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PROGRAM AND BUDGET COMMITTEE

Eleventh Session
Geneva, June 25 to 28, 2007

REPORT

prepared by the Secretariat

1. The eleventh session of the WIPO Program and Budget Committee (PBC) was held at the headquarters of WIPO from June 25 to 28, 2007.
2. The Committee is composed of the following Member States: Algeria, Argentina, Brazil, Bulgaria, Canada, Chile, China, Colombia, Czech Republic, Ecuador, Egypt, France, Germany, Honduras, Hungary, India, Iran (Islamic Republic of), Italy, Japan, Kazakhstan, Kenya, Mexico, Morocco, Netherlands, Nigeria, Pakistan, Philippines, Republic of Korea, Romania, Russian Federation, Senegal, Slovakia, South Africa, Spain, Sri Lanka, Switzerland (*ex officio*), Thailand, Ukraine, United Kingdom, United States of America and Zambia (41). The members of the Committee which were represented at this session were the following: Algeria, Argentina, Brazil, Bulgaria, China, Czech Republic, Ecuador, Egypt, France, Germany, India, Italy, Japan, Mexico, Morocco, Netherlands, Nigeria, Pakistan, Republic of Korea, Romania, Russian Federation, Slovakia, Spain, Switzerland (*ex officio*), Thailand, Ukraine, United Kingdom, United States of America and Zambia (29). In addition, the following States members of WIPO but not members of the Committee were represented as observers: Afghanistan, Angola, Barbados, Belarus, Benin, Congo, Côte d'Ivoire, Denmark, El Salvador, Greece, Iraq, Israel, Kyrgyzstan, Norway, Poland, Portugal, Democratic People's Republic of Korea (DPRK), Turkey and Viet Nam (19). The list of participants is annexed to the present document (Annex I).
3. The Audit Committee was represented at the session by Mr Khalil Issa Othman, Chairman, and Messrs. Geoffrey Drage and Gian Piero Roz, members.

4. The External Auditor, represented by Messrs. Kurt Grüter, Director and Denys Neier, Responsible for External Audit from the Federal Audit Office of the Swiss Confederation, also attended part of the session.
5. Mr. Guilherme De Aguiar Patriota (Brazil) and Mr. Gilles Barrier (France) were elected Chair and Vice-Chair, respectively, of the Committee. Mrs. Carlotta Graffigna (Executive Director and Controller, WIPO) acted as Secretary.
6. The agenda was adopted as presented in document WO/PBC/11/1 Prov. 5 and is annexed to the present document (Annex II).
7. The Controller stated that in view of the heavy agenda, the additional requirements created by the new mechanism for the preparation of the Program and Budget of the Organization, and the preparation of a comprehensive set of new Revised Financial Regulations and Rules had placed a very high demand on the Secretariat and limited its ability to produce all the documents well in advance of the session and also to translate them in the six working languages of the Committee. She added that in line with best practices of other UN system organizations, and as had been the case at the last formal session of the Committee, the Secretariat would no longer produce a verbatim report, but a synthesis of the discussions and a record of the recommendations adopted. Individual statements would be reflected only if a delegation would explicitly request that its statement be placed on record.
8. At the onset of the session general statements were made by the Delegation of Algeria (on behalf of the African Group), the Delegation of Bangladesh (on behalf of the Asian Group), the Delegation of Benin (on behalf of the least developed countries (LDCs)), the Delegation of Italy (on behalf of Group B), the Delegation of the Russian Federation and the Delegation of Ukraine. The content of these general statements is reproduced under the relevant agenda items, below.

ITEM 2 OF THE AGENDA

(a) FINANCIAL MANAGEMENT REPORT FOR THE 2004/05 BIENNIUM

9. Discussions were based on documents FMR/2004-2005 and WO/PBC/11/2. Statements were made by the Delegations of the Algeria, Brazil, France, Japan, Morocco, Netherlands, Nigeria, Pakistan, Ukraine, United Kingdom and the United States of America.
10. The Secretariat was congratulated for the excellent financial management and healthy financial results of the 2004/05 biennium and for having reversed the trend of deficit budgets of preceding biennia.
11. Several delegations referred to the recommendation of the External Auditor to increase the target level of reserves to 25% of biennial expenditure. For further details on this point, and the intervention made by the External Auditor in that respect, please see below (paragraphs 47 and 48).
12. In reply to a remark by the United Kingdom, the Controller clarified that, based on the new mechanism adopted by the Member States at the 2006 Assemblies, the Financial Management Report for the 2006/07 biennium will be submitted for the review by the

Committee in the year immediately following the closing of the 2006/07 financial period, that is to say in 2008.

13. The Program and Budget Committee recommended to the General Assembly the approval of the 2004-2005 Financial Management Report (document FMR/2004-2005).

(b) REVIEW OF PROGRAM PERFORMANCE REPORT FOR 2006

14. Discussions were based on document WO/PBC/11/3. The document was introduced by the Internal Auditor. Interventions were made by the Delegations of Brazil, France, Japan, Nigeria, Pakistan, and the United States of America.

15. All the delegations that spoke welcomed the inclusion in the Program Performance Report for 2006, of program expenditure figures and the reporting on actual efficiency gains achieved in 2006. It was suggested that, in the future, such report also contain an indication of personnel data per program and a table summarizing actual expenditures for each strategic goal.

16. In reply to several interventions, the Controller stated that an expanded efficiency gains table, including efficiency gains for the PCT, Madrid and The Hague Systems was published in the Proposed Program and Budget for 2008/09 (document WO/PBC/11/6).

17. The Program and Budget Committee recommended to the General Assembly the approval of the Program Performance Report for 2006 as contained in document WO/PBC/11/3.

(c) INTERIM FINANCIAL STATEMENT FOR 2006

18. Discussions were based on document WO/PBC/11/4. Interventions were made by the Delegations of France and the Netherlands.

19. The Program and Budget Committee took note of the information contained in the Interim Financial Statement for 2006 as contained in document WO/PBC/11/4.

ITEM 3 OF THE AGENDA:

REVISED BUDGET FOR THE 2006/07 BIENNIUM

20. Discussions were based on document WO/PBC/11/5. A table showing the headcount of the Organization as of February 28, 2007, as well as posts (whether occupied, or vacant, or

created under the flexibility clause) was distributed and is reproduced in Annex III of this report. Interventions on this agenda item were made by the Delegations of Algeria (on behalf of the African Group), Brazil, Bulgaria, Ecuador, France, Germany, Italy, Japan, Mexico, Morocco, Nigeria, Pakistan, Poland, Republic of Korea, Russian Federation, Spain, Switzerland, United Kingdom and the United States of America.

21. In introducing the item, the Controller stated that the review of the revised budget by the Program and Budget Committee for the purpose of recommending its adoption to the General Assembly was one of the main changes introduced by the new mechanism adopted by Member States at the 2006 Assemblies. She also outlined the factors leading to the proposed adjustments and confirmed that so far allocation of funds to Program Managers had been contained within the ceiling of the initial budget, with the exception of the expenditure triggered by the flexibility clause for the PCT and Madrid sectors. She emphasized that an early signal from the current session of the Committee on the revised budget for the 2006/07 biennium was required in particular to enable the PCT and Madrid sectors to absorb the additional workload that had not been covered in the initial budget. The PCT needed an additional amount of 10 million Swiss francs (to cover the cost of outsourced translation) and the Madrid sectors additional funds to engage additional external translators, thus avoiding the creation of a backlog.

22. The Delegations of Algeria (speaking on behalf of the African Group), Brazil, Bulgaria, Ecuador, Italy, Mexico, Morocco, Nigeria, Pakistan, Poland, and Russian Federation expressed their support for the Revised Budget for 2006/07 as proposed by the Secretariat.

23. The Delegation of Bulgaria and Poland expressed particular support for the proposed increase in the budget of Program 7.

24. The Delegations of France, Japan, Switzerland, United Kingdom and the United States of America stated that they were not in a position to make a final recommendation on the adoption of the Revised Budget for 2006/07 to the General Assembly in the present session of the Committee, pending the results of the desk-to-desk assessment and further discussions on the utilization of reserves.

25. In reply to several questions from the floor, the Controller stated that the flexibility clause (adopted by the Member States in 1989 for the PCT, Madrid and Hague systems) gave the Director General a prior authorization to create additional posts in these sectors in function of additional workload as compared to the initial budget estimates, and according to a certain formula. The clause had been applied upward, but also downward, and for instance in the revised budget for 2004/05 over 40 posts had been deleted due to it.

26. The Controller also explained that since the flexibility clause did not apply to non-personnel resources, in order to be able to allocate additional non-personnel resources in the current biennium (such as those required by the PCT for outsourcing translation to external contactors), the Secretariat needed the approval by the Member States through the revised budget process.

27. Deputy Director General Francis Gurry announced that proposals on a revised flexibility clause mechanism for the PCT would be submitted to the PCT Assembly in September 2007.

28. *The Program and Budget Committee:*

(i) considered favorably the Revised Budget for 2006/07 as proposed in document WO/PBC/11/5;

(ii) looked forward to finalizing its recommendations in its September 2007 session; and

(iii) expressed its support for activities required in 2006/07 to meet, inter alia, the international obligations of the Organization.

ITEM 4 OF THE AGENDA:

(a) DRAFT PROGRAM AND BUDGET FOR THE 2008/09 BIENNIUM (FIRST READING)

29. The deliberations of the Committee were based on document WO/PBC/11/6. Interventions (including by way of general statements), were made by the Delegations of Afghanistan, Algeria (on behalf of the African Group), Bangladesh (on behalf of the Asian Group), Barbados, Belarus, Benin (on behalf of the LDCs), Brazil, Bulgaria, China, Democratic People's Republic of Korea (DPRK), Ecuador, El Salvador, France, Germany, Italy (speaking on behalf of Group B), Japan, Kyrgyzstan, Morocco, Netherlands, Nigeria, Pakistan, Republic of Korea, Russian Federation, Switzerland, Thailand, Ukraine, United Kingdom and United States of America.

30. In introducing the Proposed Program and Budget for 2008/09, the Controller stressed that it was the result of the implementation of the new mechanism for the preparation of the Program and Budget of the Organization which had been adopted by the 2006 Assemblies. It had involved the distribution of a questionnaire to all Member States, the replies to which had guided the preparation of the Outline of the Director General. This had been discussed at an informal session of the PBC in December 2006, which had, in turn, guided the Secretariat in the preparation of the proposal under review.

31. Based on the new mechanism, the present first reading of the Proposed Program and Budget for 2008/09, a second reading would take place at the September session of the Committee, just before the Assemblies. This would enable the Secretariat to incorporate into the proposal any input and request from the Committee at the present session.

32. All delegations that spoke on this item thanked the Secretariat for preparing such exhaustive documentation and commended its high quality. They expressed general support for the five strategic goals contained in the Proposed Program and Budget for the 2008/09 Biennium, and the way in which these cascaded into individual programs. There was also wide support for the presentation of the document, and the proposed program structure, which facilitated comparison with the previous biennium.

33. The Delegations of Algeria (speaking on behalf of the African Group), Barbados, Democratic People's Republic of Korea (DPRK), Nigeria and Thailand, requested that increased resources be allocated to Program 6 and stated that the proposed increase of Program 6 by 3.7% over the revised budget for 2006/07, was not sufficient to respond to the needs of developing countries in 2008/09 in this area. The Delegation of Thailand also requested the Secretariat to provide further performance indicators in respect of Program 6.
34. The Delegation of Bangladesh (speaking on behalf of the Asia Group) stressed in particular the need for adequate human and financial resources for the implementation of the Development Agenda. It also supported WIPO activities for the establishment of patent landscapes on key technologies and life sciences, and showed concern for the lack of progress of the subject of genetic resources, traditional knowledge and folklore.
35. The Delegation of Benin (speaking on behalf of the LDCs), reiterated the need of support of the LDCs to participate fully in all WIPO activities and noted with appreciation that the Proposed Program and Budget for 2008/09, as presented, took into account the specific features of the LDCs.
36. Particular support was expressed by various delegations for Programs 3, 6, 7, 8, 10, 11 and 15.
37. The Delegations of Algeria (speaking on behalf of the African Group), and Nigeria supported the proposal by the Director General to create 30 new posts in the 2008/09 biennium to regularize 30 short term employees currently employed by the Organization.
38. The Delegation of the United States of America, supported by the Delegations of France and the Netherlands, stated that pending the conclusion of the desk to desk assessment project it was not able to support such proposal.
39. The Delegation of Brazil expressed its particular support for the proposed increase in the resources of Program 3 and the incorporation into the Program and Budget of the Organization of activities for advising developing countries on existing flexibilities in IP regimes. It further stated that while Programs 3 and Program 6 were both development-related, they had a different focus and therefore it was appropriate to place them under different strategic goals.
40. The Delegation of the Russian Federation called for the modernization and upgrading of the PCT system to enable it to meet the challenges that were being faced by it. Such modernization would ensure that the PCT system became more economical and attractive to applicants in a larger number of countries, even those who were unable to afford the PCT fee level today. It also requested a revision of the narrative portion of Program 7, as appearing in the Proposed Program and Budget 2008/09, to reflect more accurately, in addition to the needs of the countries at various stages of association or accession to the European Union, the needs of the now independent States which formerly were a part of the Commonwealth of Independent States (CIS). The Program's content, as proposed, did not reflect the very different features and needs of the countries concerned. There was also a need to ensure that adequate human resources (in quantity and quality) were allocated to Program 7 to assist users in the region in developing technological innovation and thus make greater use of the PCT and Madrid systems. The needs of the region, in the opinion of the Delegation, were no longer confined to technical assistance.

41. Referring to the statement made by the Delegation of the Russian Federation, the Delegations of Belarus and Kyrgyzstan also expressed concern for the lack of reference to CIS countries in the narrative of Program 7 and requested that it be modified for the second reading of the proposal.
42. The Delegation of China expressed concern for the status of the Chinese language in the Organization.
43. The Delegation of Japan stated it was concerned by the proposed increase in expenditure compared to the initial budget for the 2006/07 biennium and that such proposal should be further scrutinized particularly in respect of Programs 18, 21 and 27. It was also concerned by the proposed increase in certain objects of expenditure, including travel.
44. The Delegation of Switzerland requested the Secretariat to introduce, for the second reading, a comparison with the initial budget of the 2006/07 biennium and the organigram of the Organization corresponding to the proposed programs for 2008/09. It also stated that it attached particular importance to Strategic Goals Three and Four and to continuous emphasis on cost saving measures.

(b) DRAFT PROGRAM AND BUDGET FOR THE 2008/09 BIENNIUM REFLECTING A 15% REDUCTION IN THE PATENT COOPERATION TREATY (PCT) INTERNATIONAL FILING AND HANDLING FEES

(c) OPTIONS FOR THE POSSIBLE UTILIZATION OF AVAILABLE RESERVES IN THE MEDIUM TERM

45. Deliberations on this item were made on the basis of documents WO/PBC/11/9 and WO/PBC/11/10. At the request of the floor, the Secretariat circulated informal notes on the estimated impact of a PCT fee reduction by 15% and 5%, respectively, as of January 1, 2008. These notes are reproduced in Annexes IV and V of this report.
46. Interventions were made by the Delegations of Algeria (speaking on behalf of the African Group), Brazil, France, Japan, Kyrgyzstan, Morocco, Netherlands, Nigeria, Pakistan, Russian Federation, Spain, Switzerland, Turkey, Ukraine and the United States of America.
47. The External Auditor, in response to questions from delegations on the rationale for his recommendation to increase the target level for the reserves of the Organization to 25% of biennial expenditure, stated that while this recommendation was not based on a scientific model, it was a matter of financial prudence, particularly in view of the proposed transition to IPSAS.
48. Regarding the question of the target level of reserves, the Delegation of the United States of America stated that it did not see the need to raise the target level established by the Assemblies in the year 2000; the Delegations of Brazil, Pakistan, the Netherlands, Ukraine and Switzerland stated that they supported the recommendations of the External Auditor to increase the target level to 25% of biennial expenditure. The Delegations of Spain and Switzerland, supported by the Delegation of France, added that they were, however, also open to considering a target level of 20%.

49. Concerning the level of PCT fees, the Delegation of the United States of America stated that it intended to submit to the 2007 session of the PCT Assembly a proposal to reduce by 15% the PCT international filing and handling fee, effective January 1, 2008. It added that, in its view, such decrease was both warranted and feasible, and would encourage the utilization of the PCT by developing country users with no prejudice to the funding of WIPO development cooperation activities. The Delegation of Japan stated that it intended to make such proposal jointly with the United States of America.

50. The Delegation of Germany, supported by the Delegation of Spain, stated that it was ready to support a 5% reduction of PCT fees.

51. The Delegations of Algeria (speaking on behalf of the African Group), Benin (speaking on behalf of the LDCs), Brazil, Kyrgyzstan, Morocco, Nigeria, Russian Federation, Turkey and Ukraine, stated that they were strongly opposed to any level of PCT fee reduction because, as explained in document WO/PBC/11/10, this measure would drive the Organization into a deficit as of the 2008/09 biennium, and also prejudice the possibility to finance other projects and investments.

52. The Delegation of France stated that any decision on the question of the level of PCT fees was premature in view of the various projects and investments that the Organization was planning to carry out in the medium-term.

53. The Delegation of the Netherlands underlined that a fee reduction should be sustainable in the longer term and stated not to be convinced that a fee reduction now would be sustainable in view of a number of financial uncertainties.

54. In reply to an intervention from the Delegation of Pakistan, the Controller stated that the percentage reduction in PCT fee that would enable a balanced budget for the 2008/09 biennium was, in her estimate, between 3% and 4%.

55. In reply to an intervention from the Delegation of the United States of America, the Controller clarified that a PCT fee reduction of 15%, as of January 1, 2008, would create a deficit of 52.1 million Swiss francs in the 2008/09 biennium, provided Member States would approve the level of expenditure (630.2 million Swiss francs) proposed in document WO/PBC/11/6, but also provided the actual income in 2008/09 would be as estimated (578.1 million Swiss francs.)

56. At the conclusion of the discussion, the Delegation of the United States of America stated that it was willing to show flexibility in respect of its proposal, provided that also the other Member States would show flexibility.

57. Concerning options for the utilization of reserve funds in excess of the current target (an estimated amount of 55.5 million Swiss francs as of the end of 2007), the following positions and priorities were expressed.

58. The Delegation of Algeria (speaking on behalf of the African Group), and supported by the Delegations of Brazil, Morocco and Nigeria, expressed the view that the main priorities were a down payment for the new construction and the funding of the Development Agenda. The security investments proposed in document WO/PBC/11/12, however, were not a priority for the African Group.

59. The Delegation of France, supported by the Delegations of Spain and Switzerland, stated that its priorities were a down payment for the new construction and IT investments in the Madrid sector. The Delegation of Spain added that it also supported the utilization of the surplus for the implementation of the Development Agenda.

60. The Delegation of Japan stressed that the proposals contained in document WO/PBC/11/10 should be considered in a holistic way and requested further information on the estimated cost of the new IT platform for the Madrid System (15 million Swiss francs).

61. The Delegation of the Netherlands stated that in general terms it supported the four options put forward by the Secretariat in document WO/PBC/11/10.

62. The Delegation of Turkey stated that its priorities were the Development Agenda and new IT platform for the Madrid system.

63. At the end of the deliberations the Chairman noted that while there was no consensus on the question of the proposed reduction of the PCT fees, there was considerable support for the down payment for the new construction and the financing of the Development Agenda, and more limited support for the investments in relation to the ERP project and security.

64. *The Program and Budget Committee:*

(i) took note of the information provided in documents WO/PBC/11/6, /9 and /10;

(ii) expressed general support of the five strategic goals and framework of the proposed Program and Budget for the 2008/09 Biennium as contained in document WO/PBC/11/6;

(iii) expressed views and sought clarifications on a number of issues in relation thereto, as reflected in the report of the session; and

(iv) looked forward to its September 2007 session to make its final recommendations to the General Assembly in this respect.

ITEM 5 OF THE AGENDA:

REVISION OF THE FINANCIAL REGULATIONS AND RULES OF THE ORGANIZATION (FIRST READING)

65. Discussions were based document WO/PBC/11/8. In introducing the document, the Controller stated that the draft Revised Financial Regulations and Rules contained in that document already reflected the feedback received from the WIPO Audit Committee, the External Auditor and the Internal Auditor. She emphasized that these were based on the model of the Financial Regulations and Rules of the United Nations (adopted in 2003), with

inputs from other organizations of the United Nations system. They represented the first comprehensive revision of the financial management system of the Organization, and introduced several new principles and practices, including on accountability.

66. Interventions on this item were made by the Delegations of Algeria (on behalf of the African Group), Brazil, France and the United States of America. Written comments were handed in to the Secretariat by the Delegation of the United States of America.

67. The delegations expressed their appreciation for this initiative and commended the Secretariat for the extensive work carried out and excellent documentation provided to the Committee in this respect.

68. *The Program and Budget Committee:*

(i) expressed its appreciation for the work undertaken by the Secretariat in preparing a comprehensive set of new draft Financial Regulations and Rules of the Organization; and

(ii) asked the Secretariat to organize further consultations and information sessions with the Member States on the proposed draft with a view to enabling the Program and Budget Committee to make its recommendation to the General Assembly in due course.

ITEM 6 OF THE AGENDA:

PROPOSAL FOR THE IMPLEMENTATION OF AN ENTERPRISE RESOURCE PLANNING (ERP) SYSTEM

69. Discussions were based on document WO/PBC/11/11. Interventions were made by the Delegations of Algeria (on behalf of the African Group), France, Japan, Ukraine, the United Kingdom and the United States of America.

70. In introducing this item, the Controller stressed that there was a close link between this proposal and a successful implementation of the Revised Financial Regulations and Rules of the Organization, as well as of other key management reform processes, in particular in the area of human resource management and procurement. The ERP project was proposed to be funded through the reserves mainly because of its time-frame (across two biennia) and its across-programs scope.

71. The Delegation of the United States supported the proposal for the establishment of an ERP at WIPO, noted that the Secretariat had incorporated several best practices in its initial proposal and requested additional information, including on similar experiences by the United Nations Development Programme (UNDP), the Office of the United Nations High Commissioner for Refugees (UNHCR) and the World Meteorological Organization (WMO).

72. The Delegation of Japan, supported by the Delegation of the United Kingdom, requested additional information on the benefits and quantified savings that would be realized as a result of the project.

73. The Delegation of France stated that this was an important project for WIPO and encouraged the Secretariat to study the experience of the other organizations in this regard to avoid any problems in its implementation.

74. The Program and Budget Committee:

(i) took note of the information provided in document WO/PBC/11/11, and of the comment of the Audit Committee that adequate information technology systems are required at WIPO to support the effective implementation of the new Financial Regulations and Rules of the Organization; and

(ii) asked the Secretariat to provide to the September 2007 session additional information on the estimated cost of the project, as well as on the experiences of other UN agencies in the implementation of such ERP projects, with a view to enabling the Committee to make recommendations to the September 2007 session of the General Assembly.

ITEM 7 OF THE AGENDA:

TRANSITION TO INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS (IPSAS)

75. Discussions were based on document WO/PBC/11/7 Rev. Interventions were made by the Delegations of China, France, Japan, Nigeria and the United States of America.

76. The item was introduced by the Director of the Finance Department.

77. There was general support for the introduction of IPSAS as this was understood by the Program and Budget Committee to be a United Nations-wide decision. The Secretariat was requested to provide supplementary information on the estimated cost of adoption of these new standards, particularly on required information systems and training.

78. The Program and Budget Committee, having taken note of the information contained in document WO/PBC/11/7 Rev. recommended to the General Assembly, the principle of the adoption of the International Public Sector Accounting Standards (IPSAS), subject to

additional information, notably on the estimated cost of their implementation, to be provided to the said Assembly in its September 2007 session.

ITEM 8 OF THE AGENDA:

PROPOSAL TO UPGRADE THE SECURITY STANDARDS OF WIPO

79. Discussions were based on document WO/PBC/11/12. Interventions were made by the Delegations of Algeria (speaking on behalf of the African Group), Brazil, China, France, Japan, Nigeria, Russian Federation, United Kingdom and the United States of America.

80. The document was introduced by the Deputy Director General, Michael Keplinger, in his capacity as Co-Chair of the Safety and Security Coordination Committee.

81. Delegations who took the floor recognized the importance of the issue of security. However, the Delegations of Algeria (speaking on behalf of the African Group), France, Japan, Nigeria, Russian Federation and the United States of America, expressed reservations on the proposals contained in document WO/PBC/11/12 and emphasized that security requirements should be viewed in the context of the location of the Organization (in Geneva). They also requested further information on the nature of the risks faced by the Organization, the extent to which, in the view of the Secretariat, it would fall short of UN-H-MOSS standards, as well as on possible policy and cost options for aligning the Organization to such standards.

82. The Delegations of France and of the United States of America questioned, in particular, the rationale for the proposed investments in rented premises.

83. The Delegations of France and the Russian Federation requested additional information on the rationale for the proposed increase in the number of contracted guards as of the next biennium.

84. The Delegation of Japan questioned the rationale for the increased costs referred to in paragraphs 14 and 27 of document WO/PBC/11/12.

85. The Delegation of the United Kingdom stated that it hoped that there would be no delays in establishing essential security measures in WIPO.

86. *The Program and Budget Committee:*

(i) took note of the information contained in document WO/PBC/11/12;

(ii) requested that further information and options, in written form, be supplied to the Committee for the Committee to be able to make recommendations to the General Assembly in this respect;

(iii) stressed that options for investments in relation to security should be considered within the overall context of other alternatives for expenditure to be covered by the reserves, as per document WO/PBC/11/10.

ITEM 9 OF THE AGENDA:

BRIEFING ON THE FOURTH SESSION OF THE WIPO AUDIT COMMITTEE
BY THE CHAIR

87. The Chair of the WIPO Audit Committee, Mr. Khalil Issa Othman, presented the report of the fourth session of the Audit Committee (document WO/AC/4/2). His statement is reproduced in Annex VI.

88. The Program and Budget Committee took note of the report presented by the Chair of the WIPO Audit Committee.

ITEM 10 OF THE AGENDA:

REPORT OF THE INTERNAL AUDITOR

89. As called for in paragraph 22 of the WIPO Internal Audit Charter, the Internal Auditor made a presentation to the Committee on work which had been carried out in the audit, evaluation, investigation and inspection areas. He also confirmed that the General Assembly would receive a written Summary Annual Oversight Report in accordance with the requirements of paragraph 23 of the Internal Audit Charter.

90. There was an intervention from the Delegation of the United Kingdom.

91. The Program and Budget Committee took note of the report presented by the Internal Auditor.

ITEM 11 OF THE AGENDA:

PROGRESS REPORT ON THE NEW CONSTRUCTION PROJECT

92. Discussions were based on document WO/PBC/11/13.

93. In introducing the item, Deputy Director General, Philippe Petit, stressed the important role played by the WIPO Audit Committee in respect of the project, the fact that, so far, the project pilot has given full satisfaction to the Secretariat and the benefit gained by the Secretariat in seeking the legal advice of the *institut pour le droit suisse et international de la construction*. He also referred to document WO/PBC/11/10 (paragraphs 16 to 21) where it

was proposed to use part of reserves in excess of the target level, to make a down payment for the new construction, thus reducing the amount of the loan. He also stressed that, in any event, tendering banks had been requested to provide the possibility for the Organization to repay the loan in advance of the original schedule, with no penalties.

94. In response to a question from the Delegation of Japan, Deputy Director General, Philippe Petit, stated that the new construction had been planned for use on a long term basis, regardless of possible temporary fluctuations in the number of WIPO employees. He also recalled that WIPO was still renting premises and that the rental cost of these premises was higher than the estimated cost of the loan.

95. The Program and Budget Committee took note of the information contained in document WO/PBC/11/13.

ITEM 12 OF THE AGENDA:

PROGRESS REPORT ON THE DESK-TO-DESK ASSESSMENT PROJECT

96. Discussions were based on document WO/PBC/11/14. The item was introduced by Deputy Director General, Francis Gurry, in his capacity as Chairperson of the Internal Project Steering Committee (IPSC) of the desk-to-desk project. He provided an overview of the process that had been followed and the roles that the staff, the contractor (PricewaterhouseCoopers (PwC)), the Audit Committee and the IPSC had performed during its implementation. The primary role of the IPSC had been to ensure that the work of the contractor was suitably facilitated and that PwC executed the project and delivered the report in accordance with the terms of reference. The final report would be published on the WIPO website on July 2, 2007 and would be submitted to the September 2007 session of the Assemblies for their consideration.

97. The Secretariat had not been able to take into account the input of the project in the formulation of the Proposed Program and Budget for 2008/09, because the information and recommendations provided by the contractor as interim deliverable had not been actionable. The Secretariat did not expect that the final report would have an impact on the Proposed Program and Budget for 2008/09, but rather on the Revised Budget for the 2006/07 Biennium since the full implications of the recommendations and the views of the Member States would be better understood by then.

98. The Program and Budget Committee took note of the information contained in document WO/PBC/11/14.

ITEM 13 OF THE AGENDA:

DESIGNATION OF THE EXTERNAL AUDITOR

99. Discussions were based on document WO/PBC/11/15. The item was introduced by Deputy Director General, Philippe Petit.

100. Interventions on this item were made by the Delegations of the Russian Federation and the United Kingdom. The latter requested that the document on Principles for Best Audit Arrangements for International Institutions issued by the International Organization of Supreme Audit Institutions (INTOSAI) be annexed to the document that will be submitted on this subject to the General Assembly.

101. The WIPO Program and Budget Committee took note of the contents of document WO/PBC/11/15.

ITEM 14 OF THE AGENDA:

PROGRESS REPORT ON FINANCIAL AND CONFLICTS OF INTEREST DISCLOSURE
SYSTEMS AT WIPO

102. Discussions were based on document WO/PBC/11/16. The item was introduced by the Internal Auditor.

103. The Committee was informed of progress made by the Organization in the implementation of a new policy on financial and conflicts of interest disclosures and declarations. The Secretariat stated that it would welcome examples of national best practices in setting up such systems.

104. The Program and Budget Committee took note of the information contained in document WO/PBC/11/16.

ITEM 15 OF THE AGENDA:

ADOPTION OF THE REPORT

105. The Committee agreed that the Secretariat would post the report on the web site, providing four weeks to Member States to transmit comments, after which period, the report would be considered adopted.

ITEM 16 OF THE AGENDA:

CLOSING OF THE SESSION

106. The session was closed.

[Annexes follow]

ANNEXE I/ANNEX I

I. ÉTATS MEMBRES/MEMBER STATES

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

ALGÉRIE/ALGERIA

Boumediene MAHI, secrétaire diplomatique, Mission permanente, Genève

ALLEMAGNE/GERMANY

Li-Feng SCHROCK, Senior Ministerial Counsellor, Trade Mark and Unfair Competition,
Federal Ministry of Justice, Berlin

ARGENTINE/ARGENTINA

Inés Gabriela FASTAME (Ms.), Second Secretary, Permanent Mission, Geneva

BRÉSIL/BRAZIL

Guilherme DE AGUIAR PATRIOTA, Counsellor, Permanent Mission, Geneva

Cristiano BERBERT, Second Secretary, Permanent Mission, Geneva

BULGARIE/BULGARIA

Petko DRAGANOV, Ambassador, Permanent Representative, Permanent Mission, Geneva

Dessislava PARUSHEVA (Ms.), Second Secretary, Permanent Mission, Geneva

CHINE/CHINA

LI Yanmei (Ms.), Deputy Director, American and Oceania Affairs Division, International
Cooperation Department, State Intellectual Property Office of People's Republic of China,
(SIPO), Beijing

NZU Jza (Ms.), Official, Trademark Office, State Administration of Industry and Commerce
(SAIC), Beijing

KOONG Pai Ching (Ms.), First Secretary, Permanent Mission, Geneva

EGYPTE/EGYPT

Ragui EL-ETREBY, First Secretary, Permanent Mission, Geneva

ÉQUATEUR/ECUADOR

Mauricio MONTALVO, Ambassador, Permanent Representative, Permanent Mission, Geneva

Luis VAYAS, First Secretary, Permanent Mission, Geneva

ESPAGNE/SPAIN

Victoria DAFAUCE MENÉNDEZ (Sra.), Jefe, Servicio de Relaciones Internacionales OMPI-OMC, Departamento de Coordinación Jurídica y Relaciones Internacionales, Oficina Española de Patentes y Marcas, Ministerio de Industria, Turismo y Comercio, Madrid

Francisco Javier APARICIO ÁLVAREZ, Counsellor, Permanent Mission, Geneva

ÉTATS-UNIS D'AMÉRIQUE/UNITED STATES OF AMERICA

Lisa CARLE (Mrs.), Counsellor, Economic Affairs and Science Affairs, Permanent Mission, Geneva

Paul E. SALMON, Senior Counsel, Office of International Relations, United States Patent and Trademark Office, Alexandria, VA

FÉDÉRATION DE RUSSIE/RUSSIAN FEDERATION

Boris P. SIMONOV, Director General, Federal Service for Intellectual Property, Patents and Trademarks (ROSPATENT), Moscow

Natalia R. AGEENKO (Mrs.), Director, Financial Department, Federal Service for Intellectual Property, Patents and Trademarks (ROSPATENT), Moscow

Marina V. KORNAUKHOVA (Mrs.), Principal Specialist, International Cooperation Department, International Organizations Cooperation Division, Federal Service for Intellectual Property, Patents and Trademarks (ROSPATENT), Moscow

FRANCE

Benjamine VIDAUD-ROUSSEAU (Mme), conseiller juridique, Direction des affaires juridiques et internationales, Institut national de la propriété industrielle (INPI), Paris

Gilles BARRIER, premier secrétaire, Mission permanente, Genève

Patricia RENOUL (Mme), conseiller, Mission permanente, Genève

INDE/INDIA

Mohinder S. GROVER, Deputy Permanent Representative, Permanent Mission, Geneva

ITALIE/ITALY

Marcus Giorgio CONTE, Senior Officer, Italian Office of Trademarks and Patents, Ministry of Economic Development, Rome

Stefania BENINCASA (Mrs.), Head, International and Community Trademarks Department, Italian Office of Trademarks and Patents, Ministry of Economic Development, Rome

Augusto MASSARI, First Secretary, Permanent Mission, Geneva

Francesco LUCCISANO, stagiaire, Permanent Mission, Geneva

JAPON/JAPAN

Takashi YAMASHITA, Director, Multilateral Policy Office, International Affairs Division, General Affairs Department, Patent Office, Tokyo

Yuki INO (Ms.), International Affairs Division, General Affairs Department, Japan Patent Office, Tokyo

Kenichiro NATSUME, First Secretary, Permanent Mission, Geneva

MAROC/MOROCCO

M'hamed SIDI EL KHIR, conseiller, Mission permanente, Genève

MEXIQUE/MEXICO

Juan Manuel SANCHEZ, Second Secretary, Permanent Mission, Geneva

NIGÉRIA/NIGERIA

Martin Ihoeghian UHOMOIBHI, Ambassador, Permanent Representative, Permanent Mission, Geneva

Ositadinma ANAEDU, Minister, Permanent Mission, Geneva

Francis EYO, Senior Counsellor, Permanent Mission, Geneva

Mohammed Idris HAIDARA, Second Secretary, Permanent Mission, Geneva

PAKISTAN

Yousaf Rehan HAFIZ, Permanent Mission, Geneva

PAYS-BAS/NETHERLANDS

Irene KNOBEN (Mrs.), First Secretary, Permanent Mission, Geneva

RÉPUBLIQUE DE CORÉE/REPUBLIC OF KOREA

KIM Heetae, Director, International Organization Team, Korean Intellectual Property Office (KIPO), Seoul

RÉPUBLIQUE TCHÈQUE/CZECH REPUBLIC

Luděk CHURÁČEK, Director, Economic Department of the Industrial Property Office, Prague

ROUMANIE/ROUMANIA

Irina VALEANU (Mrs.), Economic Director, State Office for Inventions and Trademarks, Bucharest

Narcisa SANDULESCU (Ms.), Expert, Financial Bureau, State Office for Inventions and Trademarks, Bucharest

Livia Cristina PUSCARAGIU (Ms.), Second Secretary, Permanent Mission, Geneva

ROYAUME-UNI/UNITED KINGDOM

Dave WOOLF, C1 Policy Advisor, Intellectual Property and Innovation Directorate, United Kingdom Intellectual Property Office, Newport

Linda TAYLOR (Ms.), Policy Officer, United Kingdom Intellectual Property Office, Newport

Pamela TARIF (Mrs.), Second Secretary, Permanent Mission, Geneva

SLOVAQUIE/SLOVAKIA

Fedor ROSOCHÁ, First Secretary, Permanent Mission, Geneva

SUISSE/SWITZERLAND

Alexandra GRAZIOLI (Mme), conseillère juridique, Division droit et affaires internationales, Institut fédéral de la propriété intellectuelle, Berne

Muriel PENEVEYRE (Mme), collaboratrice diplomatique, Division politique III, Section organisations internationales et politiques d'accueil, Département fédéral des affaires étrangères (DFAE), Berne

THAÏLANDE/THAILAND

Supavadee CHOTIKAJAN (Ms.), Second Secretary, Permanent Mission, Geneva

UKRAINE

Mykola PALADIY, Chairman, Director of Science, State Department of Intellectual Property of Ukraine, Kyiv

Natalia UDOVYTSKA (Mrs.), Head, Economic Planning Division, State Department of Intellectual Property of Ukraine, Kyiv

Lyudmyla PASICHNICHENKO (Mrs.), Head of Department, State Department of Intellectual Property of Ukraine, Kyiv

Oleksandr SHEVCHENKO, First Secretary, Permanent Mission, Geneva

Mykhailo DOUBINSKY, Adviser to the Chairman, State Department of Intellectual Property, Ministry of Education and Science, Kyiv

ZAMBIE/ZAMBIA

Mathias DAKA, Deputy Permanent Representative, Permanent Mission, Geneva

II. OBSERVATEURS/OBSERVERS

AFGHANISTAN

Khalil NASRI, First Secretary, Permanent Mission, Geneva

ANGOLA

Angélica MARQUES DA COSTA, (Mme.), Troisième secrétaire, Mission permanente, Genève

BARBADE/BARBADOS

Corlita BABB-SCHAEFFER (Mrs.), Counsellor, Permanent Mission, Geneva

BELARUS

Natallia BARKUN (Mrs.), Deputy Director General, National Center of Intellectual Property, State Committee on Science and Technologies, Minsk

Aleksandr KULINKOVICH, First Secretary, Permanent Mission, Geneva

BÉNIN/BENIN

Yao AMOUSSOU, premier conseiller, Mission permanente, Genève

CONGO

Apollin Germain MAMPOLO, chef de service financier chargé de la formation, Antenne nationale de la propriété industrielle (ANPI), Brazzaville

COTE D'IVOIRE

Tiemoko MORIKO, Counsellor, Permanent Mission, Geneva

DENMARK

Troles Kjølby NIELSEN, First Secretary, Permanent Mission, Geneva

EL SALVADOR

Martha Evelyn MENJVAR CORTEZ (Mme.), conseiller, Mission permanente, Genève

Francisco Alberto LIMA MENA, Ambassadeur, Représentant permanent OMC-OMPI, Mission permanente, Genève

GRÈCE/GREECE

Nikos BEAZOGLOU, Expert, Directorate of Commercial and Industrial Property Trademark Office, Ministry of Development, Athens

Styliani KYRIAKOU, Attaché, Permanent Mission, Geneva

IRAQ

Ahmed AL-NAKASH, Third Secretary, Permanent Mission, Geneva

ISRAËL/ISRAEL

Noa FURMAN (Ms.), Counsellor, Permanent Mission, Geneva

KIRGHIZISTAN/KYRGYZSTAN

Muktar DJUMALIEV, Ambassador, Permanent Representative, Geneva

Muratbek AZYMBAKIEV, Deputy Permanent Representative, Permanent Mission, Geneva

NORVÈGE/NORWAY

Gry Karen WAAGE (Mrs.), First Secretary, Permanent Mission, Geneva

POLOGNE/POLAND

Sergiusz SIDOROWICZ, Second Secretary, Permanent Mission, Geneva

PORTUGAL

Elpídio SANTOS, Director, National Institute of Industrial Property, Ministry of Justice,
Lisbon

RÉPUBLIQUE POPULAIRE DEMOCRATIQUE DE CORÉE/DEMOCRATIC PEOPLE'S
REPUBLIC OF KOREA

SOK Jong Myong, Counsellor, Permanent Mission, Geneva

TURQUIE/TURKEY

Ismail GÜMUS, Patent Examiner, Department of International Affairs, Turkish Patent Office,
Ankara

VIET NAM

PHAN Hong Nga, Counsellor, Permanent Mission, Geneva

III. COMITÉ D'AUDIT DE L'OMPI/
WIPO AUDIT COMMITTEE

Khalil Issa OTHMAN, Chairman

Geoffrey DRAGE, Member

Gian Piero ROZ, Member

IV. VÉRIFICATEUR EXTERNE DE L'OMPI/
EXTERNAL AUDITOR OF WIPO

Kurt GRÜTER, Directeur du contrôle fédéral des finances de la Confédération suisse, Berne

Denys NEIER, Responsable de mandats du contrôle fédéral des finances de la Confédération suisse, Berne

V. BUREAU/OFFICERS

Président/Chairman: Guilherme DE AGUIAR PATRIOTA (Brésil/Brazil)

Vice-président/Vice-Chairman: Gilles BARRIER (France)

Secrétaire/Secretary: Carlotta GRAFFIGNA (OMPI/WIPO)

VI. BUREAU INTERNATIONAL DE L'ORGANISATION MONDIALE DE LA
PROPRIÉTÉ INTELLECTUELLE (OMPI)/INTERNATIONAL BUREAU
OF THE WORLD INTELLECTUAL PROPERTY ORGANIZATION (WIPO)

Francis GURRY, vice-directeur général/Deputy Director General

Michael S. KEPLINGER, vice-directeur général/Deputy Director General

Philippe PETIT, vice-directeur général/Deputy Director General

Carlotta GRAFFIGNA (Mme/Mrs.), directrice exécutive et contrôleur, Bureau du contrôleur/Executive Director and Controller, Office of the Controller

Yoshiyuki TAKAGI, directeur exécutif, Bureau de la planification stratégique et du développement des politiques/Executive Director, Office of Strategic Planning and Policy Development

Philippe FAVATIER, directeur, Division des finances/Director, Finance Department

Edward KWAKWA, conseiller juridique/Legal Counsel

Nicholas TREEN, directeur, Division de l'audit et de la supervision internes/Director, Internal Audit and Oversight Division

José GRAÇA ARANHA, directeur, Département des enregistrements internationaux/
Director, International Registrations Department

[L'annexe II suit/Annex II follows]

WIPO



WO/PBC/11/1

ORIGINAL: English

DATE: June 25, 2007

WORLD INTELLECTUAL PROPERTY ORGANIZATION
GENEVA

PROGRAM AND BUDGET COMMITTEE

Eleventh Session
Geneva, June 25 to 28, 2007

AGENDA

prepared by the Secretariat

1. Opening of the session
Election of a Chair and two Vice-Chairs
Adoption of the agenda
See the present document.
2. Financial Management Report for the 2004/05 Biennium
See publication FMR/2004-2005 and document WO/PBC/11/2.
Review of the Program Performance Report for 2006
See document WO/PBC/11/3.
Interim Financial Statement for 2006
See document WO/PBC/11/4.
3. Revised Budget for the 2006/07 Biennium
See document WO/PBC/11/5.

4. Draft Program and Budget for the 2008/09 Biennium (first reading)
See document WO/PBC/11/6.
Draft Program and Budget for the 2008/09 Biennium Reflecting a 15% Reduction in the Patent Cooperation Treaty (PCT) International Filing and Handling Fees
See document WO/PBC/11/9.
Options for the Possible Utilization of Available Reserves in the Medium Term
See document WO/PBC/11/10.
5. Revision of the Financial Regulations and Rules of the Organization (first reading)
See document WO/PBC/11/8.
6. Proposal for the Implementation of an Enterprise Resource Planning (ERP) System
See document WO/PBC/11/11.
7. Transition to International Public Sector Accounting Standards (IPSAS)
See document WO/PBC/11/7 Rev.
8. Proposal to Upgrade the Security Standards of WIPO
See document WO/PBC/11/12.
9. Briefing on the fourth session of the WIPO Audit Committee by the Chair
See document WO/AC/4/2.
10. Report of the Internal Auditor
(oral report)
11. Progress Report on the New Construction Project
See document WO/PBC/11/13.
12. Progress Report on the Desk-to-Desk Assessment Project
See document WO/PBC/11/14.
13. Designation of the External Auditor
See document WO/PBC/11/15.
14. Progress Report on Financial and Conflicts of Interest Disclosure Systems at WIPO
See document WO/PBC/11/16.
15. Adoption of the report
16. Closing of the session

[End of document]

[Annex III follows]

ALLOCATED PERSONNEL RESOURCES PROPOSED FOR THE 2006/07 REVISED BUDGET (CORR.)

As of February 28, 2007

	Posts				Total E=A+...D	Short-term Employees											Consultants Q	SSAs R	TOTAL S=E+P+Q+R
	Occupied A	Vacant B	New C	Flexibility D		SLC F	G2 G	G3 H	G4 I	G5 J	G6 K	T1 L	T2 M	T3 N	T4 O	Total P=F+...O			
STRATEGIC GOAL 1: TO PROMOTE AN IP CULTURE																			
01	25	--	--	--	25	--	--	4	2	3	2	--	--	--	11	2	2	40	
02	15	--	--	--	15	1	--	--	2	--	--	--	--	--	3	1	2	21	
03	29	3	--	--	32	--	--	1	2	4	--	--	--	--	7	3	--	42	
04	3	--	--	--	3	--	--	1	--	--	--	--	--	--	1	--	--	4	
05	1	--	--	--	1	--	--	--	--	--	--	--	--	--	--	--	--	1	
STRATEGIC GOAL 2: TO INTEGRATE IP IN NATIONAL DEVELOPMENT POLICIES AND PROGRAMS																			
06	43	3	--	--	46	2	--	3	4	--	--	--	--	--	9	8	--	63	
07	7	1	--	--	8	--	--	--	1	--	--	--	--	--	1	--	--	9	
08	7	--	--	--	7	--	--	1	--	--	--	--	--	--	1	--	--	8	
09	3	--	--	--	3	--	--	--	--	--	--	--	--	--	--	--	--	3	
10	4	1	--	--	5	--	--	--	--	--	--	--	--	--	--	1	--	6	
11	12	1	--	--	13	--	--	--	1	2	--	--	--	--	3	3	3	22	
STRATEGIC GOAL 3: PROGRESSIVE DEVELOPMENT OF INTERNATIONAL IP LAW																			
12	5	--	--	--	5	--	--	--	--	--	--	--	--	--	--	--	1	6	
13	4	--	--	--	4	--	--	--	--	--	--	--	--	--	--	--	--	4	
14	8	--	--	--	8	--	--	--	2	--	--	--	--	--	2	--	--	10	
15	7	--	--	--	7	--	--	1	2	--	--	--	--	--	3	1	--	11	
STRATEGIC GOAL 4: DELIVERY OF QUALITY SERVICE IN GLOBAL IP PROTECTION SYSTEMS																			
16	313	8	--	27	348	--	--	56	46	3	2	--	15	4	--	126	9	25	508
17	5	--	--	--	5	--	--	--	--	--	--	--	--	--	--	--	--	5	
18	91	9	--	13	113	1	--	5	12	4	1	--	5	1	1	30	1	18	162
19	15	1	--	--	16	--	--	--	--	--	--	--	--	--	--	1	--	17	
20	3	--	--	--	3	--	--	--	--	--	--	--	--	--	--	--	--	3	
21	11	2	--	--	13	1	--	1	1	--	1	--	--	--	4	2	--	19	
STRATEGIC GOAL 5: GREATER EFFICIENCY OF MANAGEMENT AND ADMINISTRATIVE SUPPORT PROCESSES WITHIN WIPO																			
22	25	2	--	--	27	--	--	--	3	1	--	--	--	--	4	--	--	31	
23	8	--	--	2	10	--	--	--	--	--	--	--	--	--	--	--	1	11	
24	3	2	2	--	7	--	--	--	--	--	--	--	--	--	--	--	--	7	
25	36	2	--	1	39	--	--	1	4	2	--	--	--	--	7	1	1	48	
26	32	--	--	1	33	--	--	1	3	3	--	--	--	--	7	--	--	40	
27	49	--	--	2	51	2	--	--	3	2	--	--	--	--	7	5	--	63	
28	75	2	--	1	78	--	1	19	4	2	--	2	2	--	30	--	2	110	
29	30	--	--	--	30	--	--	1	4	2	--	--	--	--	7	1	1	39	
30	17	2	--	2	21	1	--	--	2	3	--	--	--	--	6	1	1	29	
31	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	1	--	1	
Unallocated	--	10	3	--	13	--	--	--	--	--	--	--	--	--	--	--	--	13	
	886	49	5	49	989	8	1	95	98	31	6	2	22	5	1	269	41	57	1'356

HEADCOUNT

1'253

Headcount is the sum of occupied posts, short-term employees, consultants and SSAs.

All occupied posts are counted as 1 post=1 headcount. A number of staff work at less than 100% workrate, therefore the full-time equivalent calculation would result in a lower figure than the above headcount.

ANNEX IV

**Estimated Impact of 15% Reduction in PCT International Filing and Handling Fees
as of January 1, 2008**

Overall Scenario in 2008-2011

(in millions of Swiss francs)

	2008/09		2010/11	
	No PCT fee change (WO/PBC/11/6) Variant A	15% PCT fee reduction as of 1/1/2008 Variant B	No PCT fee change (WO/PBC/11/6) Variant A	15% PCT fee reduction as of 1/1/2008 Variant B
Income	646.8	578.1	678.6	605.2
Expenditure	630.2	630.2	678.6	678.6
Result (Surplus/(Deficit))	16.6	(52.1)	0.0	(73.4)
Reserves Opening Balance	159.9	159.9	176.5	107.8
Total Reserves at End of Biennium	176.5	107.8	176.5	34.5
Reserves as % of Biennial Expenditure	28.0%	17.1%	26.0%	5.1%
Target Level for Reserves				
as per current reserve policy*	117.4	119.5	126.5	128.6
if 25% of biennial expenditure	157.6	157.6	169.7	169.7
Amount of Reserves in Excess of/(Below) the Target Level				
as per current reserve policy	59.0	(11.6)	50.1	(94.2)
if 25% of biennial expenditure	18.9	(49.7)	6.9	(135.2)

* Target levels for the 2010/11 biennium are based on the respective average percentage targets in 2008/09.

**Estimated Impact of 15% Reduction in PCT International
Filing and Handling Fees as of January 1, 2008**

Income Evolution

(in millions of Swiss francs)

	Variant A No PCT fee change (WO/PBC/11/6)		Variant B 15% PCT fee reduction as of 1/1/2008	
	2008/09	2010/11	2008/09	2010/11
Contributions	34.8	34.8	34.8	34.8
Fees				
PCT	485.0	510.0	416.4	436.6
Madrid	94.0	96.6	94.0	96.6
Hague	7.1	8.8	7.1	8.8
Lisbon	0.0	0.0	0.0	0.0
<i>Total, Fees</i>	<i>586.1</i>	<i>615.4</i>	<i>517.4</i>	<i>542.0</i>
Arbitration and Mediation Center	2.8	3.0	2.8	3.0
Publications	2.6	2.6	2.6	2.6
Interest	16.3	18.6	16.3	18.6
Other	4.2	4.2	4.2	4.2
TOTAL	646.8	678.6	578.1	605.2

[Annex V follows]

ANNEX V

**Estimated Impact of 5% Reduction in PCT International Filing and Handling Fees
as of January 1, 2008**

Overall Scenario in 2008-2011

(in millions of Swiss francs)

	2008/09		2010/11	
	No PCT fee change (WO/PBC/11/6)	5% PCT fee reduction as of 1/1/2008	No PCT fee change (WO/PBC/11/6)	5% PCT fee reduction as of 1/1/2008
	A	B	A	B
Income	646.8	623.9	678.6	654.2
Expenditure	630.2	630.2	678.6	678.6
Result (Surplus/(Deficit))	16.6	(6.3)	0.0	(24.4)
Reserves: Opening Balance	159.9	159.9	176.5	153.6
Total Reserves at End of Biennium	176.5	153.6	176.5	129.2
Reserves as a Percentage of Biennial Expenditure	28.0%	24.4%	26.0%	19.0%
Target Level for Reserves:				
as per current reserve policy*	117.4	118.0	126.5	127.0
if 25% of biennial expenditure	157.6	157.6	169.7	169.7
Amount of Reserves in Excess of/(Below) the Target Level:				
as per current reserve policy	59.0	35.6	50.1	2.1
if 25% of biennial expenditure	18.9	(4.0)	6.9	(40.5)

* Target levels for 2010/11 biennium are based on the respective average percentage targets in 2008/09.

**Estimated Impact of 5% Reduction in PCT International
Filing and Handling Fees as of January 1, 2008**

Income Evolution

(in millions of Swiss francs)

	Variant A No PCT fee change (WO/PBC/11/6)		Variant B 5% PCT fee reduction as of 1/1/2008	
	2008/09	2010/11	2008/09	2010/11
Contributions	34.8	34.8	34.8	34.8
Fees				
PCT	485.0	510.0	462.1	485.5
Madrid	94.0	96.6	94.0	96.6
Hague	7.1	8.8	7.1	8.8
Lisbon	0.0	0.0	0.0	0.0
<i>Total, Fees</i>	<i>586.1</i>	<i>615.4</i>	<i>563.2</i>	<i>590.9</i>
Arbitration and Mediation Center	2.8	3.0	2.8	3.0
Publications	2.6	2.6	2.6	2.6
Interest	16.3	18.6	16.3	18.6
Other	4.2	4.2	4.2	4.2
TOTAL	646.8	678.6	623.9	654.2

[Annex VI follows]

ANNEX VI

WIPO AUDIT COMMITTEE REPORTS

**Statement made to the Program and Budget Committee
by Khalil Issa Othman, Chairman of the WIPO Audit Committee**

Mr. Chairman, Distinguished Delegates,

I am pleased to introduce the Report of the fourth meeting of the WIPO Audit Committee, which appears in document WO/AC/4/2 before you.

You will note from this document that we continued to monitor the progress of the New Construction Project and the Desk-to-Desk review, as well as other items, including internal audit and oversight, and the draft WIPO Financial Regulations and Rules. Following a PBC Working Group decision in December 2006, we also reviewed and proposed revisions to our Terms of Reference, which appear in Annex I of our Report.

I will briefly introduce these items.

The New Construction Project

The Audit Committee was briefed by Secretariat officials and the Pilot, that is, the external Project Manager. Our observations related mainly to risk registration, with specific recommendations that individuals responsible for each risk be named; risk mitigation measures be specified; and that the register be structured according to risk priority. We further recommended that the Pilot comment on the Secretariat's risk register and include, in his monthly reports, an analysis of problems registered, risks removed or mitigated, and new issues foreseen. The result of consultation by the Construction Committee with the Institute of Swiss and International Construction Law (*Institute du droit suisse et international de la construction*) with regard to dispute resolution procedures to be incorporated in the general contractor's contract be reported to the Audit Committee prior to its next formal meeting.

The Desk-to-Desk Review

The Audit Committee was orally and separately briefed by the Chair of the Internal Project Steering Committee (IPSC) and PwC representatives. We were informed that the WIPO Steering Committee and PwC had agreed not to produce a written interim report pending final conclusions. The project seemed on track. However, the Audit Committee concluded that, in the absence of a written report, our ability to oversee progress was limited, in particular, with respect to key questions raised at the tripartite meeting, and as to whether PwC's progress was in accordance with the Terms of Reference.

Internal Audit and Oversight

The Audit Committee was briefed by the Director of WIPO's Internal Audit and Oversight Division. Our recommendations included that the Director:

- (a) review oversight recommendations for continued relevancy and develop a follow-up system, to include compliance benchmarks, and
- (b) develop a strategic approach and rationale for his 2007 plans, to include objectives, priorities and resource requirements.

We further recommended that responsibility for preparing the Program Performance Report, currently assigned to this Division, be reassessed in line with the UN system common practice [by Program Managers].

Revised Financial Regulations and Rules of WIPO

A presentation of the draft Revised Financial Regulations and Rules was made to the Audit Committee.

The Audit Committee noted with appreciation that the draft had been based on the Financial Regulations and Rules recently approved by the UN General Assembly, thereby saving time and resources, and was conducive to UN system harmonization.

We recommended that the proposed rules and regulations be presented to the PBC, together with a timetable for implementation, and detailed information on costs and new system requirements.

In this connection, the Audit Committee noted that the implementation of some of the procedures related to the Financial Regulations and Rules may be hampered in the short term by the lack of adequate information technology systems to support them. These problems should be offset with the implementation of the proposed Enterprise Resource Planning (ERP) system.

We also welcomed proposed measures to re-assign accountability to Program Managers, which would end a current practice whereby the Controller's certification of certain expenditures absolves Program Managers from various program management responsibilities.

Additional specific recommendations included:

- (a) completion of plans to establish ethics-related and financial disclosure procedures;
- (b) ratification by Member States of conventions agreed upon in the General Assemblies;
- (c) preparation of training plans for the new Financial Regulations and Rules;
- (d) development of a regulatory policy for short- and long-term investments; and,
- (e) a review of the current dual financial management structure between the Controller's office and the Finance Department, which the Audit Committee considers inefficient, with a view to establishing a unified system.

Review of the Terms of Reference of the WIPO Audit Committee

Following a request by the PBC Working Group in December 2006, document WO/PBC/WG/06/2, the Audit Committee reviewed and proposed revisions to its Terms of Reference, which appear in Annex I of our Report.

The revisions were presented and discussed at the PBC Working Group meeting in April. The Representatives of the Audit Committee attending that meeting took note of the comments and observations made by Member States and the Audit Committee will consider them at its forthcoming fifth meeting, and will further report to the PBC in time for its September meeting.

[End of Annex VI and of document]