of the DA, which it considered should translate not only into technical assistance but also, and perhaps more crucially, into WIPO continuing to provide technical assistance in an adequate, balanced and tailor-made manner. The Delegation stated that WIPO must incorporate the imperative of development in its activities. The Delegation remarked that this was not an exhaustive work. While it was a good sign that the DA was recognized and that projects carried out in the period had generated relevant results, many shortcomings remained for the effective mainstreaming of the DA. The Delegation pointed out that the document on the independent review of the implementation of the DA recommendations, under discussion in the Committee on Development and Intellectual Property (CDIP), may provide further guidance on the matter. Regarding the development of IP infrastructure (SG IV), the Delegation supported the view expressed in the plenary that development of IP infrastructure was beneficial to developing countries, especially in the case of

databases and systems such as the IPAS. Regarding SGs III and VII, the Delegation suggested that more information on the SDGs be provided, especially on how WIPO was working towards their implementation. The Delegation noted that there were ongoing discussions in the CDIP regarding the SDGs, but disagreed with the language stating that SDG IX was the most relevant to WIPO. The Delegation stated that to limit the participation of WIPO to SDG IX would go against the agreed language of the 2030 Agenda which stated that the SDGs were, and the Delegation quoted, “integrated and indivisible”. During the next period of the MTSP, therefore, the Delegation believed that WIPO should put all of the SDGs in its work and play a constructive role in their implementation. Regarding the PCT, the Delegation recalled its proposal for a fee reduction for Universities from developing countries. This was an issue related to SGs I, II and III. The proposal would have a very small cost, while generating concrete and long-term results. The Delegation considered that WIPO's net financial surplus of 33 million Swiss francs in 2015 alone clearly showed that there was room for providing this fee reduction for those institutions from developing countries. It had a solid econometric base and the Delegation expected that the next session of the PCT Working Group would reach agreement on this important matter. It was also an issue to be included in the MTSP, taking into account the support received from many countries.

308. The Delegation of Canada thanked the Secretariat for the preparation of this MTSP, and believed that it generally provided a realistic and sound framework for the Organization’s work. The Delegation had one suggestion, which was that, in future MTSPs, the Secretariat could consider more explicitly and/or more systematically reflecting or otherwise weaving in various recommendations made by internal/external and UN audit functions into the orientations and strategies, particularly when those recommendations were horizontal in nature, so as to promote the Organization-wide pollination of audit recommendations at a strategic level. The Delegation noted with particular interest some of the new or newer strategies outlined under SGs II and IV pertaining to coherence and user experience in registration systems, and considered these to be positive for users of WIPO's registration systems. The Delegation inquired, however, about the plans under SG III that contemplated the establishment of IP training academies in Member States, and asked what specific form these would take. On that point, the Delegation recalled the Internal Oversight Division’s recent findings regarding existing overlaps between Programs 11 and 30 and, therefore, wondered where these sort of academies would sit. The Delegation further took the opportunity to support WIPO GREEN and WIPO Re:Search, which were again mentioned in the document, and welcomed the Secretariat's renewed commitment to promote their continued enhancements through broader participation. The Delegation also noticed that, on page 27 of the English version of the document, there was a reference to “up to three new” WIPO External Offices, while the General Assembly's decision on the matter refers to “not more than three” External Offices.

309. The Delegation of the United States of America supported the statement delivered by the Honorable Delegate of Greece on behalf of Group B, and joined other delegations in thanking the Director General for his presentation of the Medium-Term Strategic Plan, and his clarification that the MTSP was not a legally binding document. The Delegation also commended the significant effort of the Secretariat in preparing the MTSP. The Delegation supported the continuation of the nine SGs of the MTSP and many of the proposed strategies for each SG for the next period, except as stated in its opening statement. The Delegation agreed with the need to bring the existing normative agenda to closure, and to adopt a realistic focus on future normative work, as clearly stated in the second paragraph of the forward by the Director General and in paragraph I.8. The Delegation also supported the use of strategies for facilitating the use of IP for development in paragraph III.7, especially WIPO's contribution, within its core mandate, to the UN Agenda for Sustainable Development. As to SG VII, global policy issues, the Delegation thought that WIPO’s public-private partnership initiative, WIPO Match, should be more actively enhanced and promoted, alongside WIPO’s well-developed public-private partnerships such WIPO Re:Search, the Accessible Books Consortium, and WIPO GREEN. The Delegation strongly supported WIPO's expansion of its global databases, information and analytical products, and global infrastructure activities. The Delegation noted

that the MTSP was a self-assessment tool, but could not support the MTSP as drafted. As noted in its opening statement, the Delegation objected to language in the proposed 2016-2021 MTSP that implied that a decision had been made for WIPO to administer the Geneva Act of the Lisbon Agreement. In addition, the Delegation objected to the characterization of the Lisbon system as a Global IP System, and noted that the General Assembly decided that the discussion of geographical indications would continue in the Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications. In that setting, the Delegation considered that a global system that meets the needs of all members may evolve. Therefore, the Delegation had the following specific objections to the language in the proposed MTSP. With regard to paragraph I.1, the Delegation noted that the second sentence stated that the Organization administered 27 treaties. The Delegation stated that this was incorrect because it included the Geneva Act as a treaty administered by WIPO, and that there had been no decision by the Organization to adopt or administer this treaty. The Delegation stated that, similarly, the third bullet in the paragraph assumed that no decision was required for WIPO to implement this treaty. The Delegation stated that the Geneva Act should be removed from this list until such time as the General Assembly, the Berne Union and the Paris members agree that WIPO shall administer the Geneva Act as provided in the WIPO Convention. The Delegation observed, in paragraph I.3, that the Lisbon system was referred to as a Global IP System of the Organization. The Delegation objected to this characterization since fewer than one sixth of the WIPO membership adhered to the Lisbon Agreement, and the Organization had not taken a decision on the Geneva Act. The Delegation was of the view that the discussion of the Lisbon system should be moved into a separate paragraph from the discussion of WIPO's true Global IP Systems that had been approved by the Organization as a whole and that enjoy its broad support. Regarding Graph 1, the Delegation stated that the Geneva Act should be removed from the listing of WIPO administered treaties. The Delegation objected to paragraph I.5, which implied that the Geneva Act was a treaty that had been adopted by the Organization. The Delegation stated that the Geneva Act was adopted by the Lisbon Union, a group of countries representing less than one sixth of WIPO's membership. The Delegation affirmed that it had no objection to incurring adherence to treaties that had been adopted by the Organization, but was of the view that the Geneva Act did not reflect “the collective policy expression of the Member States,” quoting that paragraph. The Delegation expressed the view that the paragraph ignores the repeated objections raised by the Delegation and other WIPO members that the Geneva Act was a flawed agreement by the Lisbon Union over the objection of numerous WIPO Member States, without the advice of the CoCo or the broader WIPO membership. The Delegation noted that in paragraph I.10 subparagraph (2), the MTSP encourages accession to the Geneva Act while pointing out the option of protecting GIs through the trademark system, and that this same sentiment was expressed in paragraph II.7, subparagraph (1). The Delegation objected to this language and approach because it considered that, first, the MTSP should not promote entry into force of an agreement not endorsed by the Organization and, second, that the language did not propose the balanced approach to the protection of geographical indications at WIPO as reflected in the General Assembly decision of the previous year. In the Delegation’s view, the Lisbon System advanced a singular approach to GI protection that did not allow for systems that require use and maintenance, inflating use or enforcement by the owners of the geographical indication. The Delegation added that these features were not just features of trademark system protection, but that many geographical indication registration systems of the world did not follow the Lisbon model, yet the MTSP in these paragraphs proposed the singular approach of the Lisbon System as the preferred model. With regard to paragraph II.1, which made reference to the Organization managing five Global IP Systems, the Delegation considered that the paragraph should not refer to the Lisbon System that included geographical indications being administered by WIPO, because no decision had been made by WIPO on this point. In paragraph II.4, the Delegation commented that the new Geneva Act should not be referenced in regard to future growth of the Lisbon System absent a decision by WIPO to administer the new Act. Regarding the last sentence of paragraph II.7, subparagraph (1), the Delegation expressed the view that the objective relating to the Geneva Act was premature until WIPO decided whether to administer the Act. In addition, the Delegation noted that paragraph

IV.4, subparagraph (2) suggested that the Locarno Classification for designs was becoming increasingly important. The Delegation believed that there should be an international classification for industrial designs that enhances the ability to search and examine industrial designs, but believed that the Locarno System may need more than enhancement to reach this SG. The Delegation could not recommend the proposed 2016-2021 MTSP to the Assemblies absent deletion of language implying that the decision to administer the Geneva Act of the Lisbon Agreement had been taken and that the Lisbon System was a WIPO Global IP System, and absent a clear indication that no decision had been taken to administer the Geneva Act of the Lisbon Agreement by the Organization as a whole.

310. The Delegation of the Iran (Islamic Republic of) congratulated the Chair and wished the Chair every success, and also thanked the Director General for his remarks. The Delegation noted that the MTSP would serve as an overall strategic direction for the preparation of the three consecutive budget biennia. The Delegation commented that it was unclear to what extent Member States had been involved in giving feedback to the Secretariat in the elaboration of this draft prior to the current session of the PBC, and that the document had been published recently. As it was a very important document, the Delegation believed that there was no need to rush a recommendation to the General Assembly to take note of the MTSP, and that Member States should be given sufficient time to analyze and discuss the draft MTSP for 2016-2021. With regard to the incorporation of the DA into the MTSP, the Delegation stated that it would be important to have the result of the external evaluation of the implementation of the DA recommendations, which would be ready by October 2016, in order for it to be included in the MTSP. Concerning WIPO's work in relation to the United Nations SDGs and the 2030 Agenda for Sustainable Development, the Delegation recalled that the role of WIPO in relation to the SDGs was currently under discussion in the CDIP, and that the result of this discussion should also be considered in the new MTSP.

311. The Delegation of Japan recognized that the MTSP document was not legally binding. The Delegation was of the view that there were two critical points in the process of promulgating the next MTSP. One point was to make sure the plan promoted economic development based on utilizing IP. The other point was to ensure that WIPO's Global IP Services for stakeholders were continually improved. The Delegation noted that, according to the MTSP proposed by the Secretariat, it was planned to continue increasing the number of contracting states to the PCT, the Madrid Protocol and the Hague Agreement. The Delegation recalled that, in the past, Japan had supported developing countries in joining the PCT, Madrid or the Hague System by sharing Japan's knowledge and information with them. The Delegation was prepared to actively provide countries that desired to join the Systems with support such as legislative assistance and advice regarding implementation. The Delegation reiterated that it would consider how the Government of Japan could support other countries, and encouraged Member States to contact the Delegation if they wished to cooperate in any way.

312. The Delegation of France congratulated the Chair on his election, and supported the statement which had been made on behalf of Group B by the Delegation of Greece. The Delegation of France wished to return to the substance of the document, particularly as it related to the Lisbon Union. The Delegation was extremely satisfied by the fact that investments were being made in the area of IT where Lisbon was concerned. On page 13 (of the French version), in paragraph 3, the Delegation did regret the fact that there was a certain pessimism in the way Lisbon was dealt with, that is, pessimism as to the growth of the Union and in terms of its number of members, and the financial situation of the Union, on the understanding that members were making enormous efforts in order to resolve the financial problems of the Union. From a more detailed view of this, the Delegation noticed that there seemed to be an error of translation between the original English version and the French version of the document. On page 9 of the French version, there was a parentheses where a reference was made to the trademark system. In view of the English version, the Delegation thought that a better translation of this parenthesis would be "*dans ce dernier cas, la possibilité d'assurer la protection des indications géographiques par l'intermédiaire du système des*

marques sera signalée", and thought that this would be much closer in French to the English version. The Delegation also wished to respond to some of the remarks made by the delegation of the United States of America. The Delegation noted that the Committee had heard a number of arguments which seemed to question the status of the Lisbon Union, and that those had already been raised at the Assemblies and responded to. The Delegation thought valuable time was being spent repeating observations made at previous meetings. The Delegation understood that the Delegation of the United States of America did not wish that the Lisbon Union be considered as a specific Union administered by WIPO, nor, therefore, that it be considered within this MTSP. The Delegation recalled that, in Article 4(ii) of the 1967 WIPO Convention, it was clearly stated that WIPO administers Unions established in relation with the Paris Union. The Delegation stated that there was no question that this was the case of the Lisbon Union, and it should be administered by WIPO under that definition. The Diplomatic Conference which met in May 2015 under the aegis of the Organization, on the basis of the Convention of 1967, and on the basis of the sovereign rights of the Lisbon Union members, agreed to the Geneva Act of the Lisbon Union. The Delegation added that observers, that is, non-members of the Lisbon Union, participated fully in the drafting of that revised document, while not having a right to vote, and invited all delegations to check the minutes of the working groups and the minutes of the Diplomatic Conference itself to make it clear that observers at that meeting participated fully in the debate. The Delegation stated that Article 21 of the Geneva Act made it clear that it was part of the Lisbon Union and, in Article 22(1), that the contracting parties were members of the same Assembly as the members of the Lisbon Union. The Delegation believed that, if any doubt had persisted, it was clear that the Geneva Act was explicitly adopted as a revision of the Lisbon Agreement, by the members of the Lisbon Union. Consequently, it was governed by Article 30 of the Vienna Convention on the Law of Treaties, and from the point of view of international law, any changes to the Lisbon Union were the result of this Act, in exactly the same manner as in the case of the Madrid Agreement. The Delegation emphasized that the Lisbon Union was administered by WIPO and would continue to be so. From France's point of view, the observations made by the delegation of the United States of America, which reject this document because of references to the administration of the Geneva Act by WIPO, are therefore unfounded.

313. The Delegation of Switzerland thanked the Director General for drafting the MTSP for the years 2016-2021, and supported the proposed strategic plan in as much as it was a balanced vision for the coming years. The Delegation considered that the MTSP would usefully guide the work of the Organization in the years to come and would strengthen its management without being a rigid and inflexible proposal. The Delegation attached great importance to SGs I, II, III, IV and VII, which are at the very core of WIPO's work. The Delegation thought that the MTSP was an extremely useful instrument at a very high-level and, of course, could not contain detailed presentation of the work which had been undertaken by WIPO. In response to those delegations which found matter for concern in this MTSP, the Delegation observed that the proposed decision was to take note of this strategic plan. The Delegation recalled the statement of the Director General that it was not a document which would be binding in any way, as opposed to the biennial Program and Budgets. The Delegation, therefore, suggested to those delegations that the Committee proceed as follows: If there were elements contained in the document which a delegation could not subscribe to, that disagreement would then be reflected in the minutes of this meeting and the delegations concerned could refer to those objections in the future without any need to change the contents of document WO/PBC/25/18. The Delegation further suggested that, if reference to the minutes did not sufficiently satisfy the delegations expressing concerns, that those delegations address their concerns in the manner which was already adopted in 2010 for a similar situation. The Delegation, therefore, proposed that the statements of the delegations be attached to this strategic plan as an Annex, which would mean that they would be visible and would be taken into account in the future. The Delegation hoped that this would allow the Committee to proceed to noting the strategic plan without changing the language of the document WO/PBC/25/18.

314. The Delegation of Portugal supported the comments made by the Delegation of France and wished to add some remarks. Regarding the comments on the MTSP made by the Delegation of the United States of America, the Delegation emphasized the global character of the Lisbon System to the extent that, through the Geneva Act, several legal mechanisms were introduced allowing access to the protection of geographic indications of a larger number of WIPO members. The Delegation stated that globality did not necessarily entail the accession of all WIPO countries to this System. It is global for those countries which have the legal concept protected by the agreement as part of their respective domestic laws, and any country was free to take on board this legal figure. The Delegation reiterated that the Geneva Act was not a new treaty, but the renewal of an existing one, which was why it was open to its current members, which did not prevent, however, the participation of all members in the discussions, and for this reason it should be administered by WIPO.

315. The Delegation of the Iran (Islamic Republic of) had no new comment, but supported the positions and the comments made by the Delegations of France and Portugal concerning the Lisbon Union and the Geneva Act of the Lisbon Union.

316. The Delegation of Australia supported the statement of the delegation of the United States of America with regards to deleting references in the MTSP to increasing membership of the Geneva Act in paragraphs I.10(2) and II.7(1). [3]

317. The Delegation of Hungary supported the position and the arguments that had been put forward by the Delegations of France, Portugal and Switzerland.

318. The Chair observed that the Committee was in the phase of delegations supporting each other's statements rather than discussing the substance of the document. The Chair thought it would be the appropriate time to invite the Director General to make comments on the remarks made by different Member States.

319. The Director General observed that there had been only one delegation that had addressed a specific question to the Secretariat, and that had been the Delegation of Canada with respect to the reference in the document to the establishment of IP Academies. The Director General thought there might be a slight ambiguity in the text, or in the reading of the text. He referred to paragraph III.7(5), page 15 of the English version, which he believed was the paragraph concerned, and which said that "*the further development of the Academy as a center of excellence for capacity building and continued focus on distance learning, cooperation with universities and national authorities in the joint conduct of masters programs, summer schools and establishment of IP training academies in Member States*." The Director General explained that it was not a WIPO IP training academy that was envisaged there, but that it was a continuation of the successful project under the Development Agenda (DA) in which the Secretariat was to assist countries in the establishment of start-up Academies. The Director General clarified that those Academies were wholly administered by the Member State concerned, and that they were not WIPO institutions. WIPO obviously cooperated with those institutions and provided technical assistance for their establishment. The Director General clarified that the Organization was not planning on establishing WIPO Academies all over the world. Other than that question, the Director General noted that many comments had been made by the delegations, and that he would make just a few short remarks in response. First of all, the Director General thought that it was a question of the level of detail wanted in a document of this nature. The Director General reiterated that it was not a Program and Budget, and it was not setting out actions that would be taken by the Secretariat in the administration of the program. It was setting out strategic directions that would inform those actions, and that would need to be independently approved by the Member States in the adoption of Program

[3] Comments submitted for inclusion in the Annex to the MTSP appear in document A/56/10 Add.

and Budgets for each relevant biennium. The Director General thought several of the delegations had some rather detailed comments in which they wanted to see additional language, or reference to some items in the program or to past programs that had not been specifically mentioned in the MTSP. The Director General stated that the Secretariat had obviously aimed to pitch the MTSP at a reasonably high level, and that it was a level of orientation and direction rather than specific content. The Director General was not sure that it would be a useful exercise to go through all individual comments and to seek to respond to them, but stated that the Secretariat understood all of the comments that had been made. The Director General assured that they would all be carefully noted, and that they would feature in the report and provide guidance concerning the MTSP as it unfolded in the course of the following six years. The Director General remarked that the big issue on which there seemed to be a significant difference was the issue that, on one hand, the United States of America, and on the other hand, a number of other delegations, had differed concerning the status of the Lisbon Agreement. The Director General did not think that it was within the context of the MTSP that that particular issue would be solved, because no binding decision could be made by the MTSP. The Director General assured Member States that the Secretariat understood completely the various arguments that had been put forward and the positions of the delegations, and that those would be reflected in the report of the meeting. The Director General noted that it was entirely up to the Chair to decide what to do with the comments, but that the suggestions from the Delegation of Switzerland were most welcome in his view. The Director General recalled that the Committee had a similar experience the previous time that a MTSP had been adopted in the year 2010, when there had been differences with respect to various textual elements in the MTSP. The position arrived at ultimately had been that all of the comments of all the delegations would be carefully noted, their positions would be reserved in relation to those comments, and they would be annexed to the MTSP so everyone would understand the respective positions of all the various delegations in relation to items on which there was not a consensus. The Director General suggested that that was one way in which the issue could be taken forward, but reiterated that it was up to the Member States to decide how they would wish to proceed.

320. The Chair thanked the Director General for his remarks and comments, and asked whether, taking into account what the Director General said, there were any delegations which wished to take the floor.

321. The Delegation of Greece thanked the Director General, and had two comments with regard to the references to the SDGs and the implementation of the DA. With regard to the DA, Group B considered that the DA was mainly relevant to SG III, and that this was adequately reflected in the MTSP. With regard to the SDGs, the Group remarked that the period of the new MTSP would fall together with the implementation of the United Nations SDGs and the 2030 Agenda for Sustainable Development. The Group welcomed the execution of the MTSP with a view to ensuring an effective contribution by the Organization, within its mandate, to the implementation of the SDGs, with special attention to innovation within SDG IX.

322. The Delegation of the United States of America thanked the Delegation of Switzerland for its suggestion that the Committee follow the example set in 2010, and the Director General for reminding the Committee of that process. The Delegation remarked that it had actually shortened the statement that it delivered orally from what had been prepared in written form; and that if the Committee were to follow the suggested course of action, the Delegation would like the ability to, in due course, submit a written statement that would be somewhat more elaborated than what the Delegation had just read.[4]

323. The Delegation of France supported the proposal made by the Delegation of Switzerland, which it considered a very reasonable one.

[4] Comments submitted for inclusion in the Annex to the MTSP appear in document A/56/10 Add.

324. As there were no further comments from the floor on the document, the Chair read out an amended decision paragraph. There were no comments from delegation and the decision was gaveled. The Chair invited delegations who wished that their views be attached to the MTSP document to submit them to the Secretariat as soon as feasible.

> 325. The Program and Budget Committee (PBC), having discussed document WO/PBC/25/18, recommended that the Assemblies of the Member States of WIPO take note of the Medium-Term Strategic Plan (MTSP) for 2016-2021 and also note the comments of Member States on the document, as contained in the Annex to the MTSP.

ITEM 15 PROPOSAL ON AFTER-SERVICE HEALTH INSURANCE (ASHI) LIABILITY

326. Discussions were based on document WO/PBC/25/15.

327. The Vice-Chair invited the Secretariat to introduce this agenda item and the corresponding document.

328. The Secretariat introduced the document, noting that it had been prepared in response to the decision taken by the PBC at its 23rd session, and that it provided the current session of the PBC with an update on the progress made by the Working Group on ASHI, established by the High Level Committee on Management of the Chief Executive Board. As indicated by the Director General, it constituted a very important element of WIPO's working methods that the Organization aligned itself fully with the UN System of organizations and their work on this matter. It was highlighted that the document concluded with key considerations made on the approach to be adopted in respect of management and containment of ASHI related costs. Some of these considerations were that WIPO needed to recognize that ASHI represented a key part of the package of benefits offered to staff, which needed to be competitive with that of other UN agencies. WIPO had made considerable progress in financing the liability, with the funds set aside covering 64.79 per cent of the long-term employee benefit liabilities as of December 31, 2015, which would be invested in accordance with the policy approved by Member States in 2015 for the investment of strategic cash. WIPO was also very conscious of the need to remain committed to the efforts of the Working Group, in which it was actively engaged. A further positive aspect of the involvement in the work of the Working Group was highlighted as the benefit gained from collective data gathering through surveys as well as the related data analysis, which would be extremely expensive to do for organizations individually. The Secretariat also wished to take the opportunity to list, for the benefit of the PBC, an overall set of initiatives that WIPO had undertaken over the past years in respect of ASHI liabilities. This was provided in response to queries from some delegations indicating that they wished to see a summary of all that had been done. The key elements were highlighted as the following. Firstly, WIPO recognized the 6 per cent charge against payroll ahead of the IPSAS implementation in anticipation of the unfunded liability. As far back as 2012, the Secretariat had made a proposal to create a separate entity to manage those funds, however, this had not met with approval at the time. In 2013, the Secretariat had proposed the creation of a separate account to set aside funds to meet its ASHI liabilities, which had met with the approval of Member States. WIPO joined the Finance and Budget Network Working Group as one of the first organizations to join and had been active ever since. In 2014 the Secretariat had proposed revised investment policies that included the proposal for the investment of ASHI funds on the basis of a study, which was approved by the Member States. The ASHI Working Group was proposing collective negotiations with the organizations' insurance service providers, while the Secretariat had, in fact, already made considerable progress in this area even on an individual organizational basis, placing emphasis on proactively negotiating and renegotiating contracts with Cigna, its collective insurance service provider. Comparisons with other agencies showed that WIPO may have succeeded in getting better rates and its last negotiations had led to a decrease of 2.6 per cent in the premiums. It was also pointed out that one of the drivers of ASHI liabilities and costs was the extent to which organizations (*vs.* staff members) contribute to

the cost of ASHI. Again, based on a comparison with other agencies, WIPO was at the lower end of the list, and was among the least generous in terms of the percentage that the Organization was contributing to ASHI.

329. The Delegation of Chile, speaking on behalf of GRULAC, congratulated WIPO on the financial results achieved in 2015. It was pleased to note the 33.3 million Swiss franc surplus for 2015, which had resulted in reserves of 279 million Swiss francs at the end of the biennium, which was positive. However, the Delegation highlighted its awareness of the level of liabilities, particularly those related to ASHI. Since this was the kind of challenge currently facing almost every organization in the UN System, the Delegation urged WIPO to continue to participate actively in the Working Group set up by the UNGA on the issue of ASHI. The Delegation was grateful for the report made by the Director General at the beginning of the current PBC session, and hoped that the approach which had been taken to this work would continue to go in what the Delegation believed was the correct direction. The Delegation was grateful for the report submitted by the Secretariat, particularly, the description of measures which had already been taken. It urged WIPO to continue to take measures to contain and reduce the level of this particular liability.

330. The Delegation of Mexico noted the report contained in document WO/PBC/25/15. The Delegation commended the work done by WIPO in trying to tackle the ASHI liability and the various aspects thereof; the financial administration and monitoring of medical services, the establishment of a special account for ASHI administration, partial financing of the liability, and most recently to the establishment of a specific investment policy for ASHI. The Delegation fully endorsed the statement made by the Delegation of Chile, and noted that ASHI was a problem and a challenge facing the entire United Nations System. The Delegation noted that in the UN Secretariat the liability was estimated at approximately 8 billion U.S. dollars. The Delegation endorsed proposals by the UN Working Group to consider all actions for reducing the costs related to ASHI, and welcomed the continuing analytical work of the Working Group. The Delegation was aware of the advanced stage of the collective work done by the Working Group, particularly in Geneva. The Delegation considered that this would, in its view, provide better negotiating power when it came to revising insurance contracts and taking into account national insurance plans and conditions. That had been the case with respect to Canada and the United Kingdom. In the Delegation's view, it would also provide better opportunities for coordination, which should increase income and bring down commission levels. The Delegation urged the Secretariat to continue participating actively in the analysis and discussions of the Working Group, and to act in accordance with the decision taken by the PBC in 2015. To this end the Delegation urged that specific action be outlined at the next PBC in order to make ASHI more efficient and bring down its costs. It confirmed that, of course, it expected the Secretariat to act at all times in accordance with recommendations issued by the Working Group. As the Delegation understood, the Working Group would be presenting the results of its extended mandate in March 2017 at the resumed session of the UN General Assembly's Fifth Committee. Unfortunately, however, the Assembly would not necessarily take a decision on the matter. ASHI was an issue which had been discussed in New York for several years already. The Delegation was positive about the outcome but, at the same time, it wished to ensure that the decision would be drafted in a way that, irrespective of what would happen in New York, it would reflect specific measures to be submitted to the next PBC session by the Secretariat. It envisaged that those measures would be coordinated with other organizations based in Geneva. While the Delegation understood the vision and the viewpoint expressed by the Director General at the beginning of the Committee's meeting, and agreed with its advantages, the Delegation wished to ensure that organizations headquartered in Geneva worked in a coordinated way, irrespective of whatever decision may or may not be taken by the UN General Assembly in New York.

331. The Delegation of Sweden thanked the Secretariat for the document and the presentation, and noted that ASHI was a threat to the financial stability in the UN system and the Delegation welcomed further initiatives to discuss the matter in a transparent manner, both from an

efficiency aspect as well as from administration of financial aspects, to limit future costs. The Delegation considered that it was important for the Secretariat to address the issue internally, while at the same time participating in the Finance and Budget Network's ASHI Working Group. In order to be prepared for the future challenges, in line with other UN organizations, the Delegation noted that the World Trade Organization (WTO) had already started such a project. The Delegation understood that this was a delicate matter, and that it was important to work it out in a transparent manner in order to achieve results acceptable to all parties.

332. The Delegation of Canada thanked the Secretariat for the preparation of the document, and also for its continuing efforts on the matter. The Delegation was particularly grateful for the information provided in paragraph 14 of the document, urging caution and an approach which, in its view, had to be system-wide when it came to the managing of costs in the Common System.

333. The Delegation of Switzerland thanked the Secretariat for the preparation of document WO/PBC/25/15. In its view it was important to address the obligations under after-service health insurance, and the document emphasized the process ongoing within the entire United Nations System. The Delegation welcomed the active participation of the Secretariat in the Working Group which was trying to deal with the problem of ASHI liability, and encouraged the Secretariat to continue its involvement. The Delegation considered that it would help to make progress in the Group and lead to swift conclusions. The Delegation also thanked the Secretariat for the additional information provided concerning the measures which had already been taken to deal with the problem, which seemed extremely useful. Given that the work on that particular question was ongoing across the entire UN System, and was due to conclude fairly soon, the Delegation considered that it might be useful if WIPO Member States were to look again at that question at the PBC session in 2017. This would give Member States the opportunity to look again at the issue together with the results which they hoped to receive between the present and then.

334. The Delegation of Brazil thanked the Secretariat for the work in regard to ASHI. That was an important matter with both individual and system-wide effects. The Delegation supported measures of fiscal prudence and efficient allocation of resources, and thanked the Secretariat for participating in the ASHI Working Group. The Delegation was of the view that measures to reduce costs and increase efficiency, such as the collective negotiation with service providers, should be further implemented by the Secretariat. On the other hand, the Delegation pointed out that it was important to take into account the needs of both the employees and the Organization. That was related to the attractiveness of the package that supported the recruitment of qualified staff over other job opportunities, which would provide efficiencies to the Organization. As further pointed out in the document, the Delegation emphasized that many employees were not able to join other health insurance options due to the particular characteristics of an international career. Additionally, the Delegation highlighted that Member States must take into account that an adequate health insurance mechanism for WIPO employees was even more relevant in light of the process of expansion of the external office network. In the Delegation's view, that was a discussion to be carefully handled by the Committee.

335. The Delegation of the United States of America appreciated receiving the information on the ASHI liability and supported the proposed decision paragraph. It noted that the need to find sources of funding for ASHI liabilities was a challenge facing most international organizations. WIPO was faring better than most organizations in meeting that challenge. The Delegation noted that while IPSAS required disclosure of the full amount of ASHI liabilities, the standards did not mandate that the liabilities be fully funded immediately. The Delegation believed that the options presented by the ASHI Working Group offered opportunities to contain costs and promote efficiencies in how the assets would be managed. It strongly supported WIPO's efforts to support ASHI liabilities and noted that, compared to many other UN System organizations,

WIPO was much farther along in meeting its obligations. The Delegation looked forward to receiving future updates on this matter.

336. The Secretariat thanked all delegations who took the floor to support the WIPO Secretariat's work in that regard. It confirmed that the Working Group was expected to produce some of its conclusions in March of the following year, which the Secretariat was following closely, and, as noted, even proactively engaging with the Working Group on those matters. The Secretariat would provide a further update for the PBC's consideration next year.

337. The Delegation of Mexico reiterated that, in order to ensure that dialogue continued on the subject of ASHI, and following what had been said by the Secretariat, it seemed important to have a decision which would reflect the need to have some measures presented to the PBC in 2017 based on the results of the work of the Working Group, which should be available by then. The Delegation had a brief proposal on the decision text which it offered to read out or it offered to contact the Secretariat to draft a text and revert to Member States with the proposal.

338. The Vice-Chair requested the Delegation of Mexico to read out its proposal.

339. The Delegation of Mexico noted that it would basically maintain the same text as in the draft decision, but separate it into two paragraphs, Roman one and two as follows: "*The Program and Budget Committee recommends to the Assemblies of the Member States of WIPO and of the Unions, each as far as it is concerned, to request the Secretariat to continue to participate in the Finance and Budget Network's ASHI Working Group. Secondly, requests the Secretariat to monitor the specific proposals to be made by the Secretary General to the United Nations General Assembly at its 71st session, and present concrete measures to the Committee at its 26th session accordingly.*"

340. The Vice-Chair requested the Delegation of Mexico to provide a copy of its proposal in writing so that it could be circulated to all delegations for their consideration, before it was submitted to the meeting for adoption.

341. The Vice-Chair announced that the Secretariat had distributed the amended decision paragraph, and read out the proposal.

342. The Delegation of Canada indicated that it would need some more time to review the draft decision.

343. The following day the Chair introduced the revised draft decision, the text of which was a result of a series of informal consultations by interested delegations. The Chair asked delegations if they had any objections to the revised text. There were no objections and the decision was gaveled.

> 344. The Program and Budget Committee (PBC) recommended to the Assemblies of the Member States of WIPO and of the Unions, each as far as it is concerned, to request the Secretariat:
>
> > (i) to continue to participate in the Finance and Budget Network's ASHI Working Group; and
> >
> > (ii) to monitor the specific proposals to be made by the Secretary-General to the United Nations General Assembly at its 71st session and, based on these proposals, present concrete measures to the PBC at its 26th session, recalling WIPO's membership in the United Nations Common System.

ITEM 16 REVIEW OF ALLOCATION METHODOLOGY FOR THE INCOME AND BUDGET BY UNION

345. Discussions were based on document WO/PBC/25/16 (Review of Allocation Methodology for the Income and Budget by Union).

346. The Chair invited the Secretariat to introduce the agenda item and the document.

347. The Secretariat explained that agenda item 16 was related to the review of the allocation methodology for the income and expenditure by Union and that the Review was presented to the PBC following the Member States' request at the Assemblies in October 2015. The Secretariat explained that it pertained to a review of the allocation of income and expenditure of the Organization to its Unions and that the Secretariat had undertaken a comprehensive review and study in compliance with Member States' decision in order to identify possible alternative allocation methods for income and expenditures to the Unions. The Secretariat pointed out that the work had been carried out through extensive cross-sectoral collaboration with the Office of the Controller, Office of the Legal Counsel and all of the substantive Sectors as well as by using external specialist's cost analysis expertise from an internationally reputed accounting firm. The Secretariat explained that the alternative cost allocation methods arose from two different sources: a thorough analysis of cost allocation principles and a detailed analysis of activities carried out by programs in contributing to the Organization's results, taking into account the underlying regulatory framework. Given the comparisons to the current methodology and considering the complexity of the topic, the Secretariat wished to make a substantive introduction. In this regard, it was recalled that the current methodology had been in use since 2007 and therefore predated the establishment of Results Based Management (RBM) in the Organization and that it was an integral part of successive Program and Budgets that had been approved by the Member States. The Secretariat also recalled that WIPO presented its budget by results, by programs and by Unions in accordance with the Financial Regulations and Rules (FRR). It pointed out that while the budget had been presented in the results view since the 2012/13 biennium, the allocation of expenditure to Unions did not take full advantage of RBM-related information. The Secretariat stated that the alternative methods examined in document WO/PBC/25/16, as far as income was concerned, were presented in scenarios 1 and 2 of the document. It was explained that, on the income side, in scenario 1 the only change compared to the current methodology was related to the allocation of Arbitration and Mediation Centre (AMC) income to the contribution-financed (CF) Unions and that this was guided by the assessment that it was most strongly linked to the Paris Convention. Regarding scenario 2, the Secretariat stressed that in addition to the AMC income being treated as in scenario 1, miscellaneous income was allocated based on each Union's relative support to the programs generating the income, while in the current methodology the miscellaneous income was equally distributed across all Unions. As far as allocation of expenditure was concerned, the Secretariat stated that the four categories of expenses were retained. The categories were: direct Union, direct administrative, indirect Union and indirect administrative expenses, and those were outlined and explained with some examples in paragraph 18 of the document. The Secretariat added that in both scenarios the direct Union expenditure was allocated in an identical manner based on the RBM information available to the Organization as part of WIPO's Enterprise Performance Management system (EPM). The Secretariat specified that the direct Administrative expenses were allocated on the basis of relative headcount ratios, which the Secretariat stated was a fairly standard cost allocation principle, also applied in the current methodology, to the allocation of such expenses. It also considered that, as a result of the outlined alternative approach that used RBM information, the allocation of direct expenses to the Unions (direct Union and direct administrative expenses) could be considered the most accurate, transparent, up to date and auditable based on information in the EPM system underlying the RBM model. The Secretariat explained that in both scenarios, indirect expenses had been allocated using the capacity to pay principle along with the proposal for an alternative application of the capacity to pay principle as described in paragraph 22 of the document. The Secretariat concluded that while the document presented two scenarios, the allocation of direct

expenses supported by RBM information, as proposed in the document, could be combined in other numerous combinations with multiple alternatives for the allocation of income and the allocation of Indirect expenses to the Unions.

348. The Delegation of the United States of America expressed its appreciation for the study made by the Secretariat on the Review of Allocation Methodology for the Income and Budget by Union, and considered it useful in helping Member States to better understand the details of WIPO's financial situation. The Delegation also appreciated the clear presentation given by the Secretariat and was grateful for the serious study and the rigor this document represented. The Delegation noted that, as it was stated in paragraph 2 of the document, WIPO is a constitutionally complex Organization with legally separate Unions with their own administrative apparatus for the Members of each Union to take decisions. It also expressed its appreciation for the work done by the Secretariat in considering how new RBM tools could be used to show the budget by Union and considered this representation to be much more transparent and clear than the prior methodology. The Delegation stressed that, in their understanding, in order to enable the Secretariat to prepare the 2018/19 budget by Union, Member States should give the Secretariat guidance as to what allocation methodology to use to enable it to assess how the expenses common to the Unions should be distributed. The Delegation believed that scenario 2 provided a good basis upon which to allocate the income and considered it as a significant step towards enabling the Secretariat to prepare a draft Program and Budget for the following biennium. The Delegation considered this scenario as more fairly distributing the income of the Organization and that the fee-financed Unions had Treaties that required their Unions to have budgets which showed each Union's income and expenses. The Delegation thanked the Secretariat for the document noting that the representation of what was identified as direct expenses was consistent with the above mentioned Treaty requirements. As to indirect expenses, or expenses that are common to all of the Unions, the Delegation observed that the Treaties required each Union to pay a share of the Organization's common expenses in proportion to the interest that the Union has in them, and noted that in the past each Union had paid an amount corresponding to this Treaty requirement. The Delegation was concerned that neither scenario presented for consideration by the PBC met the above mentioned requirement because the Hague Union and the Lisbon Union showed as contributing nothing to the common expenses even when they had in the past. In this regard, the Delegation requested the Secretariat to prepare an additional scenario wherein the common expenses are shared by each and every Union. For the calculation, the Delegation suggested to consider the use of the proportionate share of the direct expenses of the Union as an indicator of the degree of interest the Union had in the common expenses, even when very small. It was considered that with such a methodology a Union with significant direct expenses, such as the Patent Cooperation Treaty (PCT) Union, would pay a proportionately greater share of the shared expenses than a Union with a small share of the direct expenses. In addition, the Delegation stated that another helpful change would be for the Secretariat to propose an allocation wherein the AMC income and expenses are shared among the Unions. The Delegation observed that by placing the income and expenses entirely in the CF Unions, as in scenario 1 and 2, this would have the effect of significantly increasing the deficit of the CF Unions. It also stated that another argument that could also be made was that the cost of the AMC should be shared among the fee-financed Unions, as the work of the AMC also related to patents, trademarks, etc. In order to avoid burdening the CF Unions the Delegation wished to see a proposal that showed this cost paid for by the PCT and other Unions. The Delegation concluded by expressing its appreciation for the greater transparency this work provided and looked forward to using an updated methodology in the upcoming budget cycle. The Delegation also reiterated its intention to engage actively on this important issue and welcomed the engagement of other members.

349. The Delegation of Chile, speaking on behalf of GRULAC, welcomed document WO/PBC/25/16. GRULAC recognized the usefulness of this first exercise and stated that because of the complexity and importance of this review the Group was still considering the possible methodologies for allocating the income and budget proposed by the Secretariat.

GRULAC would expect submission of further proposals that would enable to improve the current methodology and hoped to continue with this thought process.

350. The Delegation of Japan expressed its gratitude to the Secretariat for its continuous work to enhance financial transparency. The Delegation supported the comments made by the Delegation of the United States of America and stressed the importance to allocate the budget in a transparent and fair manner. The Delegation expressed its interest in seeing detailed proposals to be prepared by Member States in order to assess the long-term financial sustainability of the Unions.

351. The Delegation of France thanked the Secretariat for having prepared the two scenarios and having considered the request from the Assemblies. The Delegation stated that, after having read with great interest the two scenarios, it was fairly surprised and doubtful about some of the comments made. With regard to the allocation of income, in particular from the AMC, the Delegation observed that it had difficulty understanding the reason why the Secretariat had proposed to transfer the income from the Hague and the Lisbon Unions to the CF Unions. The Delegation noted that according to what had been said by the Secretariat, the AMC provided a range of services for Arbitration and Mediation, in particular for Industrial Property and for the Paris Union, and therefore for the CF Unions in particular. The Delegation observed that when reading the Paris Convention it was clear this was for "*the protection of industrial property has as its object patents, utility models, industrial designs, trademarks, service marks, trade names, indications of source or appellations of origin, and the repression of unfair competition*". Further, the Delegation argued that while the Secretariat had stated that the AMC actually deals with Industrial Property in the sense of the Paris Convention, it saw that the activities of the Centre covered the fee-funded Unions as in the Paris Convention. In this regard, the Delegation observed that these Unions could continue to benefit from some of the income generated by the AMC, and that it therefore wished to maintain the current allocation of the income from the AMC. Concerning the more general spirit of these two scenarios proposed, the Delegation considered both methods to be discriminatory against certain Unions and to favor others, and that it was contrary to the Convention establishing the Organization considered as a Constitution. It was argued that the budget allocation should not run counter to the principles of the Organization; in particular, the Delegation referred to Article 3(i) of the Convention that stated that the objective of the Organization was to promote Intellectual Property around the world through cooperation among States, and then to Article 3(ii), which said that there should be cooperation among Unions. In this regard the Delegation considered that both suggested allocation methodologies would not be consistent with those provisions of the constitution of the Organization. Concerning the results of the two methodologies proposed by the Secretariat, the Delegation argued that in both scenarios the proposed solutions would seriously exacerbate the operating loss of the CF Unions because it would go from an operating loss of 190,000 to 7.556 million or 7.95 million Swiss francs. The Delegation considered it to be discriminatory against the Unions that were already making a loss, in particular under the Hague System. It was considered that both of these scenarios would lead to a very damaging increase in the loss of those Unions and that would not be appropriate, according to the principles of the Organization where those Unions needed support, just as the PCT Union needed the support of the Organization to run in the past, and this should be visible and applied to these Unions. The Delegation concluded by stating that in its opinion neither of the scenarios proposed by the Secretariat should be taken into consideration and that perhaps other proposals in time could come forward; the Delegation declared its support for the current methodology very strongly.

352. The Delegation of Sweden welcomed the transparent and clear methodology and supported the statement made by the Delegation of Japan.

353. The Delegation of the Republic of Korea expressed its appreciation to the Secretariat for conducting the review of allocation methodology for the income and budget by Union. The Delegation commented that considering that WIPO's income was based on fees from the international registration systems, identifying the source of each income and expenditure could

provide the basic information on the financial status. The Delegation noted that the purpose of income allocation was to link the income with each source and that there was no reason to put miscellaneous income as an exception. In addition, the Delegation agreed with the expenditure allocation methodology that was prepared by the Secretariat. Regarding the allocation methodology, the Delegation requested more information. The Delegation noted that the Secretariat allocated the income and expenditure of the programs to the Unions respectively but the direct and indirect expenses of each program could not be identified; for instance, the total of the PCT Union's direct administration cost and direct Union costs were known but the PCT Union's indirect administrative and indirect Union cost by program was not known. Therefore the Delegation requested to have this information so that Member States of the Union could analyze where fee income and expenditure by program was allocated.

354. The Delegation of Portugal thanked the Secretariat for the document on the income and budget by Union, prepared following the decision taken at the last WIPO Assemblies. The Delegation recalled that, as stated in the Annual Financial Report and Financial Statements 2015, WIPO had a surplus of 33.3 million Swiss francs, net assets reached 279.1 million Swiss francs and total assets 977 million Swiss francs. The Delegation pointed out that the document had foreseen two scenarios whereby income and expenditure were accounted for in a different manner compared to the current practice. It was noted that when comparing the current figures to both potential scenarios there had been an increase in the deficit of the Lisbon Union, a substantial increase of the deficit of the Hague Union and a dramatic increase in the deficit of the CF Unions whose deficits would turn from the current 190,000 Swiss francs to 7 million plus deficit. The Delegation stressed that a change in methodology would not bring any financial advantages but it would have a negative impact on the overall purpose of the Organization which was to promote the protection of IP throughout the world, including for patents, industrial designs or geographical indications without making any distinction among the different IP systems. Regarding the Lisbon System, the Delegation recalled that during the last session of the PBC, concrete measures were taken in order to increase transparency in accounting and financial terms and in this context a decision had been taken to split the Madrid and Lisbon Programs. The Delegation stated that accounting transparency was an important tool for management purposes to optimize the use of resources and to increase efficiency but it should not serve as a mean to discriminate against particular Unions which happened to have a different financial situation. The Delegation added that although the deficit of the Lisbon Union was only marginal and had virtually no impact on the overall financial situation of the Organization, the Members of the Lisbon Union decided during the last Assemblies, not only to increase the fees of the Lisbon System but also to review the fees on a regular basis. Additionally, the Delegation noted that the Lisbon Union Members had decided to adopt measures by the 2016 Assemblies in order to eliminate the projected biennium deficit for 2016/17 and were at this very stage taking very positive steps in order to address that issue. In light of the above, the Delegation considered that the two potential alternative methodologies for allocation of income and expenditure would not benefit neither the Unions individually nor the Organization as a whole.

355. The Chair invited the Secretariat to answer the questions of the Delegations about the timetable and asked the Secretariat’s perspective on what was needed in terms of preparing the next biennium’s budget.

356. The Secretariat addressed the question of the Delegation of the Republic of Korea regarding the availability of more detailed information by program saying that all depended on which scenario was being considered, and that the Secretariat, definitely, at a later point in the dialogue, would be able provide that information. On the way forward, the Secretariat noted that there was a question, or indication of request, on another scenario clearly outlined by the Delegation of the United States of America. In this regard, the Secretariat stressed that it would be guided by the Chair and the Committee, and that the the Secretariat would be able to respond to any requests on additional scenarios. It further clarified that the development of additional scenarios would take some time and effort, but the Secretariat stood ready to

undertake the effort. In response to the question on the timetable for the preparation of the Program and Budget, the Secretariat recalled that the Program and Budget preparation would start after the Assemblies, firstly, with the questionnaire that would be sent by the Director General to Member States for input on what Member States would like to see the Organization focusing on in the following biennium and beyond that. Towards the end of the year, the Secretariat would start preparing the models and the systems to undertake the biennial planning process. The Secretariat confirmed that it would start the detailed work by the end of the year. The Secretariat added that if changes to the methodology were indeed being expected to take effect for the next draft proposed Program and Budget the Secretariat would need to receive that guidance by the end of the year at the very latest.

357. The Delegation of Italy thanked the Secretariat for the work done so far and stated that Italy was in favor of transparency as a principle. Nevertheless, the Delegation highlighted WIPO's basic principle, which was to protect and promote IP. The Delegation stated that WIPO's functioning was based on the principle of solidarity in the system as a whole, and considered that the impact of the proposal could be really discriminatory and could jeopardize the functioning of some Unions, for example the Lisbon Union. The Delegation declared its full commitment to the issue of financial sustainability of Lisbon. The Delegation declared that as the *status quo*, it supported scenario 1.

358. The Delegation of Mexico thanked the Secretariat for having submitted document WO/PBC/25/16 which was the outcome of a study carried out by the Secretariat in light of the decision adopted by the 2015 Assemblies. The Delegation had read with great interest the different scenarios and reiterated its support for the introduction and consolidation of the RBM system, which now allowed Member States to get very detailed information about the contributions of the Programs to the expected results of the Organization. As already mentioned by the coordinator of GRULAC, the Delegation believed that this was an issue that needed to be considered very carefully because of the systemic implications for the Organization as a whole and not just for one Union. The Delegation stressed the need to fully understand these issues and that all Member States needed to understand the benefits or disadvantages of applying the new allocation methodologies for the income and budget. In the Delegation's opinion it was not a good idea to take a hasty decision and, as stated in the past, the Delegation stressed the essentiality to respect the principles of capacity to pay and solidarity, which prevailed in the current methodology. The Delegation stressed that, in the spirit in which the Program and Budget of the Organization was developed and taking into account substantial changes in the financing of WIPO, as the document pointed out, in the last three decades the Organization had gone from a contribution-financed Organization to a fees-based Organization. That fact should be recognized. For the Delegation, there was a need to take into account the general interest of the Organization in this process, as other Delegations had said, which was to promote the development of an international system that was both balanced and effective and that promoted creativity and innovation for the benefit of all. The Delegation expressed concern that the decision taken in this area would not take into account the principles of a multilateral Organization such as WIPO.

359. The Delegation of Canada thanked the Secretariat for the preparation of the document. The Delegation stated that the current methodology predated RBM as mentioned by the Secretariat and that it also predated the implementation of the International Public Sector Accounting Standards (IPSAS), so the Delegation wondered if there was a relationship with the RBM and how any of the two scenarios related to the implementation of IPSAS, if at all.

360. The Delegation of the United States of America appreciated the willingness of the Secretariat to prepare additional scenarios and asked whether it was possible to receive them that week. The Delegation supported the point made by the Delegation of France on the miscellaneous income and suggested that the allocation of this income entirely to the CF Unions could be a reasonable decision for the Organization to make, given that it could be considered to be related to a "building" that had its origins from some time ago, and how it was

possible to make a very sensible argument that this was paid for in part by the Paris Union. The Delegation stated that in its opinion it was not correct that this was paid for by the Lisbon Union and therefore the allocation methodology suggested in both scenario 1 and 2 was more accurate. The Delegation understood that minor methodology changes had been made each biennium based upon program changes and the Delegation expressed its appreciation for the update of this part of the budget which was not the whole budget but just two pages and required by each Treaty. The Delegation noted that this budget by Union did not even affect overall the concerns that countries had as far as how the Organization was functioning. The Delegation stressed that it was more a paper representation of the actual expenses and income by Union. The Delegation looked forward to continuing to examine closely how this methodology would be used in the next biennium and appreciated the discussions that were starting about how this increased transparency would be provided in the budget by Union.

361. The Delegation of Switzerland stated that it had read document WO/PBC/25/16 very carefully and that it considered it to be very complex. The Delegation thanked the Secretariat for the work done as this required a significant commitment of time and effort and it was very grateful for what had been done. The Delegation had a number of comments to make on this document. The Delegation stated that, as a number of other delegations had pointed out, the allocation of income and expenditure by Union was not an exact science and that a number of points could be dealt with in various ways. The Delegation stressed that, in its opinion, the paramount question was that of the viability for the future of the Organization. In this regard, the Delegation stressed that one principle very close to the Delegation's heart in the current methodology was the principle relating to the ability to pay, which was connected with indirect Union expenses and also indirect administrative expenses. The Delegation added that this principle was one that applied to indirect expenditure where the link to a specific activity was less obvious than for direct expenditure and in the Delegation's opinion that approach was pragmatic. The Delegation specified that it was not about additional expenditure having to be borne by sectors, which by their very nature would not generate profit, and that if it was to renounce that principle (the principle of ability to pay), then all activities that were not profit generating would be called into question. The Delegation added that this principle also took account of the fact that activities that may generate a profit at some time in the future nonetheless needed support in order to get them off the ground, and that had been the case for both the PCT and the Madrid System. The Delegation concluded that it was not convinced about the necessity or usefulness to modify the current methodology for allocation of income and expenditure by Union.

362. The Delegation of Australia welcomed the document prepared by the Secretariat on the review of the allocation methodology for the income and expenditure by Union, the increasing transparency with regards to the methodology, and supported the statement made by the Delegation of Japan.

363. The Delegation of France expressed its wholehearted support for the statement made by the Delegation of Switzerland. The Delegation reassured that it was committed to transparency but not to the detriment of the fundamental principles of the Organization and the guiding principles of the WIPO Convention. The Delegation stated that it would be open to study any methodology that might be used for the evolution of allocation in future as put forward by the Secretariat on the condition that such an approach would respect those fundamental principles.

364. The Delegation of Brazil thanked the Secretariat for the clear presentation of a very complex issue. The Delegation supported the declaration made by the Delegation of Chile on behalf of GRULAC. The Delegation mentioned that it was important to take into account that some Unions by their own nature were not, and would not be, able to collect fees. The Delegation stressed the fact that the work of those Unions should not be negatively affected and must remain able to discharge their agreed responsibilities and obligations, and the Delegation looked forward to continuing to examine the issue.

365. The Delegation of Argentina thanked the Secretariat for preparing document WO/PBC/25/16. The Delegation considered that it would be good to improve the current methodology in order to make it more transparent and precise and hoped to continue analyzing the Secretariat's proposals. Finally, the Delegation supported the statement made by GRULAC.

366. The Chair gave the floor to the Secretariat to answer the Delegations ‘questions related to RBM and IPSAS, on the impact of the allocation methodology and on whether it was feasible to make another scenario by the end of the week.

367. The Secretariat addressed the question made by the Delegation of Canada, explaining that when looking at the tables both in the current Program and Budget as well as in the two scenarios in the document, the IPSAS adjustments had been included, and specified that basically the Secretariat already adjusted for IPSAS changes. On the question of whether the Secretariat would be able to produce a scenario within that week, the Secretariat replied that hopefully it could do so if it would be able to understand exactly what that scenario was. The Secretariat stated that it would be grateful if it could receive specific guidance because during the discussion it had heard different ‘comments including, for example, that the AMC income and expenditure, which in the current proposal was being attributed to the CF Unions needed to be put back using the current methodology, which attributed AMC income and expenditure to all the Unions. The Secretariat went on to note that other points had been made by delegations on the method of allocating miscellaneous income and the principle of capacity to pay where there had been diverging comments. The Secretariat concluded that should it receive clear guidance, additional scenarios could be produced on a best effort basis and that this would depend on how quickly it received such guidance.

368. The Delegation of Italy wanted to ensure that its intervention had been clearly understood in order to avoid mistakes. The Delegation reiterated that it supported the current methodology that represented the *status quo.* The Delegation wanted to specify that because it had the feeling that maybe it was not clear.

369. The Delegation of the United States of America answered the Secretariat’s question and stated that the Delegation wanted to see a new scenario that distributed the indirect expenses in the same manner as the direct expenses, meaning using that same ratio. The Delegation considered it to be a very good indication of the interest a Union could be considered to have in the common expenses as was required by the various Treaties. As far as the allocation of miscellaneous income was concerned, the Delegation declared that it was comfortable with the allocation in scenario 2 and that while it could continue to support that allocation, the Delegation had noted that some Members had expressed concern over the CF Unions having too much of a deficit. Therefore, the Delegation stated that it may be interesting for Members to see how that allocation would look if all the miscellaneous income was attributed to the CF Union. The Delegation then proposed two scenarios: one showing the direct expenses fairly allocated and the indirect expenses apportioned in the same manner as the direct expenses and another scenario showing that same distribution for direct and indirect expenses but also apportioning the miscellaneous income fully to the CF Unions.

370. The Delegation of France wanted to clarify its stance, as the Delegation of Italy had done, that it was in favor of maintaining the current methodology that the Delegation renamed “scenario zero” rather than scenario 1. The Delegation reiterated that it wanted to maintain the current methodology and that while it believed in the importance of transparency, the Delegation also believed that the current methodology and the current budget documents were already of a sufficient level of transparency and that *a priori* there was no need to revise them. The Delegation stated that it stood ready to study any proposals from the Secretariat that would seek to further enhance transparency while respecting the fundamental principles of the Organization but that France was satisfied with the current situation.

371. The Delegation of Mexico stated that it was not going to make the Secretariat task easier and apologized for that. The Delegation reiterated what it had previously said about the need to maintain the principle of capacity to pay and that the Delegation could not support any proposed scenario that would run counter to that capacity to pay principle. In particular, the Delegation referred to the proposal for a scenario in which indirect costs would be attributed to all Unions irrespective of their capacity to pay.

372. The Delegation of the Russian Federation thanked the Secretariat for the document which it considered very interesting and useful. The Delegation believed that the new budget should be drawn up in accordance with the previous methodology because it was something that had been tried and tested. The Delegation considered it to be a reliable methodology, the one that allowed guaranteeing the smooth functioning of the Organization. The Delegation commented that changing the basic budget scenario might result in unforeseen consequences for the Organization and it was important to bear in mind that the Organization was intended first and foremost to protect and defend IP in all areas and for all. Member States therefore had to ensure that they assess all of the potential risks for the whole Organization at the time when a change in methodology was going to happen, and in the case of WIPO the Delegation considered that a change of methodology would be premature at this stage.

373. The Chair stated that there was a request to the Secretariat to produce two new scenarios and, from the Delegation of the Republic of Korea, to expand the scenario to provide detailed information on the allocation of indirect cost to different programs. The Chair asked the Secretariat whether it was feasible to produce those by the end of the day and to examine those scenarios the following day.

374. The Delegation of Switzerland supported the comment made by the Delegation of Mexico. The Delegation pointed out that it did not want to create an additional burden on the Secretariat by asking for additional scenarios while Member States had major concerns of principle.

375. The Delegation of France supported the comments made by the Delegations of Mexico and Switzerland. The Delegation did not think it was wise to ask the Secretariat to do work on the scenarios that were not going to be acceptable.

376. The Delegation of the United States of Americas commented that it was still waiting to hear the response from the Secretariat as to whether it was possible, if it would not be too difficult for the Secretariat, to prepare at least the first scenario the Delegation had previously described, that had the indirect expense apportioned in the same manner as the direct expenses. The Delegation hoped that that reporting would be fairly simple to provide and expressed its understanding that it was not something that the Secretariat could just push “print” but it would have to do some work. The Delegation stated it would appreciate hearing whether it was possible for that to be done so to have it available for the following day. The Delegation commented that it was a very important Member State responsibility to look at the allocation methodology as it was not possible to just do exactly what had been done in 2008/09. The Delegation added that minor policy decisions were made each biennium as the Member States changed the programs and the priorities of the Organization, so it was not possible, as Member States, to act exactly as though the Organization was doing exactly the same activities that had been done ten years prior. The Delegation stressed that Member States had a responsibility to think a little bit about the allocation and what it meant. The Delegation further pointed out that, as stated by several delegations, the deficit situation for the CF Unions was changing, and the Delegation had suggested a way to keep the CF Unions more viable for a longer period of time by apportioning the miscellaneous income entirely to those unions. In the Delegation’s opinion having this additional information did not prejudge that Member States would reach a certain outcome but would provide more information upon which Member States could base their conclusion. The Delegation reiterated that if it was not too much trouble, it would have liked to hear if it was possible to have those new scenarios.

377. The Chair commented that the Secretariat had already answered that question and specified that the Secretariat would deploy all efforts to inform the discussion of Member States. The Chair pointed out that other delegations had said that the fundamental principles of the Organization should be observed during the budgetary process in general. The Chair stated that the limit of the conversation on the topic had been reached for that moment. The Chair suggested that Member States take a step back and pause to revisit the issue at a later stage, maybe with more additional materials to look at. He added that, as the Secretariat had previously stated, it would deploy all efforts to help the Committee. The Chair encouraged delegations, who were interested and spoke on the topic, to find a way to get together and to start thinking about the decision to take, what to do and how to proceed in order to conclude the discussion. The Chair informed the Committee that item 16 would be revisited the following morning.

378. The Chair reopened discussion on the agenda item 16 and invited the Secretariat to present the new scenarios and the additional information that it had prepared and distributed at the request of Member States.

379. The Secretariat explained that the first scenario was titled “scenario 3” and had, in terms of characteristics, (i) income and direct expenditures as *per* scenario 2 of the PBC document, and (ii) the allocation of indirect expenditures to the Unions as *per* their relative shares of direct expenditures. The Secretariat then delineated the characteristics of scenario 4, which had income and direct expenditures as *per* scenario 2 of the PBC document with the exception that miscellaneous income was allocated to the CF Unions except Madrid rental income, which remained allocated to the Madrid Union. The Secretariat further stated that a second aspect of scenario 4 was that indirect expenditure was allocated to Unions as *per* their relative shares of the direct expenditure. In addition, the Secretariat informed the PBC that the request by the Delegation of the Republic of Korea regarding details of the two scenarios in the PBC document by Program had been met in two tables that had been circulated along with the two new scenarios.

380. The Delegation of the United States of America thanked the Secretariat for the new scenarios which the Delegation wished to make part of the record of the PBC meeting. The Delegation also thanked the Secretariat for the presentation and the explanation of the four documents. The Delegation considered that this information would provide Member States with a new level of transparency in order to better evaluate the budget proposal and stated that it looked forward to continuing consultations on this very important issue. The Delegation noted that, in both scenarios 3 and 4, it seemed that the expenses of the Arbitration and Mediation Center (AMC) were still part of the CF Unions and that this was a change in the allocation methodology from what had been in use. The Delegation observed that it had not heard any support in the room for making that significant change. The Delegation wished to see an additional allocation methodology proposal that would take that very small income but rather large expenses out of the budget for the CF Unions and again more fairly allocate those across the Unions, similarly either to the current allocation methodology or the other methodology that was used for the allocation of indirect expenses in the new scenarios. In this regard, the Delegation noted that it had not heard anybody interested in making that change. In conclusion, the Delegation stated that, in its opinion, it would help simplifying the PBC conversation if that aspect could be taken out of the debate of the day, and looked forward to continuing consultations.

381. The Delegation of France expressed its gratitude to the Secretariat for its work and stated to be very impressed by the fact that the Secretariat had produced the documents overnight. The Delegation recalled that it had already made comments on the two previous scenarios proposed by the Secretariat and that the Delegation considered the scenarios to be contradictory to the Convention of the Organization and to the principles on the basis of which it operated. Therefore, the Delegation could not consider any additional scenarios.

382. The Delegation of Mexico thanked the Secretariat for the enormous effort put into preparation of the requested additional information in a short time. The Delegation stated that the information prepared would need to be analyzed very carefully but since it had only received the documents that morning, the Delegation was not in a position, at that moment, to give a definitive formal opinion on any of them. The Delegation regretted to have scenarios 3 and 4 because it had made clear its opposition to leaving aside the concept of capacity to pay and those two scenarios had eliminated that principle. The Delegation stressed that it did realize the necessity to discuss scenarios but it was not in agreement with including scenarios 3 and 4 in such a discussion; therefore the Delegation requested that the additional scenarios be dropped from the discussion as it was a position of principle. The Delegation noted that the transparency in the two detailed tables was a positive element and that it would consider those further, but the Delegation could not accept any scenario which eliminated principles considered essential for the Delegation.

383. The Delegation of the Iran (Islamic Republic of) thanked the Secretariat for its hard work done until late the previous night. The Delegation shared the same position as the Delegation of France and declared that it was not in a position to consider the new scenarios. The Delegation explained that in its opinion the current allocation methodology was the best one for the Organization.

384. The Delegation of Italy thanked the Secretariat for the great job it had been done. The Delegation stated that it did not want to repeat the points already made several times. The Delegation informed the Committee that it would reflect on the scenarios. The Delegation declared, however, that it could not accept any scenario that went against or infringed what were the basic principles of WIPO as the Delegation had stated the previous day.

385. The Chair proposed, for the delegations' consideration, some elements of a possible decision. Those were: (i) to continue the examination of documents and additional information provided by the Secretariat and, as the PBC had been unable to reach an agreement on a way forward (ii) to continue further consultations at the next General Assembly (GA). In the meantime, the Chair suggested continuing informal consultations. As that decision appeared to be acceptable to delegations, the Chair informed the meeting that he would draft a possible decision and circulate it to facilitate formal conclusion of agenda item 16. The Chair encouraged delegations to use that time to consult on other outstanding issues, which were EOs and Governance issues, and suspended the meeting for a few minutes. The Chair then informed delegations that the proposed text of decision under agenda item 16 had been distributed. The Chair read out the proposal and asked delegations whether that proposal would meet with their approval, as a middle ground of different positions. As the Chair did not see any requests for the floor and there were no objections, the Chair considered it as decided. The Chair thanked all delegations for showing flexibility on that rather complex financial matter and encouraged those who were interested in continuing informal consultations on the outstanding agenda item to do so bilaterally or plurilaterally, and with or without the presence of the Secretariat.

386. Having considered the potential alternative methods for the allocation of income and expenditure to the Unions presented in document WO/PBC/25/16, as well as having received additional information from the Secretariat and noting the comments of delegations, the Program and Budget Committee (PBC):

(i) did not reach consensus on potential alternative allocation methods;

(ii) decided to continue informal consultations in advance of the upcoming 56th session of the WIPO Assemblies; and

(iii) recommended further consideration of the matter at the 56th session of the WIPO Assemblies.

ITEM 17 FURTHER UPDATE ON PROPOSAL CONCERNING HEDGING STRATEGY FOR PCT INCOME

387. Discussions were based on document WO/PBC/25/20.

388. The Secretariat introduced agenda item 17, explaining that document WO/PBC/25/20 presented an update regarding the proposal to proceed to the hedging of PCT fee income in certain currencies, in light of the conclusions reached in the PCT assemblies and Working Group held, respectively, in October 2015 and May 2016. The original proposal, as recommended by the treasury consultants FTI, was to do the following: fix the equivalent amounts of the international filing fee in all currencies other than the Swiss Franc in October of each year for the following calendar year, then these equivalent amounts would be frozen for the entire calendar year and the International Bureau would discontinue the process of fixing new equivalent amounts in case of exchange rate fluctuations. What the strategy meant therefore was that the equivalent amounts for international filing fees in Euros, U.S. dollar and Japanese yen would be fixed at the average purchase price of forward contracts to be established in each currency. This was known as the blended hedge rate and for all other currencies the price would be fixed according to exchange rates determined by the Director General as was the current practice. This would mean that international filing fee income in all other currencies would not be hedged and would, therefore, be subject to the impact of exchange rate fluctuations. Since reporting on this subject to the 24th session of the PBC, additional analysis had been carried out, covering the period January 1, 2015 to May 31, 2016. Two factors has been identified as key to the success of the hedging proposal, the availability of sufficient funds in Euros, U.S. dollars and Japanese yen to cover the forward contracts in place and predictable cash flows in all three currencies. The analysis had shown that there would be insufficient amounts of Euros and U.S. dollars available because both currencies were used to cover WIPO expenses and that, for Japanese yen and U.S. dollar cash flows, the amounts varied significantly between months and did not appear to follow any particular pattern. Euro disbursements varied significantly across months which meant that it was difficult to predict the monthly availability of Euros. In summary, the resources in the three currencies would be sufficient to provide hedge cover for only 65 per cent approximately of PCT revenue. This percentage was below the lower level of the proposed minimum which was 70 per cent of revenue to be covered and left approximately 35 per cent without any protection. In addition, U.S. dollar and Japanese yen receipts could not be projected with sufficient accuracy. Consequently the International Bureau did not expect to proceed with the hedging strategy. In the meantime while the current equivalent amount mechanism only responded to large shifts in exchange rate values and could not respond immediately, it had been effective in eliminating losses even during the period of huge shifts in the value of currency to the Swiss franc such as the one that took place at the beginning of 2015 when the currency peg between the Swiss franc and Euro had been removed.

389. The Delegation of Switzerland commended the efforts made by the Secretariat in seeking to analyze the viability of a hedging strategy and its implementation for PCT income. This kind of in depth analysis was indeed important. The Delegation believed that it had to be borne in mind that hedging was supposed to reduce risk and not increase it and it therefore supported the conclusions that the Secretariat had drawn from the analysis.

390. The Delegation of Canada thanked the Secretariat for the preparation of this bittersweet update and indeed for its tireless work toward an apparently elusive solution for the ‘easy’ management of currency risk or, at least, the elegant solution that hedging appeared to be at some point. Hopefully this outcome was for the better. The Delegation commended the Secretariat for its thorough analysis of cash flows and for its resulting prudence and encouraged the Secretariat to monitor developments as outlined in paragraph 24 of the document. The Delegation looked forward to and welcomed further updates as appropriate

391. The Delegation of Japan thanked the Secretariat for its part in regard to the issue. It understood that there was no practical means to deal with it so far but was still interested in finding any solution other than the hedging strategy. The Delegation would be grateful if this could continue to be considered

392. The Delegation of the Republic of Korea extended its gratitude to the Secretariat for its hard work in analyzing and preparing the document regarding the hedging strategy for PCT income. The Korean Intellectual Property Office was the fifth largest PCT application receiving office and was the first largest international searching authority in 2015. Although the South Korean won was not the objective subject of this study, the Delegation had paid lots of attention to the progress of the analysis of the hedging strategy by the Secretariat to find the best way to adjust the discrepancies caused by fluctuation in international currency exchange rates. Although the Secretariat's analysis regarding the hedging strategy was ending, The Delegation hoped that the Secretariat would continue to find other solutions to minimize the administrative and financial burdens on both Member States and the International Bureau and asked that the Secretariat share the payment and collection methods for the PCT international filing fees and adjustment methods of the International Bureau of each Member State. This would allow Member States and the Secretariat to share ideas and solutions for various cases.

393. The Secretariat, in response to the request from the Delegation of the Republic of Korea regarding specific information on the transfer of fees by each Member State's office, explained that this could be compiled but that this would be subject to Member States agreeing that this information could be shared in the PBC. A document would have to be prepared and the analysis of the information would take some time. The Secretariat would look for guidance as to whether this was an agreed request that all Member States' information regarding payment history and the collection situation could be shared.

394. Seeing that there were no further requests for the floor the Chair read out the proposed decision, which was gaveled.

> 395. The Program and Budget Committee noted the contents of document WO/PBC/25/20, in particular paragraphs 23 and 24.

ITEM 18 GOVERNANCE ISSUES

396. Discussions were based on document WO/PBC/25/19.

397. The Chair invited the Legal Counsel to introduce the item and hoped that the Committee would be able to reach a decision thereon.

398. Introducing the Agenda item, the Legal Counsel said that he would be very brief. He pointed out that, as Delegates were aware, the issue of governance had been under discussion for some time in the Committee. He stated that, more recently, following the request by the Assemblies of the Member States of WIPO, at their fifty-fourth series of meetings held in 2014, the PBC had engaged in active discussions on the issue of governance, at its 23rd and 24th sessions, and agreed that discussions on the subject would continue during its 25th session. In this context, it was also decided that Member States would be invited to provide proposals for specific topics to be discussed, and the Secretariat was requested to compile them as part of the documentation for the 25th session of the PBC. To this end, the Secretariat had sent a communication under Circular Note No. 3677, dated June 7, 2016, to Member States requesting them to submit, not later than July 1, 2016, any proposals they may have on the issues in paragraph 1 of document WO/PBC/25/19. In this regard, he recalled that Greece, on behalf of Group B, had submitted a proposal that could be found in document WO/PBC/25/19.

399. The Chair thanked the Legal Counsel for the introductory remarks and requested the Delegation of Greece to walk the Committee through the proposal, given that it was submitted

on behalf of Group B and to give the Committee a little bit of background on how Group B had arrived at that proposal.

400. The Delegation of Greece, speaking on behalf of Group B, also extended its thanks to the Legal Counsel for his presentation. The Delegation reiterated that the PBC, at its 24th session, in accordance with the request of the fifty-fourth Assemblies of the Member States of WIPO, had agreed, among others, that Member States would provide proposals for specific topics for discussion in good time prior to the 25th session, and no later than July 1, 2016, and requested the Secretariat to compile those proposals as issues part of the documentation for the session. In this regard, the Group had made its proposal under recommendation 1 contained in document WO/PBC/25/19. It was therefore looking forward to a presentation by the Secretariat, for the next PBC session, on the 2003 constitutional reform and also to the Secretariat's proposals to help improve meetings' efficiency.

401. The Delegation of Latvia, speaking on behalf of the CEBS Group, said that with regard to governance issues, the Group was of the view that there may be areas for improvement, especially concerning efficiency of meetings. It observed that during the previous PBC session, an agreement had been reached that Member States would provide proposals on specific topics for discussion. The Delegation noted that only one regional group had submitted a proposal and the CEBS Group was ready to engage in discussions based on that output. It stated that it shared the same concern in the area of efficiency of meetings and expressed support for the discussions based on suggestions from the Secretariat. Finally, the Delegation noted that as the Organization had undertaken constitutional reform in 2003, it would be interested to receive from the Secretariat a presentation on the matter and wished to learn more on the current status of the implementation of that reform.

402. The Delegation of Algeria, speaking on behalf of the African Group, expressed its thanks to the Legal Counsel for his presentation and to the Delegation of Greece for the proposal made on behalf of Group B. The Delegation observed that the item was still being considered by the African Group and requested that it remain open until the next day.

403. The Delegation of the United States of America expressed its support for the continuation of informal consultations to make progress on governance issues and, in particular, on improving conduct of meetings and on committees' efficiency. The Delegation recalled that WIPO Member States had expressed growing concerns about the lack of efficiency in the work of WIPO committees, particularly, the WIPO standing committees. Process-related issues had frequently eclipsed substantive discussions, leaving little time for technical engagement among experts. It noted that member States had held varying ranges of political priorities regarding normative work and other goals, and committees' time was often dominated by discussions of those priorities rather than meaningful discussions on the substance of the issues. The WIPO standing committees provided an important forum for substantive and technical discussions, which were valuable in furthering international understanding regardless of whether norm-setting results were achieved from such discussions. The Delegation also recalled that the Medium-Term Strategic Plan for 2016-2021 called for reflection of the modalities by which normative issues were identified and carried forward and whether the current system of committees should be evaluated, discussed or revised. The Delegation reiterated its support for engagement on the issue and requested WIPO to provide a forum for meaningful discussions on substantive intellectual property issues.

404. The Delegation of the Republic of Korea also expressed its support for the proposal made by Group B to ask the Secretariat to make a presentation on the 2003 constitutional reform, as it would be helpful for its Delegation to obtain a better understanding of the issue.

405. The Delegation of India expressed its support for the proposal put forward by the African Group requesting more time, and requested that a decision on the agenda item be left open until the following day.

406. The Chair took note that there were no further requests for the floor on the item and the Committee had heard two regional groups, namely the African Group and Asia and the Pacific request to keep it open and postpone the discussions to the following day. He observed that the Committee was facing a rather sensitive situation. The topic, which had been on the agenda for many years, had resulted in a proposal from one regional group. There was a substantive issue in that proposal and he had no choice, since that was the only proposal on the table, to work on the basis of the proposal. He noted that every question for the decision of the General Assembly should be thoroughly prepared. Since the PBC meeting in formal settings was not so frequent, three times in two years, it was quasi impossible to prepare a question in a formal setting. He observed that whether the delegations liked it or not, the only way forward, in his view, was to agree on some kind of informal process in between the PBC sessions, that could engage in thinking, reflecting and talking through all issues that it wanted to address, and come up with a good understanding of what would be the outline of the formal decision. To this end, the Committee should consider whether it was serious about addressing governance issues during the next PBC and getting to some kind of formal outcome and improvement. The Chair said he had no specific idea on how that could be organized, but suggested creating an informal working group under the facilitation of either the Chair or Vice-Chair or any other volunteer designated specifically for that purpose, who could then organize a series of discussions and come up with a solid and mature proposal for the next PBC meeting. He stated that he was only thinking out loud in order to stimulate reflection, which would then lead the Committee to a decision as there was a need to decide something on the item to be able to report to the General Assembly. He wondered if any delegation wished to react to his reflections.

407. The Delegation of Japan expressed its support for the statement made by the Delegation of Greece, on behalf of Group B, as well as the statement made by Delegation of the United States of America.

408. The Chair thanked the Delegation and observed that, in the absence of further requests for the floor, he would temporarily suspend deliberations on item 18.

409. Resuming discussions, the Chair requested that the Committee proceed to consider or make a decision on the item. He recalled that Member States had, the previous day, a rather procedural discussion and had come to the conclusion that there was a divergence Member States' views on the topic. In order to continue advancing the discussions on the important issues for the Organization, he had made a proposal which was contained in the document in front of the Committee. Basically, it contained three elements. One was to extend the deadline for submission of proposals by Member States to the end of 2016 which would allow and enrich the base of further consultations. The second one was to endorse the proposals which had been made by Group B, asking the Secretariat to prepare a presentation on the status of 2003 constitutional reform at the next PBC session in July 2017, and also request the Secretariat to present proposals to help improve meeting efficiency, equally for examination at the same session. In his view, that constituted a situation where the main proponents or opponents would feel comfortable and therefore wished to put the proposal for consideration.

410. The Delegation of Nigeria, speaking on behalf of the African Group, recalled that the Committee had also discussed the decision paragraph that the Chair had introduced in the African Group meeting, and it welcomed that he had proposed that member States be given further time to make submissions before the end of 2016 on specific topics for governance issues at WIPO. The African Group maintained its view that the contents of the Vice-Chair's proposal were still part of the discussion. If one read the reports of the last session and the statements made by the Chair, it was clear that they formed part of the discussions for future governance issues by WIPO. The African Group still did not see the proposal made by the Vice-Chair in the last session as not part of the present discussion. Nevertheless, in the spirit of compromise and in order to move forward, the African Group would be ready to support the present Chair's proposal if the third element was taken away, because that was a considerable

part of the proposal that was contained in the Vice-Chair's proposal which was balanced, fair, and included the preferences of the different regional groups. So if the present proposal took one out of it, then it would be meeting the interest of only one group or two and ignoring the rest. In that respect, it would be in a position to support the first and second elements because, in its opinion, the presentation of the status of the 2003 constitutional reform might provide an insight into the questions the African Group had concerning governance. In its view, that was a constructive approach, and it hoped that Member States would see the flexibility that had been demonstrated by the African Group.

411. The Delegation of Greece said that with regard to the agenda item, Group B had also discussed and wished to reiterate that, in their view, Member States had a clear agreement during the last PBC session on a very clear process that they would follow with regards to the agenda item. It observed that the only proposal submitted by the deadline set, was by Group B. In that regard, the Group wished to support the Chair's proposal under (ii) and (iii) which were the elements also included in its proposal and did not agree with the extension of the deadline under proposal (i).

412. In the absence of further comments from Member States, the Chair observed that the African Group was not really showing flexibility by asking him to take out point (iii) of his proposal and nor was Group B, for that respect, which was asking him to take out proposal (i). He noted that the option envisaged was that either the two Groups consult and come up with a consensual proposal, or the Committee would continue to concentrate on the basis of his proposal. If that did not work, the Committee would make a factual statement that there was disagreement on the issue and the only agreement found was the presentation by the Secretariat of the status of the constitutional reform which, by the way, the Secretariat would be routinely reporting on to the next General Assembly anyway. He informed the meeting that that was the situation and added that he was not closing the item. He encouraged Group B and the African Group to find a way to sort out differences and come up with a textual proposal. That way the Committee could take a decision either on the basis of that proposal or on basis of his proposal. He stated that he would withdraw his proposal until a new one was on the table.

413. The Delegation of India, speaking in its national capacity, expressed its full support for the views expressed by the Delegation of Nigeria that the non-paper of the Vice-Chair was never off the table. It was always there and if one read the verbatim of the last report, it was clearly mentioned that there were some good elements in it, on which there was consensus. There were some sticky points on which the negotiations were ongoing, but because of lack of time Member States were not able to complete those negotiations. So it was not completely correct to say that there had been no consensus on the Vice-Chair's proposals. The Delegation pointed out that there were some elements in the Vice-Chair's proposal where there had been complete consensus and some points on which the negotiations were still ongoing. Member States had to suspend the negotiations because at that time there was no breakthrough but there was no harm in continuing to discuss those proposals. There was perhaps a change of mind and positions from other Groups which might help the Committee reach a common point.

414. The Chair encouraged the Delegation of India, in its national capacity, to join Group B and the African Group in the negotiations on the possible solution.

415. After the break, the Chair announced that there were two outstanding agenda items remaining, that is, one on the EOs and the other one on governance issues. He said that both items required flexibility and there was need to reach agreement. He added that his experience showed that it was not always possible to work on consensual documents during the plenary. In that view, he wished to suggest that he suspend the plenary meeting until 5.30 p.m. and use the time between then and 5.30 p.m. for informal consultations. He hoped that when the session was back in the plenary there would be a report on the progress and hopefully the Committee would make decisions on those two outstanding issues. If, by then, consensus would not have been reached, then that would be reflected in the minutes of the PBC meeting.

Member States would then have to decide what to do. He reiterated that the PBC would close at 6 p.m. before they lost all the secretarial services. He then encouraged delegations to cut off all negotiations by 5.35 p.m. so that they may have time to come back to report on the two items and close the meeting. He hoped that his proposal was acceptable to all.

416. Reopening agenda item 18, the Chair invited the Legal Counsel to join him on the podium. He recalled that delegations had started discussions the previous day but that two regional Groups had asked for postponement of the debate and those requests had been taken into account.

417. In reaction, the Delegation of Nigeria requested the Chair to clarify the decision he intended to propose on the matter.

418. In response, the Chair explained that the decision was “what to do next”. There had been a very lengthy history on that question, and the Committee had decisions which were taken by the General Assembly and it had to follow-up on those decisions. He observed that there had been actions on those decisions, namely, one regional Group had submitted a proposal and in the absence of any other proposals he took it that the Committee needed to decide on what to do with the only proposal it had. He pointed out that the only proposal that was available to the Committee contained two elements. One was a request to the Secretariat to provide additional information on the status of constitutional reform and the other element of the proposal was to seek the Secretariat's advice on possible improvements of meetings. With that in mind, he was of the view that the question was for the Committee to decide whether it wanted that or not. He observed that, in this respect, the decision would be very simple, and would read “*Having examined document WO/PBC/25/19, The Program and Budget Committee welcomed Group B’s proposal in which it requested that the Secretariat to provide information on the status of constitutional reform and provide proposals on governance issues for the next PBC meeting, for its consideration*”. He recalled that it was the only proposal available as no other delegation had made any other proposal and, in his opinion, that was the only natural way forward.

419. The Delegation of Nigeria, speaking on behalf of the African Group, expressed the feeling of the Group that there was no need to send a new proposal as there was a proposal that the Committee had been discussing which was the Vice-Chair's proposal and the Group had been under the impression that there would be an opportunity to discuss it again in the current session. The Group wanted the document to remain under discussion.

420. The Chair asked the Delegation to clarify the document to which it was referring.

421. In response, the Delegation of Nigeria acknowledged that it was not a formal document but a non-paper as it was not available on the website. It offered to quickly print it and make a copy available to the Chair, although it was of the view that the Secretariat had it.

422. The Chair asked if he had understood correctly that the Delegation was proposing that the Committee should also take into account the proposal which was made by the Chair of PBC, on September 18, 2015, contained in Annex 1 to document PBC/24/27.

423. The Delegation said that it was referring to the proposal that had initially been made by the Delegation of Spain, and the then Vice-Chair had made it the Vice-Chair's proposal. If that was the same document the Chair had quoted, then his understanding would be correct, and if it was not, then it would request a few minutes to make sure that the document it was speaking about was what the Chair had.

424. Upon request by the African Group, the Chair suspended the meeting to enable the Group to find the appropriate document so as to properly introduce the proposal of its Group for consideration by the Committee. He pointed out that what he had outlined in his proposal was elements of the decision based on the current state of interventions, on which the African Group had not spoken, neither the previous day nor in the day’s session, on the substance. Before

suspending the meeting, he wished to invite the Delegation of Greece, on behalf of Group B, to take the floor.

425. The Delegation of Greece, speaking on behalf of Group B, reiterated what it had already stated under the agenda item, that it was of the view that there had been a clear process that had been followed. There had been a decision made by the previous PBC session and there had been a call for proposals. Group B had submitted a proposal and that was, in its view, the only proposal on the table at that stage. With regard to the Spanish proposal, if that was what the African Group was referring to, it recalled that there had never been consensus on that proposal. In its view, and, given the process that had been followed, Group B believed that its proposal was the only one that was on the table on the agenda item.

426. Resuming the deliberations after the break, the Chair recalled that the Committee would continue to examine item 18 of the agenda from where it had been left the previous day after two regional groups requested its suspension to give more time for consultations. He then invited the Delegation of Nigeria, on behalf of the African Group, to re-launch the discussions.

427. The Delegation of Nigeria, speaking on behalf of the African Group, said that it had noted that a deadline had been given to make proposals to the PBC. The African Group was referring to what had already been discussed in the PBC and was an official document of one of the reports of the past two PBC sessions. It was a proposal made by the then Vice-Chair of the PBC, and it was a proposal many members of the Committee felt was fair, balanced and objective. To the Group's recollection, the proposal had been nearly approved and so the African Group believed that it would be a waste of effort to reject the document completely. The Group wondered if the Chair would want it to read the whole proposal again which contained approximately ten lines, and it believed that many Member States were very familiar with the document, and expressed the wish that it be reconsidered by the Committee. The Group pointed out that since it was not a new document at all, there were many elements in it that met the approval of many Member States. The African Group believed that the process should start with the PBC recommending to the General Assembly open-ended informal consultations guided by the Chair of the PBC to address governance issues at WIPO, in line with recommendation 1 of the JIU report of 2014. The results of those consultations would be presented at the future session of the PBC, at a time when the Committee agreed to hold those consultations and give the Secretariat time to develop documents that it could present to the PBC.

428. The Delegation of India, speaking in its national capacity, wished to clarify that it had asked for the postponement of the agenda in its national capacity and not on behalf of the Asia and Pacific Group. The Delegation said that at present the Committee had a proposal from Group B, and also that a lot of effort had been made to prepare the proposal that had been put forward by the Vice-Chairs of the last PBC. It was of view that the document had a lot of merit and the Committee had agreed on various points in that proposal; there had, therefore, been a lot of consensus on some of the points. It noted that there were some other points that delegations still needed to discuss in order to arrive at a common ground, and suggested that the Committee should use both documents, and the JIU report, especially recommendations 1 and 2, as well as constitute a working group or a small informal group where all those could be put on the table in a textual format so that the text-based negotiations could be done.

429. The Delegation of Latvia argued that the document which was referred to by the Delegations of India and Nigeria had been discussed at the last PBC sessions and there had been no consensus on continuing discussions on the basis of that document. It was the reason why the Committee had taken a collective decision to submit concrete proposals by July 1, 2016. That was the way its Delegation and the whole CEBS Group saw the process and as the Committee had only received one proposal from Group B, the CEBS Group supported continuing discussions based on that proposal.

430. The Delegation of Greece reiterated what it had already stated earlier. In its view, there had been a clear process on how the Committee should proceed with the item and a deadline of July 1, 2016 was set by which all Member States were invited to submit proposals. Given that only Group B had submitted a proposal before the deadline, the Delegation was of the view that Group B proposal was the only one to be used as a basis for discussion as the previous proposals, and the one just presented by the Delegation of Nigeria, had not met consensus.

431. The Delegation of Iran (Islamic Republic of) said that it had pushed the button intentionally and its intention was to support the proposal made by the Delegation of India. It believed that the governance issue was a very important to all Member States and, in its opinion, any proposal to review the governance issue should involve all Member States and not only leave to the Secretariat to prepare the report in that regard. The Delegation said that that was why it shared the viewpoint that a working group or an informal body could work on the issue.

432. The Chair said that, in his view, the situation was ambiguous because every regional group and every delegation acknowledged the importance of governance issues but when it came to submission of concrete proposals by the agreed deadlines, those deadlines were not met. There was only one proposal submitted yet there was, clearly, acknowledgement of the importance of the topic. He observed that it was known to all that the previous PBC sessions had addressed the issue and had not found consensus. Therefore, in his opinion, that had been the reason why a decision to launch a new call for proposals had been agreed upon. He observed that, at that stage, the Committee likely would not have enough time to have informal discussions on the previous decisions and added that there was only one document proposed for the current session. He then asked Group B and the CEBS Group whether they would be ready to consider also elements of the previous PBC sessions on the same issue.

433. The Delegation of Germany questioned the value of the process and agreements Member States took in the previous PBC sessions. They had spent a lot of time to come to the current conclusion and the Delegation was hoping that the process would lead the Committee to proposals that it could now discuss. It noted that there was one proposal on the table and agreed that, as stated by the Delegation of Greece, this was the basis for the discussion.

434. The Delegation of India wished to draw the Committee's attention to the report of the last PBC, particularly paragraph 458, which read "*The Program and Budget Committee recognized the need to address the issue of governance in accordance with the request of the 54th Assemblies of the member States of WIPO. (i) PBC engaged in active discussions on the subject at both its 23rd and 24th sessions which resulted in the proposals made during the 23rd session as reflected in Annexes 1 and 2 of document WO/PBC/23/9 and in the Chair's document circulated during the 24th session. While divergences in the views of Delegations remained, Delegations expressed willingness to continue discussions on this subject*". The Delegation's understanding was that the Annex attached to document WO/PBC/23/9, which was a proposal from the Delegation of Spain, had not been taken off the table and continued to be used as a source of discussion. It therefore did not understand why some of the Delegates were now mentioning that the proposal of the Vice-Chair could not be discussed as that was a document on which discussions had been suspended. It reiterated its request to re-table the document for the discussion as many of the members present were willing to support the idea and could again go on record.

435. The Delegation of Germany said that, if it had understood correctly, the Committee had not come to a consensus on the paper and so it had no official status and was somehow a non-paper. It was a compilation of ideas that did not find consensus. The Vice Chair's proposal, was merely a compilation of many things that had floated around and had not found consensus. The Delegation wished to read again paragraph (iii) of the decision taken, in which the PBC agreed that Member States would provide proposals for specific topics for discussion in good time prior to the 25th session and no later than July 1, 2016, and that the Secretariat would compile them as a basis for discussion. That was the process agreed to after extremely long

discussions in many sessions and the Delegation was of the view that the Committee should stick to that process.

436. The Delegation of France observed that what the Delegation of Germany had just explained was very clear. The Committee was discussing a non-paper which had not received consensus. There had been a deadline for submitting proposals and one proposal had been handed in the interim and therefore the Delegation did not think that the time was ripe to discuss a non-paper without any legal value.

437. The Delegation of Nigeria, speaking on behalf of the African Group, said its thoughts on the process were along the same lines as that of the Delegation of India. As for its Group, it did not consider the previous document baseless since it was attached as an Annex to an official working document and could be pulled out any time. Therefore, to consider it baseless would be uninformed. In reaching the decision, the PBC had not concluded that any things were excluded. The Delegation said it had taken the floor to clarify that the African Group did not consider that document baseless, and that the decision reached on the July 1 deadline did not preclude consideration of any existing documents on governance.

438. The Delegation of India stated that it was important to note that when the Delegation of Germany had read paragraph (iii), the last line had not been read the way it was written. It requested to read the paragraph again from the beginning, slowly, so that everyone could understand what it meant and added that it was willing to be corrected if its understanding was wrong. It read: "*Agreed that Member States would provide proposals for specific topics for discussion in good time prior to the PBC 25th session and no later than July 1, 2016 and "requested the Secretariat to compile this as part of the documentation for that session*". The new proposal which had come from Group B was part of the compilation, which meant that the previous documents were part of the body of the compiled documents and the Group B proposal was an addendum. The Delegation said that was its understanding and if that was wrong it was willing to hear a better explanation.

439. The Delegation of Latvia stated that during the last PBC session Member States had discussions only on the procedure. They had no substantial discussions but had agreed on the procedure. In that regard, the CEBS Group wished to stick to that procedure. As for the body of the compiled documents, the Committee had the document which had been prepared for the present session, i.e., WO/PBC/25/19 and, in its understanding, that was the body of documents referred to in the report of the last session in paragraph (iii), thus the request to the Secretariat to compile those proposals as part of the documentation. So, in its understanding, the only working document available was the one that included the proposal of Group B.

440. The Delegation of Switzerland confessed that it was a bit surprised by the surreal aspect of the current discussions. It expressed support for the statements by the Delegations of France, Germany and the CEBS Group. In its view, there was no reason to spend hours talking about the matter. The decision taken by the previous PBC was the basis for the future discussions on governance. There was a deadline which had been provided, that is, one year until July 1, 2016. A proposal had been made by Group B, which was the only one on the table to date. The document that the African Group and the Delegation of India were referring to reflected past discussions on which there had been no consensus. It was for that very reason that the Committee had initiated the new process with the deadline of July 1, 2016. The Delegation did not, therefore, see why suddenly some delegations had to question the very rules of the game and the documents to which they had agreed.

441. The Delegation of Singapore suggest that the solution to the divergence was to think about how the Committee would proceed after the decision that it had to take today. The Delegation noted that Group B's proposal required some input from the Secretariat and recalled that last year the Committee had spent many hours on the so-called non-paper and had agreed that there had been no consensus on that. It, however, also added that if the Committee

agreed on Group B's proposal then the Secretariat would have to offer some input, which would be discussed in the future, either in the PBC or in the relevant bodies. Therefore, in that discussion any elements included by interested delegations in that non-paper would probably be raised because that was of interest to them. In that sense, the Delegation did not see why those two matters were mutually exclusive and why Member States could not think about how they would discuss things in the future on the basis of what was being discussed at present. The Delegation said that, based on that, it did agree to some degree with the Delegation of India. However, it did not see the need for a separate working group because the Committee was already a subsidiary body of the WIPO membership.

442. In reaction, the Chair observed that the Committee had not yet reached the point where it would think about future steps but was just at the phase of clarification of the situation.

443. The Delegation of Greece said it had two comments. The first one was that it wished to recall that the last session of the PBC was held one year ago, so there had been time for delegations and groups to provide proposals for specific topics for discussion. Secondly, with regard to what the Delegation of India had said, the way the Delegation of Greece read the last PBC discussion was that Member States would provide proposals and the Secretariat was requested, according to paragraph (iv), to compile the proposals that would have to be submitted by July 1, 2016. In its view, that was the compilation referred to.

444. The Delegation of Nigeria asked that if the non-paper document had not met consensus, what would happen if the proposal from Group B also did not meet consensus in the present meeting.

445. The Chair acknowledged that that was the million-dollar question but added that the Committee would have to find a way forward. In his view, the Committee was having procedural discussions and Member States could entertain themselves until midnight but hastened to add that they certainly would not do that.

446. The Delegation of Nigeria concluded by saying that the African Group did not agree with the proposal put forward by Group B.

447. The Chair asked the Delegation to clarify whether its conclusion meant it did not agree that the Secretariat should provide a report on the status of constitutional reform and provide input into the discussion of Member States on governance issues.

448. The Delegation of Nigeria, speaking on behalf of the African Group, clarified that it did not agree with the Group B proposal. It stated that the very first line of the proposal set the tone for the African Group. It observed that Group B did not have any issue to raise regarding governance beyond the proposals that Group B made. Group B was making proposals for the Secretariat to provide information on constitutional reform and meeting efficiency. In its opinion, governance went beyond meeting efficiency. The African Group did not see meeting efficiency beyond managing time, or having documents posted early, and the JIU report that the Committee was responding to was not specific as to meeting times. The report referred to the governance structure at WIPO and the governance systems, not just meetings. In that regard, when Group B said that it had no issue to raise regarding governance and focus only on meetings' efficiency, that posed a problem for the African Group. It was of the view that the idea that had been put forward by the Delegation of Singapore provided room for both Groups to work with. The Delegation observed that if the Secretariat was to provide any document, it would need a lot of discussion because Member States, and certainly the African Group, wanted to be part of the process and discussion to first lay out the roadmap for the Secretariat in terms of what Member States wished to see. This could consist of a mix of what Group B wanted, i.e., the presentations they want to see, and the ideas that would be put forward by the African Group concerning the governance structure and systems in WIPO.

449. The Chair stated that his feeling was that the intervention of the Delegation of Singapore could provide the Committee with a point of convergence as follows: to give another opportunity to all interested delegations to submit proposals on governance issues, and suggested the end of the year as a deadline, since next year was a budgetary year and the PBC would be meeting twice, in July and September. If the Committee allowed another deadline for the submission of proposals by all interested delegations, it would then ask the Secretariat to compile those proposals for consideration at the 26th session of the PBC. The Secretariat would be asked, based on the Group B proposal, to provide information on the status of constitutional reform and also to provide input to facilitate Member States' deliberations on governance issues. He asked if those three elements could be the basis of the decision.

450. The Delegation of Latvia endorsed the proposed approach.

451. The Delegation of Switzerland said that it had not wished to take the floor at that stage but wondered if the Chair could repeat the three elements of his approach.

452. The Chair said that since there was a certain tension between Member States, the Committee should, in the spirit of cooperation and consensus: (i) seek to provide another opportunity to the delegations wishing to submit proposals on the issue of governance to do so until the end of the year; (ii) based on the proposal of Group B, the Committee would request a report from the Secretariat on the status of the constitutional reform; and (iii) request proposals or ideas from the Secretariat on the issue of governance. That touched on the proposal made by Group B. Those were the three proposed elements that could possibly constitute the decision which would allow Member States to once again consider the issue during the 26th session of the PBC.

453. The Delegation of Switzerland thanked the Chair and said that it was clearer. It said that it did, however, have a question concerning the third point which was requesting the Secretariat to submit ideas on the issue of governance. According to the Delegation, that seemed like it would rather be ideas about meetings' efficiency and the Delegation did not know what the Chair had in mind in connection with that, or if he was working from the basis of the Group B paper. It therefore requested clarification on the issue.

454. In response, the Chair confirmed that what he was proposing was picking up on the elements of the proposal of Group B.

455. The Delegation of Greece stated that it did not see any tension in the room but rather a discussion. It recalled that discussions had been ongoing and all Member States knew the importance of the issue and recognized it. It added that, in any case, Group B was sure that they had a clear process upon which they had all agreed. There was a deadline set in order to facilitate that process and, in its view, the time between the previous and current PBC sessions was enough for any group to submit proposals. The Delegation said that, for the time being, it could not express its Group's view on the Chair's proposal. It was very clear that discussions during the last session had not reach consensus. It therefore could not, at that stage, give any views with regard to the proposal and suggested that the agenda item be closed if there was no consensus.

456. The Chair responded that he might have used the wrong term in English while describing the atmosphere in the room. He agreed that there was discussion and Member States were seeking consensus. He explained that his proposal went in the direction of giving a second chance, which might be a good thing because very good proposals could be found that could facilitate the Committee's work and would benefit the Organization. Bearing that in mind, and in that spirit, he was proposing a process which would provide another chance for delegations wishing to submit governance proposals to do so, but would equally guide the Secretariat and allow it to prepare a report on the status of constitutional reform and an input to the meetings' efficiency, as requested by Group B.

457. The Delegation of Nigeria said that for the African Group it would be considered selective to have the Secretariat present a new report as per the proposal from Group B, especially as to efficiency in meetings. If the Secretariat was to provide a report of meetings' efficiency then they were treating it piecemeal, that is, selected a part of governance and left other parts out that may be of more interest to other Groups. The Delegation, for that matter, could not say anything on behalf of its Group because they had to discuss it again. The Group had to consider if there was any willingness to go forward on any part of the Group B proposal or wait until such a time when all member States or all Groups submitted new proposals to be considered.

458. The Delegation of France observed that beginning from scratch on the subject was precisely something that happened at the last session, and there was therefore a deadline which was sufficient to enable all those delegations who wished to submit proposals to do so. Group B had made a proposal which was on the table and which was submitted within the deadline and it seemed to be a valid proposal. Now another deadline was being requested which would mean starting the process from scratch. It may be a deadline for a non-paper that would not be subject to consensus and which could have been proposed prior to the last deadline. The Delegation said it therefore did not understand the discussion they were having since the last PBC.

459. The Delegation of the United States of America said that it firmly supported the position of the Delegation of France and the proposal made by the Delegation of Greece.

460. The Chair observed that it seemed like the discussions would not get further at that moment. He appealed to delegations to show understanding and flexibility. He said that he understood that delegations might have firm views on things, but they needed to maintain a good spirit and there was need to cooperate. As he had said before, sometimes it happened that one did not meet deadlines for many reasons. Those could be objective and subjective reasons and he was giving a second chance to these ideas or else the Committee could simply close the topic. Member States had heard that the Group B proposal could not be supported and there were no other proposals, which brought delegations back to square one. There was a need to redefine the process and that is why he had taken the proposal suggested by the Delegation of Singapore, as it tried to provide a second chance to all those who wished to submit proposals, but who had not done so for whatever reason. That would be showing flexibility and understanding in a way that took elements from the Group B proposal, but allowed a chance to all to submit, by the end of the year, their own proposals on governance issues. He observed it would be fair and would be a gesture towards each view. To this end, the Chair expressed the wish to suspend the session.

461. The Delegation of Germany said that it could understand that sometimes it was really hard to meet deadlines but they were talking about a period of one year to submit proposals and not about a deadline of a few hours. The Committee was discussing a new proposal and only one proposal was on the table. It wondered how Member States would proceed in the Committee if they were not able to follow a process as clear and as widely discussed in the last session. In its view, that set a very bad tone.

462. The Chair said that he fully agreed with the Delegation of Germany. He nevertheless stated that the Committee was facing the reality that sometimes it was easier to meet a very short deadline rather than a very long deadline, simply because one may forget about issues when routine settles in. He was trying to find a way forward that would satisfy, or equally not satisfy, different parties. He explained that the Committee was facing four difficult issues and the important element in the work of the Committee was the atmosphere. Member States were trying to maintain either an atmosphere of cooperation or an atmosphere of firmly standing on principles, but added that that was the choice of all Member States present. The task of the Chair was to find the best way to bring all delegations with different views to the same page, making them either equally happy or equally unhappy. That was why he was insisting on his

proposal which would be to allow another deadline for submission of proposals by the end of the year and to ask the Secretariat to prepare a presentation on the status of 2003 constitutional reform and proposals to help improve meetings' efficiency at the 26th session of the PBC. He asked Member States to consider his proposal and said that he would ask the Secretariat to circulate it. Since other issues were not ready for consideration in a formal setting, delegations would convene in informal consultations, with full interpretation, at 3 p.m. on the EOs. He announced that the Committee would resume in plenary the following day. By then the Secretariat would present whatever documentation or input had been requested during the day's discussion, as well as brief information on the process of opening of EOs so that everyone could understand what that entailed. Whether it was a question of weeks or months or years to open an office, the Committee would clearly understand what it entailed from the Secretariat's perspective. He then declared the meeting in plenary closed for the day.

463. Reverting to agenda item 18 the following day, the Chair wished to table a proposal which contained, in essence, three elements: (i) to give the opportunity to delegations to present additional proposals by the end of the year; (ii) to ask the Secretariat to prepare a presentation on 2003 constitutional reform; and (iii) to invite the Secretariat to provide some input on questions of meetings' efficiency. He therefore wished to see if this could be adopted and opened the floor for discussions.

464. The Delegation of Greece, speaking on behalf of Group B, thanked the Chair for the proposal and expressed its thanks to the Vice-Chair for her efforts throughout the day. It announced that it had consulted on both, the Chair's proposal and an unofficial proposal submitted by the Vice-Chair, and added that Group B's feelings, unfortunately, had not changed from what the Delegation had already stated. In its view, a decision had been taken during the last PBC according to which Member States would provide proposals for specific topics for discussion on governance issue, and the Delegation realized that its Group was the only one that had done so. It also realized that that was the only proposal, and according to the discussion held, that proposal had been rejected. In that regard, it wished to deliver a statement which was, in its opinion, very indicative of how Group B saw the issue. Group B was disappointed to see that there was only one paper submitted under the governance agenda item and that it had not been properly discussed. The issue of governance was a longstanding item that had been comprehensively discussed over a number of PBC meetings, leading to the Vice-Chair's proposal that had been raised by some delegations. These discussions ultimately could not reach consensus on the Vice-Chair's proposal. Member States, therefore, had agreed to a process that would lead to Member States submitting specific governance topics for discussion at the present session. At this stage, the Delegation wished to quote the closing paragraph of the record, that is, paragraph 459: "*The Chair commented that, in his view, the General Assembly would be very appreciative of the decision taken which demonstrated that the PBC was not playing Ping-Pong with it*". There was agreement to a process and it would be the responsibility for all Member States to properly engage and send to the Secretariat, before the deadline, the specific topics they wished to be addressed in the PBC. Group B also noted, from the decision point, that Member States had been tasked to discuss governance and recommendation 1 of the JIU report. It felt that as the remaining paper before the Committee had not been accepted, those discussions had been exhausted. Group B believed that the two options on the table, if there was no agreement on the governance paper before the Committee, were that the discussion on governance should be closed; and two, if there was agreement on the governance paper, its Group could accept but it could not accept recommendations (ii) and (iii) of the Chair's proposal. Lastly, Group B did not support an open-ended discussion on the governance issue because it was of the view that Member States had to be realistic about what could be achieved.

465. The Delegation of Nigeria, speaking on behalf of the African Group, stated that governance was something the Member States had on the agenda in the PBC in a number of discussions. The Group felt it would be irresponsible for Member States to try to address the question not in line with the JIU. The African Group did not have any feeling at all that it had not

met any deadline because the proposal by the Vice-Chair was meant to be part of the discussion for the present session, and thus the Group had felt no need to make new proposals because its interests were contained in that document. The Group's reading of the report of the PBC for the last session, in paragraphs 454 and 455, was that the Delegation had asked the Chair to reconfirm that Annexes 1 and 2 containing the Vice-Chair's proposal would be part of the discussion for that session, and he had confirmed that. Maybe there was a misunderstanding, but the Group felt that the Vice-Chair's proposal was still part of the discussion. Further, the African Group was willing to compromise and have the second element of the proposal by Group B, which was a presentation by the Secretariat on the constitutional reform of 2003, to be part of what the Committee would adopt as a decision. Then discussion on governance would continue more thoroughly at the next session. But if that was not accepted, then it meant that there was no agreement and the African Group would request that the present agenda item be retained for the next session of the PBC.

466. Thanking the Delegation, the Chair said that he wished to withdraw his proposal because it had not received support and stated that he would put on the screen an alternative proposal, which read as follows: *"having examined document WO/PBC/25/19, entitled "Proposal by Group B on Agenda Item 18", the PBC did not reach consensus on governance issues and requested the Secretariat to prepare the presentation of 2003 constitutional reform for presentation at the 26th session of PBC in order to contribute to the further discussion on the matter"*. He asked if that proposal could be adopted.

467. The Delegation of Nigeria stated that it wished to see the language that kept the issue of governance open for future sessions of the PBC. It observed that it did not see that in the Chair's proposal unless there was an additional text to paragraph (iii) that was not showing on the screen.

468. The Chair confirmed that since the Committee had asked the Secretariat to report at the 26th session of the PBC, in July 2017, it would automatically be on the agenda of that session. Otherwise there would not be any agenda item under which the issue could be presented.

469. The Delegation of Nigeria requested that the present agenda item be retained for discussion at the next PBC session otherwise the African Group would not be in a position to accept the proposal.

470. The Delegation of Greece expressed its support for the Chair's proposal.

471. The Chair asked the Delegation of Nigeria to confirm that adding "at the 26th session of PBC and under the relevant agenda item" would comfort its Group because if there was a request for a presentation it would be done under an agenda item on governance issues.

472. The Delegation of Nigeria clarified that it would suffice. Under the "relevant agenda item" would be the item on governance issues. The Delegation also asked the Secretariat if it could inform Member States on the decision reached on the agenda item at the last PBC or the General Assembly decision on the issue.

473. The Delegation of India, speaking in its national capacity, expressed support for the proposal put forward by the Delegation of Nigeria that putting the request in some form in proposal (iii) Member States would give an explicit idea of the intention of the agenda item.

474. The Chair observed that the most probable and the easiest way would be to include a new proposal (iii) which would state that Member States decided to continue discussions of governance issues during the 26th session of the PBC and requested the Secretariat to prepare a presentation on constitutional reform. He asked if that was what the Delegation of Nigeria was requesting and if Group B would accept it since the Group had asked the Secretariat for a presentation, which meant promulgation of discussion which would be done during the Agenda Item on governance issues.

475. The Delegation of Greece was of the view that it was clear from its statement that Group B was asking for the agenda item to be closed.

476. The Chair pointed out that that was not his interpretation or understanding because how could the Group ask that the agenda item be closed and, at the same time, ask the Secretariat to report on the substance under that agenda item. The Chair did not see any logic in the Group's request because if it asked the Secretariat to report on an issue that meant that it would be under the same agenda item.

477. The Delegation of Greece stated that Group B had, explicitly and in detail, expressed its view. In addition, there was no reference to its proposal in what was being tabled. It could not therefore agree with it, or any addition of a reference to the agenda item on the issue.

478. The Chair noted that, unfortunately, the Committee had already passed the time allocated for the session and, in his view, that was a very bad practice and should not be continued. He noted that the Legal Counsel had just informed him that there was another option which was a one line decision only, i.e, that no decision was reached, and with all the consequences that that entailed he requested the African Group and Group B to come together in next five or ten minutes and find a way forward.

479. The Delegation of Greece thanked the Chair for his efforts but added that discussions had been exhausted within Group B on that issue and so it did not see what more it could discuss with the African Group. In its opinion, they had already talked about that during the day and even if the Delegation went back to its Group, there would be no different opinion and that was why they were asking to close the agenda item.

480. The Delegation of Nigeria, speaking on behalf of the African Group, confirmed that the two Groups had discussed it and had not agreed. It asked what the next step would be. It wondered what the proposal by the Legal Counsel would mean for future discussions on the subject matter, since it was saying that no agreement was reached. The Delegation wondered what the way forward would be.

481. The Legal Counsel said that, if he understood the question raised by the Delegation of Nigeria, the Secretariat was of the view that in the absence of a decision or a recommendation the matter would be closed and would be subject to – in the event it would come up – a new proposal at a new session.

482. On a point of clarification, the Chair asked what the procedure was for proposing an agenda item for the PBC or the General Assembly. He recalled that, in his national capacity, he had sent a note to the Director General asking him to introduce an agenda item on the agenda of General Assembly, and that it was done through that procedure.

483. In response to the Chair's question, the Legal Counsel drew the Member States' attention to the General Rules of Procedure. Rule 21, which set out the process for submitting proposals by delegations, stated that proposals for adoption may be submitted orally or in writing by any delegation. In addition, he also wished to draw attention to Rule 5, which provided in subparagraph 4 that "*any state member may request inclusion of a supplementary item on the draft agenda. Such request shall reach the Director General not later than one month before the fixed date of the opening of the session, and the Director General shall immediately notify other State members of that body accordingly*". Therefore, any such proposal could be submitted for acceptance by the PBC in accordance with Rule 5, subparagraph 4.

484. The Chair thanked the Legal Counsel and said that the explanation given was very clear. In case of no decision, the item would be taken off the agenda and delegations willing to continue discussion of that agenda should submit requests to the Director General not later than one month prior to the meeting, and the matter would then be put on the agenda. He recalled that, as Member States knew, at the beginning of each meeting they adopted agendas, and that

was the consequence of no decision during the present meeting. However, he still wished to see whether there was any chance of reaching agreement on the text on the screen. If there was no consensus, then he simply would need to make a factual statement that no decision was made.

485. The Delegation of Nigeria was of the view that the meeting was moving ahead of itself, and thanked the Legal Counsel for reminding them again of the Rules of Procedure. But, it observed that Member States had been in that situation many times before while discussing governance issues and wondered why member States had not read the rules of procedure for reintroducing it to the PBC. It did not understand why the Committee had not gone down that route to recommend that the Committee continue to discuss the agenda item. In that regard, the African Group did not support closing of the item and the decision that there was no agreement and thus closing it implicitly.

486. The Chair invited all Regional Group Coordinators to the podium, and announced that he would suspend the plenary meeting for seven minutes, but asked delegations not to leave the room.

487. The Chair announced that after consulting the Regional Coordinators and the Legal Counsel and, based on previous years' precedent when the PBC had been in a similar situation on the very same topic with no possibility of agreeing on anything, the way forward had been proposed and had been adopted. Such a way forward was at present projected on the screen, which was to ask the General Assembly to help and that was an elegant way not to acknowledge a failure. He therefore wished to ask Delegations if they could go down that road and adopt the proposal on the screen.

488. The Delegation of Greece said it wished to invite members of its Group to gather around the desk of the Delegation of the United Kingdom as there was little space where the Delegation was seated.

489. The Chair observed that maybe the Delegation had not understood his question. He stated he was asking whether delegations were in the position to adopt the text on the screen.

490. Speaking on behalf of the African Group, the Delegation of Nigeria said that it did not agree, given the existing disagreement, that it would be the most constructive and elegant way to go forward.

491. The Chair then asked if the Committee was willing to take action on the proposal as displayed on the screen and, as he did not see any objections, he went on to gavel it.

492. The Delegation of Switzerland said that it had pressed the button before the Chair gaveled the decision in order to say that it was not in agreement with what was presented. It believed that it was not up to the General Assembly to discuss the issue. The issue should, if required, be sent to the next session of the PBC, and it believed that the decision that was taken at the 24th session of PBC, as mentioned in the Group B statement, was done in order to avoid a ping-pong effect between the General Assembly and the PBC. In that respect, it was not comfortable with the proposal as it was worded and would rather that the issue be sent on to the next PBC session and not to the General Assembly.

493. The Chair said that he had been looking at the screen when he gaveled the decision. He stated he did not really want to go down the path of arguing with the Delegation whether it had asked for the floor before he gaveled the decision or not. He added that, in his view, he had gaveled the decision before the Delegation pressed the button. Nevertheless, he understood what the Delegation was saying. He acknowledged that the Delegation of Switzerland had always been very helpful in proposing compromise solutions but as he had a discussion with the Regional Coordinators, they were acting based on previous practice and whether that practice was good or not, was up to the Member States to evaluate. He said he knew that the practice

of not ending meetings on time and extending them endlessly was a bad practice, and he wished to put an end to it. Each delegation needed to take responsibility, make the necessary consultations in time, and act in the best interest of everyone. He wished to ask the Delegation of Switzerland whether it would be in a position to reconsider its position.

494. The Delegation of Switzerland responded that in that case, it preferred to wait for the Delegation of the United Kingdom to make an intervention.

495. The Delegation of the United Kingdom said it was sorry but it had to say that it fully supported what the Delegation of Switzerland had said. It pointed out that the Committee had been in that situation before and it had not helped. It observed that it was not in everybody's interest to overburden the General Assembly with those questions, so it was in the Committee's best interests to follow the proposal made by the Delegation of Switzerland which had been the longstanding position of Group B on the issue. In that regard, the Delegation expressed its support to the Delegation of Switzerland.

496. The Delegation of Germany also expressed its full support for what the Delegations of the United Kingdom and Switzerland had said.

497. The Chair stated that he saw no other possibility but to suspend the meeting and to ask interested delegations to get together and find an appropriate solution. He also asked the Vice-Chair to join him for consultations and then suspended the meeting.

498. Reopening the agenda item, the Chair said that he understood that, following consultations conducted by a number of delegations, the Committee had a chance to adopt the decision which was on the screen. He suggested that since it was very long the Committee should not spend too much time reading it but it should spend some time thinking. He read out the proposal as follows: "*The Program and Budget Committee requested the Secretariat to prepare a presentation on the 2003 constitutional reform, for presentation at the 26th session of PBC, in order to contribute to further discussion on the matter*" and asked if that could be adopted. The Chair, noting that there were no objections, went on to gavel the decision and stated that almost concluded the work of the PBC. He expressed his thanks to Member States for their active participation and showing flexibility in addressing issues but added that he personally regretted very much that the Committee had missed an opportunity of having agreement on EOs. He observed that there was still a chance to have that agreement during the General Assembly and hoped that Member States would deploy all efforts to that.

> 499. The Program and Budget Committee (PBC) requested the Secretariat to prepare a presentation on the 2003 constitutional reform, for presentation at the 26th session of the PBC, in order to contribute to further discussions on the matter.

ITEM 19 FINAL REPORT ON THE CONSTRUCTION PROJECTS

500. Discussions were based on document WO/PBC/25/13.

501. The Chair invited the Secretariat to introduce the document which provided a final report on the New Construction Project (NCP) and particularly on the New Conference Hall Project (NCHP).

502. The Secretariat indicated that the presentation of the final report on the NCP and NCHP concluded a period of extensive construction on the WIPO campus which had started ten years ago. Lessons learned throughout the implementation of the two projects would also be presented. The Secretariat started the presentation with the final operational report concerning the constructions. It confirmed that, as had been indicated to the Committee at its previous session, the outstanding minor repair works that had to be done both for the New Building and the new Conference Hall had been completed (renovation of part of the AB Building ground

floor and first floor as well as works in the access center and certain other elements of the WIPO Campus). The Secretariat indicated that there were very few outstanding items to be dealt with until the end of 2016. With regard to the question of the budget and expenditure situation on the NCP, and compared with the initial approved budget and its various revisions and reductions, the Secretariat indicated that an amount of about 167,000 Swiss francs, unspent and uncommitted, would be returned to the reserves of the Organization. In respect of the NCHP, an amount of slightly over 1,000,000 Swiss francs, unspent and uncommitted, would be returned to the reserves of the Organization once the final verifications of the few outstanding works had been completed by the end of 2016. The Secretariat concluded that, for the two projects taken together, the total expenditure as at end 2015 with the remaining commitments to be realized in 2016 amounted to about 235,000,000 Swiss francs, while about 1.2 million Swiss francs would be returned to the reserves of the Organization. The Secretariat indicated that the increased cost of the two projects taken together, at the end of their implementation, was about 2.25 per cent above the initial approved budgets; the detailed breakdown was set in Annex II. The Secretariat presented a brief summary on the situation relating to oversight and audit and recalled that, as had been reported over the past, it had presented progress reports to the IAOC on a regular basis for both projects until December 2015. In connection with internal audit, the Secretariat had received in 2013 an audit report on NCHP and was in a position to confirm that all recommendations had been implemented and there were no outstanding recommendations from IOD. In connection with external audit, from the ten recommendations relating to the NCHP in the compliance audit report received in August 2014, eight had been closed by the auditors, while the Secretariat was waiting for a response from the external auditors on the status of the remaining two recommendations for which it had submitted answers. The Secretariat highlighted that the report contained in part D of document WO/PBC/25/13 contained the lessons learned from having carried out two major construction projects and recalled that a number of delegations had requested such a report in the last few years. The Secretariat recalled that these projects undertaken in the last decade represented the first constructions of such magnitude for WIPO as well as of such complexity, in particular with the new Conference Hall which represented a breakthrough from the architectural and engineering viewpoint. In addition, the Secretariat had, in 2012, taken over the full and direct management of the construction site, following the termination of the contract with the former general contractor. The lessons learned had been grouped under the following categories: (1) governance; (2) worksite opportunities, project modifications and cost avoidance; (3) relations with the Host Country, federal, cantonal and municipal authorities; (4) what could have been done differently or earlier; (5) importance of sharing experience between UN-family agencies and related international and regional organizations outside the UN context. In terms of governance, the Secretariat noted the usefulness of having benefited from the experience on one project, the new construction, on time when the NCHP had started. This included the project management structure, *per se*, with external management by various specialists such as a project pilot, architects, engineers etc., and internal management, with various types of oversight and audit as mentioned previously. Several internal units had been reinforced to be able to support the complex project. The second point with regard to governance was the reinforcement of the existing management structure with new dedicated measures to fit the demands of the more complex worksite and, in particular, to be able to cope with the consequences of the switch during the worksite of the NCHP from an outsourced management to an insourced management. New committees were established internally in order to facilitate day-to-day decisions and to treat promptly the various demands coming from either the WIPO management or the architect, engineers or other stakeholders, under the existing framework of the WIPO procedures and being mindful of the construction site timetable. Also, an *ad hoc* committee, able to meet on a weekly basis, had been established specifically to review various contracts awards. The engagement of a financial expert, who had experience in large construction projects, to analyze and reconcile the budget and associated expenditure and encumbrances from both a project and a financial perspective greatly facilitated the process of validating requests for additional budgets presented by the Secretariat to the PBC. The Secretariat emphasized the benefit gained from

the ability of those ad hoc committees and of the various WIPO units to analyze the circumstances, constraints and risks that these projects had represented (such as, for example, to support the phased moves of over 500 staff into the New Building by phases without having to resort to exceptional measures or incurring additional cost). In respect of the NCHP, the Secretariat recalled that the new Conference Hall has been made available on time for the Assemblies of 2014 and that the first meeting held therein was the 22nd session of the PBC during the first week of September 2014. The solid contractual provisions in WIPO construction contracts proved to be extremely beneficial to the Organization's interests as they allowed the Secretariat not only to take over the worksite but also to award contracts to sub-contractors at the initially agreed contractual prices included in contract with the former general contractor. The Secretariat also recalled that all construction companies contracts included clauses for bank guarantees to cover the cost of defects that might be discovered during a period of two years after handover of the construction. It also recalled that a penalty of about 2.2 million Swiss francs had been paid to WIPO by the former general contractor due to delays in delivering the New Building. In the interest of project implementation, seeking and securing early approval of additional budgets from Member States with the aim of avoiding to put on hold payment of invoices had been a good lesson learned, as was later illustrated by the fact that about 1.2 million Swiss francs of the afforded funds could in the end be returned to the reserves of WIPO. The Secretariat had, on a number of occasions during the worksites, reflected on procedures and approaches that could have been added or modified, noting that it was able to be reactive to demands on several occasions, either at little additional cost or at no additional cost and it was also able to include additional added value features at the appropriate time that neither the Secretariat, nor the engineers or the architect had or could have initially planned. With regards to what could have been done differently or earlier, the Secretariat mentioned in particular that penalties for delays could have been included in more contracts with professional specialists from the start. Internal flexibilities could have been introduced earlier in respect of ad hoc committees for contract review and higher thresholds. Also a more in depth review of the mandates of some of the professional specialists could have been done at the outset when the Secretariat took over the worksite management in order to more precisely clarify roles and responsibilities as well as interactions and dependencies between those various specialists. The Secretariat noted that the list of all progress reports presented to the PBC and the Assemblies since 2006 was set out in Annex 1 of document WO/PBC/25/13, and the breakdown of the budgets and expenditure situation over time was contained in Annex 2. The Secretariat wished to conclude the report with a word of thanks and a remark. On behalf of the Organization and the Director General, the Secretariat wished to place on record a word of thanks to the Host Country, federal, cantonal and municipal authorities, and in particular to the Swiss Permanent Mission representatives who had advised the Organization throughout ten years of construction in a framework of excellent professional relations cooperation and goodwill. Finally, mindful of the various construction projects undertaken by sister UN entities whether in Geneva or elsewhere, the Secretariat confirmed that it had been regularly solicited and had regularly shared its experience on major construction worksites with a large number of agencies in the extended UN context in Geneva and elsewhere and that it would continue to do so in particular in Geneva in view of the various ongoing construction and renovation projects.

503. The Delegation of Mexico commented that undoubtedly WIPO had gone a long way in this respect and had gained a lot of experience through handling the various construction projects. The Delegation emphasized that various organizations within the UN System could benefit from WIPO's experience in major infrastructure and renovation projects and that a dialogue between WIPO Secretariat and those responsible for major projects in Geneva, which were at the planning stage (such as the Strategic Heritage Project at the Palais des Nations,) should be maintained in order to avoid another organization falling into the traps WIPO could have fallen into in the past. The Delegation congratulated the Secretariat for the negotiations undertaken with contractors as part of the closure of the projects and for the unspent funds from the approved resources to be returned to the reserves of the Organization.

504. The Delegation of Canada thanked the Secretariat for the final report and urged it to share the experience gained with other agencies within the UN System so that lessons learned could be applied to other similar projects. The Delegation asked for the reason why glass panels on the ground floor of the New Building had to be replaced.

505. The Delegation of France expressed satisfaction with the final report and congratulated the Secretariat on having steered these projects to the excellent results seen that day. It was also satisfied with the initiative taken to share lessons learned with other organizations. The Delegation asked what measures had been taken or might be taken in respect of rental of the new Conference Hall as such rental had been alluded to in previous documents.

506. In response to the question of the Delegation of Canada regarding the replacement of windows on the ground floor of the New Building, the Secretariat indicated that certain defects had been identified at an early stage and that they were dealt with under the Secretariat's direct responsibility, after the termination of contract with the former general constructor, and fully financed with funds that had been retained from the former general contractor. Responding to the question from the Delegation of France concerning the Conference Hall rental, the Secretariat confirmed that the Conference Hall had been rented on several occasions but noted that the demand sometimes outstripped the capacity to be able to fulfill the requests. The Secretariat indicated that premises in the WIPO buildings were also available, e.g., for national days' celebrations or other governmental requests and that, depending on the case, there was a rental charge or there was no rental charge. On occasions, covering the actual cost of such rental was the Secretariat's big challenge. The Secretariat indicated that 2015 had provided a good experience and that the lessons learned would be drawn in terms of rental of the Conference Hall.

507. In the absence of further comments, the Chair read out the proposed decision, which was gaveled.

> 508. The Program and Budget Committee (PBC) took note of the contents of document WO/PBC/25/13, including the return of final unspent project balances to the Reserves of the Organization as per paragraphs 4 and 5.

ITEM 20 PROGRESS REPORT ON THE IMPLEMENTATION OF AN ENTERPRISE RESOURCE PLANNING (ERP) SYSTEM IN WIPO

509. Discussions were based on document WO/PBC/25/14.

510. The Secretariat opened agenda item 20 and explained that the document for consideration under this agenda item complemented previous progress reports submitted to the Program and Budget Committee, providing Member States with an update of the progress made and the budget utilization under the ERP portfolio of projects. The Secretariat wished to take the opportunity to highlight some of the key aspects of the progress report for the benefit of the PBC, first and foremost that the portfolio would be completed within the approved budget on May 31, 2017. Furthermore, it had been estimated that, by end of 2016, the portfolio would have used approximately 19.6 million Swiss of the budget of approximately 25 million Swiss francs that had been approved by the Member States. The implementation of the projects was generally on track to be completed in 2017, and this was fully in accordance with the last progress report that was made to the PBC. There were, continued the Secretariat, a number of projects just starting up, and measures for the mitigation of risks that may impact the overall closure timeline of the project portfolio had been introduced for these. The projects at risk of not being completed in 2017 were being evaluated, re-planned and re-scoped, added the Secretariat, in order to ensure that maximum value could be delivered within the remaining timeframe. The Secretariat added that the risks for the portfolio and each project continued to be proactively managed in accordance with WIPO's risk management processes and systems. The Secretariat recalled the Independent Verification and Validation exercise that had been

undertaken some time back during the portfolio timeframe. A second Independent Verification and Validation exercise had taken place during the summer and the recommendations from that study were expected. The Secretariat was confident that it would successfully complete the portfolio and work remaining to be done.

511. The Secretariat added that the portfolio had been subject to a performance audit in the last cycle, not in the current cycle but in the previous cycle, by the External Auditor. Nine recommendations had been made. All of these had been actioned, five of them had been assessed as closed and implemented by the External Auditor, and four still needed to be assessed and closed. The Secretariat added that updated information in respect of these recommendations had very recently been provided. The Secretariat specified that the vendor performance, which had been the subject of one of the recommendations of the External Auditor, had improved since the last report and that work would continue to ensure that this would be embedded in all future projects even well beyond the enterprise resource planning portfolio of projects. The Secretariat added that all of the work done by Member States in the Program and Budget Committee was actually facilitated by a very comprehensive ERP system since now the footprint of the system had expanded, thereby covering a wide range of administrative functions. This meant, for instance, that each of the documents examined during the Committee was actually supported by information, reports and analysis produced by the ERP system. The Enterprise Performance Management stream and its related projects, 16 and 17, biennial planning, risk management and business intelligence systems, had all been completed and closed. In the last year two large projects went live, the People Soft upgrade had been carried out, and software was periodically upgraded to introduce the new ERP modules. As mentioned earlier by the Director General, a modern recruitment system in WIPO had been implemented. The Secretariat added that the major projects which were currently underway were the Human Resources project, focused currently on talent management (performance management skills and training). A stream of projects related to Customer Relationship Management was currently focused on developing a contact database and improving Conference service solutions. Work on revenue management, and improvements to the related financial systems, were also underway. Other projects that were in progress included the upgrading and improvement of the functionality of the travel and event management system. One of the aspects currently being focused on, explained the Secretariat, was the sustainability and support of the systems being developed and deployed by these projects. Hence, the focus was now on ensuring that the organizational support units were structured properly and supported by the introduction of the appropriate skills and methods to sustain a very large system as it went forward. The Secretariat wished to mention that any unused funds due to savings and efficiencies would, of course, be returned to the reserves at the end of the portfolio. Furthermore, bearing in mind that Organization's needs continued to evolve, any future requirements in the area of further modernization of administrative management systems would be subject to separate proposals to the Member States as part of the regular planning or additional projects for the use of the reserves.

512. The Delegation of Turkey thanked the Secretariat for the preparation of the document the progress report. The Delegation supported the undertaking the development and implementation of the ERP project portfolio in WIPO. It added that it would support the planning of a second Independent Verification and Validation exercise by an external provider since usually in such big, comprehensive and complex IT projects it may be important for the success of the projects to be reviewed externally. Before the foreseen termination of the portfolio of projects in 2017, the Delegation said it would appreciate receiving the second Verification and Validation report.

513. The Secretariat thanked the Delegation of Turkey for their comments and recommendations and mentioned that the follow-up from the first Independent Verification and Validation had been presented in one of the progress reports so it would be possible to do this with the second Independent Verification and Validation report with its recommendations as well.

514. Seeing that there were no further requests for the floor, the Chair read out the proposed decision paragraph, which was gaveled.

> 515. The Program and Budget Committee (PBC) took note of the Progress Report on the Implementation of a Comprehensive Integrated Enterprise Resource Planning (ERP) System (document WO/PBC/25/14).

ITEM 21 CLOSING OF THE SESSION

516. Before closing the session, the Chair drew the delegations' attention to the recently distributed draft document containing a compilation of all decisions taken by the Committee until the start of the afternoon discussions. The purpose of distributing the document prior to closing of the session was to provide delegations with an opportunity to read through the decisions they had taken. There were no comments on the draft document. The Chair then gave the floor to the Secretariat for a final announcement.

517. The Secretariat made the following announcement regarding the selection of the External Auditor. The Secretariat wished to remind all WIPO Regional Groups' Coordinators that further to the *note verbale* on the selection of External Auditor dated August 25, 2016, the first meeting of the selection panel had been proposed for Tuesday, September 13, 2016. The meeting was scheduled for 2:00 p.m. in the Beumer room. In the absence of information to the contrary, it would be assumed that all Coordinators were able to attend. The Secretariat added that, so far, it had only received one response regarding Coordinators' availability.

518. The Chair thanked delegations for their contributions to reaching many good agreements during the session that would facilitate the work during the Assemblies. The Chair added that he was honored to facilitate Member States' discussion during the present PBC session. The Chair declared the session closed.

[Annex follows]