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WIPO COORDINATION COMMITTEE

Sixty-first (22nd Extraordinary) Session Geneva, June 15 and 16, 2009

VOLUNTARY SEPARATION PROGRAM

(ADDENDUM)

Document prepared by the Secretariat

1. At the Sixty-First (22nd Extraordinary) session of the WIPO Coordination Committee held on June 15 and 16, 2009, Member States requested the Secretariat to produce for the Committee in its September 2009 session an addendum to document WO/CC/61/3, providing detailed responses to the questions and concerns raised by Member States. The document should be circulated before the next meeting of the Program and Budget Committee.

A. RATIONALE: STRATEGIC REALIGNMENT OR COST CUTTING?

Document WO/CC/61/3 appears to give prominence to strategic realignment as the driving force behind the Voluntary Separation Program; whereas in oral presentations the Secretariat has stated that the Program is based on the need to cut costs. Which explanation is correct?

2. Both are correct. As the document explains, historically the Voluntary Separation Program has its origins in the PriceWaterhouse Coopers (PwC) recommendations. And had there been no global financial crisis the Secretariat would still have recommended a Voluntary Separation Program in the context of the strategic realignment process in order to help realign WIPO's overall staffing profile. However, the projected fall in WIPO's revenues for 2010-11

has made the Voluntary Separation Program an urgent necessity in order to cut personnel costs.

3. The emphasis on the strategic realignment aspect in the document illustrates that the proposal is more than a short-term financial expedient. The Secretariat believes that a well-executed Voluntary Separation Program will prove beneficial for the longer term health of the Organization.

Is it reasonable to cite the PwC report, given that Member States, and the Secretariat itself, at the time disputed the figures for excess staffing given in the report? (Document WO/GA/34/12 paragraph 13b refers)

4. The Secretariat did indeed challenge the basis on which PwC calculated the figure of 200 full time equivalent employees. The Voluntary Separation Program does not propose headcount reductions of this magnitude. However, the sector by sector reviews conducted under the strategic realignment review process have so far tended to confirm that WIPO has problems both of over-staffing and of skills gaps.

5. While the Secretariat does not agree with the basis of the calculations contained in the annexes to the PwC report, the body of the report contains much accurate analysis which remains valid.

The document states that the Member States mandated the Audit Committee to oversee key recommendations of the PwC desk-to-desk report through the Strategic Realignment Program. Where is this recorded?

6. WO/GA/34/16 records the approval by the General Assembly of the Audit Committee's recommendation that the Secretariat develop "a comprehensive integrated program for organizational improvement along the lines and priorities recommended in PwC's final report"; and that the implementation of the program should be periodically reviewed by the Audit Committee.

7. WO/PBC/13/10 (paragraph 29) records the Program and Budget Committee's recommendation to "request the Audit Committee to oversee the progress of the Strategic Realignment Program (SRP) and the implementation of the Desk-to-Desk study within the framework of that Program (SRP)".

Is personnel reduction not counter to the overall aims of strategic realignment?

8. No. A well-managed Voluntary Separation Program will be a positive tool to help the Secretariat realign its staffing profile to meet future needs.

B. FINANCE RELATED QUESTIONS

The proposed 2010/11 Program and Budget is based on a projected 1.6% reduction in revenue. How can such a small figure justify an accelerated headcount reduction program?

By how much does personnel expenditure need to be cut in order to meet the reduced budget envelope?

9. The 1.6% budget reduction is the net amount by which expenditure has to be reduced in order to avoid a deficit budget, i.e. after also taking account of cost increases. It should also be seen in comparison to the usual average 8 – 10% increase in WIPO's budgetary envelope.

10. As regards personnel expenditure, the net budgetary decrease is indeed relatively small at CHF 0.2 m. But the Secretariat has first to accommodate standard cost *increases* amounting to CHF 13.7 m, which result primarily from the re-costing of existing resources (e.g. revised UN salary scales, normal annual step increases, the biennial impact of the 22 new posts approved in the 2008/09 Revised P&B, and the cost implications of the backlog of post reclassifications). So in order to meet the 0.2 m reduction, the Secretariat actually has to make total personnel cost reductions amounting to CHF 13.9 million (13.7 minus 13.9 = -0.2). The figure driving the headcount reduction target behind the Voluntary Separation Program is therefore 13.9 million, not 0.2 million.

How many staff would need to separate in order to achieve this saving?

11. The exact number will depend on the profiles of those who apply to separate. For example, larger numbers of junior General Service staff would be required to achieve the same saving as a small number of senior D staff.

12. On the budgetary assumptions that the Secretariat has used, it has estimated a target net headcount reduction of approximately 84 employees.

13. However, in order to allow a margin which would also enable the Secretariat to recruit new staff externally where necessary (e.g. to replace any staff in critical functions who could not be replaced through internal redeployment; or to continue to fill skills gaps), an estimated total of approximately 100 separations would be required.

What is the CHF 30 million figure based on?

14. Detailed estimates were prepared to assess the potential average cost of separations under the schemes, using various scenarios and combinations of staff grades/steps/seniority etc. The amount of 30 million Swiss francs is estimated to provide sufficient room to accommodate the cost of voluntary separations by 100 staff in any scenario.

Would the 30 million be shared among the applicants?

15. No. The 30 million Swiss francs figure corresponds to the maximum amount that the Organization deems prudent to devote to this purpose.

Would the funds spent on the Voluntary Separation Program from the existing separation provision have to be replenished subsequently with additional funding?

16. The provision is fed by an annual standing percentage of the staff budget. This would not change as a result of the Voluntary Separation Program.

Is headcount reduction the most effective way to cut costs?

Has the secretariat looked at other humane means to save the CHF 13.9 million?

Have non personnel cost-cutting initiatives been considered, such as out-sourcing?

17. The proposed 2010/11 Program and Budget already proposes cuts in non-personnel expenditure by a greater percentage than is applied to personnel expenditure.

18. A list of non-personnel cost containment initiatives which the Secretariat has already introduced will be provided to the Program and Budget Committee. These include numerous initiatives to cut the costs of e.g. travel, telecommunications and meetings. In the first quarter of 2009, these have succeeded in cutting travel costs by 49% compared to the first quarter of 2008.

19. However, some two-thirds of WIPO's budget are staff costs. With a reduced budgetary envelope, the Secretariat cannot avoid reducing personnel expenditure, otherwise we would be in a situation where the Secretariat paid to keep staff without the resources for them to conduct activities. A voluntary program is the most humane and acceptable means to reduce staff numbers quickly.

20. Outsourcing is already extensively used in PCT operations and elsewhere in the Secretariat, where cost-benefit analyses show that this is the best option.

Would not a small salary reduction, e.g. CHF 300 applied to all staff salaries, achieve the necessary savings while avoiding the necessity for headcount reductions?

21. No. Cuts would have to be substantial in order to achieve the CHF 13.9 million saving. Mandatory salary cuts would be considered by the majority of staff to be an unacceptable alternative to voluntary separation.

C. IS IT REALLY VOLUNTARY?

How can the voluntary nature of the Program be assured?

22. No one will be obliged to leave under this Program. The Voluntary Separation Program is through application submitted by individual staff members. No individual can be obliged to submit an application.

What recourse would there be if an individual felt that s/he had been unfairly treated or pressurized?

23. The normal channels of appeal and internal justice will be open, i.e. the WIPO Appeal Board and the International Labour Organization Administrative Tribunal

Can the scheme be said to be really voluntary if the Director General can decide to refuse an application?

24. A voluntary scheme is not an entitlement. While all staff on regular budget posts will be given the right to apply for voluntary separation, and to be given due consideration, no one has the right to be approved. The final decision must rest with the Director General, in order to enable him to meet his responsibility for ensuring that the approved separations do not compromise the ability of the Organization to function effectively.

What is the Staff Council's view?

25. The Staff Council has been consulted during development of the proposal, and fully supports the Voluntary Separation Program.

D. MANAGEMENT AND IMPLEMENTATION QUESTIONS

What will be the criteria for approving or refusing applications?

26. The main criterion is that the total cost of any individual's separation package must not exceed the estimated cost of retaining that individual in employment up to his/her statutory retirement date (for staff on permanent contracts), or up to the expiry date of his/her contract (for fixed term staff).

27. In exceptional cases, the Director General may decide to refuse an application if it is not feasible to replace key staff in a given program, and if the effective functioning of that program would be jeopardized.

What if you receive more applications than can be met from within the CHF 30 million ceiling?

28. This eventuality is assessed to be highly unlikely.

29. If, however, we are obliged to prioritize, the Director General's final decisions would be made in accordance with the wider aim of adjusting the overall staffing profile of the Organization in line with the needs identified by the Strategic Realignment process.

Surely only the best people, who could easily find employment elsewhere, would leave voluntarily? How could you prevent staff with needed skills from applying for the scheme?

30. All voluntary separation programs, by their nature, suffer from the same fundamental problem i.e. that they risk encouraging the departure of some high performing staff, or staff in critical functions. It would, however, be widely perceived as unfair to bar access to the scheme to all such staff.

31. The Secretariat aims therefore to manage this risk as far as possible through Voluntary Separation Program integrated planning and review process. This process will enable the Organization (a) to identify in a timely manner posts which would require urgent re-filling; and (b) to initiate the necessary action to do so, wherever possible through internal redeployment.

32. Moreover, while all permanent and fixed term staff will have a right to apply and to be given due consideration, no-one has a right to approval. The final decision will rest with the Director General, who will be responsible for ensuring that the approved separations do not compromise the ability of the Organization to function effectively.

33. So far, most of the informal expressions of interest received by Human Resources Management Department (HRMD) have come from staff in non-critical positions.

Why should anyone who is not close to retirement leave voluntarily with a payment equivalent to a maximum of 2 years salary?

34. HRMD already has indications that the proposed scheme is attracting significant interest from a wide range of staff. There are very many personal, professional and family reasons why people wish to stop work with a handsome payment, or to move employment elsewhere. (Nor is every employee the sole, or major, bread-winner in his/her family).

If the proposed separation scheme is voluntary, how would the Secretariat ensure that only the persons with redundant skills will leave the organization? Would it not be more desirable to target under-performing staff or "dead wood"?

35. This is a voluntary scheme. Any applicants whose career prospects are limited, whose skills are not in demand, or whose profiles no longer match the needs of the Organization, would receive first priority approval. Such staff cannot, however, be compelled to apply for voluntary separation.

36. WIPO's new Performance Management and Staff Development System is in its infancy. However, the Administration would continue to be able to use the existing provisions of the Staff Regulations and Staff Rules to address documented cases of under-performance or unsatisfactory conduct.

What happens if not enough people apply?

37. The time limit for applications could be extended in order to increase the numbers of applicants.

38. Other relatively painless measures, which the Secretariat is already using to reduce personnel expenditure include:

- prioritizing internal redeployments and internal recruitment to fill vacated posts
- downgrading vacated posts to be filled at a more junior level
- leaving some posts vacant for a period; slowing recruitment.

39. However, if the numbers of applicants fall significantly short of the net 84 headcount reduction required, the Secretariat would be obliged to take more drastic measures, notably a recruitment freeze, non-renewal of temporary contracts, and compulsory redundancies under the provisions of Chapter IX of the Staff Regulations and Staff Rules.

Can the Secretariat provide statistics and estimates with regard to the expected numbers of applications on a program-by-program basis?

40. As the Voluntary Separation Program is voluntary, the Secretariat cannot predict in advance which staff from which programs will apply.

Which sectors will be affected by the suppression of 84 posts?

How can the Secretariat guarantee that development-related sectors will not be negatively impacted? What if multiple departures from a single program/area leave that program under-resourced?

41. These questions appear to be based on a misconception about the working of the scheme. The resourcing level of the programs will not be determined by whether/how many staff in each program apply for the Voluntary Separation Program. The personnel resources attributed to each program are – and will continue to be – determined by the Program and Budget.

42. So if several staff from a single sector apply for voluntary separation, it does not mean that that program will simply be left depleted. The review and implementation process will include agreement on action required to bring the staffing level of that program back up to within the approved level. Where possible, this will be managed by identifying internal candidates with suitable skills (or able to be re-skilled) for transfer into the program.

43. In exceptional cases, where it would not be possible to replace key staff in a given program, and where the effective functioning of that program would be jeopardized, then the Director General would have discretion to refuse the applications. (See above)

In order to assure the “human face,” the scheme should include provisions for outplacement and training support

44. An element of the Voluntary Separation Agreement is already included for outplacement support (see paragraph 20 of the document).

Why is the scheme only open for 3 months (September to December 2009)?

45. The scheme will actually be in operation from the time of the Coordination Committee approval (June 2009) to the last date of separation (June 2010). The three month period between the deadline for applications and the communication of final decisions reflects the time needed for all the applications to be processed and reviewed, and for all applicants to be informed of the decisions.

Why not delay approval by the Coordination Committee until the applications have been submitted in September?

46. While some staff have expressed interest in advance, most will not approach HRMD, or submit an application, until the Voluntary Separation Program has been formally approved by the Member States. Their fear would be that, if the Voluntary Separation Program were not then approved by Member States, they would subsequently be perceived as not committed to the Organization.

E. GEOGRAPHICAL AND GENDER BALANCE

How will considerations of geographical and/or gender balance be taken into account in the process?

47. As the scheme is voluntary, it is difficult to predict the nationalities of staff who decide to apply (although statistically a majority is likely to be locally recruited French nationals).

48. If more than 84 staff separate, thus leaving space for some new recruitments, full regard will be given in the selection process to the desirability of wide geographical representation and of gender balance

Are there any initial indications regarding potential applicants?

49. Approximately 44 staff representing a broad spread of program areas, grades, nationalities and age have already approached HRMD in confidence to request an estimate of their potential termination payments. There is, however, a preponderance in the pre-retirement age band. There is also a roughly equal male-female ratio.

F. SKILLS

Can the Secretariat provide statistics on - or a list of - redundant skills, which no longer match the needs of the Organization?

50. It would be unsettling for staff for such a list to be circulated, as it could be construed as a hit-list. Most, however, are self evident, relating to routine clerical and data entry functions, previously done manually, which are now done electronically; and to skills relating to redundant Information Technologies.

What are the missing skills sets which the Secretariat would seek to recruit externally?

51. These include notably:

- management competences, such as HR skills relating to job design, performance management, and project management;
- language skills relating to the 26% increase in demand in the PCT for patent examination in Korean, Japanese and Chinese; as well as to the demand from Member States for more document translation into Chinese, Russian and Arabic;
- economics of IP;
- IP specialist areas, including relating to competition law, traditional knowledge, high technology; and
- regional expertise in some areas.

Does the plan aim to eliminate redundant *positions* or redundant *skills*?

52. This is a voluntary program. So staff are free to apply regardless of the position they occupy or the skills they have. As many applicants as possible will be enabled to separate, so as to reduce the headcount and meet the necessary cost reductions, but priority will be given to those applicants whose career prospects are limited, whose skills are not in demand, or whose profiles no longer match the needs of the Organization.

53. Whenever a position or function becomes redundant, every effort is made to redeploy the incumbent to another position in the Organization in accordance with the provisions in Staff Regulations 9.1. This is standard existing practice, irrespective of the voluntary separation scheme.

How can “due diligence” be assured for people with skills identified as redundant?

54. This is a voluntary program.

55. At Member States’ request, an oversight role for the Audit Committee has also been incorporated.

If the imperative is headcount reduction, how is it justified to continue to advertise for new staff?

56. The imperatives are being dealt with: on the one hand, to reduce excess staffing levels; and on the other hand to equip the Organization with the additional skills and competences necessary to deliver its mandate.

57. While a recruitment freeze would help reduce the net headcount more quickly, it would also impair the Organization's ability to adjust the staffing profile and to take forward its programs.

Why not retrain staff with outdated skills rather than recruiting new staff?

58. Where possible, this will be the aim of the Secretariat. There are, however, limits. Not everyone is capable of acquiring skills of a different order. While it may be possible to retrain a clerk as a patent examiner, for example, or a translator as a reviser, it is not possible to retrain a French examiner as a Korean one.

G. SHORT TERM PERSONNEL

Could not the necessary savings be achieved at no cost to the Organization by simply not renewing the contracts of short term and temporary personnel?

59. While this option would indeed entail no monetary cost, the human cost could be considerable. Currently more than 150 personnel have been working on short term contracts for between 5 and 12 years. This is the most vulnerable population of staff. It includes personnel from all geographical regions. Among them are many dedicated, hard working and deserving personnel, without whom the Organization would be poorer.

60. The Secretariat will take a rigorous approach to ensure that contracts for personnel employed to fill genuinely short term needs are not renewed automatically.

What will be the impact of the Voluntary Separation Program on WIPO's long serving short term personnel?

61. The posts vacated by the separation of fixed term and permanent staff will create significant opportunities for well qualified, high performing temporary personnel to apply. Any personnel on a temporary contract who competes successfully for a post, would then not be replaced in his/her previous position, thus reducing the headcount.

Will short termers be eligible to apply for the same terms?

62. No. Short term personnel are not covered in the proposal, as the nature of their contractual status excludes them by definition from a Voluntary Separation Program of this nature.

H. QUESTIONS RELATING TO THE PROPOSED BAR ON RE-ENTRY

Why did the Secretariat propose that staff members who take the voluntary separation scheme should be permanently barred from re-employment by WIPO?

63. The diverging views among Member States on this question mirrored diverging views within the Secretariat and within the Staff Council. On balance, the Secretariat had concluded that it would be desirable to send a strong message in order to discourage any thoughts that staff could profit from the generous voluntary separation package while hoping to return subsequently on consultancy or other terms.

64. The decision by Member States on a 7-year re-employment bar has now replaced the original provision on this.

I. VARIOUS

Is this a one-off plan or will the Secretariat propose a further Voluntary Separation Program in the next biennium?

65. This is proposed as a time limited program to be completed by June 2010. It is expected that WIPO's revenues will have started to pick up again by 2012/13, although it is difficult at this stage to predict the duration and depth of the global economic and financial downturn.

Has there been any external review of the proposal?

66. Yes. The International Civil Service Commission has positively reviewed the proposed Voluntary Separation Program, concluding that it is an acceptable policy for the Organization. The Audit Committee has also been briefed on the proposal.

What was WIPO's experience with the 1998 voluntary separation scheme?

67. The 1998 scheme was very limited compared to this one. It was open only to staff at the P5 level and above, and offered less generous terms, with consequently low take-up.

68. The proposed scheme is modeled on the most successful recent voluntary separation schemes in other Organizations in the UN common system.

Why did the Secretariat not hold earlier consultation meetings to provide this kind of more detailed information?

69. The Secretariat regrets the late publication of document WO/CC/61/3. A consultation meeting with Regional Coordinators was held on June 10, 2009. However, in view of its adoption in other UN agencies, the Secretariat had considered a separation scheme to be a reasonably standard management tool, and had not anticipated the desire of some Member States for detailed information regarding the management and implementation of the scheme.

70. The Secretariat was aware that other organizations in the UN common system had run voluntary separation schemes without submission to their governing bodies. The WIPO Secretariat, however, disclosed the Scheme to the Coordination Committee because it involves derogating, for a limited period, from the indemnity terms contained in Chapter IX of the Staff Regulations and Staff Rules.

[End of Addendum and of Annex XI]