

Program and Budget Committee

Twenty-First Session
Geneva, September 9 to 13, 2013

REPORT

approved by the Program and Budget Committee

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1. The Twenty-First Session of the WIPO Program and Budget Committee (PBC) was held at the Headquarters of WIPO from September 9 to 13, 2013.

2. The Committee is composed of the following Member States: Algeria, Angola, Argentina, Bangladesh, Belarus, Brazil, Bulgaria, Burkina Faso, Cameroon, Canada, Chile, China, Colombia, Czech Republic, Ecuador, Egypt, El Salvador, France, Germany, Ghana, Greece, Guatemala, Hungary, India, Iran (Islamic Republic of), Italy, Japan, Kyrgyzstan, Mexico, Morocco, Oman, Pakistan, Peru, Poland, Republic of Korea, Republic of Moldova, Romania, Russian Federation, Senegal, Singapore, Slovakia, South Africa, Spain, Sri Lanka, Sweden, Switzerland (*ex officio*), Tajikistan, Thailand, Turkey, Ukraine, United Kingdom, United States of America, and Zimbabwe (53). Members of the Committee represented at this session were: Algeria, Argentina, Bangladesh, Belarus, Brazil, Cameroon, Canada, Chile, China, Colombia, Czech Republic, Denmark, Dominican Republic, Ecuador, Egypt, El Salvador, France, Germany, Greece, Guatemala, Hungary, India, Iran (Islamic Republic of), Italy, Japan, Kyrgyzstan, Mexico, Morocco, Pakistan, Peru, Poland, Republic of Korea, Romania, Russian Federation, Senegal, Singapore, South Africa, Spain, Sri Lanka, Sweden, Switzerland (*ex officio*), Turkey, Ukraine, United Kingdom, United States of America, Vietnam, Zimbabwe (46). In addition, the following States, members of WIPO but not members of the Committee, were represented as observers: Afghanistan, Andorra, Armenia, Australia, Austria, Barbados, Belgium, Benin, Botswana, Burundi, Croatia, Cyprus, Dominican Republic, Finland, Georgia, Guinea, Ireland, Israel, Lebanon, Lithuania, Maldives, Monaco, Netherlands, Panama, Paraguay, Portugal, Trinidad and Tobago, Venezuela (Bolivarian Republic of), Zambia (29). The list of participants appears in the Annex to this document.

ITEM 1 OPENING OF THE SESSION

3. The Chair welcomed delegations to the 21st session of the Program and Budget Committee (PBC) and remarked that the work done during the Committee's July session should enable more constructive discussion at the present session. The *verbatim* report of the July discussions had been made available by the Secretariat. For the sake of saving time, the Chair urged delegations not to make opening statements unless they had an urgent point to make and encouraged them to be constructive and concise in their interventions. The Chair also urged delegations not to reopen issues that had already been discussed during the July session but rather tackle those on which no agreement had been reached at that time. The Chair then thanked the Director General for his leadership of the Organization and all the good work done and invited the Director General to deliver his opening remarks.

4. The Director General made the following statement:

"It is my pleasure to welcome all to the 21st session to the PBC. As you know, the 20th session, held in July, resulted in a very engaged, constructive, intensive and comprehensive reading of the draft 2014/15 Program and Budget proposal, as well as the other items under consideration. The agenda this week is extremely heavy, once again. We can divide it into four sets of issues that I will comment on briefly.

"The first set of issues is a comprehensive reporting to the PBC by the oversight architecture consisting of the External Auditors, the Internal Audit and Oversight Division (IAOD) and the Independent Advisory Oversight Committee (IAOC). I am very pleased to welcome two of the members of the IAOC who will be present throughout the PBC.

"I believe that the Organization continues to make good progress on the issue of risk management, the foundation of which was set by our Strategic Realignment Program (SRP). We have further progress to make on the internal control system as well as on the Enterprise Resource Planning (ERP). We are very aware of that. They are both on track.

I think we will have further discussions on the question of defining clear closure criteria in a dialogue with our audit bodies with respect to the various recommendations, so that we can achieve successful implementation of those recommendations.

“A second set of issues, is the performance and financial review, including a review of the audited financial statements and the utilization of reserves. There is also a report on human resources and cost efficiencies, which will be presented to this session.

“The third set of issues is the draft Program and Budget for the 2014/15 biennium. I will not comment on it at this stage but will give my comments by way of introduction, if the Chair permits, when that item is taken up.

“Finally, there is a comprehensive update of all of our major projects, notably the ERP, the closure of the SRP and the ICT capital investment projects.

“I would like to take this opportunity to thank all of our staff for their engagement, but particularly those in the Administration and Management Sector under Mr. Sundaram, our Assistant Director-General, for the extraordinary work that has gone into the preparation of both sessions of the PBC.

“Let me also mention one key personnel change that has taken place since the last session of the PBC. As you are probably aware, Mr. Philippe Favatier retired from the Organization after over 20 years of extremely successful and dedicated service. He was our Controller for the last five years and he did an extraordinary job and we are very sorry to see him go.

“We advertised the position, reconfigured as Director of Program Planning and Finance (Controller). We went through a very intensive process. For all our senior appointments, we use outside consultants to assist us in the selection process and in the evaluation of criteria. I am very pleased to confirm, since it has already been announced, that our colleague, Chitra Narayanaswamy, will take over from Philippe Favatier. Ms. Narayanaswamy will take over the Program Planning and Finance Department, under which comes all of our budget and financial operations, as well as program evaluation, which is an increasingly important area; she will also be the Controller. I wish her every success and I am very confident that she will do an absolutely splendid job, as she has in her previous positions. Thank you, Mr. Chairman.”

ITEM 2 ADOPTION OF THE AGENDA

5. Discussions were based on document WO/PBC/21/1 Prov.

6. The Chair explained that the Draft Agenda had been structured to facilitate the ease of the review under the different groupings. The first was the Audit and Oversight, under which the Committee would consider audit and oversight reports by the Independent Advisory and Oversight Committee (IAOC), the External Auditor, Joint Inspection Unit's (JIU) recommendations and a report by the Selection Panel for the Appointment of the New Members of the IAOC. Also, as agreed, the 21st session of the PBC would be continuing the discussion on governance at WIPO. The Chair added that some Groups were presenting a proposal on the governance issue and therefore requesting that discussion on governance be pushed towards the end of the week (Friday), instead of having it at the start of the session, so that the proposal could be circulated and studied by delegations. Regarding the report by the External Auditor (item 5), the Chair said that the External Auditor would address the Committee on Thursday afternoon. Therefore, discussion on item 5, together with item 9 (Annual Financial Statements for 2012) would be deferred until that time. Under the grouping Program Performance and Financial Review, the Committee would consider the Annual Financial Statements for 2012, the status of contributions, the status of the utilization of reserves, and the

report on the implementation of cost efficiency measures. Under this grouping, and for information purposes, the Committee would also consider the Report on Human Resources, which would be discussed in detail by the Coordination Committee later in the month. Discussion of this agenda item would also be deferred until the end of the week following a request by some Groups. Under the grouping entitled Planning and Budgeting, the Committee would consider the Proposed Program and Budget for the 2014/15 biennium and two associated documents: an Information Paper on External Offices and the Capital Master Plan. The Secretariat had also made available, as requested, a white paper providing details of the implementation strategies in respect of SMEs and Innovation. As agreed at the 20th session of the PBC, discussion would continue on the proposed definition of development expenditure in the context of the Program and Budget. The next grouping was Progress Reports on Major Projects and Administrative Matters. This last group of items referred to reports on the progress made on a number of projects and initiatives. It also included a Progress Report on the Implementation of WIPO Language Policy. The Chair proposed to adopt the draft agenda, if there were no comments.

7. The Delegation of Mexico appreciated the information provided by the Chair and suggested that since the External Auditor would be present on Thursday, discussion on agenda item 10 (Status of the Utilization of Reserves) also be deferred until that time.

8. The Delegation of Spain supported the suggestion made by the Delegation of Mexico and asked whether the document on the Capital Master Plan could also be taken up at that time as it related to the document on the use of the reserves, so the two could be discussed together.

9. The Chair recapitulated that it had been requested that item 10 (Status of the Utilization of Reserves) and the document on the Capital Master Plan be discussed on Thursday.

10. The Delegation of Belgium requested that, in view of the numerous changes to the discussion schedule, a new timetable be made available to delegations.

11. The Delegation of China suggested that once a full discussion on any agenda item was concluded, no conclusion or decision should be made on that item at that stage. The Committee should wait until it had gone through all agenda items before any kind of conclusion was drawn. The Delegation considered it important as it would allow delegations to have an overview of the entire discussion during the session before drawing any conclusions or taking final decisions.

12. The Delegation of Algeria, speaking on behalf of the African Group, expressed its support for the suggestion made by the Delegation of China. The Group believed that an overview of all considerations should take place and that it would be reasonable to wait with taking final decisions until agenda item 21 (Adoption of the Summary of Decisions and Recommendations) and adopt everything as a whole.

13. The Delegation of Switzerland expressed its surprise at the request to wait until all agenda items would have been dealt with before drawing any conclusions. The Delegation believed that the Committee had to be practical and efficient, and that being so, it would be useful to take a decision on an item, once it was discussed and the decision on it was clear. The Delegation did not see why membership should wait until the last day to take final decisions. The Delegation reiterated its surprise, not to say puzzlement, at the request that had been put forward, and thought that the Committee should proceed as it had done in the past, i.e., once an item was cleared and the decision was taken, then the item would be closed.

14. The Delegation of France reminded delegations of the session's heavy agenda. Therefore the method used to deal with it was extremely important if members wished to make headway. Whatever method was decided upon, however, certain matters were clear. Obviously, there were some items on which it might be possible to reach consensus and adopt

a decision. If that could be done, it would allow the Committee to move forward. The Delegation wished to flag another point. Delegations would need to have a report in good time, to be able to consider it on Friday afternoon. There was no question whatsoever of continuing to work until midnight or Saturday morning. The Delegation stressed that the Committee had to recognize that it did want to finish the session in good time, and if the membership waited until the end to decide anything, then the meeting might be extended to no particular avail. The Delegation thought that if delegations focused on consensual items, progress could be made through the week. The Delegation cautioned against going down the suggested path, which could entail the possibility of having a huge bottleneck on Friday. The Delegation reminded the Committee that it had to adopt the 2014/15 budget, so making progress as quickly as possible was very important. Therefore, the matters on which consensus could be reached should be decided on as the discussion moved through the agenda.

15. The Delegation of Egypt saluted the Chair and greeted all Delegations as well as the Director General. Regarding the subject under discussion, the Delegation wished to refer to agenda item 21 dealing with the adoption of decisions and recommendations. The Delegation drew attention to the fact that the membership had introduced amendments to the method of adopting those conclusions. For this reason, the Delegation considered that it would be difficult to adopt each decision separately, under every item, because those various items were interlinked. Therefore, the Delegation believed that the Committee should cast a general look at all conclusions. The Delegation found it appropriate and preferable to take up all decisions under item 21, as proposed in the draft agenda submitted by the Secretariat.

16. The Delegation of Belgium reiterated the opinion expressed by the Delegations of France and Switzerland and underlined that item 21 was called Adoption of the Summary of the Decisions and Recommendations. This agenda item clearly presupposed that decisions had already been taken at an earlier stage. Hence, the Delegation thought that members should not try to change or alter the procedures in any way.

17. The Delegation of China clarified that what it had proposed was not to change the procedures or the past practice. It was its interpretation of the agenda. Legally speaking, all decisions and recommendations would be adopted under item 21. There was no argument or dispute about that. The Delegation proposed seeking legal advice on the matter. It added that, under each item, the Committee should discuss the draft decision or tentatively talk about the conclusions or decisions that might be taken at the end of the meeting.

18. The Delegation of Sweden supported the statements made by the Delegations of Belgium, France and Switzerland. It thought it important to make progress during the week so that the Committee would not end up with everything on its plate on the last day of the session. Therefore, it strongly supported the practice whereby the Committee worked item by item and tried to avoid linking different items too much as that would complicate matters, making the Committee's work burden even heavier.

19. The Chair resumed the situation by saying that delegations could either reach a compromise or request the Legal Counsel's opinion. The Chair believed that a compromise, in the light of what the Delegation of China had said in its last intervention, would be to provisionally take a decision on each agenda item and to adopt it formally at the end of the session, i.e., the Committee would have looked at it provisionally, as a draft, and would legally adopt it under item 21. If a provisionally agreed decision were not adopted at the end of the session, it would mean that such decision was not legally adopted. This solution would allow for both finishing discussion on an item while giving delegations time to see the full picture and make the necessary compromises. In other words, nothing would be agreed until everything was agreed. The Chair proposed to proceed with this understanding and believed that it was not necessary to involve the Legal Counsel in the resolution of this issue.

20. The Delegation of Switzerland found this way of proceeding to be strange. It believed that when something was decided, it meant it was decided. Adoption of the report at the end of the meeting was only a matter of making factual suggestions. It would be a different issue if any matters remained open because consensus was not reached. The Delegation did not understand the interpretation given for agenda item 21, Adoption of the Summary of the Decisions and Recommendations. The only decisions that would be taken at that stage would be decisions on matters that had not been previously decided. The Delegation did not see why the Committee should change its time-honored procedure as was being envisaged. It added that it did not follow the logic of the argument.

21. The Chair requested the presence of the Legal Counsel and opined that, at the end of the day, the decision lay with the Member States. The compromise would be to provisionally adopt decisions and wait till the end of the session for final adoption under item 21. However, if, at the end, a Delegation would say that they did not want to adopt item xx, item xx would not be adopted.

22. The Delegation of Italy invited delegations to show pragmatism. There were some non-conflictual items e.g., certain progress reports, which could easily be adopted. In the current practice, the adoption of the Summary of Recommendations meant adopting the written version of the agreements reached orally during the discussion of each item. This was what the delegations used to do: orally agree on each point, if there was an agreement, and discuss the written version of that agreement on the last day. The politically contentious issues would be discussed on Friday, if there was no consensus beforehand. However, there were issues that seemed not too controversial, and deferring them to Friday would only increase the workload. Of course, there was also the general auspice that issues were not linked so explicitly together. The Delegation pleaded against the proposal, adding that removing the possibility of adopting anything was too much.

23. The representative of the Legal Counsel said that in her understanding, there were two positions regarding the matter. Certain countries wished to adopt a process in which the issues discussed and decided on were, in fact, only decided at the end of the session when item 21 was adopted and thereby the system according to which nothing was adopted until everything was adopted at the end. Another group of Member States preferred everything to be adopted as the discussions progressed and each item would be adopted independently of what happened under agenda item 21. The response of the representative of the Legal Counsel was that it was not a legal issue, because the Rules of Procedure governing WIPO meetings did not provide an answer to such an issue. This was a question of what Member States wanted, how they wished to proceed and how they wished to take their decisions.

24. The Delegation of Algeria wished to clarify matters and stated that the comments it had heard on the proposal were that it was a delaying process, bargaining or simply not clear. The fact was that the Delegation wanted neither to delay nor to bargain. It wished to provide for a little comfort and prudence in taking final decisions on the PBC issues. The Delegation added that it had seen in the past that all items were interlinked, whether members wanted it or not. The Delegation added that it was not its intention to re-open all issues at the end of the meeting, nor did it wish to bargain. At the end of discussions, the Delegation wished to have a complete picture of all technical and political issues and take a final decision regarding everything. For the Delegation, it was a matter of comfort and prudence. The Delegation hoped that, with that clarification, members could move forward on the Chair's proposal so that the Committee would have a draft decision or a draft result under each item, making it clear that, at the end, issues would not be reopened and that everything would be adopted at that time.

25. The Delegation of France found the discussion highly theoretical. Of course, members could follow the scenario that everything was interlinked. However, the purpose of the present meeting was to have a Program and Budget at the end of the week. The Delegation suggested that the Committee could go at this task little-by-little, knowing that any member was free to

block the Program and Budget at the end of the week. There were, however, some less sensitive items on which there could be an oral conclusion read by the Chair. Having come to a conclusion on an item, discussions would move on, as had been done in the past, on the basis of trust. The Delegation added that, in any case, when the Chair closed an item, it meant that there was some agreement on it, otherwise the Chair would say that the Committee would come back to it. Therefore, the work would advance step-by-step and, at the end of the week, each delegation would take its own decision on the Program and Budget.

26. The Delegation of Spain wished to point out that the opinion of the representative of the Legal Counsel made it clear that there was a gap in the rules and principles on which the important matters, such as management of meetings, were based. Perhaps, at some other time, members could reflect on this issue and try to find a way to avoid repeating the present situation. Like the Delegations of France and Algeria, the Delegation felt that it was not the matter of reopening discussion at the end of the week. If there was consensus on a particular item, such item could be closed. The Delegation added that many items on the agenda would not be matters of great dispute. In other cases, items could be left open until the very end of the session. The Delegation also requested that membership be informed in advance when a particular item would be discussed in order to prepare for such discussion and thus avoid the need for night sessions.

27. The Delegation of Monaco expressed its difficulty with understanding the added value of the proposal. If the Delegation understood it correctly, there was no rule specifying how to proceed; everything was based on previous experience and precedence, on how the Committee had worked in the past. The Committee had always operated by having a separate debate on each item and, wherever possible, at the end of the discussion, taking a decision which had then been reflected in the Summary of Decisions and Recommendations. Where consensus had not been possible, the discussion had been suspended and resumed at the end of the week. Therefore, the Delegation did not see why that procedure should be changed, especially given that it had always worked well in the past and the Committee had always concluded all agenda items. The Delegation recalled that, in the July PBC session, some items had been left on hold and that the present agenda was basically the same as the July agenda - some items were carried over from one agenda to the other. In view of that fact, the Delegation wondered why the Committee's working methods should be changed. The Delegation thought that the fact that conclusions on various items were related should not lead to any bargaining or attempts to change members' positions.

28. The Delegation of Egypt remarked that the subject under discussion was not a new proposal. It was an agenda item in terms of decision making and the adoption of decisions and recommendations, which needed to be done under item 21. The Delegation said that members needed to discuss the various items in order to be familiar with the content of each of them. Following discussion and the exchange of views, membership could try to reach agreement on them. The Delegation felt that the Chair's proposal was specific and practical, i.e., discuss the various items, agree on them where possible, with the legal adoption falling under item 21, which was introduced by the Secretariat. This was the way in which all other committees worked.

29. The Director General commented that he could see that delegations wished to have the agenda items adopted but were taking a long time making a decision to do so. The Director General thought that the Chair had made a very good proposal, which had not been taken up as yet. There were two sides with differing views on this matter, and the Director General suggested that the Committee simply proceed. When it would come to the end of each item, either it would adopt it or those who were not in a position to adopt it would not adopt it until later. Since the Committee could not solve this procedural matter, that would be the only way to deal with it, proceed and see what decisions could be taken and if there would be decisions that could be taken, so much the better. If some delegations would wish to reserve their positions, that was the way it would be.

30. The Chair asked the Legal Counsel's opinion on what would have happened if there had been no item 21 on the agenda and whether such agenda would have been legally valid.
31. The representative of the Legal Counsel requested specification from the Chair whether his question referred to how agendas were normally presented in WIPO meetings. The representative of the Legal Counsel said that, from what she had seen, there was normally a final agenda item, similar to item 21, sometimes called adoption of the summary by the Chair. The representative of the Legal Counsel further stated that, once again, it was up to the PBC to assign to item 21 the role it wished to give it: make it an agenda item under which all decisions were taken or proceed based on the system whereby adoption of decisions was done step-by-step.
32. The Delegation of China thought that there was some misunderstanding around the issue. The Delegation stated that the Director's General proposal was reasonable and, for the sake of time, the Delegation wished to support it.
33. The Delegation of Ghana was happy to see the Chair at the helm of the meeting. It also extended a warm welcome to the Director General. The Delegation commented that in a situation where there were two sides disagreeing on what should be an agreeable content, one ought to always defer to the Chair and let the Chair's wisdom guide the discussion. The Delegation believed that there was a preponderance of acceptance of the Chair's proposal, even though it might not be a resounding one. The Delegation stated that it could go along with the Chair's proposal. The Delegation also appreciated the Director General taking up the task of helping the membership through this quagmire and had no difficulty accepting his proposal. The Delegation stressed, however, that the Chair provided wisdom and that in times like these members should defer to the Chair in order to make progress.
34. The Delegation of the Republic of Korea felt that the trust of Member States had been weakened. It thought that this matter was not a legal matter but rather the matter of trust. The Delegation said that it could support the suggestion made by the Director General. This way, if there was a conclusion or consensus on an item, that item would be concluded. The decision on the items on which there was more discussion, or some more issues, could be left open until the end of the session.
35. The Chair proposed to adopt the procedure put forward by the Director General. After discussing each item, it would be decided whether to adopt it or provisionally adopt it. That decision would be taken by the Member States. If there were a difference in opinion amongst delegations, then the issue would have to be taken up one step at a time. The Chair requested the Secretariat to prepare an updated schedule of discussions. The Chair underlined that he wished to avoid going into night sessions. He also appealed to delegations to keep their statements as short as possible and keep their comments right to the point.
36. The Delegation of Brazil, speaking on behalf of the Development Agenda Group (DAG), requested the addition of a document WO/PBC/19/25 under agenda item 14 (Proposed Definition of "Development Expenditure" in the Context of the Program and Budget), which at present had no document listed. It explained that document WO/PBC/19/25 formed the foundation for this agenda item.
37. The Chair instructed the Secretariat to include document WO/PBC/19/25 as requested by the DAG.
38. The Program and Budget Committee adopted the draft agenda, as amended.
39. The Delegation of India inquired if there would be an opportunity to deliver opening general statements before discussions on particular agenda items began.

40. The Chair preferred not to have opening general statements on the entire agenda in order to save time. The Chair recalled that general statements had already been delivered at the July PBC and if one Group made a statement at present, the remaining Groups would feel compelled to make statements as well. The Chair added that unless delegations had a new point to make he would prefer to do without general statements.

41. The Delegation of Brazil believed that there should be general statements since there was a new document, the redrafted proposed Program and Budget 2014/15, as well as new issues that had been raised in the meetings of the Groups.

42. The Chair declared that one way would be to deliver a statement concerning the item itself, because if a delegation made a general statement it would repeat a part of that statement at the start of the discussions on the relevant item. The second way would be to deliver the statement at present, on the condition that it would not be repeated again. The Chair felt that instead of duplicating, making one general statement on all of the issues and then repeating the same point again during the discussion on a particular item, the statement could be made when a particular item came up. He added, however, that the decision on that was with the membership.

43. The Delegation of Trinidad and Tobago, speaking on behalf the Group of Latin American and Caribbean Countries (GRULAC), said that it had prepared a general statement to be delivered at the opening of the session. The Delegation added that GRULAC was nevertheless flexible in terms of the approach, but there were some items and some programs which might not be touched upon in the general statement or some issues which might be important to other countries within the Group, and those countries might wish to deliver individual statements on those matters. The Delegation believed that since it had prepared the statement, the members of its Group would like to hear that statement delivered.

44. The Chair asked which delegations wished to deliver general statements and announced that the delivery of general statements would proceed in the usual way.

45. The Delegation of India suggested that the Secretariat distribute copies of the statements which could then be read by all delegations. When the discussion would start on a pertinent point, the relevant part of the statement would be read out.

46. The Delegation of El Salvador greeted the Chair and stated that its Group also prepared a general statement and added that there were points it wished to make at this time, in addition to commenting on each individual agenda item. The Delegation felt that it was important for the full membership to listen to general statements and hear the points raised therein.

47. The Chair invited the Groups to deliver their statements.

48. The Delegation of India, speaking on behalf of the Asian Pacific Group, expressed its confidence in the Chair's leadership and thanked the Secretariat for their hard work in producing the documents, especially the revised version of the Program and Budget. The Group was keen to express its views, because whilst some sections of the revised 2014/15 Program and Budget proposal were up to the expectations of the Group, others were not. The Asian Group took note of the changes made in the text and in the Indicators for Programs 2 and 4, which had been done in accordance with the decision of the last session. Regarding the agenda items on the reports on the IAOC and IAOD, the Group would make separate comments when those items would be discussed. Regarding Program 30 on SMEs and related IP issues, the Group viewed the activities under that Program as being very important for developing countries. Therefore, the Group wished to thank the Secretariat for reinstating the SMEs Program in the 2014/15 Program and Budget proposal, as requested by a large number of Member States. The Group was aware that Innovation had been removed from this program and placed under the WIPO Chief Economist's area. However, the reinstatement of Program 30 had not been

done in accordance with Member States' request, which was for the strengthening of the Program by way of additional financial resources, technical expertise and manpower. Instead, the two-pronged strategy proposed by the Secretariat had created more confusion and complexity. Therefore, the Group would seek further clarification from the Secretariat when Program 30 would be discussed. In this regard, the Group wished to understand the actual role of the centralized unit with much reduced budgetary allocation and which would still be responsible for developing the materials for this program, based on which the newly added focal points would implement the program in the countries of different regions as tailored to their needs. Further, the WIPO Academy would also play an important role in designing the training and capacity building programs. Therefore, the Group wished to know whether an additional headcount in the regional bureaus would mean the hiring of new staff or internal adjustment and how this would impact budget allocations for the Programs 9, 10 and 30 overall. In that case, the Group felt that additional focal points in the regional bureaus would only be adding to the bureaucratic hassle in the implementation of a particular program, rather than contributing to its efficient implementation. Therefore, the Group saw no merit in the revised proposal for distributing the work under this Program between the central unit and the regional bureaus. The Group would strongly support strengthening Program 30, as requested during the last PBC session. Regarding Program 18 on IP and Global Challenges, the Group had expressed its concern in the past. There should be a proper discussion on the agenda of this Program at some of the WIPO committees. The briefing session by the Secretariat was not sufficient. On the Human Resources (HR) report, the Group felt that it was imperative to take necessary steps to rectify the lack of equitable geographical representation in the human resources composition of WIPO. On the issue of External Offices, the Group recalled that, during the last PBC session, Member States had requested two separate documents: an information paper including background documentation to be circulated prior to the next session, and an in-depth study to address, in a comprehensive manner, all the issues related to the matter of WIPO External Offices. The Group thanked the Secretariat for providing the information document on External Offices that had been presented as a combined and complete paper which, according to the Secretariat, contained both the information paper and the in-depth study. However, it was an attempt to address only part of the concerns of Member States, leaving out, amongst others, the question of the establishment of a procedure and a set of criteria to be followed for creation of new WIPO External Offices. The Group was of the view that this was not a new request. Rather, it had been raised in the past few years; to have a transparent procedure and established criteria for the setting up of External Offices. The decision of 20th session of PBC also stated "the PBC further requested the Secretariat to prepare the following documents regarding the matter of external offices, emphasizing the member-driven nature of this process." Keeping this in mind, the Group reiterated its willingness to work constructively with all groups and delegations to resolve the issues of external offices. The Delegation added that other members of the Asian Group would make their statements on different agenda items, as appropriate.

49. The Delegation of Brazil, speaking on behalf of the DAG, expressed the Group's support for the Chair's able stewardship of the Committee and thanked the Secretariat for preparing the documents for the session, especially the new version of the draft Program and Budget 2014/15. The DAG would engage in the discussions with a view to improving the development orientation, transparency and member-driven nature of the documents. As a first remark, the DAG regretted that there was no mention of Development Agenda (DA) in the set of priorities presented in the foreword by the Director General in the budget document. The DAG wished to highlight that the implementation of the DA was an objective of the Organization that could not and should not "go without saying". Regarding Audit and Oversight, the DAG stressed its commitment to improving transparency tools in WIPO. Discussion of the report of the IAOC, the IAOD as well as the implementation of Joint Inspection Unit's (JIU) recommendations could provide a clearer picture of WIPO governance and ways to improve it. Regarding the External Auditor's recommendations, the DAG was of the view that, in general, they were aimed at strengthening financial management of the Organization as well as enhancing the transparency of external processes. In this set of recommendations, special

attention should be paid to those related to Special Service Agreements, which were connected to the full implementation of recommendation 6 of the DA. Under item 8 of the agenda (Governance), Member States once again had an opportunity to discuss proposals aimed at transforming this Organization into a more open, participative and efficient institution. The DAG had opened that debate and would like to present a discussion paper that identified convergence areas in the formerly made proposals on this issues. Referring to human resources, the DAG thought that guidelines should be put in place for the regularization of staff as well as for the hiring of new staff, in order to fulfill the principle of equitable geographical representation applied in the UN system. In this regard, further information on the applications received could also be provided in order to identify initiatives that might contribute to addressing this issue. Regarding Program 1 (Patent Law), the DAG shared the view that studies on flexibilities should also be a main part of the Program. When referring to Program 3 (Copyright and Related Rights), the DAG considered the implementation of the Marrakesh Treaty as the main priority for WIPO in the next biennium. The implementation of the Treaty would require capable human resources, not only in Member States but also in the authorized entities. The DAG recalled that Article 9 of the Treaty entrusted WIPO with the obligation of creating a new multi-stakeholder platform. On IP and Global Challenges (and Program 18), as stated by the DAG in the previous PBC session, the DAG believed that a periodical reporting mechanism to committee on IP and Development should be put in place in order to provide Member States not only with the opportunity to be informed of Program 18's activities but also to discuss initiatives under the Program. On Program 8, the DAG was concerned with the provision of financial and human resources for Development Agenda coordination. Regarding external offices, the DAG supported the expansion of the budget for the program, in line with the great interest expressed by Member States in the last session. The DAG understood that fair and transparent criteria should guide the creation of external offices. Referring to Program 30, the DAG added that it was important to recall the great value of SMEs to the economy of developing countries. In order for WIPO to meaningfully contribute to developing countries and strengthen the link between IP and SMEs, a tailor-made approach would be required in order to succeed. Regarding the discussion on development expenditure, DAG saw the definition currently in place as insufficient to identify the resources that had a greater impact in the development perspective. In this regard, the DAG supported the adoption of the revised definition of development expenditure as proposed by the Chair of the PBC and was optimistic that a decision on this matter could be reached in the course of the week.

50. The Delegation of Trinidad and Tobago, speaking on behalf of the Group of Latin American and Caribbean Countries (GRULAC), was pleased to see the Chair at the helm of PBC and was fully confident that, under the Chair's able leadership, the Committee would be able to make progress on its work during the course of the week. First, GRULAC wished to refer to agenda item 11, i.e., the Annual Report on Human Resources. Notwithstanding GRULAC's request made during the last session of the PBC concerning the need to pay particular attention to the problems associated with the geographical distribution of WIPO staff, the proposed strategy for human resources did not adequately resolve this issue. GRULAC had noted that, while the strategy recognized the need to review the current geographical distribution policy, it left the consideration of the matter solely to the initiative of Member States. In addition, WIPO did not set any quantifiable target to measure progress in this area, neither in its human resource strategy nor in the Program and Budget for 2014/15. The Delegation then turned to item 13 of the agenda (the proposed Program and Budget for 2014/15 biennium). In relation to Program 11 (The WIPO Academy), GRULAC wished to once again thank the Secretariat and the Director of the WIPO Academy for the work being undertaken within the Latin American and the Caribbean sub-region. GRULAC added that, for its region, it was important to underscore the importance of the activities undertaken by the WIPO Academy. The contribution of the Academy was invaluable and its role in shaping national development strategies was paramount. Therefore, GRULAC considered it important that the region receive the requisite assistance aimed at enhancing the Academy's educational and formative program in matters of Intellectual Property. It was also necessary to assign more budgetary resources to online courses formally developed by the WIPO Academy. In order to enhance the efficiency in

the use of these resources, they should be administered by national IP offices with the support from the staff of WIPO formation centers. Regarding Program 20 (External Relations, Partnerships and External Offices), GRULAC wished to register its disappointment at the fact that the Group's comments and concerns (expressed at the July PBC) on the procedure, or the lack thereof, for the establishment of WIPO external offices had not been taken into account. For GRULAC, it was necessary to reiterate, in the PBC, the need to include, in the proposed budget for the 2014/15 biennium, the establishment of new external offices of WIPO in Latin America and the Caribbean. Despite several requests made by GRULAC, both through formal and informal channels, the revised proposal for the 2014/15 Program and Budget did not include the provision for new external offices in the region. As this matter was urgent to GRULAC members, the Delegation wished to conclude on this point in order for other Group members to elaborate on the matter in their individual statements. Turning to Programs 12 and 27 and the language of documents, GRULAC highlighted the necessity of having the translation into Spanish of working documents for all meetings of the Group of Experts and other Working Groups, in line with the revision of the international classification of goods and services, particularly the international classification of goods and services for the purposes of registration of marques. Additionally, GRULAC believed it convenient that WIPO assigned resources for translation into Spanish as well as translation of the annual publication of each of the revisions to the international classifications; mainly, Niece and Vienna classifications. On Program 30 and Innovation, for GRULAC said that, for its Group, the Development Agenda was an all important tool that could be used to propel the Millennium Goals. Therefore, GRULAC placed a high degree of importance on the topic of Small and Medium-sized Enterprises (SMEs) as there was a clear link between SMEs and a level of innovation. That being said, GRULAC wished to see a standard WIPO Program on SMEs and a system put in place which would effectively monitor and strengthen the SME Program over the 2014/15 biennium. Furthermore, GRULAC supported the idea of having a regional coordinator within the Latin American/Caribbean bureau whose principle aim was to implement and oversee SME projects within the region. Henceforth, sufficient funds should be allocated within WIPO's budget to accommodate this additional human resource. GRULAC also attached great importance to the implementation of the Marrakesh treaty in the next biennium, especially in light of its Article 9 on cooperation to facilitate cross border exchange. Regarding Program 18 on IP and Global Challenges, GRULAC understood that the Program's activities should also be aimed at engaging Member States in discussion and the Program's implementation through a reporting mechanism to an appropriate committee such as the Committee on IP and Development. In closing, GRULAC wished to see its recommendations reflected in the next biennium's budget and that they be put forward for consideration at the year's General Assembly (GA). GRULAC took this opportunity to reiterate that it made itself available to the Secretariat and other Groups to cooperate and further explore options in order to arrive at a solution on the items of concern for the Group.

51. The Delegation of Poland, speaking on behalf of the Group of Central European and Baltic States (CEBS), extended best wishes to the Chair on fulfilling his duties. The CEBS Group was ready to make a constructive engagement so that the 21st PBC session achieved positive results. The CEBS thanked the Secretariat for a great job done in preparing the session: the documents were on time, clear and precise. The draft Program and Budget reflected ideas and thoughts of Member States presented during the PBC 20th session. The CEBS endorsed the budget priorities for the 2014/15 biennium and reiterated its belief that it was more important than ever to focus the program and activities of WIPO on the delivering of Strategic Goals, particularly those related to global IP systems, global legal framework and infrastructure, resources and development. These were the areas where the Organization had a comparative advantage and where it could make its mark and contribution. The CEBS continued by thanking the Secretariat for presenting a solution on the issue of SMEs and supported the arrangements at hand. The re-established Program 30, acting as a coordinating body, and the regional program (in the case of CEBS Program 10), would be able to provide support for improving the participation of SMEs in national IP systems and in the social and economic benefits derived from innovation and creativity. Both Programs, but especially Program 10, being tailored to the specific needs of CEBS and other concerned countries, were

an answer to the different levels of economic development with different IP needs. This would lead to a wider awareness and better understanding of a more systematic and long-term approach to IP and Innovation. The CEBS thanked the Secretariat for providing the document on the strategy for WIPO external offices at such a short notice. It was of high value, economic and an important contribution to the ongoing discussion but, unfortunately, the Group's doubts on the issue of new external offices still remained. These related to their usefulness, cost and, last but not least, the way the matter had been handled so far, i.e., the legal procedure followed.

52. The Delegation of China stated that it was making this statement out of protocol because of peer pressure from other regions. The Delegation fully subscribed to the Chair's arrangement of general statements. In order not to repeat itself when taking position on specific issues at a later stage, the Delegation wished only to emphasize that in today's world of rapid changes, all international organizations, including WIPO, needed to adapt quickly to new environments to achieve better development and to better discharge its functions. The Delegation was expecting the 2013 Assemblies to take a wide range of fruitful and important decisions upon which the future of the Organization hinged. The success of the Assemblies, to a large extent, depended on the success of the current session of the PBC. That was why the Delegation suggested that all the Member States join hands and work together in a pragmatic, constructive and a cooperative approach in the next coming days. The Delegation wished to assure the Chair that it would actively participate in discussions on every item, in an open and constructive manner. The Delegation was confident that, under the Chair's wise guidance, and with the support from other PBC Member States, the Committee could reach consensus on the 2014/15 biennium Program and Budget thus paving a way for a smooth operation of WIPO in the coming years.

53. The Delegation of Algeria, speaking on behalf of the African Group, stated that the Group did not have a general statement and preferred to make specific statements under each agenda item.

54. The Delegation of the United States of America said that it did have a general statement but would be providing in it hard copy for the Member States to read.

55. The Delegation of Iran (Islamic Republic of) reemphasized its great concern about an emphasis on service orientation in the IP in the Program and Budget document and added that members should taking note that WIPO was an intergovernmental organization working under the authority of Member States. The Delegation hoped that the overemphasis on service orientation in the Program and Budget did not run counter to the nature of the Organization and its primary accountability to Member States. Another important issue was the relationship between IP and Global Challenge articulated in Program 18. As all delegations could testify, there was no general agreement and consensus on the issues on IP and public policy among Member States. Therefore, it was not clear what understanding of IP with regard to major topics such as food security, climate change and public health was shared and presented by the Secretariat on behalf of the Organization in other fora. It was imperative that, before having such contributions, members should have a common understanding of the impact of IP and global challenges, through a Member State-driven process for discussing and finalizing it. That common understanding could then be used as a road map for the participation of WIPO in such fora. This was why the Delegation was of the view that Program 18 needed to be discussed in a substantive manner, especially in light of its relationship with the DA recommendations, in the committees that were more competent and relevant than the PBC i.e., the CDIP or other appropriate committee. With regard to the issue of equitable geographical distribution as a basic principle acknowledged by the UN charter, the Delegation wished to express its concerns with the lack of equitable geographical representation in the Organization, which was very clear and which the Organization itself acknowledged was a shortcoming that needed to be rectified. The Delegation hoped that, by a number of initiatives and steps which should be consulted and approved by the Member States, this problem would hopefully be resolved. In this context, defining a clear strategy, establishing a timetable and regularly updating Member States was of

high importance. Finally, on the issue of external offices, it should be recalled that, in its previous session, the PBC had mandated the Secretariat to provide two documents with distinct substance and of different nature, namely an information paper including background documentation prepared in response to the questions raised by Member States, and an in-depth study addressing, in a comprehensive manner, all issues related to the WIPO external offices. Leaving further questions arising from those documents to the appropriate time, the Delegation wished to highlight the concerns of the Asian Group (as raised by the Delegation of India), i.e., that the Secretariat, being aware of the clear requests of the previous PBC, had not met with those requests, which was essential in considering the issue. In other words, the reason for not meeting the above-mentioned request and combining two different documents of different nature into a single one was not clear. Thus, only part of the concerns of Member States was addressed, leaving out, amongst other, the requests for establishing a procedure and a set of criteria to be followed when setting up new WIPO external offices. This was important, especially in light of the fact that, from any point of view, be it legal, administrative or structural, they had not been under time pressure for working on, and submitting, the in-depth study to this session.

ITEM 3 REPORT OF THE WIPO INDEPENDENT ADVISORY OVERSIGHT COMMITTEE (IOAC)

56. Discussions were based on document WO/PBC/21/2.

57. The Vice-Chair of the WIPO Independent Advisory Oversight Committee (IAOC) made the following Statement:

“Mr. Chairman and Distinguished Delegates, my name is Ms. Mary Ncube and I am the Vice Chairperson of the WIPO Independent Advisory Oversight Committee (IAOC). I, together with my colleague, Mr. Anol Chatterji, am representing the Committee on this important occasion of the 21st session of the PBC.

“I am pleased to introduce the IAOC's report that covers the period from September 1, 2012 to August 31, 2013. During this period, the Committee met four times. The full text of our report is contained in document WO/PBC/21/2.

“I will highlight some of the salient matters in the report under the various headings. The first heading is the IAOC Mandate, Membership and its Working Methods. The second is Audit and Oversight, which covers the Committee's interaction with External Auditor and the WIPO's Internal Audit and Oversight Division (IAOD). The third is WIPO's Program Performance and Financial Reviews. And lastly, I will comment on Progress Reports on Major Projects and Administrative Matters.

“First, the IAOC mandate, membership and working methods. Under the mandate of the IAOC, the Committee is “an independent, expert advisory and external oversight body established to provide assurance to Member States on the appropriateness, effectiveness of internal controls at WIPO. It aims to assist Member States in their role of oversight and to better exercise their governance responsibilities with respect to the various operations of WIPO”. The IAOC has a membership of seven. During the reporting period, the members of the committee elected Mr. Fernando Nikitin and myself as Chairperson and Vice Chairperson, respectively, for a period of one year in accordance with the Committee's Terms of Reference and Rules of Procedure. Three current members of the Committee, namely Mrs. Beatriz Sanz Redardo, Mr. Kjell Larsson and Mr. Ma Fang, will leave the Committee in January 2014. In this regard, the Committee looks forward to the decision of the PBC and the General Assembly (GA) on the selection of three new members to the IAOC.

“In discharging its functions, the IAOC met and interacted with the Director General and with the Director of the IAOD at each of its quarterly sessions covered in this report. The Committee also met and interacted with senior officials of WIPO, the External Auditor, a Joint Inspection Unit inspection team and a representative team of the WIPO Staff Council. The Committee also met with representatives of Member States at the end of its quarterly sessions to report on its work.

“Second, audit and oversight, external audit: In line with the Terms of Reference, the IAOC exchanges information and views with External Auditor and also provides comments to the PBC on External Auditor's report to facilitate PBC's reporting to the GA. Shortly prior to the reporting period, the IAOC met with the External Auditor and discussed several issues, including the External Auditor's proposed work plan. The Committee met again with External Auditor at its 30th session last month to discuss their report.

“The Committee places on record its appreciation of the work done by the External Auditor. We look forward to resolution and implementation by WIPO of the recommendations made in the External Audit report and would like to emphasize the following three matters raised: firstly, the necessity for a clearer disclosure of reserves for building projects in the financial statements; secondly, the importance and value of formulating and implementing an appropriate Treasury and Cash Management Policy and strengthening controls over opening of bank accounts; thirdly, the need to strengthen the regulatory framework for acquisition by WIPO of services through Special Service Agreements.

“Internal Audit and Oversight Division: Under its Terms of Reference, the IAOC reviews the effectiveness of WIPO's internal audit function, promotes the coordination of external and internal audit functions and monitors audit recommendations. The IAOC would like to recognize improvements in the performance of the IAOD during the reporting period. The IAOD introduced a software program that allows for easier and quicker tracking of recommendations by both the IAOD and functional units within WIPO. This has been widely welcomed within the Organization. The IAOD's 2012 work plan was implemented to near completion during the period. Its coverage of the 2013 work plan is generally on track. Staffing levels in the Division have improved.

“Under paragraphs 28 and 29 of the Internal Oversight Charter, the IAOC advises on the allocation of resources to IAOD in the proposed Program and Budget and also on the adequacy staffing of the IOAD. In this connection, the Committee supports the proposed resource allocation for Program 26 in the proposed 2014/15 Program and Budget.

“Internal audit reports: During the period under review, the Committee received and reviewed five audit reports covering PCT Revenue Generation, Travel and Mission Support, Payment Process, Conference and Language Services, and the New Construction Projects. The Committee has continued to review and follow-up open audit recommendations with the IOAD and WIPO.

“Evaluation: Two evaluation reports, one on Improvement of IP Institutional and User Capacity and the second on Development of Tools for Access to Patent Information were received and reviewed by the Committee.

“Investigation: The Committee noted an improvement in the rate at which investigation cases were closed. 24 cases were closed during the reporting period, compared to 29 cases during the previous period. As of August 30, 2013, three investigation cases were opened compared to 11 cases at the first of August 2012. The IAOC provided comments to the IAOD on a draft Investigation Policy and the revised

Investigation Procedure Manual. An Investigation Hotline was implemented and publicized in-house on July 16, 2013.

“Conflict of interest: In accordance with Paragraph 5 of the Internal Oversight Charter, the Director of the IAOD sought the IAOC's advice on a possible conflict of interest in respect of two allegations he received. He proceeded in line with the IAOC's recommendation to conduct preliminary evaluations of the complaints and to discuss the matter further with the Committee at its next session. In that session, the Committee noted that the preliminary evaluations had been carried out reasonably in accordance with the Internal Oversight Charter and professional standards. It further advised the Director to proceed in accordance with the proposed course of action which he outlined in his reports.

“Joint Inspection Unit (JIU): During the period under review, the IAOC met twice and exchanged views with a JIU team which is currently conducting a review of management and the administration in WIPO. The IAOC notes the inclusion of the progress report on implementation of the JIU recommendations in the agenda of PBC 21.

“Program Performance and Financial Reviews. In its Terms of Reference, the Committee contributes through its scrutiny function to maintenance of the highest standards of financial management; reviews the operation and effectiveness of the Financial Regulations and Rules, monitors the delivery and content of Financial Statements in line with WIPO's financial regulations and monitors the timely, effective and appropriate response from management to audit recommendations.

“Annual Financial Statements: The Committee notes the unqualified opinion of the External Auditor on the 2012 Financial Statements.

“Utilization of Reserves: During the reporting period, the Committee sought clarification on a number of financial reporting issues, including on the use of WIPO reserves and their disclosure on the Financial Statements. The Secretariat agreed that its reporting format could be modified to facilitate clearer understanding and disclosure of the use of reserves in the financial statements.

“Human Resources: The Committee puts on record its appreciation of the finalization of the WIPO Human Resources Strategy. In its last annual report, the Committee drew Member States' attention to the large number of recommendations ranked as being of high risk in the IAOD's report on human resource management. The Committee notes closure of 39 out of the 52 open related human resource audit recommendations which existed in July 2012. The Committee will continue to follow-up on the progress and clearing of the outstanding recommendations.

“Implementation of Cost Efficiency Measures: The IAOC notes the response of Management to the directives of the PBC to implement cost efficiency measures contained in document WO/PBC/21/19 which provides details of the efforts taken and the results achieved so far. The Committee discussed this topic with Assistant Director General for Administration and Management who stated that ongoing efforts continue to be made to identify and implement additional measures.

“Progress Reports on Major Projects and Administrative Matters: During the period, the Committee continued to monitor WIPO's Strategic Realignment Program (SRP) and progress on the New Construction Projects.

“SRP: The Committee received and reviewed the Secretariat's SRP quarterly reports, including the final SRP report at our May session. Since 2011, the Committee has focused on risk management and Ethics within the context of the SRP. It has also

reviewed risk management within the context of an Enterprise Risk Management (ERM) road map prepared by the Secretariat.

“During the period, a number of important ERM milestones were achieved. These include identification of a risk management process into the annual work planning cycle, inclusion of identification of risks and risk mitigation measures in the 2014/15 draft Program and Budget, and the drafting of a WIPO Risk Policy. The Committee also welcomed the establishment of a WIPO Risk Management and Internal Controls Board, which is chaired by the Director General, the issuance of an Office Instruction on business continuity management, and the Secretariat's decision to seek ISO certification of compliance for information technology security techniques and management systems. The Committee looks forward to continued progress on ERM implementation, including the development of WIPO's risk appetite, performance reporting on risks to Member States and improvements to risk mitigation controls.

“Ethics: During the period, a Whistleblower Protection Policy was issued and classroom based training on Ethics was provided for WIPO staff. The Committee was informed that the WIPO Financial Disclosure policy is expected to be launched at the end of 2013. The Committee looks forward to progress report on ethics-related issues at its next session in November.

“New Conference Hall and New Construction Projects: Progress on the New Conference Hall Project: Following WIPO's decision to dispense with the services of a general contractor and assumption of direct responsibility for the construction of the building projects, the monitoring and review of progress on the construction projects has received additional attention from the Committee. The Secretariat has stated that the cost of the construction of the New Conference Hall should be within budget and the anticipated delays in completion of the Project will amount to a few weeks' delay. A more detailed progress report format for the Project was agreed upon during the IAOC's 27th session. The reports issued by the Secretariat since then continue to be refined and are more informative and provide an indication of actual expenditure versus budget, timelines for completion, and an updated risk register.

“Progress on the New Administrative Building: The Committee continued to be appraised of the ongoing repair/replacement works for the New Administrative Building. The completion of works is expected at the end of 2013, except for the replacement of certain windows which are to be completed in the summer of 2014. The Committee was informed that all outstanding works continue to be covered through monies retained by WIPO from the balance owed to the general contractor.

“Audits of the New Construction Projects: In June 2013, IOAD issued an internal audit report on the New Construction Projects. In view of the significance of the Projects on WIPO's balance sheet, the External Auditor has indicated that they plan to carry out an audit of the Projects in March 2014. The IAOC was informed that the JIU has launched a review of good practices in the management of contracts of capital, refurbishment, and construction projects across the UN system.

“In conclusion, the Committee would like to assure the PBC of its commitment to continue to discharge its role to the highest standard and professionally. The Committee wishes to thank the Director General and all WIPO staff members with whom it has interacted for their availability, openness and timely provision of documents. It also wishes to thank Member States for sharing their questions and comments at the IAOC Information Sessions and we look forward to our continued engagement and dialogue. The Committee wishes to place on record the appreciation of the kind consideration that the PBC has always given to its work. On behalf of myself and my colleagues, I would like to assure you, Chairman, of our highest esteem and regards. I thank you.”

58. The Chair thanked the Vice-Chair of the IAOC for the comprehensive presentation and opened the floor for discussion.

59. The Delegation of Spain thanked the Committee for its report and for the tremendous amount of work and the professional way in which they had worked over the previous months to discharge their functions. It appreciated that the IAOC had been available to answer questions and to be consulted in respect to the many matters that had been considered. The information sessions had been very useful for helping Member States to follow the Committee's work. The Delegation wished to briefly highlight three recommendations. The first was on depiction of the status of the reserves in the Financial Statements, in terms of adequacy of information on expenditures related to projects covered under the Reserves. The Delegation felt that perhaps the Secretariat should provide more detailed information given that information was distributed among a number of different documents. It believed that it would be helpful to have this information more readily available and that it be made easier to understand by delegations. It also felt that, on the question of appropriate management of financial amounts, this should come under new standards. The Delegation was emphasizing these recommendations because they were related to other discussions such as regards questions related to savings and deficits, as well as that pertaining to the status of the use of the reserves and whether or not they should be used for new projects.

60. The Delegation of Mexico said that the Delegation of Spain had covered a number of points that it had wished to raise. It thanked the IAOC Vice-Chair for the report that had just been presented and said that, during recent months, an ongoing dialogue had taken place between the IAOC and Member States through the IAOC information sessions following the conclusion of the IAOC's quarterly meetings. The Delegation thanked the IAOC for these sessions and the Secretariat for having facilitated the IAOC's work. The Delegation supported the Delegation of Spain with respect to the recommendations on the reserves and the importance of a Cash Management Policy. It referred to the intense discussions between the Secretariat and the IAOC on the reserves that had taken place in the light of concerns expressed by Member States, as recorded in the IAOC's Report. In the Report, the IAOC mentioned that, among other issues, the IAOC had discussed with the Secretariat certain definitions and terminology. The Delegation asked if more information could be provided on this matter because it had the impression that the current Policy provided a great deal of flexibility, which sometimes led to confusion between the Secretariat and the Member States as to the use of the Reserves. With respect to the Internal Audit and Oversight Division, as had been mentioned, the Division had been working well since the arrival of the new Director and it had sufficient resources to implement its work plan. Concerning transparency, the Internal Oversight Charter was revised last year so as to allow Member States to have access to audit reports through an online procedure. The Delegation asked for additional information as to how effective this new procedure had been. It had itself found the new procedure useful and wished to know whether all Member States had found likewise or whether it was necessary to expand on this. The Delegation wished to know the IAOC's views.

61. The Delegation of Algeria, speaking on behalf of the African Group, said that the IAOC, as an independent body had oversight responsibilities and that it was assisting the Secretariat in their governance of WIPO affairs with respect to certain important mandates. The African Group supported the IAOC in its work and wished to thank it for the briefings that they had organized for consultations with Member States. With respect to the format of the report, the African Group wished to understand the reason for presenting a report in which certain recommendations were set forward, but on which Member States were simply being asked to take note. It wished to know if it would be possible for the PBC to adopt the report of the IAOC and not simply to take note of it because the report contained recommendations that were quite pertinent. It was sure that the Secretariat was of the same view. It therefore found it a bit strange to take note of a report that contained recommendations and wished to know whether it would be possible to move forward and simply adopt the report so as to establish an official follow-up mechanism for the recommendations. This was a point on the way that the Report

had been put together. In terms of content, the African Group wished to have information with respect to paragraph 28. The African Group looked forward to the continued implementation and development of risk management at WIPO. It asked whether the IAOC had had an opportunity to read the Joint Inspection Unit report on this and if it had any comments. The Delegation felt that the report was important and would welcome the IAOC's views on this. It would also like to know more about IAOC's involvement in reviewing the Internal Audit and Oversight Division. Paragraphs 21, 22, 23 and 24 made reference to the fact that the IAOC had reviewed and read the reports sent to them on internal audit, evaluation and investigation but there was not really any substantial information on the IAOC's comments. The Delegation wished to know if it could have additional information regarding the comments formulated by the IAOC on these reports.

62. The Delegation of Egypt thanked the IAOC for its report. The Delegation appreciated the work of the IAOC and the consultations and discussions that had taken place on the various items mentioned. The IAOC's mandate was clearly set out in its report and this helped Member States to play their role in terms of oversight and governance and to take on board their responsibilities with respect to various WIPO activities. The Delegation had certain general comments that it wished to make in addition to some detailed comments on the Report. As to general comments, it noted that the report as a whole was not analytical. Rather, it simply described the activities that took place throughout the year without actually analyzing them. It saw that the various activities were reviewed with no discussion as to the content of recommendations and the precise activities and views that were expressed on them. Despite the fact that the IAOC had discussed a great many activities, they did not come forward with precise recommendations but rather had said that they hoped that such and such would take place or be accomplished in the future. Naturally, the recommendations could be put together in a certain section so that they were clear to Member States. More specifically, the Delegation wished to mention item 7, which concerned the implementation of the recommendations of the JIU. The IAOC simply said that it had taken note of inclusion of this item. The Delegation would have liked the IAOC to give a more in-depth analysis of the matter because it was very important. The JIU had put forward a number of recommendations to be implemented. Some seven to nine had been analyzed and accepted and others were still being studied. The Delegation wished that the IAOC had discussed these recommendations and shared their views on the implementation of those that were accepted and on the recommendations that were still being reviewed, as well as information on how they could be implemented. The recommendations of the JIU were very important and the Delegation wished to have follow-up from the IAOC. On the last section of the Report, the Delegation saw that there were four major issues that had been raised by the IAOC. On each of these, the IAOC had mentioned follow-up measures for the future. It hoped that the IAOC would come forward with recommendations on implementation rather than just expressing their hopes. The Delegation reiterated its thanks to the IAOC for the work that it had done. It felt that it could be possible to have a better presentation and implementation of issues. There were, of course, opinions on recommendations contained in the report that it welcomed. But it also wished the IAOC would give a follow-up report for the implementation of the recommendations. It had a clear view of how JIU recommendations could be implemented and perhaps there could be a report to the Assemblies on these. As a final conclusion, the Delegation said that it was important for the consultations to continue between Member States and the IAOC. The views that the IAOC had expressed were very useful but the Delegation wished for greater analysis. The IAOC's views on their various meetings were not very much in evidence. Perhaps this was because the IAOC's meetings were merely consultations and unofficial, and this is why the views were not mentioned in the Report. Perhaps measures needed to be taken so as to give more reporting on these unofficial meetings. They might be transformed into official meetings. The report of the IAOC should, of course, give an overview of the discussions that took place during the meetings.

63. The Delegation of El Salvador thanked the IAOC Vice Chair for the excellent information that she had provided on the work of the IAOC, which was very important in terms of follow-up

by Member States on certain items. The Delegation simply wished to support what had been said by the Delegation of Egypt on the importance of follow-up in terms of a road map, and the suggestions made with respect to consultations with Member States.

64. The Vice-Chair of the IAOC said that she would answer the questions raised and would also ask her IAOC colleague to make comments. In terms of the issue of the Reserves, she said that this had been a topic that the IAOC had been discussing with the Secretariat over quite a long period of time. It had also been raised by the External Auditor. The IAOC's understanding was that the parties were dealing with this in order to come to a resolution as to how to proceed in terms of disclosure and how the reserves would be depicted in the Financial Statements. The IAOC would not want to premature right now as to what solution would come out, but it had been informed that the Secretariat was actually working on a solution. On transparency, a question raised by the Delegation of Mexico, the IAOC understood that a number of Member States had requested access to audit reports online. However, it had not assessed effectiveness. It believed that this was something that the Member States would be able to do themselves, i.e., indicate whether they felt that the provision of online access had been effective according to their respective circumstances. The African Group had raised a point on why the report of the IAOC would only be noted and not adopted. The Vice Chair believed that this was not something that the IAOC could decide and that the PBC Chair should be able to provide guidance on this.

65. The IAOC Member also representing the IAOC at the PBC stated that the JIU was seen as an oversight agency within the UN system that interacted with the IAOC only to the extent of bettering its own understanding of oversight issues that were within the mandate of the IAOC. The IAOC did not pronounce on the work done by the JIU as it did for the External Audit and IAOD, for which it had a role according to its terms of reference. As far as the IAOC was concerned, the JIU reports were made separately by the JIU. Of course, the IAOC did appreciate the concerns of Member States. The IAOC did elicit information from the Secretariat regarding the progress made on implementing the JIU's recommendations. The IAOC Member also wished to bring on record that the JIU itself issued reports periodically and that these were within the public domain, since they could be accessed by Member States. They clearly laid down the recommendations made by the JIU, and the replies given by the Secretariat as to how many recommendations had been implemented in total and which recommendations had been accepted and what action had been taken. But the IAOC did not pronounce itself upon the recommendations as the JIU was an independent oversight agency. As far as the analytical portion of the report was concerned, this was something that the IAOC definitely took on board. But it also wished to mention, when talking in terms of recommendations, the terminology used within the audit profession. The recommendations were those that the auditors were making to Management for addressing concerns that were primarily related in terms of what risks occur to the Organization, in so far as the issues raised in their audit reports were concerned. The role of the IAOC was to see that the IAOD and the External Auditors had been able to satisfy themselves that they had had full access to all documentation and that there had been no cases of any, what is called in the audit profession, "scope limitations" in the conduct of the audit. The recommendations were relevant. Where the IAOC felt that certain recommendations were of a nature that merited the special attention of the PBC (because a large number of recommendations could be made) the IAOC would bring these to the PBC's attention. Similarly, it was primarily for the auditors themselves to be satisfied that the steps taken by Management were indeed adequate and that any risks and control measures needing improvement would result in a lowering of risk for the Organization. Where risk was sought to be addressed and recommendations had been closed, the IAOC would report on adequacy if it felt the need to do so. But in general, the IAOC would rely, to a large extent, on the professional judgment of the Director of IAOD and the Head of the Internal Audit Section as regards accepting action taken on the closure of recommendations. Cases might arise where there was a professional disagreement or an agreement to disagree between auditors and the Secretariat on the recommendations. In order to resolve these issues, a large number of which had actually hampered the adequate resolution of recommendations, the IAOC had advised -- and this

advice was taken up by Senior Management -- to have a formalized risk acceptance documentation so that where, at a Senior Management level or at the level of the Director General, it was felt that there were reasons why the recommendations would not be accepted or would not be acted upon, a formal document citing the reasons why this was so and signed by the Director General would be placed on record. This would be subject to periodical review by the concerned auditor and the internal auditor to see that this risk acceptance had, in fact, not led to any loss for the Organization. The IAOC did have a lot of interaction, as Member States had been kind enough to point out, with the Secretariat and with the internal and external auditors. The IAOC's attempt was always to enhance the benefits to the Organization from the audit process. The Committee would definitely continue to report to the PBC on the recommendations that it considered as requiring the valuable time of the PBC so that the PBC could concentrate its efforts. On the issues such as adequate accounting and the use of the information provided by the Financial Statements, the IAOC had discussed this issue separately with the External Auditor and with the Secretariat, and it would be reporting to Member States regarding the appropriateness of whatever Statements were decided upon. Similarly, regarding Special Service Agreements, it would be reporting on whether adequate progress had been made and whether the steps taken by Management seemed reasonable to the Committee. The IAOC wished to assure Member States that it had taken on board the comments made about the reporting format of the IAOC, and the Committee would try to ensure that, in future reports, the concerns of Member States regarding the analytical approach adopted would be reflected.

66. The Delegation of Algeria, speaking on behalf of the African Group, thanked the Vice-Chair and the IAOC representative for the clarifications provided. It had taken due note of what had been said. On the question of the JIU's recommendations, it took note of the comments of the IAOC representative. It noted that, in fact, no opinion had been given on the recommendations from the JIU. That being so, it asked why then there was an agenda item dealing with this matter at all. Were Member States simply to understand that the IAOC had taken note of the recommendations or that some kind of decision had been taken on them or would be taken on them? The Delegation was not clear as to how the IAOC was dealing with the recommendations and requested further clarification. The Delegation also wished to point out that there was undoubtedly common ground between recommendations from the JIU and those from the IAOC, particularly on issues of audit and human resource management. In some areas, work had to be done jointly and in others, it had to be done separately. There was a need for cooperation in certain areas, particularly on those to which the Delegation had referred. It therefore wanted to reiterate its request for the future: It wished to examine this matter in much more detail and it needed to have the opinion of the IAOC on such issues and a clear road map as to what steps they were intending to take to implement the relevant recommendations.

67. The Delegation of Mexico wished to raise a point that had been raised by the Delegation of Egypt. It was, in fact, Member States who had asked the Secretariat to include, as a standing agenda item, the follow-up of the JIU's recommendations. The Delegation was very aware that the IAOC did not necessarily have to comment on the JIU's recommendations but, as regarded the responses of the Secretariat to those recommendations, it thought that the views of the Delegations of Egypt and of Algeria were valid. It wished to know whether the IAOC would be reviewing the Secretariat's response to the JIU recommendations. The Delegation also requested the Vice-Chair of the IAOC to elaborate further and provide additional information regarding the discussions that had taken place on the use of the Reserves. The information requested was not just on their inclusion in the Financial Statements but rather on the differences in the perception or interpretation of how those Reserves should be used.

68. The Delegation of Algeria, speaking on behalf of the African Group, thanked the IAOC for the information given. It also wished to echo the comments of the Delegations of Egypt and Mexico who had said that there was no contradiction between the idea of having the IAOC work

with the JIU and coordinate their responses to recommendations between themselves as well as with the Secretariat. There should be no contradiction whatsoever in the way in which this work should operate and, certainly in formal terms, the African Group believed that this was not the case. That being said, the African Group thought that it could indeed ask the IAOC to review the JIU recommendations and submit information on them. It also understood from the reports from IAOD and the Human Resources Management Department (HRMD) that a number of recommendations were made by the JIU. It wondered if it was possible to have all recommendations annexed to the IAOC's report: recommendations to the Secretariat, to the IAOD, to HRMD; all recommendations from the IAOC could have been set forth in the Report using a system whereby they were clustered in such a way that Member States could see what recommendations related to what and there could also be a list of general recommendations if there were such recommendations. It thought that it would be possible to have an Annex setting out all the recommendations and indicating what recommendations would apply to which area.

69. The Vice-Chair of the IAOC said that she would respond to the question asked on the reserves and the discussion that the Committee had had with the Secretariat. She said that, from the time that the IAOC had started working as a new Committee in WIPO, it had noticed that, in terms of the definition or description of Reserves, Member States, as well as the IAOC members, found it very difficult to actually comprehend what was really happening. The IAOC had discussions over a period of time to try to understand what was really happening. In the recent past, the IAOC's discussions with WIPO had been related to the question of if one had a Reserve, was it a requirement that one needed to be able to depict it as a separate reserve in the financial statement on the balance sheet? The IAOC was not really able to see the reserves for the New Building Projects separately in the accounts. However, the Secretariat had explained what was really happening in terms of those Reserves, which the IAOC did understand and which it had taken note of. Under IPSAS, there was a requirement that if you designated a Reserve as a Reserve, it needed to be set up separately and specifically shown in the Financial Statements as a Reserve. This discussion was now taking place between the Secretariat and the External Auditor. The IAOC understood that the Secretariat was working on an agreed position as to how to depict the Reserves. This concern had been expressed by Member States over a long period of time as they also did not find it easy to understand what was really happening in terms of the Notes that explained the Reserves, particularly when trying to what was happening in practice if it was different from what was actually being shown in the accounts in terms of the fact that you expect to see a Reserve, but you do not see it. An explanation had been given on this. From 2013, the IAOC thought that there would be a clearer picture as to what was happening in terms of the Notes as well as the depiction of the reserves in the Financial Statements.

70. The IAOC Member said that, in respect of the JIU, the IAOC took on the requirement of Member States that the IAOC should make it a part of its functioning to monitor compliance with JIU recommendations. The Committee would take this matter up with the Secretariat and would make periodical reports to Member States through the IAOC information sessions at the end of each IAOC quarterly meeting, depending on the agenda for that particular meeting. In subsequent IAOC reports, there would be a separate section on JIU recommendations. The JIU had not been considered separately because the JIU made its reports independently within the UN system. It was only because the IAOC shared the concerns of Member States regarding the adequate resolution of outstanding recommendations that the IAOC, in its current report to the PBC, had just indicated that it took note of the agenda item amongst the various items of which the Member States would decide to take note of. In order to meet the requirements of Member States, the Committee would definitely report on these issues separately. The IAOC Member wished to reiterate that, hitherto, the role of the IAOC had been largely one of coordinating adequate responses to recommendations made by the internal and external auditors *vis-à-vis* the Secretariat.

71. The Secretariat responded to the request of the Delegation of Algeria for consolidated lists. Everything was possible but what the Secretariat wished to ensure was that it did not end up duplicating work. The Secretariat fed into the IAOD's system to track recommendations. The JIU had a system. Both systems were not the same. This year, the Secretariat had to produce what it would call a hybrid. It produced a report on the JIU recommendations because the JIU system did not allow the Secretariat to reproduce reports in the way in which it wished. In future, the Secretariat would produce reports from IAOD's system, which was already being done, and would likewise produce something in a similar format for JIU recommendations so that there was coherence in the reporting from the JIU's system. The problem was that the Secretariat was still in negotiations with the JIU on this matter. Everybody was asking for the same thing. Other Organizations (the WHO and possibly the ILO) were actually pulling reports straight from the JIU system and using this as a way of reporting to Member States rather than having to feed into another system, such as Excel sheets as the Secretariat had had to do. Everything was possible. At present, Member States had three separate reports but, in the future, the Secretariat could put them together in a way that the reports could be read together. This would be quite a big report as Member States could well understand. At the same time, what the Secretariat was trying to do was not to duplicate work. This was work in progress and the Secretariat would have reported on this under Item 7, which dealt with JIU recommendations. What Member States had received was not what should be expected to be seen next year in terms of format, as the Secretariat would be using the JIU system to prepare the reports. Member States also had access to the JIU system so they could also monitor the recommendations on an ongoing basis.

72. The Chair stated that there had been a proposal from some Member States that, whereas the language in the decision paragraph was to take note, Member States could instead adopt document WO/PBC/21/2 and action would be expected of the PBC. The decision paragraph would read: "The Program and Budget committee is invited to recommend to the WIPO General Assembly to adopt the contents of this document".

73. The Delegation of Australia said that adopting the report seemed a little irregular to the Delegation. Member States had not done this in the past and the Delegation was not quite sure of the implications. The Delegation was probably not ready to adopt the Report at this stage but it was happy to take note of it, as Member States had done in the past. It wished to think more about the implications of adopting the Report because it seemed a little unusual.

74. The Delegation of Germany wished to subscribe to what had been said by the Delegation of Australia. It said that, in any case, this was a proposal to amend a proposal. It would therefore like to see this in writing in accordance with Rule 21 of the WIPO General Rules of Procedure.

75. The Delegation of Egypt wished to clarify some points. What was being talked about was adoption of recommendations presented by the IAOC. The IAOC had presented recommendations to Member States that would be implemented in the future and Member States were here to adopt those recommendations. In order to allow the IAOC to continue its work, Member States had to take a decision to that effect. The Delegation wished to clarify this point and wished to put this to the Delegations of Germany and Australia. By adopting the report, Member States would be allowing the IAOC to continue its work. The Delegation was not talking about adoption of the whole of the Report.

76. The Delegation of Algeria, speaking on behalf of the African Group, said that, as it had been the proponent of such a proposal, it could not understand the rationale behind taking note of a report that contained recommendations. It was as if Member States did not deem it logical to take adopt a report that contained recommendations that were seen as appropriate by Members States. This the Delegation understood completely. At some point, it could agree to the concerns expressed by the Delegations of Australia and Germany. What the Delegation was asking for was not to open the door for a practice whereby Member States just took note of

a report that contained recommendations. This was the Delegation's fear although it was not such a great fear. Perhaps Member States could "invite the General Assembly to take note and ask the Secretariat to move forward on the recommendations proposed". This was a very soft formulation. This would not be an adoption but would at least create a space for the recommendations to be properly applied by the Secretariat.

77. The Chair read out the proposal: "The Program and Budget Committee is invited to recommend to the WIPO General Assembly to take note of the contents of this document and to ask the Secretariat to implement the recommendations within."

78. The Delegation of Belgium, speaking on behalf of Group B, wished to maintain the original language. The document was just to be taken note of, based on an understanding that Member States were here to be informed. The Delegation also wished to reflect more on the proposal.

79. The Delegation of Mexico suggested that the word "implement" should be used for the recommendations. It understood the concerns of other delegations as regarded changing the procedure. If the Delegation had understood correctly the concerns of the Delegation of Algeria, what was being asked for was that the recommendations of the IAOC be accepted. During the discussion, the Delegation did not hear any other delegations disagree with the recommendations and there were no comments from the Secretariat. The Delegation said that the recommendations of the IAOC came from those of the External Auditor so it did not really understand the reticence to accept the language. The Delegation would be flexible but it did feel that it was relevant to use language to the extent that Member States noted the recommendations and asked for their implementation.

80. The Chair informed that discussions would resume after the lunch break.

81. The Delegation of Australia said that it still had concerns about the proposed language. The reason for this was that there were no recommendations in the document as such. It was therefore not clear to the Delegation exactly what the Secretariat was being asked to implement. The Report did refer to some recommendations of the External Auditor in the first few pages. The Delegation did not know if these were the recommendations to which other delegations were referring. If they were, perhaps the appropriate time to discuss the recommendations would be when Member States would discuss the report of the External Auditor. Member States could make recommendations in that context, and with reference to the IAOC's views, if appropriate.

82. The Delegation of Algeria, speaking on behalf of the African Group, said that, following informal discussions with other delegations, it understood that some delegations did not see the elements contained in the IAOC report as concerned what were so-called "proper recommendations". It acknowledged these concerns but the preoccupation remained, which was that even if they were not called recommendations, the IAOC was indeed suggesting some kind of action. Whether they were called recommendations or were suggestions for action, this was not the real issue. The Delegation thought that the most feasible way forward on this issue was to wait until Member States heard the External Auditor as some of the External Auditor's recommendations were contained in the IAOC's report, as were some of the recommendations from IAOD. The delegations wished to see if these recommendations were covered by those contained in the report of the IAOC and then revisit the question of whether the Delegation's concerns had been appropriately taken into account.

83. The Delegation of Egypt stated that, during the break, it had discussed this issue and had tried to explain that, in several paragraphs, the IAOC had embraced some of the recommendations that it had reviewed. For example, in paragraphs 14 and 15 the IAOC presented a view on the issues. In paragraph 15, the IAOC even said that an issue should be treated as a top priority for the Organization. In other paragraphs, the IAOC explicitly mentioned

that it will follow up and deal with certain matters and elsewhere it says that certain things should be happening. The Delegation saw these as recommendations, and that Member States should endorse them and give space for implementation. The Delegation took the view, to express its flexibility on the matter, that the Report may refer to recommendations of IAOD and the External Auditor, and that it could wait to defer a decision until the reports of IAOD and the External Auditor had been discussed. Member States could then come to a decision on the basis of the three reports.

84. The Chair of the PBC said that, since there was no objection, the PBC would defer a decision on this issue until discussion of agenda item 21.

85. The agreement on the text of the decision on this agenda item took place under agenda item 21 and the relevant discussion is reflected therein. The Committee adopted the following decision.

86. The Program and Budget Committee (PBC) recommended to the WIPO General Assembly to take note of the content of document WO/PBC/21/2 (Report by the WIPO Independent Advisory Oversight Committee (IAOC)) and to request the Secretariat to continue to take appropriate action in response to the views expressed by the IAOC. The PBC also requested the IAOC to continue to review and oversee the actions taken by the Secretariat in accordance with its mandate and report on the matter to the PBC.

ITEM 4 REPORT OF THE SELECTION PANEL FOR THE APPOINTMENT OF THE NEW MEMBERS OF THE WIPO INDEPENDENT ADVISORY OVERSIGHT COMMITTEE (IAOC)

87. Discussions were based on document WO/PBC/21/3.

88. The Chair of the Selection Panel for the Appointment of the New Members of the WIPO IAOC, H.E. Ambassador Abbas Bagherpour (Iran, Islamic Republic of), made the following statement:

“It is my pleasure to present to you the Report of the Selection Panel for the Appointment of Members of the IAOC, a Panel for which I had the honor to be elected as Chair. Before presenting the Report, I would like to thank all distinguished members of the Selection Panel for their active participation and efficient contribution. I should also like to extend the sincere appreciation of the Panel to our Secretary for her tireless efforts in preparation for the meetings that we have had in such an excellent manner.”

“I would like to highlight that the Panel's recommendation contained in paragraph 31 was unanimous and that the process has been one that was entirely Member State driven.

“On the process itself, you will recall that the Panel was set up by the PBC last September and that the 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 the GA procedures, each of WIPO's seven Groups of Member States nominated one representative for the seven-member Panel. The Panel established and followed its own Rules of Procedure as provided for by the GA.

“Regarding composition of the IAOC itself, I would first recall that, of the three departing IAOC members, one is from China and two are from Group B. The Group of Central European and Baltic States (CEBS) is currently not represented on the IAOC. Document WO/GA/39/13 states that the IAOC will be composed of one member from each of WIPO seven Groups. The IAOC's terms of reference state that at the time of

rotation a candidate from an unrepresented Group will be selected to replace a departing member of an over-represented Group. The Panel therefore agreed that priority should be given to selection of candidates from China, Group B and CEBs. This prioritization was reflected in the vacancy announcements and the letter from the Director General to all Member States inviting applications.

“In response to the vacancy announcements, we received 160 applications representing nationalities in all WIPO Groups. In line with the GA procedures, we finalized an Evaluation Matrix that contained all of the individual and corporate IAOC skills set out in document WO/GA/39/13 and in the IAOC’s terms of reference. The Matrix was, in fact, practically the same as the one used for the 2010 IAOC selection process. In line with the selection procedures, we also consulted with the IAOC on the Matrix and, to this end, we met with an IAOC representative who advised that the IAOC agreed with the Matrix as proposed. At that meeting, the representative also shared with the Panel the IAOC’s views on the areas of expertise of the departing members.

“The next task required of the Panel was the screening of all 160 applications to identify those applications eligible for detailed assessment by the IAOC. In view of the work required we engaged an external expert. The screening was carried out on the basis of the criteria used for the 2010 IAOC screening process with a very minor modification that the criterion intellectual property became a core competency. As a result of the screening exercise, 44 Priority Group applications were transmitted to the IAOC, an amount comparable to the number of applications assessed in detail by the IAOC for the 2010 selection process. The IAOC carried out its detailed assessment in May and sent its results to the Panel under cover of a letter. In that letter, the IAOC recorded the expertise of the departing members as internal audit, evaluation, investigation, and intellectual property, and made a number of observations that are summarized in paragraphs 24 and 25 of the Panel’s Report.

“As regards selection of candidates, document WO/GA/39/13 states that the Panel’s recommendation will be based on the IAOC’s assessment and provides for interviewing of candidates by the Panel if need be. The Panel identified the highest ranking candidates in each Priority Group and agreed on a short list of six candidates-two candidates from each Priority Group. We interviewed all six candidates by video-conference, using questions set by the Panel in advance, and the Secretariat completed reference checks in mid-August.

“Before commenting on the recommendation of the Panel, I would like to mention that, in our reflections on the process, the Panel has recorded in its Report some points that it believes will be of value to future Panels: First, the importance of good and early advertising, as done by the Panel, and that future vacancy announcements could include a minimum working experience requirement; second, the usefulness of taking into account the competencies lost by the IAOC with the departing members, also for a possible one-time inclusion in the core competencies; and, third, the Panel wishes to underscore the great value that it attaches to the interview process for final decision-making.

“The result of the process that I have just described is our recommendation contained in paragraph 31 of the Report. By its unanimous decision, the Panel has recommended candidates that would ensure full geographical representation in the IAOC as required by the General Assembly. In doing so, the Panel believes that not only has it selected the best candidates of the respective Groups, but that these three candidates would also ensure continuity of the right mix of skills and experience in the IAOC. I thank you for your attention.”

89. The Chair thanked the Chair of the Selection Panel for the comprehensive presentation and, noting that no delegations wished to speak, recalled the decision paragraph of document WO/PBC/21/3 as follows: the PBC was invited to (i) approve the recommendations of the Selection Panel for selection of three new members of the WIPO IAOC, as contained in paragraph 31 of the Selection Panel's Report and (ii) recommend to the General Assembly approval of the recommendation of the Selection for Appointment of New Members of the WIPO IAOC. The question was now whether Member States agreed to the decision. At the beginning of the PBC, Member States had said that, as suggested by the Director General, they should take each item one by one and, for each item, decide whether the PBC was going to adopt or provisionally adopt it. For some items, there might be no controversy and the item could then be adopted. For others, Member States might wish to provisionally adopt. The Chair was in Member States' hands and would ask item by item, as agreed, as there had been no decision on what to do when there was a difference of views between the Member States. The Chair said that his inclination was that, for issues that were entirely without controversy, Member States could either adopt a decision or provisionally adopt it. This was a decision that Member States would have to take.

90. The Vice-Chair of the Selection Panel for the Appointment of the New Members of the WIPO IAOC, Dr. Mokhtar Warida (Egypt), wished to apologize for a late arrival. The Vice-Chair said that the selection process was extremely thorough. The Panel had examined all candidacies in great detail and had also used the services of an independent expert who had a great deal of experience in human resources issues. The Panel had examined all candidate applications and proceeded with interviews of candidates. The Report of the Selection Panel and the Chairman's presentation demonstrated all of the various steps that had been taken and that the Panel had tried to the extent possible to respect the key principle for Member States, which was that of geographical representation. The Panel's work had reflected the need to take that principle into account. The Vice-Chair believed that the Panel had selected the best candidates representing the three Groups so that all geographical groups were represented in the IAOC, and that there should be support for the proposal to adopt the decision for this item.

91. The Program and Budget Committee:

- (i) approved the recommendations of the Selection Panel for selection of three new members of the WIPO Independent Advisory Oversight Committee, as contained in paragraph 31 of the Selection Panel's Report; and,
- (ii) recommended to the General Assembly approval of the recommendation of the Selection Panel for the Appointment of New Members of the WIPO Independent Advisory Oversight Committee (IAOC).

ITEM 5 REPORT BY THE EXTERNAL AUDITOR

ITEM 9 ANNUAL FINANCIAL STATEMENTS 2012; STATUS OF THE PAYMENT OF CONTRIBUTIONS AS AT JUNE 30, 2013

92. The Chair proposed that agenda items 5 and 9 be discussed together. It was so agreed.

93. Discussions were based on documents WO/PBC/21/4 (Annual Financial Statements 2012), WO/PBC/21/5 (Status of the Payment of Contributions as at June 30, 2013) and WO/PBC/21/6 (Report by the External Auditor).

94. The Chair invited the Secretariat to introduce documents WO/PBC/21/4, WO/PBC/21/5 and WO/PBC/21/6.

95. The Secretariat introduced document WO/PBC/21/4 and stated that the document contained the Annual Financial Report and the Financial Statements for the year ended December 31, 2012. It added that these financial statements constituted the third set of financial statements that had been prepared in accordance with the International Public Sector Accounting Standards (IPSAS) and that they had received a clean audit report. The English version of the financial report on pages 3 to 11 provided a discussion and analysis of the results for the year and gave a detailed explanation of the constituent parts of the financial statements themselves on page 4 (English version) under "Overview of the Financial Statements". The financial statements followed. After the statements there were three tables that the Organization was not obliged to include in order to comply with IPSAS, but which were included to provide further information. The first two tables provided details of the financial position and the financial performance by business units, while the third table provided summary details of income and expenditure related to Special Accounts otherwise known as Funds-in-Trusts. The Secretariat proceeded to introduce document WO/PBC/21/6, Report by the External Auditor, explaining that it contained four items. The first item was the opinion of the External Auditor on the financial statements of WIPO for the year ended December 31, 2012, which had received a clean audit report. Second, there was the annual report of the External Auditor, also known as the long form report. The Secretariat explained that this report contained the External Auditor's principle recommendations arising from the three audits undertaken during the last 12 months. It specified that these audits comprised a performance audit of the PCT, an audit of the financial statements (both interim and final), and a compliance audit on the sourcing and engagement of special service agreements and commercial service providers. The third item dealt with the responses from WIPO Secretariat to the recommendations of the External Auditor as contained within the long form report, and finally, the WIPO statement of internal control signed by the Director General. The Secretariat reminded the Committee that the External Auditor's report included only principle recommendations. These, together with all of the other recommendations by the External Auditor which were addressed to the Director General in Management Letters during the year, would be entered into a database of audit recommendations, known as Team Central, and would be maintained by the IAOD. It added that the IAOD would therefore monitor the actions taken by the Secretariat in respect of these recommendations. The Secretariat had already begun or carried out the work with regard to several of the principle recommendations made by the External Auditor, and this was also one of the recommendations contained in the management letters received in the past year.

96. The External Auditor, Mr. Singh, delivered his report as follows:

"Honorable Chair and Distinguished Delegates, good afternoon to all of you. I am grateful for this opportunity to present to you the results of our audit of WIPO for the financial year 2012. The report of the External Auditor for the year 2012, giving important audit observations and recommendations, has been presented separately for transmission to the General Assembly. According to the terms of reference for the External Auditor, we are required to express an opinion on WIPO's financial statements and report on the financial operations for the financial period ended December 31, 2012.

"The audit of the financial year 2012 was conducted as per our audit plan, drawn up on the basis of a risk analysis of WIPO, which was conducted by us in June and July of 2012. The audit included an audit of the financial statements of WIPO, a performance audit of the PCT, and a compliance audit of sourcing and engagement of Special Service Agreements (SSAs) and commercial service providers. We have placed professional reliance whenever necessary on the work of the internal audit.

"The most significant of these findings, appropriately aggregated, are being presented here. With respect to financial matters our audit includes a review of the financial statements to ensure that there were no material add-ons and that the requirements of IPSAS had been met. We have placed an unqualified audit opinion on WIPO's financial statements for the financial period ended December 31, 2012. WIPO

adopted IPSAS in 2010 and during the year 2012 it adopted IPSAS31 on intangible assets. The surplus for the year ended December 31, 2012 was 15.7 million Swiss francs. On the basis of our observations during the conduct of the audit, the management made improvements in the financial statements, and notes thereon, and these have been elucidated in the report. As per note 24, WIPO incurred 14.18 million Swiss francs on projects financed from reserves. However, we noted that no separate reserve as mentioned in note 21 and note 24 for financing projects existed. Therefore, we have recommended that WIPO may consider the creation of a separate reserve for the purpose of financing projects as stated in notes 21 and 24 of the financial statements.

“WIPO did not have a treasury and cash management policy. We observed certain instances of opening of bank accounts without approval of the Controller. Interest paid on borrowings and the commitment charges were significantly higher than the return on the investments of the Organization. Therefore, we have recommended that the management may consider formulating and implementing an appropriate treasury and cash management policy, including on borrowing, to improve financial management. We have been informed that this recommendation is actively under implementation, and a consultant is being engaged to implement such a policy. The Request for Proposals (RFP) for engaging the consultant has already been issued, so WIPO has immediately accepted and started the implementation of this recommendation.

“Further, assets, each with a value of over 5,000 Swiss francs, 14.46 per cent of the total number of items in physical numbers, constitute 59 per cent in terms of financial value of the total assets. Based on this, we have recommended annual verification of assets instead of biennial, for inventory tracking and recording assets.

“In the compliance audit of SSAs and commercial service providers, which was conducted during January 2013, it was noted that there was an absence of a regulatory framework except for FAQ. Competitive sourcing was absent in the selection process. We appreciate that WIPO has agreed to work towards closing this gap, and this is essential as acquisition of services of 24 million Swiss francs through SSAs was outside the purview of any regulations. We have recommended that formal office instructions need to be issued to put in place an adequate regulatory framework for acquisition of services through SSAs. Competitive selection may be implemented, for competitiveness associated with the process may vary depending on the value of the obligation. Weaknesses were also noticed in the certification of the process, which were general in nature and did not define the specific task and deliverables in measurable terms. SSAs were engaged for long periods through renewals and they were discharging continuing functions which, according to the FAQ guidelines, should have been under appropriate contracts”.

97. The Chair asked the External Auditor to explain what FAQ meant.

98. The External Auditor explained:

“FAQs are Frequently Asked Questions. So there was guidance in the form of Frequently Asked Questions on the sourcing of SSAs which we felt was not adequate. So coming back to the recommendations, we recommended that terms of reference should be clear and specific. In terms of objectives and targets, tangible and measurable outputs of the work assignment with specific delivery dates and measurement and performance indicators for evaluation of results, for example, timeliness and value of services rendered in relation to their cost are required.

“To restrict the repeated use of the same consultant, either to perform different tasks within a program or a series of tasks within the same project, a suitable time limit should be fixed and responsibilities of the certifying officer need to be clearly defined. This

recommendation is also under implementation by WIPO. We noted that there was an absence of a well-defined cost efficiency strategy for SSAs. The reduction in SSA expenditure in 2012 was 8% when compared with figures of 2011, but when compared with 2010 figures the SSA expenditure in 2012 reported an increase of 27 per cent. We have recommended that WIPO needs to act upon its commitment to the Member States to draw up and implement an effective cost efficient strategy in relation to the expenditure on SSAs. We appreciate that WIPO has agreed to work towards closing this gap through a policy. A WIPO general policy framework on non-staff contracts will be published and implemented as an office instruction very soon.

“Coming to the examination of commercial service providers, it was revealed that there were inconsistencies between the evaluation criteria published in the documents and the criteria used in the evaluation matrix. Sub criteria and evaluation frameworks were firmed up after the clarification of queries and the minimum qualifying threshold for each criteria was not disclosed in the bid documents. These practices raise the risk of affecting the objectivity and transparency of the evaluation process. We have recommended that the evaluation proposals received from the vendors should be based on the criteria set forth in the solicitation documents, and each criteria should be given a predetermined weight before issuing the documents. The criteria and the sub criteria with their weight should be disclosed to the bidders in the tender documents. The minimum threshold should also be disclosed and WIPO may align its procurement policy framework with the UN guidelines in this area. Again, we have been informed that WIPO has accepted and implemented this recommendation, and the new RFP, which has been issued for engaging a consultant for recommending a treasury management policy, has incorporated the recommendations which have been made here. The evaluation criteria have been revealed up front in the RFP along with the weights so this is good progress. We noted with appreciation that the management of Procurement and Travel Division has agreed to implement our recommendation, and the procurement manual itself will be revisited and these instructions will be incorporated.

“A detailed performance review of the PCT system was conducted with the main objective to assess whether there was a mechanism to provide the desired IP services in an economical, efficient and effective manner. We noticed that there was a need for a high degree of coordination between the International Bureau of WIPO, the Offices and International Search Authorities to improve the timeliness of critical activities, delaying the establishment of international search reports resulting in re-publication thereby putting pressure on the limited resources of the international Bureau and delaying the decision on the patentability of an invention or innovation. We have recommended that the International Bureau should improve its coordination with the regional offices to ensure adherence to time lines. The International Bureau would like to consult and try to develop a mechanism specifically with those international search authorities where high numbers of ISRs are received after prescribed time lines. The data on PCT national phase entry was an indicator of the effectiveness of the PCT. However, complete information on national phase entries was not forthcoming and only some of the Receiving Offices were providing data to WIPO on a regular basis. This was supplemented by the collection of information through questionnaires by the Economic and Statistics Division of WIPO. We recommended that PCT should continue in its endeavor to impress upon the Member States the usefulness of sharing and exchanging maximum national data to enable the International Bureau, PCT, to provide complete information services. The fee provides for reduction on account of e-Filing, which was introduced in 2004 to promote e-Filing and reduce the workload of paper filings. Despite the significant increase in e-Filing due to improvement in the use of information technology, the fee structure has not been revisited. We have recommended that the additional fee which was last revised in 2008 may be revisited taking into account the subsequent developments including the increased share of electronically filed applications.

“WIPO bears an additional burden of compensating the International Search Authorities on account of losses incurred by them on account of foreign exchange fluctuations in the fee collected. We have recommended that PCT may recommend a mechanism to transfer fees to authorities that have minimal exposure to foreign exchange fluctuations. Further, there was a geographical shift away from U.S. and Europe to Asian countries. This changing environment required an assessment of the desired skills. However, there was no change in the availability of translation skills in 2011 when compared to 2009 as far as Asian languages were concerned. We have recommended that, considering the increase in the number of international applications received, the diversity of languages in which they are received, the increasing share of applications from a select few countries, and the automation of processing of applications, a skill gap analysis may be undertaken to formulate a long-term strategy.

“Further, we have noted that 21 new cases of positive existence of fraud, waste, abuse of authority and non-compliance with the rules and regulations of WIPO were registered in the year 2012 and the audit department had 12 investigation cases from 2012 and the previous years which were still being investigated. We have recommended that WIPO may focus on a further strengthening of the internal controls to avoid recurrence of fraud cases. The monitoring and implementation of the recommendations made by the External Auditor is an important part of the accountability process. The report contains the status of implementation of important recommendations made by the previous External Auditor. Most of the recommendations made in this report are at various stages of implementation. We would like to urge the Organization to take action to implement these recommendations. The Internal Audit Section also follows up on the implementation of recommendations with a report to the DG, so, therefore, the monitoring of implementation is receiving attention within WIPO.

“Chair, Distinguished Delegates I have attempted to briefly highlight the significant issues discussed in our report. Before concluding, I would like to express our sincere appreciation to the Director General, the Controller, the Internal Audit and Oversight Division, and the staff of the Organization for the cooperation and courtesy extended to us during our audit. Thank you very much.”

99. The Delegation of Australia had one request in relation to recommendation 5 which related to the time limit that had been suggested for the engagement of consultants. This was a question both to the External Auditor and the Secretariat because the Secretariat had indicated that it had implemented this recommendation. The Delegation wanted to know what would happen at the end of the time limit, and whether this would mean that a consultant that had been used before would be disqualified from undertaking that task again even if he was well qualified for the task. It seemed logical that there had to be a time limit and then, at the end of the time limit, the Organization would have to conduct another process of recruiting so that the same consultant would not be used automatically again. The Delegation asked for clarification of whether this meant that a consultant should be disqualified from being selected a second time even in competition with others.

100. The Delegation of India welcomed the presentation made by the External Auditor and stated that, concerning recommendation 1 (where WIPO may consider the creation of a separate reserve for the purpose of financing projects on the financial statements), it had noted that the interest paid on borrowings and the commitment charges were significantly higher than the return on the investments of the Organization. Therefore, this recommendation became important. Similarly, recommendation 4 (concerning the formal Office Instructions required for services through Special Service Agreements for which a competitive selection process had to be followed) could be implemented for sourcing and the engagement of SSAs. As for the absence of competitive sourcing, the Delegation pointed out the fact that there had been an acquisition of services valuing 24 million Swiss francs during 2012/13 through SSAs, which was outside the purview of any regulations and competitive sourcing. In this connection, the

Delegation highlighted that Member States had also been requesting WIPO's Secretariat to make available, for the sake of transparency, the roster of consultants to be hired in other committees of WIPO. The Delegation thought that, in that context, the Secretariat could take steps in this direction. It appreciated, however, that WIPO's Secretariat and management had accepted the recommendations and had agreed to start implementing some of them by some policy decisions. It further noted that the recommendation regarding the geographical shift in the filing of PCT applications from United States and Europe to Asian countries meant that more translation skills in the Asian languages were needed. Therefore, it thought that the audit observations had thrown new light on the financial procedures followed by WIPO. The Delegation was confident that the Secretariat would respond to all recommendations with a view to implementing them and that wherever they had difficulty in doing so, it would be brought to the Member States' attention.

101. The Delegation of Belgium thanked the External Auditor. It appreciated the high quality of the analysis made and added that it would welcome further follow-up by the WIPO Secretariat on the recommendations. It further wished to comment on the External Auditors' report for 2011 (written by the previous Auditor, the Swiss Federal Audit Office), as a number of recommendations dating from 2010 still remained open. It welcomed the Secretariat's update on implementing open recommendations from previous audits and supported the Auditor General of India's report that urged WIPO to take action to implement recommendations made last year and in the current report. It agreed with the External Auditor that the establishment of a treasury and cash management policy would improve financial management and strengthen controls. Possibly it could also generate cost efficiencies due to better cash management. The Delegation added that it would be interesting to hear the Secretariat's view on how such a policy could be formulated and implemented. It noted, with some concern, that the External Auditor had found the regulatory framework for acquisition of services of SSAs inadequate and would be interested to hear the Secretariat's comments on how the management, regulation and use of services dispensed through SSAs could be generally improved. Regarding commercial service providers, it noted that WIPO, in some areas, did not follow international best practices available in the UN system and wished to underline the Auditor's recommendation to align WIPO's policy and framework with UN guidelines. It also noted, with concern, that 21 cases had been registered in 2012 following complaints or information with regard to the existence of fraud, waste, abuse of authority or non-compliance with WIPO's regulations. There was a recommendation that WIPO might focus on further strengthening the internal controls to avoid recurrence of such cases. It noted the External Auditor's recommendation that WIPO had to strive to have a more profitable cash investment policy.

102. The Delegation of Italy thanked the External Auditor for his report and the Secretariat for its prompt response on the issues of procurement and SSAs, as potential cost savings could be achieved. It exhorted the Secretariat to continue along these lines.

103. The Delegation of Egypt thanked the External Auditor for the excellent report. It was also very grateful for all the recommendations, which were of great importance. The Delegation acknowledged that the recommendations had been accepted by the relevant parties and hoped that the Organization would implement them as quickly as possible. With regard to recommendation 5, it wished to receive further information concerning the selection of consultants. There was a list of consultants available and the Delegation wished to know whether that was used in relation to paragraph 23 of the Auditor's report. The External Auditor had said that this recommendation had been accepted and that a schedule had been adopted. The Delegation wished to have more details.

104. The Delegation of Spain joined others in thanking the Auditors and welcoming them. It had much confidence in them, was grateful for their work and, as they had shown in the report, their excellent approach. It also wished to express its thanks to the Secretariat for the support given to the auditors, and to the auditors for their opinion and willingness to see the recommendations implemented. It had two questions. The first question was about one of the

recommendations concerning the annual system of verification of high value assets. The Delegation wished to know if that meant that the Secretariat would have to check that these assets were more than 4,000 or 5,000 Swiss francs, and if the Secretariat was to annually carry out an evaluation of these high value assets, as these assets were buildings, real estate. It also thought that there was a recommendation made by the previous External Auditor, which concerned not introducing the pension fund liabilities yet, and inquired if this had been assessed as a risk. It welcomed the recommendation concerning the reserves, as this recommendation would enable Member States to fully understand the relationship between the reserve and the budget. It also welcomed the recommendation concerning the revision of the fees, and the recommendation concerning investment policy and cash flow policy, which would be of great benefit to the Organization. It urged the Secretariat to implement these. Concerning the review of the regulations on the SSAs and procurement (or acquisition of services), it considered that this was very important in terms of equal opportunity and free competition. It stated that the policy on treasury in terms of cash could be an area of potential savings on efficiency, which was very important for the Organization in general terms.

105. The Delegation of Poland expressed its appreciation for the work of the External Auditor and stated that, in times of general austerity and crisis, the suggestion to establish a treasury and cash management policy as well as a cash investment policy was well-timed. Such policies should allow the Organization to improve financial management and strengthen controls. Cost efficiencies could also be generated. The Delegation expressed concern that WIPO, in some areas, did not follow the international best practices in the United Nations system regarding commercial service providers. Therefore, it wished to underline the auditor's recommendation to align WIPO's procurement policy/framework with UN guidelines, and fully agreed with the External Auditor's recommendation that WIPO's internal controls should be strengthened, especially in terms of alleged fraud and waste. Finally, the Delegation requested the Secretariat to provide Member States with an update on the implementation of the recommendations of the Swiss Federal Audit Office.

106. The Delegation of United Kingdom congratulated the Secretariat on achieving a clean audit opinion and endorsed the statement by the Delegation of Spain. It was particularly pleased to hear about the swift response by the Secretariat on the establishment of a treasury and cash management policy which was very much welcomed and supported by the Delegation. The Delegation was looking forward to seeing a draft in due course.

107. The Delegation of Mexico thanked the Secretariat for having drawn up the financial statements which had been prepared in accordance with IPSAS for the third year, adding that, since 2012, standard 31 on intangible assets had been introduced which involved a great deal of work. It strongly agreed with the 13 recommendations for various areas where some gaps or weaknesses in the frameworks within WIPO had been identified, in particular those related to SSAs, acquisition of services and procurement, and the use of reserves for capital projects. It believed that these recommendations were going to generate great savings and efficiency in the Organization. It fully supported the recommendations.

108. The Delegation of Canada welcomed the External Auditor's report and the Secretariat's assistance in this regard. It also supported the statement by the Delegation of Belgium on behalf of Group B and noted the External Auditor's recommendation regarding the creation of a separate reserve to finance capital projects, adding that it would wait until discussion on the proposed Capital Master Plan before commenting. The Delegation said that it would welcome additional information on the benefits of having two reserves as opposed to one reserve from an accounting point of view as well as on any other precedent in other comparable organizations. It also requested clarification on what the source of funds for any second reserve would be as well as the relationship, theoretical at least, between the second reserve as first seen in this recommendation and, on the other hand, the target levels for reserves in the current situation. It added that it would welcome the Secretariat's follow-up on the External Auditor's recommendations.

109. The Delegation of the Republic of Korea wished to mention two points on this agenda item. According to the report, a schedule of fees, providing for a reduction of fees on account of eFiling, had been introduced in 2004 to promote eFiling and reduce the workload of paper filings. This produced a significant increase in eFiling due to technological improvements. The fee structure had not been revisited. Regarding this, the Delegation wished that the WIPO Secretariat would review reducing the benefits of application fees, based on the fact that the share of the application had increased, because it could cause unfair results for users who already invested in eFiling. In addition, to handle the increased number of applications from Asian nations, especially for PCT applications, it stated that it was necessary to recruit more people from the region to provide better service to customers.

110. The Delegation of China thanked the External Auditor for the excellent report. It believed that the recommendations contained therein would contribute positively to the future work of the Organization. It further noted that the report mentioned that, despite the fact that in recent years there had been a geographical shift in the filing of PCT applications away from United States and Europe to Asian countries, there had been no change in terms of the availability of translation skills in 2011 as compared to 2009. The Delegation felt concerned by this fact and urged the Secretariat to implement effective measures to improve the translation skills with regard to Asian languages and thus provide a better service to Member States.

111. The Delegation of Brazil thanked the External Auditor for his work and for the recommendations. It wished to highlight recommendation 6 on SSAs. The Delegation understood that the implementation of this recommendation would not only enhance cost savings and allow the Organization to have better resources but would also imply using the roster of consultants. This would thus enable the implementation of the other recommendation of the DA on technical assistance and the hiring of consultants. SSAs would be required when staff could not provide the service. The roster of consultants would be used to this end.

112. The Delegation of France thanked the External Auditor for his work and attached particular importance to the implementation of recommendations regarding the reserves and the review of fees. It joined the previous speakers who had referred to the issue of translation and striking a new balance in terms of the availability of translators. It invited the Secretariat to plan, in as fair and as balanced a way as possible, their translation needs in terms of staff retiring so as to make this as painless as possible. It added that this could have been planned in the past, but urged the Secretariat to try to ensure that this rebalancing exercise in terms of translators would be done respecting people's need to leave for retirement. It wished to discuss this further.

113. The Chair invited the External Auditor and the Secretariat to answer the questions.

114. The External Auditor thanked the delegations who had expressed appreciation for its work. Regarding the question raised by the Delegation of Australia about the suitable time limit, he indicated that what had been recommended essentially meant that consultants who were hired once were not disqualified from being hired a second time, provided a competitive process was used for this purpose. This would replace renewing contracts repeatedly without competitive sourcing, which was not an adequate practice. No consultant was disqualified to compete for a second time. Responding to the question from the Delegation of Egypt about the time schedule, the External Auditor explained that the policy document was under preparation, and that the management would decide on a suitable time schedule or time limit. The Secretariat could provide more information on the matter. Concerning the question from the Delegation of Spain, the External Auditor clarified that the recommendation concerned verification, not valuation. Of course, the management, according to its needs, could revalue assets, as had been done in the case of buildings, but what the recommendation meant was that, for these high-value assets, an annual verification would be a better practice than a biennial method of tracking and carrying out an inventory. The second question related to the recommendations regarding the pension fund made by the previous Swiss Auditors. He added

that he had noted this while drawing up the audit plan. This was an area which had been indicated and there were recommendations by the Swiss Auditors on this which were under consideration by WIPO management. From the External Auditor's point of view, he would only say that these recommendations should be implemented. Concerning the question of the Delegation of Canada on the benefit of having two reserves and the practice of other Organizations, the External Auditor clarified what was meant by having a separate reserve. The recommendation did not mean setting aside additional funds, but that the funds which were going to be allocated for financing the projects from the reserves needed to be depicted as a separate reserve. So there would be no additional outgoing as such, and in most of the Organizations, this was how it was depicted because it made things clearer and led to a better understanding of the financial statements.

115. The Secretariat reported that various delegations had mentioned the recommendation regarding the Treasury and Cash Management policy. The Secretariat said that an RFP exercise had been launched in order to find a consultant who would be able to undertake the work. The RFP documents had now been issued and the Secretariat was awaiting details of the bids. Making reference to one of the External Auditor's recommendations on commercial service providers, the Secretariat said that the evaluation details and the weightings for the evaluation had been incorporated into these RFP documents in order to ensure that the recommendation was followed. It added that this recommendation had already been implemented and that the change in policy that would bring WIPO in line with UN best practice would be incorporated into the procurement manual. This recommendation had been fully accepted by the Procurement Division. It hoped that the Treasury and Cash Management policy would help to manage better the Organization's cash and investments. It added that it was looking at recommendations with regard to the management of foreign currencies, and was also asking for a review of its borrowing situation. The Secretariat was very encouraged to hear that so many Member States were supportive in this respect. With regard to the recommendations on the SSAs, the Secretariat had been working intensively this year on a relevant Office Instruction. It had been sent out to business areas for comments because it was obviously in the business areas that many of the SSAs were engaged. Comments and input had been collected, and hopefully an Office Instruction would come out within the next few weeks for implementation by the beginning of next year. The implications of the Office Instruction had already been incorporated into the next Program and Budget. The Secretariat added that the Delegation of Belgium had mentioned that some recommendations from 2010 were still open, some of them definitely falling in the finance area. Some of them were shared with other departments, but the Secretariat had to say, in defense of the Finance Department, that some of these recommendations involved an enormous amount of work. A couple of the recommendations called for a review of the approach to foreign currency management and the way in which PCT fees were established, for example, and this involved not only coordination with the PCT, but also negotiations with Receiving Offices to see if the approach could be changed and what the response would be. A trial period had been set up and the Secretariat was very grateful to the U.S. Patent Office for agreeing to participate in this trial. Basically, the trial was an attempt to better manage the exchange risks that were generated by search fees. The Secretariat would establish, after a year of the trial period, whether it should extend the arrangement. Putting this sort of trial into place had taken a lot of negotiation and a lot of coordination with the U.S. Patent Office and with the European Patent Office, which had taken a lot of time. There were many other recommendations that involved an enormous amount of review work, coordination and trying to think of new ideas that could be implemented to address recommendations. The Secretariat was not trying to make an excuse but wished to say that some recommendations were not easily put in place. The Secretariat recalled that there was a recommendation with regard to the cases taken up by IAOD. IAOD themselves had answered that recommendation. They had highlighted the fact that there were internal controls in place that had helped to pick up on some of these cases. IAOD had also acknowledged the need to keep working on internal controls and the Secretariat was very much on board with them in that respect. With regard to the recommendation for high-value assets, as the External Auditor had explained, this recommendation related to actually checking to see if those assets existed. Until

now, the Organization had been doing physical verification of assets on a biennial basis. The recommendation was to do this on an annual basis for high-value assets. This recommendation was being considered. With regard to the accounting policy for real estate, the Secretariat explained that a review of real estate was done on a three to five-year basis. For the 2012 financial statements, a new evaluation of the investment property (the Meyrin property which had increased in value) had been done. The Secretariat added that it had incorporated that increase in the financial statements. With regard to the Swiss Auditor's recommendations concerning the pension fund liabilities, the Secretariat said that this matter was in the hands of the United Nations Joint Staff Pension Fund (UNJSPF). It explained that the recommendation related to the fact that the Swiss auditors were concerned that WIPO did not include anything in its financial statements as a possible liability towards the pension fund. The Secretariat stressed that it was a possible liability. At the moment, the UNJSPF was not able to allocate assets and liabilities across the agencies. They could not say how many assets and liabilities belonged to WIPO. When the Secretariat had last looked at the UNJSPF's situation, the UNJSPF had a small deficit but seemed relatively confident that they could deal with the deficit themselves. So until being able to identify the liability that related to WIPO in a concrete manner, WIPO was able to account for the pension fund as a fund to which it made contributions. WIPO was following the advice of the IPSAS Task Force and was accounting for the UNJSPF on a contributions-only basis. It was doing exactly the same as other IPSAS compliant agencies and would follow any developments within the UNJSPF. With regard to the PCT, the Secretariat passed the floor to another member of the Secretariat (from the PCT Business Development Division).

116. Another member of the Secretariat replied to the interventions by the Delegations of Spain and Republic of Korea regarding recommendation 10, the issue of potentially doing away with fee reductions for applications filed in electronic form. The Secretariat said that this issue had been discussed in the most recent session of the PCT Working Group in the context of looking to potentially balancing new fee reductions for SMEs, a proposal that had been made in the PCT Working Group. The Secretariat clarified that the decision as to whether or not to do away with the existing fee reductions on electronic filings was in the hands of Member States. This was not a unilateral decision made by the International Bureau. Member States would have to agree on whether or not to maintain these fee reductions and the amount of such fee reductions. Furthermore, comments had been made by the Delegations of India, the Republic of Korea, China and France on recommendation 12 relating to the language skills of the PCT staff. The Secretariat stressed that this recommendation did not only relate to translators, but also to the language skills of staff working in the processing section. The staff dealing with applications filed, in particular from Asian countries, must be able to read and understand those languages and, as stated in the replies, there had been comments made by the International Bureau on these recommendations. The PCT was working very closely with the HR colleagues to identify language skills gaps in the staff composition and to fill those gaps so as to be able to properly deal with applications filed in those languages.

117. The Chair asked if there were any questions and explained that there were two actions to be taken. The first one was decision paragraph in document WO/PBC/21/4 reading: "The Program and Budget Committee is invited to recommend to the WIPO General Assembly the approval of the 2012 financial statements contained in this document". The second was the decision paragraph in document WO/PBC/21/6: "The Program and Budget Committee is invited to recommend to the WIPO General Assembly to take note of the contents of this document". The Chair referred to the discussion on the IAOC and the IAOD reports and recalled that delegations had said that the Organization should implement all recommendations and that further discussion should be delayed until the final review. Therefore, if agreed, the decision paragraph would be: "The Program and Budget Committee is invited to recommend to the WIPO General Assembly to take note of the contents of this document, and ask the Secretariat to follow up and implement its recommendations."

118. The Delegation of Mexico confirmed that it was thinking in terms of the same paragraph.

119. The Delegation of Australia said that it would appreciate more time to consider that wording. It added that it was happy to have some wording saying that the Secretariat should follow up on the recommendations but it would like to consider further whether the Secretariat should implement each and every one of the recommendations.

120. The Chair said that this question was linked to two other agenda items. Agenda items 3 and 6 would be affected depending on what was decided under this item. The three were linked. Whatever text were decided on for the present item, it would have to be included in the decision for the two other agenda items. He added that there was an argument that the recommendations made by the IAOC were really those of the External Auditor which had been adopted by the IAOC. Therefore, there was no need to mention implementation in the decision concerning the IAOC. The Chair proposed to settle the language issue first.

121. The Delegation of Germany said that it needed further time for reflection as it was not sure about the implications of taking up these recommendations.

122. The Delegation of Egypt considered that the proposal presented by the Delegation of Mexico made sense and recalled that the report urged the Organization to take action and to implement past and current recommendations of the External Auditor. As the end of the Committee meeting was approaching, it urged all delegations to reflect on it and hoped that the issue could be resolved quite soon.

123. The Delegation of the United States of America wanted to clarify whether or not the discussion was to figure out the recommendations with respect to the IAOD, the IAOC and the External Auditor.

124. The Chairman explained that the current discussion concerned the External Auditor's recommendations. Once this had been settled, the other agenda items could be reviewed since no decision had been taken when they had been discussed, as it had been decided to wait for the decision on this particular item. The Chair reminded the Committee that the issue was to decide on the wording of the decision on the External Auditor's Report.

125. The Delegation of United States of America referred to the FRR regarding the role of the PBC in submitting comments and recommendations relating to the External Auditor's reports to the GA. According to WIPO's FRR it appeared that the PBC would adopt, approve or accept the recommendations of the External Auditor and convey them to the GA. Regulation 8.11 stated that "reports of the External Auditor on the annual financial statements, together with reports from other audits, shall be submitted to the General Assembly through the Program and Budget Committee, together with the audited annual financial statements, in accordance with any directions given by the General Assembly. The Program and Budget Committee shall examine the annual financial statements and the audit reports and shall forward them to the General Assembly with such comments and recommendations as it deems appropriate." Consequently, the Delegation would support a decision paragraph that said that the PBC had taken note of the report of the External Auditor and recommended that the GA accept the recommendations and instruct the Director General to implement them in a timely manner. However, the Delegation made a distinction between this paragraph and the IAOD and IAOC decision paragraphs and so it would wait to make comments when those items were discussed.

126. The Chairman wished to clarify what the Delegation of the United States of America meant by the wording of the PBC decision paragraph and asked the Delegation to read it again.

127. The Delegation of United States of America re-read FRR Regulation 8.11.

128. The Chairman asked for more clarification on the part of the decision that mentioned "adopted" or "approved" and asked the Delegation where this part was.

129. The Delegation of the United States of America replied that this came from the overall conversation of the PBC having the authority to provide recommendations to the GA and added that it was its own interpretation.

130. The Chair explained that he wished to have the language proposed by the Delegation. He repeated the beginning of the decision paragraph: "The Program and Budget Committee is invited to recommend to the WIPO General Assembly to take note of the contents of the document" and asked the Delegation of the United States what it intended to add to this.

131. The Delegation of the United States of America proposed to add, to the first part of the paragraph: "and recommends that the General Assembly accept the recommendations and instruct the Director General to implement them in a timely manner".

132. The Chair thought this was a good proposal and asked the Secretariat to follow up and implement the recommendations and the Delegation's proposal, as he could not see the difference with the previous proposition.

133. The Delegation of United States of America said that there might have been some confusion as to whether the agenda items on the IAOC and the IAOD were included and that this was the distinction it was trying to make. For the Delegation, a recommendation could be made by the PBC to accept the recommendations of the External Auditor's report, whereas there was a distinction to be made between the recommendations made by the two entities.

134. The Chair wished to clarify whether the Delegation intended to include the recommendations of the External Auditor only and to ask the Secretariat to follow up and implement those recommendations.

135. The Delegation of the United States of America confirmed that this was the case.

136. The Chair wished to know if this decision could be adopted, and asked the Delegation of Germany if it had had time to reflect on this.

137. The Delegation of Germany stated that not all of the recommendations were addressed to the Secretariat. Certain recommendations concerning the PCT concerned the Member States.

138. The Secretariat explained that there were recommendations from audit or oversight bodies which were addressed to different entities. Some of them were addressed to legislative bodies as had been seen in the case of the JIU. Although the Secretariat could follow up, the final decision and approval was with the legislative body. Similarly, as was seen in the case of the PCT-related recommendations on fees, the Secretariat would be able to do the follow-up and provide the information to facilitate the decision of the Member States. However, the Secretariat could not implement anything without Member States' approval for such follow-up and proposals. The Secretariat therefore wished to have some clarity and asked for language that would allow for follow up and/or implementation.

139. The Chair replied to the Delegation of Germany that if, as a Member State, it accepted that certain recommendations were addressed to bodies other than the Secretariat, it would have accepted the recommendations related to the Member States. So if there was a recommendation, for example, which said that Member States would have to pay 10,000 dollars or more, then it would have to be read carefully.

140. The Delegation of Australia stated that, as indicated earlier, it would like more time to discuss this with colleagues so as to have the opportunity to have a quick discussion in regional groups. But, before that, it wished to ask the Secretariat a couple of questions. Firstly, it wished to have the outline of what was the normal process for following up on audit recommendations and the current mechanisms that existed for reviewing that. It had understood, as was mentioned briefly previously, that there was an arrangement with the IAOC

regarding recommendations, which, for whatever reason, were difficult, or which the Secretariat felt it could not implement. Secondly, it had noted that the management had already agreed to many of the recommendations in this report, but not all of them. If there were any in the report that the Secretariat felt were difficult to implement, the Delegation would be grateful if the Secretariat could identify them and provide some explanation.

141. In response to the question from the Delegation of Germany, the Delegation of Egypt wished to ask the External Auditor which of the 15 recommendations were directed to the management and which were directed to Member States. Such clarification would be useful. The Delegation then referred to page 38 of the report which contained the management response to recommendation 10 regarding the fees.

142. The Delegation of Switzerland said that it would also need more time to study the decisions properly, and for that it needed to examine the changes with the Secretariat, especially if there were any recommendations affecting Member States, in order to see how they should be implemented. There was a need for another decision regarding the question of implementation.

143. The Chair noted that there were two outstanding questions: one for the Secretariat and one for the External Auditor. The question to the External Auditor concerned identifying the recommendations that applied to Member States. The second question, to the Secretariat, was an enquiry as to which recommendations the Secretariat would find extremely difficult to implement.

144. The External Auditor wished to clarify to whom his report had been addressed. The recommendations made in the report had to be considered by the GA, and then accepted for implementation. From the External Auditor's point of view, the management was the implementing authority once the Assembly had given directions in this regard. To distinguish those recommendations addressed to management from those addressed to the Member States would not be really adequate because the report had been addressed to the Chair of the GA, and the PBC was a mechanism through which the report was being presented to the Assembly as per the regulations of WIPO. Therefore, the Assembly had to consider these recommendations first and then the management would decide under the delegated powers, which recommendations could be implemented by the Director General and the management and which recommendations required the approval of the Member States.

145. The Chair understood what the External Auditor had said from a legal perspective, but from a pragmatic perspective, he wondered if there were any implications for Member States. Were there any legal or financial implications for the Member States from the 13 recommendations made by the External Auditor?

146. The External Auditor said it would be difficult to make an assessment of what would be the involvement of Member States. The management would be able to assess and judge exactly what was required in terms of commitment for resources either from Member States or the management. At this stage, it wouldn't be fair for him to make a distinction.

147. The Secretariat, responding to questions from the Delegation of Australia, explained the current mechanism to follow up on oversight recommendations. There was a comprehensive audit and oversight architecture. At the top level was the IAOC, elected and established by the Member States, then the External Auditors who were selected and appointed by the Member States and who reported to the GA through the PBC, and finally the IAOD. The mechanism to follow up recommendations was standard. There were recommendations coming from each of these bodies and the IAOD was the custodian of the system that it had now established to create a database of all outstanding recommendations or indeed all of the recommendations that had been made to the Secretariat. The Secretariat added that it was constantly in contact with them to address these recommendations, provide them with documentation and evidence

of follow-up and, if they believed that these recommendations were actually closed and had satisfactorily been completed, they were closed. This was the ongoing process between the Secretariat and the Director of IAOD. The Secretariat further explained that, in the dialogue with the IAOC, outstanding recommendations also came up for discussion and for follow-up at that level as well. The External Auditor followed up on their own recommendations. There was a multipronged follow-up approach from each audit entity, but the central custodian within the Secretariat was the IAOD Director who worked in conjunction with Program Managers as they followed up on recommendations. Recommendations could be difficult to implement and timing was an issue. It was not possible to say at present, since there were so many recommendations, what it would entail to actually implement the recommendations. A simple example was the policy on non-staff contracts and SSAs. It had taken several weeks, if not months, to come up with a comprehensive policy that addressed business needs of all of the sectors. There were individual contractors and service providers in different sectors, in different capacities and the Secretariat needed to make sure that the policy it developed was useful, meaningful and enabled business manager's work. First and foremost, the Secretariat had to deliver what was required, which was why the policy had taken a long time to prepare. It was close to being finalized and would be submitted to the Director General for review. Dealing with recommendations was a constant process and, at any time, recommendations were being closed but there were new ones coming and the Secretariat had to constantly go through them to assess what it meant to undertake the work involved.

148. The Chair thanked the Secretariat for the explanation and stated that, since members were not ready to take action, they could postpone a decision on this point, along with other points. He then asked the Delegation of Germany if it had had enough time for reflection.

149. The Delegation of Germany thought, like the Chair, that too much time had been spent on this issue. It agreed with the proposal as it stood and agreed to take note of the document. Other delegations had said that they wanted a more proactive response to recommendations and had called on the Secretariat to implement. The Delegation referred to recommendations 9 and 11 where the auditors had suggested that the PCT should do something. The Secretariat could not implement recommendations 9 and 11 and so it thought that the best wording to use should be to "follow up on the recommendation". That would give enough flexibility and avoid hair splitting between what was for Member States and what was for the Secretariat.

150. The Chair clarified that the Delegation of Germany was saying that there were certain recommendations that concerned the PCT. He asked the Delegation if it would be acceptable if they found a language that implied that the Secretariat should implement the appropriate recommendations.

151. The Delegation of Germany replied that this would be fine.

152. The Delegation of Mexico stated that after having heard the replies from the Secretariat, it thought that the proposed language was sufficiently neutral to be able to make progress. In actual fact, the proposed language did not define any deadline for implementing the recommendations. It only requested that they be implemented. The Delegation had also listened carefully to the concerns expressed by the Delegation of Germany, but considered that recommendations 9 and 10 were addressed to the Secretariat. In the final analysis, the Secretariat had to make an effort, but the decisions relating to the revision of the fees and the sharing of information under recommendation 9 were under the authority of Member States. In other words, if the Secretariat was going to make proposals, Member States would decide whether to accept or not. It did not commit the Committee to anything. If an agreement was not reached now, it thought the discussion could be carried on in order to find a text that would suit everyone.

153. The Chair said that this was a half boiled solution which would say "request the Secretariat to follow up and implement the recommendations as regards the Secretariat". "As

regards the Secretariat" would not be appropriate. "As regards the Secretariat" would mean, for those who were worried that recommendations would touch the Member States, that such recommendations would nevertheless be implemented by the Secretariat. Since there was no solution at that stage, the Chair adjourned discussion until later in the afternoon.

154. Discussions resumed the following day. The Secretariat read the proposed decision paragraph: "The Program and Budget Committee recommends to the WIPO General Assembly to take note of the content of the document and requests the Secretariat to follow up and implement the recommendations contained therein. In the event that the implementation of a recommendation is not possible, for reasons to be stated in writing, the Secretariat could place the matter before the IAOC which in turn will report on the matter to the PBC." The Secretariat added that this had been discussed with the External Auditor and also with members of the IAOC.

155. The Delegation of Egypt proposed a change to the wording with the effect that the management would inform the IAOC and also the Member States if it estimated that it could not implement the recommendations. The Secretariat could submit a report of progress and implementation of recommendations to the Committee, and the IAOC would continue to review and oversee the implementation of the recommendations.

156. The Vice-Chair said that this issue was covered by the end of the second sentence which stated that the Secretariat could place the matter before the IAOC, which would in turn report the matter to the PBC.

157. The Delegation of Hungary said it had some concerns with the phrasing "implement" in the first sentence because some of the recommendations were related, for example, to the PCT and they required and depended on Member States' decisions. The Delegation preferred the language proposed originally by Germany, "follow-up" rather than "implement". The Delegation did not like the word "implement" because it implied that there was an automatic implementation.

158. The Vice-Chair pointed out that the second sentence stated: "In the event that a recommendation or implementation is not possible, for reasons to be stated in writing." He asked the Delegation of Hungary whether this wording addressed the Delegation's concern.

159. The Delegation of Hungary said it did not like the phrasing and that it needed some time for reflection.

160. The Delegation of Ghana proposed to have the wording changed to: "to follow up and/or implement".

161. The Delegation of Australia believed that "follow up and/or implement" was not really a viable alternative, and suggested the phrasing: "Request the Secretariat to respond promptly to the recommendations contained therein". The wording "is not possible" was probably too inflexible and the Delegation wished to give this further thought.

162. The Vice-Chair concluded that delegations needed more time to come up with a compromise text and adjourned discussion on this item until the following day.

163. The discussion of item 5 resumed, the text of a proposed decision paragraph having been distributed to delegations.

164. The Chair read out the proposed decision paragraph: "The Program and Budget Committee recommends to the WIPO General Assembly to take note of the content of the document and requests the Secretariat to follow up and implement the recommendations contained therein. In the event that the implementation of a recommendation is not possible, for

reasons to be stated in writing, the Secretariat could place the matter before the IAOC which would in turn report on the matter to the PBC”.

165. The Delegation of Australia reiterated that it did not have problems with the overall concept but that it did have concerns with some of the language. With the current proposal, there was a lack of clarity in relation to recommendations that did not relate to the International Bureau. Secondly, requiring the Secretariat to implement recommendations without giving them any opportunity to respond to those recommendations would fundamentally change the way the oversight architecture currently functioned. However, with some minor changes to the language, the proposal could be more consistent with the existing architecture and it could operate in quite an effective way. The proposal of the Delegation was to substitute the words "follow up and implement" with "respond promptly", to replace the words "contained therein" at the beginning of the first sentence with the words "addressed to the International Bureau", and in the last sentence, to replace the words "is not possible" with the words "is not considered feasible”.

166. The Delegation of Egypt was satisfied with the language proposed by the Secretariat. It requested clarification from the Delegation of Australia, which it believed had mentioned that the wording did not allow the management a chance to respond, and had therefore proposed that the management “respond promptly” to the recommendations. Document WO/PBC/21/6, pages 25, 26, 27, and 28 contained the responses of the management to each recommendation by the auditor. He did not wish to repeat the process again as there was already a response presented by the Secretariat. It was the responsibility of Member States, in accordance with good governance, to pronounce on these recommendations. The proposal presented by the Secretariat was good. The issue in question was the implementation by the Secretariat of recommendations 9 and 10, as indicated a day earlier by the Delegation of Germany, because they related to the issue of PCT and in fact, the management had indicated that it was assessing the situation and would make a proposal to the Working Group in this respect. This had already been addressed by the Secretariat.

167. The following day, the Chair wished to find out from the Secretariat and the Vice-Chair how this language had been reached.

168. The Secretariat explained that the proposed wording was the result of consultations with the External Auditor and also with the IAOC, in respect of item 3, because the original proposal had not been acceptable. It had been distributed but the discussion had not been completed.

169. The Delegation of Belgium, on behalf of Group B, stated its support for the proposal outlined by the Delegation of Australia. It added that the relationship between the PBC, the IAOC and GA was quite complicated, but that the language outlined by the Delegation of Australia was aligning this relationship more closely with WIPO’s FRR.

170. The Delegation of Canada supported the prudent approach proposed by the Delegation of Australia.

171. The Delegation of Hungary confirmed that, with the modifications and changes proposed by the Delegation of Australia, their concerns would be addressed. As the Delegation of Canada had just stated, this more prudent and coherent approach was preferable.

172. Later that evening the Chair explained that, in connection with item 5, the Delegations of Australia, Hungary and Switzerland wished to propose a decision paragraph: “The Program and Budget Committee recommend that the WIPO General Assembly take note of the document and request the Secretariat to respond promptly to the recommendations addressed to the International Bureau and in the event that the recommendation is not considered feasible, for reasons to be stated in writing, the Secretariat will place the matter before the Independent Advisory Oversight Committee which would in turn report the matter to the PBC. The Chair

stated that this proposal followed one received on the previous day which had said: "The Program and Budget Committee recommends that the WIPO General Assembly take note of the content of the document and requests the Secretariat to follow up and implement the recommendations contained therein. In the event that implementation or recommendation is not possible, for reasons to be stated in writing, the Secretariat could place the matter before the IAOC which in turn would report the matter to the PBC". The Chair asked whether there had been any group consultations on this matter.

173. The Delegation of Egypt had supported the draft proposals submitted by the Secretariat on the previous day and during the morning session and that was still the case. With regard to the proposal from Australia, Hungary and Switzerland, it wished to have some clarification regarding the wording "respond promptly". The report already called for management response to the recommendations so he could not see any added value in this wording. The reference to the role of the IAOC was weak and Egypt could not support this. Given the time, the Delegation wished to propose that the GA consider the reports submitted by the External Auditor, the IAOC and the IAOD.

174. The Chair requested wording for the decision paragraph.

175. The Delegation of Egypt replied that the decision paragraph would read: "The Program and Budget Committee recommends to the WIPO General Assembly to consider the reports presented by the External Auditor, by the IAOC and by the IAOD". The reports would then be considered and issued upon recommendation by the GA.

176. The Chair asked what the GA was being asked to consider.

177. The Delegation of Egypt explained that this was the reports by the External Auditor, the IAOC and the IAOD and that this was a compromise solution.

178. The Chair asked whether the last sentence of the paragraph was to be dropped.

179. The Delegation of Egypt explained that Australia, Hungary and Switzerland were unable to agree to request the Secretariat to implement the recommendations. However if they would accept this idea the Delegation of Egypt would accept the proposal made by the Secretariat during the morning session.

180. The Chair inquired about the PBC's objective in recommending that the WIPO GA consider the contents of the documents of the three oversight bodies.

181. The Delegation of Egypt responded that it was to take action.

182. The Chair considered that the requirement to take appropriate action was an improvement to the decision paragraph.

183. The Delegation of Australia stated that it had been the long-time practice to note the External Auditor's reports. Secondly, there was an oversight charter which had been discussed at length by Member States and which dealt with audit reports and recommendations, and how they were to be handled. The Delegation was really reluctant, on the basis of an 11th hour kind of idea, to start meddling with those processes. Its preference was to note the report, which was what the Committee had done consistently for many years. However, because there was an interest in taking a further step, the Delegation had tried to meet the proponents halfway by suggesting some minor modifications to the language proposed. That had been an attempt at reaching a compromise and really was a bit of a stretch. Now the Committee had been given completely different language, which was not consistent with anything done previously, and it had changed in the last 30 minutes to what had been tabled two minutes earlier. Therefore, the Delegation wished to have more time to consider and discuss the new wording.

184. The Chair explained that there were three proposals on the table: the original proposal from the Secretariat, that of Australia, Hungary and Switzerland and a proposal from Egypt to modify the original proposal from the Secretariat.

185. The Delegation of the United Kingdom asked whether the Delegation of Australia could explain the long existing practice it had referred to.

186. The Delegation of Egypt asked for either the Delegation of Australia or the Delegation of the United Kingdom to explain the practice. What was known was that the GA had authority and that the PBC could make a recommendation to the GA. The Committee agreed that external auditor recommendations were worth implementing and the Secretariat had already stated in the management response that they accepted many of the recommendations and were working on them. Even for the PCT recommendations 9 and 10 the Secretariat had said that they were making an assessment and would present a proposal in this regard to the PCT Working Group. In the External Auditor's report itself there was a clear statement that the External Auditor urged WIPO to implement his recommendations. In addition, in the IAOC report, the recommendations from the External Auditor were being classified as important recommendations and as a key priority for WIPO to implement. So everyone within the oversight structure was proposing the implementation of these recommendations. Member States had the responsibility and the right to recommend implementing the recommendations and the Delegation of Egypt was therefore happy with the language proposed by the Secretariat that morning. The additional proposal had been presented as a compromise. However, if this were not accepted, then the Committee could revert to the proposal from the Secretariat and, in any event, the GA had sufficient power to consider the reports and to issue the appropriate action with regard to them. This was also what the External Auditor had confirmed on the previous day when he stated that the GA needed to consider this report.

187. The Chair explained that all issues which had received no agreement would be referred to the GA. There appeared to be no agreement on item 5 and so it would go to the GA for action.

188. The Delegation of Switzerland explained that it had requested to take the floor before the Chair had taken the decision. It wished to advise the Delegation of Egypt that the customary procedure for audit matters could be seen in all of the documents of previous years practice where the practice was clearly set out. In addition, the FRR explained the procedure and the actions to be taken and there was also the procedures of the Secretariat to be respected. Hence the proposal that the Delegation had made together with Australia and Hungary. There was agreement in the Committee to take note of the recommendations and the Committee had reached positively to the work to be done by the Secretariat. This was reflected in the text of the proposal. If everything was to be sent to the GA, that assumed that everything was open once again and that there was no positive reaction to accept the recommendations of the External Auditor. The Delegations of Switzerland, Australia and Hungary were suggesting that the Secretariat should take action, but in accordance with the general procedure and as set out in the FRR. There was no change. The proposal was using the appropriate language for the work that was to be done. The Delegation would prefer a decision to be taken now and not to have the item referred to the GA because there was no real reason for that. The issue could be decided upon by the Committee.

189. The Delegation of Venezuela (Bolivarian Republic of) stated that it would not like to have a precedent set to the effect that any external audit report or any activity by an external body would involve an action that went beyond simply taking note. External Auditors or experts gave their opinions but these were not necessarily binding. It would set a dangerous precedent for the Organization because it would submit WIPO to the power of the External Auditors. External Auditors could provide recommendations and evaluations but these were only recommendations and it was up to the Secretariat and the Member States to take decisions on the basis of recommendations in terms of what should be implemented. So whether or not the Secretariat liked the recommendation in any particular instance, it would be a bad precedent to

go beyond simply taking note of the recommendations and to set up a situation where Member States would not have to go beyond discussing whether or not to implement them.

190. The Chair acknowledged that any agreement reached by the Committee, even if it criticized the External Auditor, would be adopted. If no agreement could be reached, the item would go to the GA.

191. During discussion later that day, the Chair announced that the Delegations of Egypt and Australia had reached an agreement with regard to item 5. The proposed wording for the decision paragraph read as follows: "The Program and Budget Committee (PBC) recommended to the WIPO General Assembly to take note of the content of document WO/PBC/21/6 (Report by the External Auditor) and to request the Secretariat to continue to take appropriate action to address the recommendations addressed to the International Bureau. The PBC also requested the Independent Advisory Oversight Committee (IAOC) to continue to review and oversee the implementation of the recommendations in accordance with its mandate and report on the matter to the PBC".

192. There were no objections to this proposal and the decision was duly adopted.

193. The Chair explained that the Secretariat was suggesting the use of the same language in the decision paragraphs for items 3 and 6, with one small change, the replacement of the words "International Bureau" by "the Secretariat".

194. The Delegation of Australia asked for a few minutes to consider the proposal.

195. During discussions under item 21 (Adoption of Summary of Decisions and Recommendations), the Chair confirmed that the wording for the decision on item 5 had been agreed to by the Delegations of Australia and Hungary.

196. The Program and Budget Committee (PBC) recommended to the WIPO General Assembly to take note of the content of document WO/PBC/21/6 (Report by the External Auditor) and to request the Secretariat to continue to take appropriate action to address the recommendations addressed to the International Bureau. The PBC also requested the Independent Advisory Oversight Committee (IAOC) to continue to review and oversee the implementation of the recommendations in accordance with its mandate and report on the matter to the PBC.

ANNUAL FINANCIAL STATEMENTS 2012

197. The following decision was taken on document WO/PBC/21/4 (Annual Financial Statements 2012).

198. The Program and Budget Committee recommended to the WIPO General Assembly the approval of the 2012 Financial Statements contained in document WO/PBC/21/4.

STATUS OF THE PAYMENT OF CONTRIBUTIONS AS AT JUNE 30, 2013

199. The Chair invited the Secretariat to introduce document WO/PBC/21/5.

200. The Secretariat explained that this document contained information concerning the arrears in annual contributions and payments towards the working capital funds. An update of the document would be distributed at the 51st session of the Assemblies in order to include payments received after June 30, 2013, so as to provide an updated picture of the status of the payment of contributions. It then provided details of contributions that had been received from June 30, 2013, to date. All amounts were given in Swiss francs:

Belize: 2,849 (paid 2013 contribution)
Burkina Faso: 3,047 (this amount paid the 2013 contribution of 1,424 and part of the frozen arrears.)
Côte d'Ivoire: 385 (deducted from the Hague distribution)
Cyprus: 5,697 (paid 2013 contribution)
Dominican Republic: 5,697 – this amount paid 1969 and 1970 contributions.
Estonia: 11,395 (paid 2013 contribution)
Gabon: 86 (deducted from the Hague distribution)
Israel: 91,158 (paid 2013 contribution)
Jamaica: 2,849 (paid 2013 contribution)
Japan: 1,139,475 (paid 2013 contribution)
Mali: 22 (deducted from the Hague distribution)
Nepal: 2,848 (this cleared the contributions for 2011 and 2012)
Netherlands: 679,038 (this had almost cleared the 2013 contribution. There was just a small amount remaining)
Niger: 64 (deducted from the Hague distribution)
Poland: 34,188 (paid 2013 contribution)
Serbia: 847,668 (this had been deducted from the Madrid/Hague distribution amounts which were held in WIPO's books in favor of the former Republic of Yugoslavia. Serbia and Montenegro had come to an agreement with regard to some of the monies due to the former Republic of Yugoslavia. This amount represents the amount due to Serbia)
Togo: 1,424 (paid the balance of 2001 and 2002)

201. The Secretariat explained that a table on page 9 of the document showed the trend of arrears in contributions over the last few years. It was pleased to report that 2012 had also seen the continuance of the decline in arrears.

202. The Chair thanked the Secretariat for the presentation and asked whether there were any questions on this item. There being no comments, the Committee took note of the document.

203. The Program and Budget Committee recommended to the WIPO General Assembly to take note of the contents of document WO/PBC/21/5.

ITEM 6 REPORT BY THE DIRECTOR OF THE INTERNAL AUDIT AND OVERSIGHT DIVISION (IAOD)

204. Discussions were based on document WO/PBC/21/17.

205. The Chair invited the Director of Internal Audit and Oversight Division (IAOD) to proceed with his report contained in document WO/PBC/21/17.

206. The Director, IAOD made the following Statement:

“Thank you, Chairman and good afternoon everybody. I am delighted to introduce the summary annual report of the Director of the Internal Audit and Oversight Division contained in document WO/PBC/21/17. Now, I would like to briefly present our procedures, the results of our audits, evaluations and investigations, follow-up of recommendations, and also our other activities and resources.

“With regard to procedures, I would like to mention the independence of the audit and oversight function. The IAOD establishes its work plan in a very independent manner and plans its audits, evaluation and investigation activities in complete independence. Finally it is in complete independence that the IAOD establishes its reports and conclusions. Being independent does not mean being unaccountable.

Our work meets the standards of our profession. We prepare all our work in cooperation with the units being audited and evaluated. Finally, we report our work to the Director General, to the IAOC and, of course, we annually report on our work to your committee as well as to the GA.

“With regard to our audit, evaluation and investigation functions, we have reported findings and conclusions in the following areas: Program and Project Management, the PCT revenue generation process, travel management, payment cycle management, conference and language services management and construction of the New Conference Hall. As mentioned in the report to the IAOC, the IAOD’s work has been reported through five audits, two evaluations and several investigations.

“Coming back to what was mentioned earlier this morning in terms of transparency, these audit and evaluation reports are accessible to the Member States who wish to consult them. I checked the number of Member States who asked for access to our reports: 13 Member States asked for access to reports. As a result of the 13 requests, 53 reports were shared with Member States. On average, Member States asked for slightly more than four reports. Some asked for ten, some asked for just one. This procedure has been in place since autumn 2012 i.e., it has been in place for about a year. For the record, the former rule was that Member States who wished to access those reports had to physically come to the Secretariat to consult them. Only two Member States have done that in 2012, over a period of eight months. I think the new procedure that was put in place following the review of the Internal Oversight Charter is working.

“As for the results of audits and evaluations, as we see in the satisfaction surveys, the results have been appreciated. A number of recommendations made during the evaluations and audits have already been implemented. The report presented to you today gives an outline of what the situation was when the work was carried out. For example, out of the 12 audit recommendations on travel, eight have already been implemented. The implementation of recommendations is a continued process and there are changes very regularly.

“With regard to investigations, during the reporting period 16 new cases were registered and 28 were actually closed (compared to 18 and 16 during the previous period). Those figures show that the number of new cases is stable, but the Division managed to deal with more cases. The delay in dealing with cases has now been overcome. On June 30, 2013, only two cases were pending, and three of the new registered cases are pending at this point in time. So we have managed to increase productivity. The average duration of cases is now six months for in case of investigations. We propose to establish an investigation policy, reflecting that six-month period. The draft policy was transmitted to Member States in August. Member States are invited to make comments on this proposal if they so wish until October 16, 2013.

“Having mentioned the status of these cases, I would like to mention the follow-up. All recommendations are subject to regular follow-up by the IAOD. At the date of the presentation of the annual report, 94 recommendations were declared pending by Program Managers, which include 67 that address very high-risk (four) and high-risk (63) issues. Those four of high risk are related to the IT area, concerning Flexitime management and access control of personnel to WIPO premises. Four high risk recommendations have been pending for over two years.

“Since the 2012 Summary Annual Report the division has deployed a new oversight tool called TeamMate© and a new web-based software for the follow-up of recommendations called TeamCentral©, which provides for more interactive dialogue

between the Division and program managers. The new system has been welcomed and initial results are very positive. The dialogue now has been very interactive and enables us to not only examine the replies that are given but also verify the evidence provided for implementing them. With the proof of implementation, we decide whether or not to close the recommendation.

“In addition to the reports I have just talked about, I would like to mention that, besides its regular oversight work, the IAOD also provides advice and consulting in two forms. Firstly, we are observers in different committees. Secondly, we submit comments, upon request, on regulations and policies as listed in Annex IV of document. We provided advice and consultation which takes us a considerable time.

“Finally: resources; I would like to mention that, for a long time, personnel issues meant that it was very difficult to implement our activities correctly. We are now 11 staff for the biennium. The Division’s budget and resources represent only 0, 75 per cent and 0, 9 per cent respectively, of WIPO budget and resources. As mentioned by the JIU report on oversight divisions in UN organizations, these values were acceptable.

“To conclude, I would like to mention that at the beginning of next biennium, we will be going through an external quality assessment of audit and evaluation activities. On the basis of these recommendations, which we will share with you, we will see if we need to ask for any further resources.

“Thank you very much, Chairman, Delegates, for your attention. I would be of course willing to respond to any questions you might have.”

207. The Chair opened the floor for discussion.

208. The Delegation of Germany thanked the Director, IAOD for the excellent report and continued with a question concerning chapter 4, investigative activities and the figures that were given in Annex II. Annex II stated that, since the setting up of the unit in 2008, 77 out of 101 cases were found unsubstantiated. The Delegation asked if it could be explained since it was a relatively high number of cases where in the end no substantial evidence was found.

209. The Delegation of Spain thanked the IAOD Director for the quality of the Summary Annual Report and the individual reports that had been requested and stated that delegates had read them with interest. The Delegation stated that it evaluated the Division’s work and the interaction with the Secretariat very positively. It thanked the Secretariat for its efforts to implement the internal audit recommendations of. The Delegation highlighted that, the section which stated that the Organization could improve the management of programs and projects had been discussed and was under discussion in the CDIP. The Delegation thought it very important not only for audit and other reports because areas had been identified where the Secretariat could improve things through developing indicators or by working on internal or external coordination with other International organizations. The Delegation highlighted the recommendations on travel management which demonstrated how the Secretariat was undertaking a number of reforms to improve efficiency and make savings in this area. The Delegation also noticed that there were still a number of reforms to be taken to bring WIPO’s policy completely in line with the travel policy of the United Nations. The Delegation suggested that, the recommendation of the Director, IAOD be taken up again and asked the Secretariat to consider applying the recommendation seriously to reform the travel policy completely. The Delegation expressed gratitude for the report on Conference and Language Services and mentioned that there was always room for improvement. Referring to the report, which stated that the present structure was being overhauled to provide more efficient services, better integrated service with better work flow and the use of specialized software to manage interpretation scheduling, the Delegation said that it was important that Conference and

Language Services should continue to improve. The Delegation stated that it was aware of the efforts made and the expenses involved but there was a potential to reduce expenditure and improve services further through internal reforms. Referring to the New Construction Project, the Delegation wished to know the Secretariat's opinion on how the money paid out to the general contractor, who was dismissed by WIPO, could be recouped.

210. The Delegation of Mexico thanked the Director, IAOD for the excellent report and noted the progress made, especially the independent work of the Internal Audit and Oversight Division. The Delegation also thanked the Director, IAOD for the information on the number of countries that had submitted requests for IAOD reports, noting that there had been 13 requests. The Delegations understood that the new policy had only been implemented a year ago. Bearing in mind that WIPO had 186 Member States and only 13 countries had made the request meant that delegations were not really using the audit tool as they should, in terms of transparency and disseminating information to Member States. The Delegation inquired if there was a possibility of making the reports public as was the practice in other UN organizations. The Delegation added that such decision would have to be taken by Member States and, if so, an amendment would have to be made to the Internal Oversight Charter. The Delegation thought that it was an essential requirement for transparency and accountability. The Delegation also highlighted the opportunities for savings. Referring to travel cost, the Delegation appealed to the Secretariat to abide by the recommendations and highlighted the importance of harmonizing WIPO policy with the UN policy and recalled that the 5th Committee of the UN General Assembly had adopted additional measures. It thought that that a number of other measures might be taken, in addition to the ones put forward by the IAOD. Finally, concerning the New Construction Projects, the Delegation asked the Secretariat to indicate what measures were being put in place to ensure that all the money paid to the general contractor would be recouped.

211. The Delegation of Belgium, speaking on behalf of Group B, acknowledged the IAOD's crucial role in ensuring effective internal controls and effective use of resources in WIPO and stated that members had read the Summary Annual Report of the Director, IAOD with great interest. The Delegation made the following comments. First, Group B noted with appreciation the efforts undertaken by the IAOD to complete investigations in a timely manner and its success to considerably reduce the backlog of cases from previous years, which should enable the IAOD to engage in more pro-active and preventive work in the future. Second, in the area of program and project management, Group B noted that the RBM framework could be strengthened regarding the use of smart performance and output indicators. In addition, the IAOD stressed that WIPO could put more efforts into monitoring, evaluating and reporting on the results of funded activities. Group B would welcome the Secretariat's comment on those points. Third, regarding the PCT revenue generating process, Group B agreed with the IAOD on the need to strengthen coordination between services to limit risks on completeness and accuracy of the PCT revenues. In addition, the re-examination of payment methodology was needed in order to mitigate the exchange rates risks. Fourth, on the topic of payment cycle management, Group B noted with concern that, 17 per cent of purchased requisitions were *ex post facto*, after goods and services had been received, signaling weak control in that area. Group B wished to know what measures the Secretariat planned to put in place in order to strengthen compliance on that point. Fifth, Group B noted that the IAOD stressed that several key risks stemmed from the current situation with the construction of the new conference hall, prompting Management's attention. Group B expressed interest to hear the Secretariat's view on those key risks and how they could be mitigated.

212. The Delegation of Egypt thanked for the elaboration on different items contained in the report. Referring to item E (Conference and Language Services), the Delegation noted the points and recommendations contained in that section of the report, especially regarding the limited use of IT tools and the differences in costs for outsourcing services. In addition, there was a recommendation to review the structure of the Conference and Language Services Division to ensure that it met demands and provided efficient service. The Delegation stated

that a modern system should be developed to improve the work flow, software should be used to facilitate scheduling and that work flows would need to be adjusted to those new tools. In addition, the increase use of outsourcing required a review of quality control methods of the Language Division. The Delegation also remarked that the fee paid to translators, which had not been reviewed for over 15 years needed to be reviewed as soon as possible. The Delegation was of the view that if those measures were considered and implemented, they might contribute to reducing the cost of translation. Therefore, the Delegation recommended the implementation of those recommendations by WIPO.

213. The Delegation of United States of America supported the statement made by the Delegation of Belgium, speaking on behalf of Group B, and expressed its appreciation for the hard work of the IAOD and encouraged the Director General to implement the IAOD's recommendations in a timely manner. The Delegation was pleased to read the IAOD finding that the restrictions on business class travel had yielded cost savings and encouraged the Director General to find other opportunities for savings in that area. The Delegation stated that, at the High Level Committee on Management of the Chief Executives Board in March, chaired by Director General, fruitful discussions had taken place on creative ways some organizations were tackling the issue of travel costs. The Delegation cited, as an example, that the Geneva based organizations had started capitalizing on their purchasing power by collectively negotiating corporate fares and favorable rates with hotels in high volume travel destinations and required staff to stay there at a saving to the organization. The Delegation inquired whether WIPO coordinated with other organizations in a similar way; if not, the Delegation encouraged the Secretariat to explore the pros and cons of that option. The Delegation also noted that the IAOD's recommendation for finding cost savings through timely booking of travel arrangements was a common arrangement echoed throughout the UN system and should be adopted swiftly. The Delegation was concerned by the IAOD's comments regarding data integrity in the payment management cycle, particularly given the effort invested in making the ERP system fully operational. The Delegation urged the Director General to strengthen controls in the use of *ex post facto* requisitions and ensure that the data was accurate. The Delegation acknowledged the increase in productivity and welcomed informative reports like the IAOD's.

214. The Delegation of Poland, speaking on behalf of the CEBS, thanked the Director, IAOD and its staff for a job well done, appreciating the effectiveness of the controls. The Delegation mentioned that investigations had been and were being conducted in a timely manner and the IAOD could count on the CEBS support for the proactive policy and actions as well as preventive work. The CEBS noted that special attention had been drawn to the IAOD statement on the risks associated with the construction of the new conference hall. The Delegation requested the Secretariat to elaborate on the topic, whether it agreed with the IAOD's findings and what it planned to do in that regard.

215. The Delegation of Algeria thanked the Director, IAOD and the entire Division for the remarkable work done. It found the report precise, concise and said that it helped members examine and take on board all the information they needed to judge the quality of work done. The Delegation, now speaking on behalf of the African Group, expressed satisfaction with the work done by the IAOD and added that the African Group attached much importance to the Division. The African Group wished to comment on two points: first, the recommendations on the management of programs and projects. Paragraph 14 of the IAOD report stated that the Division had recommended, in particular, that the Secretariat improve implementation strategies to strengthen the efficiency of the implementation of projects to lay greater stress on demand. The African Group requested more detail on the IAOD recommendation regarding management of programs and budgets, particularly, as regarded the qualitative evaluation of projects. The Delegation explained that the African Group in the CDIP always asked for the projects to be evaluated as to their quality, whether those were training programs or any other kind of project. A qualitative evaluation was needed but very often delegations were told that a qualitative evaluation was very difficult to provide, that it was subjective and depended on the beneficiaries et cetera. The Delegation inquired whether the IAOD had any recommendations to make on

how to improve the qualitative instead of quantitative evaluation of projects. The second comment referred to the implementation of recommendations. The Delegation found it rather surprising that there were so many pending recommendations; 94 pending, of which 67 were of very high risk. The Delegation asked for more information on the reasons for which those recommendations were still not implemented and what the Secretariat was doing to remedy that. The third point was that the African Group was of the view that simply taking note of the report did not reflect its importance. Therefore, the African group wished to consider other decisions. The Group was in favor of the adoption of the report but remained open, emphasizing noting the report did not appear to be sufficient.

216. The Delegation of the Republic of Korea noted that the IAOD report presented several important findings and recommendations. However, the Delegation made two suggestions. First, regarding the PCT revenue generating process, the Delegation thought it was a good idea to establish a price based on the UN guidelines. However, it was necessary to decide application fees properly, based on the level of service and added that WIPO in particular needed to enhance investments in the area of customer service. Second, regarding Conference and Language Services and outsourcing of translation, the Delegation suggested that a system be opened to maintain the quality and the price.

217. The Delegation of Canada supported the statement made by the Delegation of Belgium made on behalf of Group B and joined others in thanking the IAOD for its hard work on the report. The Delegation welcomed the information on cost savings, in terms of travel, and stated that additional information would be needed on the extent of the alignment between WIPO's travel policy and that of the UN's. The Delegation also shared concerns raised by other delegations over the use of *ex post facto* requisitions and urged the Secretariat to heed to the report's recommendation in that regard. The Delegation supported calls for the use of SMART performance indicators, which could contribute to addressing the comments made by the Delegation at the last meeting on the PPR, which also related to how performance indicators were designed and drafted in the Program and Budget document. The Delegation encouraged the Secretariat to give due consideration to those and other recommendations.

218. The Delegation of Japan thanked the Director, IAOD for the explanations provided and added that, for the sound management of an organization, the importance of internal oversight could not be emphasized enough. The Delegation associated itself with the statement made by Group B, especially regarding the IAOD's oversight of the PCT income generating process, which formed the basis of WIPO's revenue and was the base of the Organization as such. In this regard, the Delegation was pleased with the finding outlined in paragraph 19 that "in order to achieve PCT current and future business objectives as well as meet expanding business needs, the skill set and competencies of PCT human resources needed to be aligned with the objectives and expected results of PCT's Medium-Term Strategic Plan." The Delegation stated that it was important for the Organization to continuously adapt to the changing and expanding needs of users of the global IP system. The Delegation also underlined the importance of making further savings, as also pointed out by the previous speakers.

219. The Delegation of Australia thanked the Director, IAOD for his report. Paragraphs 31 to 35 of the report noted that the *verbatim* reports incurred significant costs to WIPO. The Delegation was aware of the cost and thought the matter should be considered further but, at that stage, the Delegation preferred to retain *verbatim* reports until it was satisfied that the alternative technologies could provide the same information and the same searching capabilities that were currently available in the *verbatim* reports.

220. The Chair asked the Director, IAOD to respond to the questions and comments.

221. The Director, IAOD thanked the delegations for expressing their support for the IAOD's work and said that the appreciation would be passed on to the team. Turning to the questions, the Director, IAOD said that he would take them up in the order in which they had been asked.

Questions on the common subject would be dealt with at the same time. Regarding investigations on non-substantiated allegations, the IAOD Director said that indeed, the majority of cases registered were unfounded allegations. Preliminary investigations had been carried out and in the majority of cases no proof had been found. Too often, the Division had to deal with allegation not related to fraud but to other issues on which the IAOD should not concentrate. That would explain why the Division had quite a large number of unfounded allegations. The IAOD Director said that one of the purposes of the investigation policy was to concentrate the Division's work on what it had to do i.e., to fight against fraud. Regarding comments about the need to play a more active and more preventive role in the case of fraud, the Director, IAOD recalled that the IAOD's work program for 2013, as resented to Member States, stated that the Division had planned to carry out work to detect and prevent fraud. That meant that the Division would, in the coming years, play a more proactive role in investigations and not just reacting when something came up. Turning to travel, the Director, IAOD thought that colleagues from management sector would want to answer the related questions in more detail. However, the Director, IAOD mentioned that all recommendations in the various reports except one, at the end of the report in Annex III, had been accepted by the Secretariat and all were being implemented. They had not yet been fully implemented but they were under way. The Director, IAOD, emphasized that the IAOD regularly conducted comparisons with other organizations and other oversight services to measure the IAOD's performances indicators. As regards the implementation of the recommendations by the Organization, the Director, IAOD said that WIPO was neither better nor worse than other organizations in terms of the time it took to implement those recommendations. The last comparison showed that the average time was of 220 days. In answer to the comments on the money to be recouped from the general contractor, the Director, IAOD said that the Administration and Management Sector would answer that in more detail. However, as of the day when the audit had been carried out, sums of money had already been recouped. There was still money to come in and the Director, IAOD was of the view that it would be resolved fairly quickly. This recommendation had been accepted and the agreement that had been concluded between the Secretariat and the general contractor covered that issue as most of the money owed to WIPO had been recouped already. Regarding making the IAOD reports public, the Director, IAOD said that other organizations had done that. The IAOD had not yet had any feedback as to the experience of those other organizations and it was up to Member States to choose that option. The Director, IAOD observed that it was easy to access the IAOD reports; an email addressed to the IAOD was sufficient to receive access to the reports. The last delegation to have done so requested 10 reports and the 10 reports had been sent to that Member State within an hour. Therefore, it was a method that was fairly easy to use. The Director, IAOD wondered whether, if the access to reports were made simpler, the Member States would consult those reports even more. The Director, IAOD said that did not know whether putting the reports on-line would mean that more Member States would access them. He did not have that information in respect of other organizations as it was a fairly recently introduced measure and the IAOD had not received any feedback yet. The Director, IAOD responded to the comments regarding harmonization of WIPO policies with the UN travel policy and said that the main provision that had not been harmonized with the UN rules concerned home leave. Home leave rules were the subject of a recommendation included in a previous report on missions and travel. It was one of the recommendations where WIPO was not in line with the UN policy. The Director, IAOD recalled that the 2012 Summary Annual Report included a list of recommendation that had not been accepted. Among those was the one concerning home leave. The IAOD would see how that issue could be resolved. The Director, IAOD said that the Administration and Management Sector would give further details on the status of recommendations and added that many of them were being implemented in a reasonable time, noting that overhauling practices and planning of travel policies was a substantial task. Responding to the issues of *ex-post facto* requisitions, the Director, IAOD said that those were very complex issues which took time to deal with. He commented that it was up to all program managers to take into account good management practices. There was also a question concerning possible improvements of management of programs and projects. These recommendations had been made to the CDIP

in November 2012 and were contained in two public reports (evaluation reports that had been submitted to the CDIP the previous year). They concerned Improvement of National, Sub-regional and Regional IP Institutional and User Capacity and developing tools for access to patent information. The Director, IAOD recalled that this had been discussed at the CDIP in 2012 and the recommendations had been accepted by the Committee and the Secretariat. The Director, IAOD stated that the draft 2014/15 Program and Budget, when compared with the previous budget proposal, showed substantial improvement in terms of results-based management, performance indicators and the SMART definition of objectives and outcome indicators. Regarding comments on qualitative evaluations, the Director, IAOD said the evaluations carried out looked at the quality, effectiveness, cost efficiency, impact and relevance. The Director, IAOD emphasized that all of those issues were assessed. The Director, IAOD responding to the questions on pending recommendations, reiterated that a very interactive dialogue was taking place, as he had already explained at the July PBC session. At that time Member States had commented that the target (in the PPR document) had not been reached in terms of the number of audit reports mentioned. This was true for the first year of the biennium. However, throughout the biennium, the IAOD would not have that problem. With regard to the previous year, what had probably not been mentioned enough was the amount of time spent on the report and the follow-up. The follow up was time-consuming as it was done in a very thorough and comprehensive manner. The Director, IAOD, explained that colleagues in charge of programs submitted relevant information along with their replies in respect of the follow-up to the recommendations. The consideration of that information would take the IAOD a certain amount of time. The Director, IAOD, added that, had he taken into account the time required for the follow-up work, his program would have been assigned the green light in the PPR instead of the amber one.

222. The Chair thanked the Director, IAOD for the comprehensive response and asked the Secretariat to respond to the remaining questions.

223. The Secretariat recalled that the Director, IAOD had mentioned an important factor which was to be borne in mind. The Secretariat explained that the IAOD reports came hard and fast and generated a lot of recommendations which had to be dealt with. The Secretariat added that the report that the IAOD gave to the Member States was a snapshot at a given time and delegations had to understand that the Secretariat did not idly wait for the start of PBC to react to those reports. The Director, IAOD, had made it very clear that the Secretariat engaged in a dialogue with the IAOD in the same manner as it engaged with the External Auditor, the JIU and the IAOC. The Secretariat stated that recommendations were looked at and taken seriously, as they addressed internal controls and risk management (as the IAOC also mentioned). What was important was that Member States were presented a number of documents at the session, e.g. on cost efficiencies, language policy etc., which, in fact, addressed many of those issues. Many of the recommendations by the oversight bodies took time to address. In some cases they were very easy to implement by strengthening a rule or issuing an office instruction. That was very easy and changed behavior overnight. However, addressing other recommendations required system changes, some of which cut across sectors and systems. Those needed to be looked at carefully because they would have a knock-out effect. There were still others where the Secretariat might need to go back to the audit body to seek clarification. The Secretariat gave an example of an issue raised by the Delegation of Poland on the most recent audit of buildings, which contained six recommendations. Three had already been implemented and one was going to be implemented by the end of the year. Two would be outstanding. The Secretariat tried to explain that work moved on and was done when it could be done. The Secretariat pointed out that delegations had not heard the IAOD say that the Secretariat had not accepted the recommendations. The Secretariat had accepted them and moved forward. Where there were differences, both parties talked them through and that was the way the Secretariat was dealing with the recommendations. The Secretariat added that it was actively engaged in addressing recommendation on the issues of procurement, travel and buildings. However, it was going to take time. The numbers of pending recommendations would be going down but, as the numbers went down, new recommendations would come in from the new

audits by the IAOD, the JIU, the External Auditor and the IAOC. The Secretariat wished to put that matter in its context and asked the delegations to bear in mind that as the documents on efficiencies or language policy came for discussion, the issues raised by Member States under this agenda item would be discussed.

224. The Delegation of the United States of America wished to flag the issue of other organizations who were working collectively to negotiate better hotel rates and wondered whether WIPO was collaborating with those organizations on this issue.

225. The Secretariat explained that it worked with the Geneva-based organizations on all manner of travel and cost efficiencies. There was the inter-agency travel network, which met in Geneva and which was location specific, working across agencies. Its next meeting was scheduled for in October/November, when more of those issues would be taken up. Regarding the remark by the Delegation of Mexico on the UN travel policy, the Secretariat commented that the UN travel policy was like a moving goal post, with the latest update issued around August 12, 2013. The Secretariat explained that it was looking at travel policies across the various organizations in order to see what the best practices were and would be coming back with modifications.

226. The Delegation of Mexico thanked the Director, IAOD and the Secretariat for clarifications provided. The Delegation understood that it was indeed an ongoing work and added that its comments had been made in the spirit of trying to support the Secretariat because many of the recommendations referred not just to the Administration but also to different managers within the Organization. The message of Member States was very clear: the recommendations must be implemented because in the end, the Administration was the one facing the CoCo and the PBC on whether recommendations were implemented or not. The Delegation said that, following the same logic, the Delegation of Algeria had stated that taking note of the report might not be enough. The Delegation thought that the Committee should welcome the report and encourage the Secretariat to implement the recommendations. This would be a message to staff throughout the Organization, i.e., that they needed to take the recommendations seriously and support the Administration in the implementation of those recommendations

227. The Delegation of Spain stated that, on the issue of travel management and travel policy, what the Secretariat had said was true, i.e., that the policy changed very often. However, there were practices within WIPO (mentioned by the auditor) concerning home leave rules. With some slight changes, these could be brought in line with the UN travel policy that had come out few months ago. That would enable achievement of two things: bringing WIPO's policy in line with the UN policy and through the application of the Organization's own regulations (which seemed to be more strict than the actual practice) achieving significant savings, between 1 and 2 million Swiss francs in the biennium. The Delegation added that such amount was more or less how much WIPO would save if it came up with a different system of verbatim reports and thought that such substantive savings would be extremely welcomed. In view of budgetary discussion and where funds could be found, the Delegation opined that if some regulations were implemented right away, it would be financially very welcome and would bring WIPO policy in line with UN policy as well.

228. The Chair read out the decision paragraph in the report inviting the PBC to recommend to the WIPO GA to take note of the contents of the document. He added that there were many sets of recommendations in the IAOC and the IAOD reports and it should be seen how they were related. In view of the proposal by the Delegation of Mexico, the Chair said that the PBC could take note of the report and approve the recommendations or approve the implementation of the recommendations. The Chair asked the Delegation of Mexico if that was the right wording.

229. The Delegation of Mexico responded that its proposal was more or less along the lines of what the Chair had said: the PBC was invited to recommend to the WIPO GA to welcome the

contents of the document and request the Director General to implement all the recommendations within. That was the spirit of the proposal.

230. The Chair read out the proposal on the table: "The PBC is invited to recommend to the WIPO General Assembly to welcome the contents of the document and request the Director General to implement all the recommendations within".

231. The Delegation of Australia said that members would need a little bit of time to review all recommendations therein before they could state categorically that they wanted each one of them implemented.

232. The Delegation of Germany stated that its position was very much like the one just outlined by the Delegation of Australia. The Delegation recalled that, as it had been explained, the document was only a summary report providing certain main points. Two-thirds of recommendations were not even contained in the report. If members emphasized only those listed in the report, while not mentioning the others, there might be imbalance between the two. The Delegation was of the view that the decision paragraph, as originally drafted was fine.

233. The Delegation of Mexico agreed that the Delegation of Germany might be right in terms of oversight. The document was a summary and more specific detailed recommendations were found within the audit reports, which were not necessarily contained in the document. But, to be more precise and specific, the Committee could request the Director General to implement the recommendations of the IAOD on the audits that had been carried out. The text did not necessarily need to say "all recommendations contained therein" because it was true that there might also be aspects of the report which were simply summaries of activities and not recommendations.

234. The Chair asked the Delegation of Mexico if the it meant to say: "request the Director General to implement the recommendations of the IAOD".

235. The Delegation of Spain proposed: "to implement the recommendations of the IAOD".

236. The Chair read the proposed phrase: "request the Director General to implement the audit recommendation of the IAOD."

237. The Delegation of Australia responded that, as discussed earlier, sometimes there were reasons why the management chose not to implement a particular recommendation and the reasoning behind that had been provided by the Secretariat. The Delegation stated that as delegations had heard from the IAOC; the IAOC had discussed with the management a process by which if management decided not to accept a recommendation, it would provide a detailed report explaining why it had chosen not to accept it. The Delegation was of the view that further consideration was needed before concluding that management should adopt each recommendation that the IAOD made because, at times, there were reasons for not implementing recommendations and justification was provided for doing that.

238. The Chair requested the Delegation to clarify the language of the decision it wanted to provisionally adopt.

239. The Delegation of Australia responded that on further consideration, "provisionally adopt" was a wrong phrase and preferred not to use that. The Delegation responded that, the report was being "noted" and not "adopted" and wished to leave it open and come back to it later.

240. The Chair responded that since there was no agreement, the decision on item 6 would be left open till the end of the session.

241. Following agreement on the text of decision on item 5 and a decision that similar wording would apply to decisions on items 3 and 6 (see discussion under item 21), the PBC adopted the following.

242. The Program and Budget Committee (PBC) recommended to the WIPO General Assembly to take note of the content of document WO/PBC/21/17 (Report by the Director of the Internal Audit and Oversight Division (IAOD)) and to request the Secretariat to continue to take appropriate action to address the recommendations addressed to it by the IAOD. The PBC also requested the Independent Advisory Oversight Committee (IAOC) to continue to review and oversee the implementation of the recommendations in accordance with its mandate and report on the matter to the PBC.

ITEM 7 PROGRESS REPORT ON THE JOINT INSPECTION UNIT(JIU) RECOMMENDATIONS

243. Discussions were based on document WO/PBC/21/16.

244. The Chair introduced document WO/PBC/21/16. Further to requests made by Member States during the 19th session of the PBC, document WO/PBC/21/16 was presented to provide Member States with the status of the 44 relevant Legislative Body recommendations which had resulted from the Joint Inspection Unit (JIU) reviews held during the period 2010 to 2012. The document contained the acceptance and implementation status within WIPO of the said JIU recommendations which were addressed to the legislative or governing bodies of participating organizations.

245. The Secretariat provided a brief explanation. As delegations would be aware, the JIU undertook two types of review: (i) reviews that concern more than one Organization (system-wide reviews); and (ii) those that were Organization specific. Some of the reports that cut across more than one organization were sometimes restricted to the UN, its funds and programs and would not concern specialized agencies, such as WIPO. Every JIU report contained an overview of actions to be taken by those organizations concerned on the recommendations made in the reports. The recommendations fall into three categories: Those that were directed to the legislative bodies, those that were addressed to the executive heads of organizations, and those that do not require action by a particular organization. The Secretariat provided further details. Further to requests made by Member States, during the 19th session of the WIPO PPBC, this document was being presented to Member States to provide a status report of the 44 relevant legislative body recommendations resulting from the reviews of the JIU during the period 2010 to 2012. The Annex to the document contained those recommendations addressed to the governing bodies of the participating organizations of the JIU that were relevant to the WIPO legislative bodies, along with the current status of the acceptance and implementation of the said recommendations. Of the 44 recommendations, 23 had been accepted and implemented. Nine had been accepted and were in progress, 11 were under consideration and one was considered not relevant to WIPO. The information was presented in a report-by-report basis. In the future, the Secretariat proposed to use the JIU's on-line tracking system to report on the status of implementation. The Secretariat said that the JIU on-line tracking system was available for consultation by Member States.

246. The Delegation of Brazil, speaking on behalf of the DAG, thanked the Secretariat for the document and wished to seek clarification regarding page 4 of the Annex regarding the JIU recommendations on South South and triangular cooperation in the United Nations system. The DAG wished to understand why it was deemed that this recommendation was not accepted and asked for clarification as to why this was. The Delegation reported that the recommendation stated that the legislative bodies should have a more active work, agency-

specific corporate policy and support strategy for South South and Triangular cooperation. The DAG did not see the assessment as providing a clear response as to why it was not being implemented. Since the work done in the CDIP was of a different nature and that the triangular cooperation was of a different kind of cooperation as to that related to South South cooperation, the DAG felt that it was of the utmost importance to the broad membership of WIPO, not only for the Development Agenda countries and the DAG, but also to other developing countries. Last year Brazil had also established a Funds-in-Trust with WIPO and gave WIPO the coordination and the management of a fund to establish and invest in South South cooperation. The Delegation sought clarification on this point.

247. The Delegation of Algeria, speaking on behalf of the African Group, expressed the satisfaction of the Group that all the recommendations submitted by the JIU had been set out in the document. This was a practice which, in the view of the African Group, should be continued and the Group strongly encouraged WIPO to submit JIU reports on WIPO to the PBC. The African Group wished to support the comments of the DAG and also found that some of the recommendations appeared to the Group to be extremely important, citing the example of those concerning strategic planning in the UN Organizations, the responsibility of each UN organization to achieve the millennium development goals and also those on the subject of South South and Triangular cooperation in the UN system. Unfortunately, both categories of recommendation which were of the greatest interest to the African Group, were in the category "under consideration" by the Secretariat. The African Group continued that, if it had understood correctly, the progress that had been made on these recommendations really depended on the Member States rather than on the Secretariat itself. This was the Group's understanding. However, this opinion was not supported by the Group itself. The Group believed that the Secretariat could already carry out certain actions with respect to these matters. There were, of course, some controversial issues and projects being discussed in the CDIP, but this would not prevent the Secretariat from taking action in this area and therefore the African Group sought clarification from the Secretariat as to why the Secretariat considered that these recommendations could not be accepted at the present moment and were still "under consideration".

248. The Delegation of Mexico referred specifically to the JIU report of 2012/9 on "lump-sum payments in lieu of entitlements". This review referred to the travel policy and the Delegation wished to take up a point which had been raised by the Internal Auditor concerning the lump-sum payment to personnel. The Delegation requested clarification from the Secretariat as to when it would consider making the report referred to by the JIU. This reference was that the governing body should request a report on the usage of the lump sum option, which would, *inter alia*, compare the costs for providing the lump-sum option with those of organizing the travel etc. This could be found in JIU recommendation No. 1 of the particular review. In the case of lump sum payments in WIPO, the Delegation sought clarification from the Secretariat with respect to whether this was paid in full or whether it was 80 percent of the cost in executive class.

249. The Delegation of Spain thanked the Secretariat for the quality of the first edition follow-up report. The Delegation expressed its wish that this become a permanent item on the PBC's agenda as it would enable Member States to follow up on these very important recommendations and the very important work done by the JIU. The Delegation made the following comments and sought responses from the Secretariat. Firstly, with regard to recommendation 3 of JIU/REP/12/9 concerning the payments of 15 to 40 per cent of payments of DSA to staff, the Delegation asked what the current situation was in WIPO. Another recommendation concerned the establishment of a focal point for multilingualism. The Delegation requested clarification from the Secretariat as to whether WIPO was planning to do this in the near future? Finally, the document contained recommendations to the legislative bodies, whereas the JIU also made recommendations to the executive heads as well. The Delegation wondered whether future editions of this report could contain additional information on the recommendations made to executive heads so that the Committee could be aware of these recommendations and the follow-up on them.

250. The Delegation of Egypt thanked the Secretariat for the report and wished to endorse the proposal made by Spain, which was to have this matter as a permanent item on the agenda of the PBC so as to allow for continuous revision. In addition, the Delegation also wished to endorse the statement by the delegations of Brazil and Algeria regarding the JIU recommendation on South South cooperation. In fact, recommendation three, which requested to establish identifiable and dedicated structures, mechanisms and focal points tasked with developing agency-specific corporate policy and support strategy and ensure coordination of South South and triangular cooperation within their respective organizations, in the view of the Delegation, should be considered as “under implementation” or “in progress”, as it formed part of the South South project. Referring to recommendation nine, which requested the apportionment of a specific percentage, not less than 0.5 per cent of core budget resources for the promotion of South South cooperation in their respective areas of competence, in consultation with program countries and to agree with donor countries to use a specific portion of extrabudgetary resources to finance SSC and triangular cooperation initiatives, the Delegation considered that this recommendation be complemented as part of the proposed Program and Budget as it was something that could be planned for and requested its inclusion in the Proposed Program and Budget. The Delegation further referred to the recommendations related to the JIU review on Multilingualism in the UN system, in particular recommendations 6 and 15, which endorsed, including through budgetary channels, the arrangements required to ensure effective compliance in delivering the Organizations core work in all official and working languages and we know that this JIU recommendation aimed at ensuring that all the official languages were being used with respect to all of the Organization activities, reports, working groups, committees, etc. The Delegation looked forward, as this recommendation had been accepted by the Secretariat and was in progress, to hearing of the status of implementation of this particular recommendation. In conclusion, the Delegation requested detailed information from the Secretariat with regard to the 11 recommendations under consideration, specifically the status of consideration of those recommendations and whether they would be implemented. Should the recommendations not be implemented, the Delegation requested to be informed why.

251. The Secretariat addressed the issues raised as follows. Firstly, from a high-level point of view, in response to the question from the Delegation of Spain concerning the request for a more comprehensive report which would include recommendations addressed to the Executive Heads of organizations, the Secretariat informed the meeting that as of next year, it was foreseen that the on-line tracking system of the JIU, which Member States had access to, would be used for reporting on the status of recommendations within WIPO. Within the JIU system access would also be available to the recommendations directed to Executive Heads also. So Member States had a comprehensive view. Currently, the JIU web-based tracking system did not allow the Participating Organizations, including WIPO, to change their assessment of recommendations once the information had been uploaded. Therefore, if Delegations were to review the status of recommendations as reported in the PBC document it would not necessarily be the same as that which was currently in the JIU system. This flaw was being looked into by the JIU. As from 2014, the Secretariat could produce a report directly from the JIU system, which would enable Member States to have a comprehensive view, which would also include those recommendations addressed to the Executive Heads, otherwise the Member States would be presented with a large document which may prove frustrating. This was a suggestion for consideration. With respect to the matter of travel, the Secretariat acknowledged the point raised and reported that it was under examination. With regard to the question raised by the Delegation of Egypt concerning the label “under consideration” - when the Secretariat accepted a recommendation it meant that it was active then, because once the recommendation was accepted in the system, the implementation status would automatically show as “in progress” which means that steps were being taken to implement that recommendation. Once implemented, the status could be updated to show as “implemented”. From this point the JIU took the matter forward. When the status showed as “under consideration” it would mean that the Secretariat would be undertaking an analysis which was the precursor to accepting the recommendation, in order to see whether there was a cost benefit or whether it was worthwhile

pursuing. It did not mean that the Organization had not accepted it, it indicated that it was under review as the Secretariat moved forward towards accepting, or provided an explanation, as the IAOC had very clearly stated with any of these recommendations. Therefore, if a recommendation was not accepted, and this was not a reference to any of the current recommendations in particular, then the Organization was ready to accept the residual risk associated with not accepting that recommendation and subsequently would explain to the IAOC why it had not been accepted. The Secretariat explained that the 11 recommendations currently under consideration could have a different status when next presented to the Member States as the assessment would have been made by the Secretariat and the recommendation could have a different status as work may have been done to advance it. At a future time, the status of these recommendations might change to “accepted” but at this particular stage when the Organization considered that a recommendation was under consideration, it meant that the practical details were not yet available to consider it accepted. The Secretariat continued that with respect to the recommendations concerning lump sum, the Organization was looking into the cost benefits associated with this. As Member States would be aware, sister UN organizations were all utilizing lump sum with regard to home leave. It would be unlikely that any organizations would revert back to using actual versus lump sum as it would not make sense. The transactional costs would be much higher than when using a lump sum basis, which was why the lump sum was introduced. The Secretariat concluded by informing Member States that these were the topics being examined and that an update would be provided on these matters at the next meeting giving details on how the Secretariat was advancing.

252. The Delegation of Algeria sought confirmation from the Secretariat of its understanding that the use of “under consideration” did not necessarily mean that that the Secretariat did not accept the recommendation but that they were continuing to examine the impact of accepting such a recommendation.

253. The Secretariat responded that this was not necessarily the case. The terminology parameters used in the JIU system were quite rigid. When a recommendation was accepted, there were not various different options to be used with regard to implementation, For example, instead of saying “accepted”, “in progress”, etc., the Secretariat preferred to use “under consideration”, because then it was able to change the status further on. The rigidity of the parameters in the system posed some issues. When a recommendation was being assessed, for example, with regard to the South South cooperation, perhaps Member States were questioning the commitment of the Organization. However, when the Secretariat undertook the 2014 evaluation it would then see what had to be done. It did not mean that the Secretariat had accepted or not accepted the recommendation.

254. The Delegation of Algeria expressed the concern that by simply saying “under consideration” and, for example, simultaneously having a project like South South cooperation, may actually be a conflict. Therefore, the Delegation had some concern with the term “under consideration”, which meant that the Secretariat might consider that this project did not deserve to be implemented, which was something that we the Delegation was not in favor of. Whereas what the Secretariat was saying, basically, was that it was just a matter of a mechanism which was not very flexible, and if the Secretariat said it was accepted, it would have to put some indicators and how it was done and the Secretariat were not able to do that yet. Therefore, it was perfectly clear to the Delegation. However, the Delegation requested if instead of the term –“under consideration” another term could be used such “*en cours d’acceptation*” or the English equivalent.

255. The Secretariat reported that the JIU system parameters were rigid and not many options were available. To adopt that language the Secretariat would have to change the parameters of the whole JIU system to provide for that possibility. At the current moment the Secretariat was unable to do this.

256. The Delegation of Brazil, speaking on behalf of the DAG, thanked the Secretariat for the explanations and wished to express that it could not understand why the work being undertaken in the CDIP was being shown as the reason why the recommendation was not being implemented yet. The Group felt that the meeting should wait until it had the end result of discussions held in the CDIP and then begin implementation or not on South South Triangular Cooperation. The Group pointed out that there were two different aspects. Triangular cooperation had an aspect that was not part of the discussion of the CDIP. The Group would like to see this matter reviewed and actually reflect the engagement of this in South South cooperation.

257. The Secretariat informed the meeting that it would take this matter up with the Program Manager concerned and would revert back to Member States.

258. The Delegation of Belgium spoke on the matter of consideration of use of other terminology and noted that, at least with regard to the South South and for the follow-up during the CDIP session of November, one day had been foreseen after the CDIP session for Member States to discuss any further follow-up matters. Therefore, if Member States were to accept a change of the words "under consideration" into "possible acceptance", the Delegation felt that at this stage this would preclude the discussions that Member States were supposed to have after the CDIP in November.

259. The Delegation of Egypt thought that, in light of the clarifications just given, when the term "under consideration," was used, that meant that the recommendation might be adopted later on, but in actual fact, in practice, this meant that the Organization was actually implementing the recommendation, at least as regarded South South cooperation and with regard to recommendation 3 and 9. There was cooperation which aimed to set up a fund, which meant that the recommendation in this area was actually being implemented. There were projects to set up a fund. For example, would the Member States eliminate the focal point? The Delegation thought not. In other words, the recommendation was being implemented. The Project had been adopted. There were activities connected with the project, and agreements with donors to promote and fund cooperation between the countries of the south. Therefore the Delegation questioned why, in this case, the term "accepted" was not being used or in the process of implementation? The Delegation sought clarification on the insistence of the use of the term "under consideration".

260. The Secretariat gave the following response. This recommendation of the JIU spoke about establishing of an identifiable and dedicated structure and mechanism within the WIPO Secretariat. So far, there was the project enhancing South South cooperation that had been approved in the CDIP, and that WIPO had implemented. The Secretariat reminded Delegations that that this project was time-bound and limited in nature because it provided for two years. The project would be completed by December 2013, and would go for evaluation in April 2014. However, in November during the CDIP, in the course of discussion of progress reports by different projects, this project would also be discussed and analyzed. The Secretariat continued that so far what the organization was implementing this project, but much less was being done than what the JIU recommendation requested, which was identifying a dedicated structure, mechanism and focal point for South South cooperation. Since this project was time-bound and limited in nature because it would finish in December, so far the project manager of this project implemented or ensured the function of the focal point regarding South South cooperation within the Organization. However, at the end, a request would be made for a decision of the legislative bodies of the organization, the CDIP or the PBC, to establish an identifiable and dedicated structure. Therefore, the evaluation of this project would be in April next year, and this explained why this had been put. The decision would be taken as to continuation with the project, with phase 2 of the project, or to include resources in the regular budget of the Organization to establish this dedicated structure we have under the mechanism for the implementation of CDIP projects. The Organization had the possibility and the challenge to find the resources in case a decision was taken by the CDIP for some continuation of the a South

South project in a second phase or in any other nature. Therefore, the Organization had the channels, had the structure and had the possibility for the identification of resources. That was why the Secretariat had put this text here. Furthermore, this would be a decision that should be taken not only by the Secretariat but also by the Member States -. So the Secretariat had a channel to execute, but it would depend upon the Member States' decision as to how to further proceed with the implementation of these recommendations.

261. The Delegation of Brazil thanked the Secretariat for the information but still sought clarification as Brazil was interested in speaking in a national capacity. Brazil was very involved in triangular cooperation. Last year Brazil had signed an agreement with WIPO and had a focal point working in the WIPO Rio de Janeiro office in Brazil. Brazil had the structure and understood these initiatives and, also in parallel with the initiatives in CDIP, would work with the institution towards improving South South cooperation. The Delegation continued that when there was a recommendation made by the UN family that the UN family should follow these recommendations and they should be accepted and implemented. This would be the case when analysis would show that there was a broad part of the membership of WIPO that had an interest in South South cooperation. The Delegation continued that. in this regard, it would like to repeat the understanding that Member States would not have room to consider, but mainly to accept and then discuss the agency-specific policy and in the CDIP could discuss the policies and how to better implement these recommendations in WIPO, but for the Delegation there was no place to consider that this should not be applicable to WIPO and as such this should be accepted.

262. The Delegation of India, speaking in a national capacity, supported the statement made by the Delegation of Brazil on behalf of the DAG and referred to the statement made by the Delegation of Brazil and added that the Delegation of India also considered that this proposal on South South and Triangular Cooperation should be delinked from the CDIP project proposal. It should be treated as an independent recommendation of the JIU and the Secretariat should initiate action to undertake the implementation rather than waiting for the decision in the CDIP session in November or possibly during the review to be held the next year.

263. The Delegation of Algeria thanked the Secretariat for the clarification provided. The Delegation saw recommendation No. 3 very differently and felt that it was not as inflexible as the Secretariat had said. The Delegation was not discussing setting up a single mechanism for a recommendation at this point, it went far beyond that. The recommendation said that United Nations organizations should establish structures or mechanisms to support coordination and cooperation in the context of South South activities through the reallocation of the necessary staff and resources as appropriate. This was not inflexible. It suggested that each Secretariat could undertake this as it saw fit and with regard to technical assistance the Delegation did not think that this was in the context of South South cooperation. When the Secretariat organized seminars in specific regions, Latin America or Africa or Asia, then that was a form of South South cooperation and promotion of South South cooperation. Therefore, perhaps the reading that the Secretariat had of this was inflexible, but the recommendation itself did not force the Secretariat to establish a body for South South cooperation. It said that the Secretariat should try to support South South cooperation and coordination as appropriate. The African group felt that the recommendation had been accepted by the Secretariat, because of the activities the Secretariat was involved in, it was already involved in a cooperation. This was the reason why the Delegation did not understand why this recommendation was still being studied.

264. The Delegation of Egypt thanked the Delegations of Brazil, Algeria and India for their statements and continued that this was a separate recommendation for WIPO and should be implemented irrespective of the South South project in CDIP and that this was correct. In fact, after listening to the explanations, the Delegation was more puzzled because it considered that there was a catch 22 situation whereby these recommendations were presented to the Secretariat for implementation and the Secretariat were doing an assessment for implementation, acceptance, not relevant or under consideration, but at this moment, telling the

Member States that it was their responsibility as Member States to have a resolution from budget or from CDIP, for the Secretariat to begin implementation, this was a puzzling situation. Under these circumstances, the Delegation of Egypt reserved its position to come back to this point during the discussions on the Program and Budget and to see to what extent the recommendation could be implemented as part of the proposed budget.

265. The Delegation of Germany stated that it would like to pick up once again what had been stated by Belgium on behalf of Group B. The recommendation was addressed to the legislative bodies by the JIU. It did not say that the legislative bodies had to do this immediately or that they had to do it outside regular procedures, but at the next possible occasion. At this point in time, the decision that this legislative body had taken was the project approach. Should the Member States so wish, if change was required and once the project was completed, a change could be made to a different system, the focal point system, whatever system that would be coming up in the future, but for the moment, to the Delegation of Germany it made perfect sense to say that the recommendation to have a focal point system was under consideration, because no decision had been taken yet. This was the understanding of the Delegation and as such the Delegation did not quite see the problem. As all of this would change towards November, once Delegations had discussed the matter and once Delegations had the assessment of the project, then a decision would be taken. This much was certain and Germany and Group B would be very much involved in that decision. It was not by accepting the language as it was "under consideration", this did not mean that Member States would want to stop this. It was a matter of proper procedure

266. The Delegation of Brazil thanked the Delegation of Germany for their comments and wished to understand if it was understood that the practice of following the approach of the project in CDIP was an option, but it did not mean that it was not being accepted. The Delegation did not understand why it should not be shown as accepted and understand that Member States were trying to find WIPO's own way to deal with South South cooperation, triangular cooperation, and were in this process of implementation.

267. The Delegation of Spain referred to the questions it had posed in a previous intervention that had not yet been replied to and requested a response from the Secretariat.

268. The Secretariat responded that there were three pending questions, one was on the question of this topic being a permanent item on the PBC agenda, as it currently was, which was very much in the hands of the Member States, and that this would come under the Audit and Oversight Section of the PBC Agenda. The question on the recommendations to the Executive Heads had been responded to but as far as the representative of the Secretariat could recall, the Delegation of Spain had also had a question on the focal point for multilingualism and the Secretariat asked for confirmation of this.

269. The Delegation of Spain responded that this was indeed the case and that there had been one further question on the recommendation on the subject of the percentage of DSA and the Delegation sought clarification as to what was the current situation in WIPO in that regard.

270. The Secretariat responded that with regard to the DSA, WIPO was not aligned to the UN system, this was currently under review and referred the Delegation to recommendation 3, on page 2 of the document under discussion. This matter had just been reviewed by the Secretariat and the Organization was looking at how this would change.

271. The Delegation of Spain confirmed that the question regarding the focal point for multilingualism was not part of the documentation before the meeting but the Delegation had recalled seeing it whilst reading the JIU report issued on that matter and wondered why it had not been contained within the document. The Delegation suggested that perhaps it had been for the action of Executive Heads rather than the legislative bodies and that this could be reason

why it was not in the report. However, the Delegation still felt that the question was relevant to the issue.

272. The Secretariat confirmed that this would have been the case and asked the Delegation of Spain if this could be taken up under the Agenda Item concerning the Progress Report on Languages at WIPO when the Director of the Conference Service and Language Department would be available to respond.

273. The Chair expressed his hope that the Group Coordinators could work together to find a solution to the issue under consideration, since agreement had not yet been reached. The agenda item was therefore deferred.

274. Following discussions under agenda item 21, the Committee took the following decision regarding this agenda item.

275. The Program and Budget Committee recommended to the WIPO General Assembly to consider this issue and take appropriate action.

ITEM 8 GOVERNANCE AT WIPO

276. Discussions were based on documents WO/PBC/18/20 and WO/PBC/21/20.

277. Introducing the agenda item on governance at WIPO, the Chair recalled that during the 18th session of the PBC a request had been made to the IAOC to review the WIPO governance structure and present to Member States the report containing the recommendations of the IAOC. A request had also been made to the President of the GA to hold consultations with the Group Coordinators and three delegations from each region to discuss the IAOC report and present any specific recommendations to the 19th session of the PBC. The Chair also recalled that the Chair of the GA had presented document WO/PBC/19/26 and reported to the 19th session of the PBC on the results of his meeting with the seven Regional Groups. After an oral presentation by the Chair of the IAOC, which focused on the main points of the above mentioned, the Chair of the GA had proposed that the PBC take note of his report and decide on any further action on this matter. The Chair said that, consequently, the options before the Member States to decide on were that: (1) the PBC examine the report of the Chair of the General Assembly and take note of it; (2) the PBC go further and commission the IAOC to make a full study on the issue; (3) if members did not wish to go through the full study because of cost considerations, the PBC would request a pre-study of the full study by the IAOC and independent expert or the external auditor. He recalled that different opinions had been expressed on the need for a comprehensive study. On the one hand, some recognized that the current structure appeared to be functioning more effectively than previously. However, they also felt that there was still room for improvement and there was a great need to further strengthen the roles of the PBC and the WIPO Coordination Committee, in order that they more effectively and efficiently fulfill their executive duties and mandate. He stated that, on the other hand, other Delegations felt that there was no need to review the in-depth structure of WIPO and considered that IAOC and other bodies did not need major overhauling. He said that following extensive discussions both within Regional Groups and in larger forum, there had been no consensus on the large study. There seemed to be limited support for the pre-study and there was no acceptance to launch a formal Working Group or to request the JIU to review the issue. There was an agreement to keep any discussions and outcome from the informal process in a structured format. He said that further to these discussions they were able to prepare a text which was now before the Committee:

“(1) the Committee takes note of the report of the Chair of the General Assembly, the IAOC report, and Member States remarks expressed on it in document WO/PBC/19/26;

(2) having reviewed the issue of governance, decided to continue its consideration of this issue, including an informal open-ended consultation led by a chair. This process will review Member States' proposals on governance, starting from existing Member States submissions, including but not limited to documents WO/PBC/18/20 and WO/GA/38/2. The outcome of this process is intended to identify, by consensus, issues of common interest and possible improvements relating to the WIPO governance system and recommend them to the next PBC in a structured format for consideration, including but not limited to the following categories: (1) governance structure, including but not limited to roles, responsibilities, and enhancing effectiveness of current governing bodies in WIPO; and (2) efficiency and management issues. Three meetings would be held, interpretation services into French and Spanish would be provided. This process was without prejudice to the right of Member States to advance the proposals; and (3) decided that the issue of WIPO governance would be an agenda item for the 20th session of the PBC."

278. The Chair recalled that at the beginning of this agenda item the African Group had presented a proposal on governance which had been circulated.

279. The Delegation of Egypt, speaking on behalf of the African Group, recalled that in the last PBC Member States had agreed to continue discussing this issue of governance. It recalled that governance was a pending issue before the Committee where it had been discussed for a long time with no concrete progress. The Delegation referred to document WO/PBC/17/2 Rev. which contained Member States' proposals and comments on improving WIPO governance from the African Group, Australia, China, France, Germany, Japan, Monaco, Republic of Korea, United Kingdom, the United States of America and the DAG. The content of the African Group's paper was based on these Member States' proposals, it was proposed as a point for discussion on governance and the five ideas were not an exhaustive list but merely for discussions. The Group would be open to receiving additional ideas and proposals by other delegations. The Delegation said the five ideas were as follows: (1) improving the work of the PBC through, for example, PBC meeting regularly twice a year for a five days session. The PBC should review regularly issues related to human resources. This was something the Delegation thought had been discussed the previous day and proposed by the Delegation of Italy. (2) improving the work of the Coordination Committee (CoCo). The Delegation noted that the CoCo met once a year on the margin of the GA. The Delegation was of the view that the CoCo could be empowered with executive functions and meet more regularly. It also stated that responsibilities between the PBC and the CoCo needed to be clearly identified. It took note that only the CoCo had the mandate to set a main change in the agenda for the GA. The Delegation said it was important that the documents be translated into the six languages and posted on the website two months before the meeting, in order to allow delegations to analyze and consult on them; (3) improve the interaction between Member States and the IAOC. There were some ideas presented by some Member States, e.g., establishing a smaller PBC Working Group on an *ad hoc* basis to consider the IAOC recommendations; a recommendation to the PBC to have quarterly meetings of the IAOC including a slot of time for regional chairs; quarterly reports including comments and advice to be widely circulated after the meetings and be included in the PBC documents, also made available on-line; and the IAOC to continue to produce a summary annual report to the PBC recording the Regional Groups and Member States' views on issues; (4) improving the interaction between Member States and the auditors. Such interaction should be improved through regular informal meetings. The last suggestion regarded establishing a fair and efficient mechanism for the selection of Chairs and Vice-Chairs of WIPO bodies ensuring equality in the selection process. This was an important issue and Member States should continue to try to put such mechanism in place. The Delegation requested the PBC Member States to consider and give guidance on the aforementioned proposed ideas aiming to improve WIPO governance. It reiterated the need to have a full discussion on these and other ideas of other Member States, as part of an inter-sessional meeting for the PBC that could be held in February 2014, with a view to presenting these recommendations to the 22nd session of the PBC in September 2014. This meeting would also provide an opportunity for the Member

States to receive the report of the JIU, which could be considered as part of this inter-sessional meeting.

280. The Delegation of Belgium, speaking on behalf of Group B, recalled that, as it had stated before, governance was not usually a topic as such in the PBC. It said that during the present and the past sessions of the PBC, members' interactions on the budget already instituted an integral part of the governance of the Organization. Secondly, the Delegation stated that the broad debates on governance were initiated a long time ago, at the 18th session of the PBC. Since then, WIPO had made some substantial changes to its governance structures. The governance discussion was slightly outdated. Thirdly, Group B and other Groups had engaged in an interesting but inconclusive debate on the governance of WIPO during the PBC. Group B thought that the time was right to put the old governance debate to rest. On the other hand, the Group understood that the JIU report might contain further recommendations on governance. These recommendations, which should be available in the spring of next year, should also be taken into account when discussing governance. The Delegation expressed its thanks to the African Group for their recent introduction of a new paper on governance and said that Member States would need to reflect on the proposals contained therein but, as a principle of good governance, Group B was never in favor of inter-sessional work. Finally, the Delegation said that Group B too was in the process of elaborating some ideas with regard to governance.

281. The Delegation of Brazil, on behalf of DAG, thanked the African Group for presenting the proposal and associated itself with the initiative. It commended the effort of bringing together all the suggestions on governance made in the previous PBC sessions. The DAG understood that some of those suggestions had already been implemented in part, but nonetheless it was important to discuss how to improve the functioning and the efficiency of the Organization. The DAG agreed with Group B that the JIU report would provide good input for discussions. Nonetheless, DAG understood that Member States should lead this process. The DAG agreed with Group B that inter-sessional work was sometimes too demanding on the delegations, and suggested the inclusion of one of the DAG's in the paper proposed by the African Group, namely, the review of the calendar of meetings to allow delegations sufficient time to prepare for meetings.

282. The Delegation of South Africa supported the proposal made by the Delegation of Egypt on behalf of the African Group, and the statement made by Brazil on behalf of DAG. The Delegation believed that there was a need to improve WIPO governance, especially the structures such as the PBC and the CoCo. The Delegation believed that enhanced engagement and coordinated approach among Member States was improved. The Delegation was convinced that improved governance at WIPO would help accelerate and enhance transparency, and took the opportunity to encourage Member States to consider the proposal and engage in a constructive dialogue.

283. The Delegation of India welcomed the proposal on governance of WIPO presented by the African Group, which was a long pending issue in the PBC. It said that there were several very constructive and good ideas presented in the paper, which were not new. It noted that a JIU report was pending but was of the view that notwithstanding, Member States should agree on some criteria, core issues which would be for the benefit of the Organization and the Member States. It welcomed the proposal by the DAG for addition in the proposal of the African Group and looked forward to having constructive engagement to achieve good understanding among the Member States on the recurring issue of governance.

284. The Delegation of Spain thanked the African Group for their proposal and thought that the proposal deserved studying, and that the Committee required a little more time to look at it carefully. It noted that there was an open list in which issues could be included. It went on to say that if there was no agreement on them, then some of the aspects could be removed. The idea put forward by the DAG was also very interesting. Another idea, which the Delegation felt was very important and had been discussed in Group B, was how to improve the efficiency and

the working methods of WIPO Committees. The Delegation concluded that the JIU report would probably cover some of these issues and it would probably be better to wait for it.

285. The Delegation of Senegal expressed its support for the proposal made by the African Group, which was aimed at improving the working methods and governance of WIPO to achieve better efficiency and transparency in the management of the Organization. It also supported the proposal made on behalf of DAG.

286. The Delegation of Belgium, speaking in its national capacity, thanked the Delegation of Brazil for the latest addition to the proposal and added the issue of the predictability of meetings, the issue of the number of meetings and days per meeting as possible ideas to be discussed.

287. The Delegation of Brazil took note of the comments regarding the inputs that the Committee might have from the JIU, but it was of the view Member States could profit more from the JIU input if Member States would do some work, perhaps after the JIU report was published. The Delegation recommended that a decision be taken now to have a meeting and start work from January onwards, so they could have the result of this inter-sessional work ready for the next PBC.

288. The Delegation of Egypt, speaking on behalf of the African Group, thanked all delegations who had worked on the proposal. It assured them that the Group would deal with those ideas with openness and constructive engagement. The Delegation welcomed the new DAG proposal, and had no objection to including it as part of the African Group proposal. In response to a query by the Delegation of Spain, the Delegation confirmed that the list was not exhaustive and added that it would welcome other ideas and proposals from different regions and delegations, as well that the JIU report that could be part of the discussion process. The Delegation therefore proposed to have the inter-sessional meeting in February when Member States would have received the report from the JIU. Reacting to the Group B intervention, the Delegation agreed that what Member States were doing in PBC was governance. All Organizations that took the issue of improving performance and decision-making process seriously, cared about governance issues. Therefore, it was an issue on its own that deserved to be given the Committee's attention and discussion. The Delegation was not of the view that the proposal presented was outdated. For example, the African Group's ideas as well as many of the ideas presented previously were still on the table and were therefore not canceled, nullified or withdrawn. It did not understand the reference to putting the old governance debate to rest. It wished to seek further clarification on this point. The Delegation agreed that the JIU recommendations could feed the discussion and this was a point the Group had stated before. It welcomed the information that Group B was working on ideas to improve governance and requested the Group to share these ideas with the Committee as they saw appropriate, and it looked forward to discussing those ideas with other Groups. The Delegation expressed its wish for transparency and clarity as regards the process and was of the view that a meeting in February, after receipt of the JIU report, could be a possible way to proceed.

289. The Chair observed that governance was not a controversial issue. He stated that no one gained from the issue of governance but it benefited everyone. The point was that members could take a decision that would send a positive message to the Organization. This was a win-win situation. Governance was not an issue of Group B *versus* the African Group, or else it benefitted no one. He was of the view that the Committee could take an approach in which it said that there was consensus on some of the elements of the African Group's as well as on the DAG's proposal, identify those elements, and that the rest of the elements would be further discussed in the future. This would also send a message that the Committee could work together.

290. The Delegation of Hungary said that it was a little bit perplexed with the Chair's proposal. The Delegation was of the view that WIPO's governance was in quite a good shape compared

to some other organizations. Interesting suggestions had been made by the African Group but the Delegation had not had the time to review them in detail. The Delegation said that it had participated in three different meetings organized by the Chair of the WIPO GA on the issue of selection of officers. No consensus had been reached, and it had been decided that Member States would not meet again. The Delegation gave a few examples such as the issue of the selection of Chairs, on which agreement could not be reached after two years of discussion. It recalled that the JIU report would provide a lot of good sense into these discussions and stood ready to discuss all these issues at the PBC.

291. The Chair observed that the Delegation of Hungary had made some good points and wanted to respond to the issue of selection of chairs. He pointed out that the fact that Member States had not been able to find a mechanism to select chairs did not mean there was no problem with selecting chairs in WIPO. He was of the view that there was a problem and gave the example of the difficult agreement that had finally been reached between the Delegations of Egypt and of the United States of America to preside over PBC.

292. The Delegation of Brazil sought clarification on the intervention made by the Delegation of Hungary and whether it opposed discussing governance as a whole.

293. The Delegation of Hungary responded that the Brazilian Delegation must have misunderstood its intervention. It was not that the Delegation was not interested in governance, but rather that it would be more efficient to wait and have all the elements on the table, including the JIU report, before engaging in the debate on the issue.

294. The Delegation of Egypt reiterated that it was not a sign of good governance that Member States parked issues, leaving them for the future, each time they came to an issue that they did not like. Good governance was that when there were issues, they should be solved to the best of one's abilities. Secondly, the Delegation emphasized that the African Group was not seeking to achieve any kind of victory as there was no victory in this regard. What it was trying to achieve was that the Committee looked, in good faith, at all proposals presented by all Groups. The African Group had tried to come up with what it thought were some good ideas to start the discussions. Delegations should seize the chance to make things better, and try to address these issues in a coherent manner, rather than keep complaining about them. The Delegation was of the view that Member States could agree to have a two or three day PBC session in February in order to discuss all the issues.

295. The Delegation of Australia expressed its support for the intervention by the Delegation of Hungary, and also thanked the African Group for its proposal. There were a lot of interesting ideas in the paper, which definitely deserved further consideration. They deserved more detailed consideration not only by the Delegates in the room but by their Governments. The Delegation requested that Member States take the proposal away with them, given that it had been received not that long ago, so as to be able to consider it more fully.

296. The Delegation of Germany said that it would tend to disagree with the Chair's summary that Member States should not shelf the debate. The Delegation was of the view that the meeting had already entered the debate and considered quite a number of elements listed in the paper. It had even discussed the Brazilian proposal. The Delegation also supported those delegations who requested a little more time. The proposal itself said that documents should be submitted two months in advance of a discussion, whereas this had been proposed two days in advance. The Delegation suggested that the Committee continue the debate on the issue during the 22nd session of the PBC.

297. The Chair wondered if the Delegation of Germany agreed with his proposal in view of what it had just said. He said that Member States could agree on the first part, that the PBC had started discussion on the issue of governance and had also started considering the African proposal. The Chair said that what the Delegation of Germany suggested was that there was

certain agreement on the Brazilian proposal, as the Chair had also said. He proposed to take a decision that would reflect that the PBC had looked at the governance issue and had discussed it. Member States had studied the African Group proposal, which was welcomed but, at the same time, asked for more time to study it further. There was agreement that this should be considered after the JIU report, so as to look at it in a comprehensive manner. The other matter to decide on was, whether or not the PBC would meet in February, after the issuance of the JIU report, to discuss the matter. The Chair hoped that delegations would provide answers on those points.

298. The Delegation of Spain thanked the Chair for his efforts and the analysis, which might allow delegations to achieve agreement. On the question of whether Member States needed an informal inter-sessional meeting, it suggested that contacts be maintained between the seven Groups to avoid having a definite inter-sessional meeting, which could cause problems.

299. The Delegation of Brazil thanked the Delegation of Spain for the proposal and for trying to build a path for working together. Regarding the idea of contacts between Groups before the next session, it proposed to have an open-ended discussion under the guidance of the Chair, to prepare discussion for the next PBC. In the Delegation's view, it was necessary to have an inter-sessional work, be it an inter-sessional meeting or another kind of informal meeting, so Member States could have a productive discussion in the next PBC. It supported the idea of having a meeting in February, but wished to discuss with other members what the format of that meeting would be.

300. The Delegation of Switzerland thanked the Chair for his proposal. As to the way forward, the Delegation felt that, at this stage, the Committee should take as simple a decision as possible. The more complicated the proposal, the more difficult it would be to agree to it. In its view, the best decision would be to note the African Group's document, as had been indicated by other colleagues. The Delegation said that it had not had time to look at it in detail because of the other issues before the Committee, which were as yet unresolved, and proposed to continue discussions on governance at the next meeting of the PBC, after having seen the JIU report. The Delegation would not be in favor of holding a meeting in February. That was largely because Member States were going to have very busy six months ahead of them and were going to need a lot of time to discuss and digest the JIU report.

301. The Delegation of Germany expressed preference for a procedural decision that the PBC took note and acknowledged that the African Group paper had been submitted, and that Member States would take up the issue during the 22nd session of the PBC. That, in its view would be enough.

302. The Delegation of Brazil thanked the Delegations of Germany and Switzerland for their comments. The Delegation could see some opposition to the idea of intersessionals but it proposed to take a decision that meetings would take place to discuss governance before the next PBC.

303. The Delegation of Egypt said it had wished to have progress on the issue at this time. The Delegation did not agree to a procedural outcome, i.e., deferral until next year. It needed some concrete result at present. It insisted it needed to have more time to discuss the matter with the African Group, and requested that further discussion on this item be deferred until later during the session.

304. The Delegation of Switzerland clarified (for the Delegation of Brazil) that it felt that there was no need, and it would not be appropriate, to have an inter-sessional meeting before the next meeting of the PBC. It stated that the next PBC meeting would not be dealing with the budget since it was not a budget year. There would be plenty of time to discuss the issue.

305. The Delegation of South Africa supported what the Delegation of Egypt had just said and asked if the meeting could defer discussion until later in the day.
306. The Chair agreed to defer the issue until the afternoon and said that he would make one last proposal - that there be an informal Working Group guided by the Chair to discuss these issues and to prepare for the next PBC.
307. The Delegation of Switzerland said that it failed to see the difference between this proposal and the earlier one, and it was therefore not acceptable to the Delegation.
308. The Chair clarified that the difference was that there would be no inter-sessional meeting in February. This would be an informal Working Group.
309. The Delegation of Switzerland said that it could not accept the idea of an informal Working Group with no clear terms of reference. Its preference was to continue discussion at the next PBC.
310. The Delegation of Belgium, speaking in its national capacity, said that it wished to comment and bridge a little bit what was on the table. Members agreed that the Committee could not discuss the issue unless it had the JIU report. The Delegation proposed that the issue be taken up during ongoing consultations with the Group Coordinators.
311. The Delegation of Brazil said, in respect of the proposal made by the Delegation of Belgium, that it should not be limited to Coordinators but also to other Groups, such as DAG, since there were proposals from the DAG that were added to the proposal.
312. In the absence of agreement, the issue was deferred until the end of the session.
313. Following discussion under agenda item 21, the Committee took the following decision on this agenda item.
314. The Program and Budget Committee recommended to the WIPO General Assembly to consider the issue and take appropriate action.

ITEM 10 STATUS OF THE UTILIZATION OF RESERVES

315. Discussions were based on document WO/PBC/21/7.
316. The Chair introduced this agenda item and recalled that, every year, the Secretariat prepared a document on the status of the utilization of reserves, which provided: (1) an overview of the status of the reserves and the working capital funds following closure of the 2012 accounts; and, (2) the status of the reserve of the working capital funds appropriated for projects approved, or proposed to be approved, by Member States for financing from the Organization's reserves.
317. The Secretariat said that the overview in document WO/PBC/21/7 presented: (1) the status of reserves following the financial closure for the year, in this case 2012, which was fully aligned with the Financial Statements that had just been reviewed by the PBC; (2) the status of appropriations approved and proposed to be approved by Member States for projects funded under the reserves; and, (3) a summary overview of the level of the reserves after appropriations together with the proposed appropriations for the seven Capital Master Plan projects proposed to be funded from the Organization's reserves. As had been previously mentioned under various agenda items, the operating result of the surplus for 2012 on an IPSAS basis was 25.6 million Swiss francs. The overall result in 2012, taking into account the reserve expenditure and corresponding IPSAS adjustments, was a surplus of 15.7 million

Swiss francs. The reserves of WIPO, as of the end of 2012, totaled 178.2 million Swiss francs compared to the opening balance of 162.5 million Swiss francs. Reserve appropriations had been approved by Member States to date in the amount of 64 million Swiss francs, of which approximately 27 million Swiss francs had been spent to the end of 2012, leaving a balance to be spent of 37 million Swiss francs. Taking all of the above into account, the reserve balance after approved appropriations was 141 million Swiss francs compared to a required target level of 121 million Swiss francs, leaving 20 million Swiss francs available above the required target level. A further seven projects envisioned under the Organization's Capital Master Plan had been proposed for funding for 11.2 million Swiss francs resulting in a reserve balance above the target level of 9 million Swiss francs, if Member States approved the proposed projects for funding. The proposed decision paragraph invited the Program and Budget to recommend to the Assemblies to take note of document WO/PBC/21/7.

318. The Delegation of Belgium, speaking on behalf of Group B, thanked the Secretariat for the preparation of document WO/PBC/21/7. It noted with satisfaction that the last year's results had showed an increase in WIPO's reserves. Nevertheless, it thought that the document would have benefited from more information on the status of the reserves during the last years, to provide a better understanding of the recent evolution of WIPO's reserves. Group B was aware of the challenges that WIPO and other UN organizations were already facing, especially with liabilities linked to the employee benefits that would have a direct impact on the assessment of any organization's reserves. Group B therefore thought that WIPO should be very cautious and always bear in mind that liabilities were more likely to increase, such as ASHI, and the future inclusion of liabilities linked with pension funds. These factors would have an impact that would need to be taken into account when analyzing the status of the reserves and when making decisions on the present and the future use of reserves.

319. The Delegation of Spain supported the statement made by Group B and shared the concerns that had been expressed. It thanked the Secretariat for document WO/PBC/21/7, which it found useful. However, when the Delegation looked at the status of reserves, it saw that the document had focused on the status in 2012. This correctly showed a positive result, which was a result that the Delegation was gratified to see. Nevertheless, for Member States to have a better overview, the Delegation thought that it would have been a good idea to have had an analysis of the final status of the reserves in terms of previous years. This was because, for reasons relating to the financial crisis, the reserves had seen a large fall that the Delegation believed had run to some 40 million Swiss francs compared to previous levels. The Delegation thought that it was very important to see this overview of the status of the reserves in order to enable Member States to be able to take into account the present and the future challenges that could impact the reserves. The Delegation of Belgium, on behalf of Group B, had stated this. As the Secretariat had also pointed out in a document submitted to the previous PBC session, liabilities connected with ASHI would increase in line with increasing life expectancy and with the costs of medical insurance, in particular in Geneva. The Delegation did not know how much of a bearing this would have on the status of the reserves but it imagined that it would be an important one. As to the valuation of real estate, which was a key aspect of assets, this did not have liquidity and was very much linked to changing prices in housing and real estate. This could change a great deal, as had been the case in Spain, and in certain circumstances falls could be swift. This was also a key element that could impact on the status of reserves of the Organization. The Delegation's message had always been for the need for prudence and for Member States to have a maximum amount of information to enable them to take decisions that were most appropriate for the Organization.

320. The Delegation of Italy wished to align itself with the statement made by Group B and stressed again a key message that it had always conveyed to the Secretariat, which was the cautious use of the reserves for exceptional expenditures. Reserves were an important component and careful consideration should be given to all of the information that was available.

321. The Delegation of the United States of America indicated its support for the statement made by the Delegation of Belgium on behalf of Group B. The Delegation welcomed the summary information that explained previously approved and the proposed use of reserve funds. WIPO possessed a significant amount of accumulated reserves, a large portion of which was being invested in infrastructure improvements. These were extraordinary undertakings for an international organization that the Delegation and other Member States had supported. The Delegation wished to reiterate the policy that the use of reserve funds should be for extraordinary one-time expenditures. Further comments concerning the policy of one-time extraordinary expenditures would be discussed when the PBC took up the item on the Capital Master Plan.

322. The Delegation of Japan fully associated itself with the intervention made by the Delegation of Belgium on behalf of Group B. The Delegation thought it important to see the transitions in the reserves and to have a much longer perspective. When it looked at the Program and Budget, it saw the transition of cost structures over a much longer period of time. It wished to see transition in the reserves on a similar scale. It also shared the concern pointed out by the Delegation of Spain concerning the liquidity of the current reserves. If the extent of the liquidity of the reserves was insufficiently high, it would be difficult to respond to a crisis situation. It therefore thought that the Secretariat should be cautious in using the reserves from these perspectives.

323. The Delegation of Mexico had been following very closely the utilization of reserves in various United Nations agencies, in particular because the financial crisis that had begun in 2008 had shown up major financial challenges for the system as a whole. The implementation of IPSAS in the various agencies and organizations had given Member States a more transparent, detailed and comprehensive view of the financial situation of international organizations as some other delegations had mentioned. There were major challenges for organizations as regards long-term liabilities, in particular ASHI. To give an idea, ASHI in the UN as a whole had been estimated at approximately 8 billion US dollars, an expenditure that would have to be covered at some point in time. This was why the Delegation had been arguing for very prudent and effective management that bore in mind the long-term liabilities that would have to be covered at some point. In the 2014/15 budget proposal, a large part of the increase in the budget was linked to financing of those liabilities. The Delegation also wished to add its voice to those asking the Secretariat to be extremely prudent in the way in which it used the reserves. The Delegation believed that the use of the reserves should be limited to extraordinary and exceptional expenditures and on a one-off basis. The Delegation would also have like to have had much more information on the situation of the reserves in previous years and how they had been used, in order to have a more comprehensive picture and to enable Member States to take well-informed decisions.

324. The Delegation of the United Kingdom supported the comments made by the previous speakers. It was concerned with the future liabilities that were building up for WIPO and thought that this emphasized the need for robust future planning and cash flow planning. The Delegation said it would speak on the subject during discussions on the Capital Master Plan.

325. The Program and Budget Committee recommended to the Assemblies of the Member States of WIPO to take note of the contents of the document WO/PBC/21/7.

ITEM 11 ANNUAL REPORT ON HUMAN RESOURCES

326. Discussions were based on document WO/PBC/21/13.

327. The Vice-Chair introduced this agenda item, relating to Program 23, Human Resources Management and Development, and invited the Director of the Human Resources Management Department (HRMD) to introduce document WO/PBC/21/13.

328. In presenting the Annual Report on Human Resources (WO/PBC/21/13), the Secretariat specified that the report provided key HR metrics in Section I, and a one-page summary of the HR Strategy in Section II. Section III contained an overview of recent achievements and key activities in the area of human resources such as further progress in the implementation of mandated reforms including the regularization of long-serving temporary employees and the revision of the Staff Regulations and Rules relating to internal justice. The latter would be presented to the Coordination Committee in a separate document (WO/CC/67/3). An informal briefing for Member States on the internal justice reform was announced. A number of new HR initiatives including a review of WIPO's occupational health and safety system, to be implemented in 2014 and addressing, among other, absenteeism, was highlighted. It was also noted that a Gender and Diversity Specialist had been appointed in July 2013 to support the implementation of gender and geographic diversity strategies. Improvements were noted in the area of gender balance (48.9 per cent overall at P and D levels as at July 2013). Also, the number of pending audit recommendations relating to HRMD had been significantly reduced, i.e., from 52 in July 2012 to 15 in July 2013, with the remaining 15 pending audit recommendations all at an advanced stage of implementation as detailed in Annex I of the report. The Secretariat added that the Annual Report on Human Resources also included the HR Strategy, and the Annual Report of the WIPO Ethics Office. The Ethics Office was independent and not part of HRMD. However, it had been decided to include the report as part of the HR document to the Coordination Committee. Turning to the HR Strategy contained in Annex II of the Annual Report on Human Resources, the Secretariat stated that this strategy was grounded in WIPO's strategic objectives, work plans and program budget, with 10 performance indicators relating to HR in the 2014/15 Program and Budget, all directly linked with the HR Strategy. The Secretariat elaborated that the HR Strategy aimed to meet the needs of a wide range of stakeholders, particularly: external stakeholders who required global IP services, be that patent or trademark filing, capacity building or other IP services provided by WIPO; Member States who were demanding a financially prudent and cost-effective operation; WIPO staff who brought to this Organization their commitment, talent and expertise; and WIPO managers who were accountable for the delivery of the programs in the work plans and budget. With this strategy, WIPO would: improve its responsiveness in global IP; support the positioning of WIPO as a premier provider of global IP services; confirm WIPO as an employer of choice; improve organizational efficiency and manage cost pressures in the face of rising staff costs. With regard to geographical distribution, the Secretariat recalled that Member States, in the Program and Budget Committee, had requested that WIPO should introduce "a system of equitable geographical distribution" and that a system similar to that used by the UN Secretariat and certain other UN organizations should be applied in WIPO. The Secretariat noted that Member States of WIPO had, in fact, agreed on a system of geographical distribution in 1975 as set out in document WO/CC/IX/2. The Secretariat noted further that, while this agreement had seemingly not been formally set aside, it appeared that it had also not been implemented nor monitored for very many years as documented in records going back to the late 1990s. The Secretariat added that it had been conveyed informally that the 1975 accord may not meet with the agreement of all Member States as it was based on financial contributions to WIPO from Member States. The Secretariat stated that if Member States wished to have "a system of equitable geographic distribution", they would either have to confirm that the 1975 geographical distribution agreement (WO/CC/IX/2) should apply, or that it should be replaced by another agreement. With regard to applying a formula like the one used by the UN Secretariat, which some Delegations had requested, the Secretariat clarified that there were some important differences between the formula used in the 1975 WIPO agreement and the formula used by the UN Secretariat. WIPO's 1975 formula provided that one quarter of posts be distributed equally among seven regions and the remaining three quarters be applied in proportion to financial contributions to WIPO by regions compared to the UN Secretariat's three factors for determining desirable ranges: 40 per cent membership factor, five per cent

population factor, and 55 per cent contribution factor. Furthermore, the WIPO's formula was based on regional distribution whereas the UN Secretariat formula was based on country by country distribution. The Secretariat elaborated that WIPO had about 390 posts which would meet the requirements for geographical distribution. These were regular budget posts at the P and D levels, excluding language posts (translators, interpreters, editors and revisers). General Service posts were also excluded. The Secretariat noted further that WIPO had 186 Member States. The UN Secretariat had a similar number of Member States, but about 3,600 posts subject to the system of geographical distribution. The Secretariat concluded that this issue was quite complex, and raised many questions on which Member States may wish to consult and consider options. The Secretariat offered its support in such a consultation process by providing the necessary background information. As far as the 2014/15 Program and Budget was concerned, the Secretariat confirmed that a performance indicator on geographic distribution had been added showing as a baseline the current (July 2013) distribution of P and D-level posts, as requested by the Delegates. The Secretariat added, however, that target percentages were not provided for obvious reasons, and that these could be added depending on what Member States decided. The Secretariat further recalled that, in compliance with the requirement of recruiting from as wide a geographic basis as possible, some 76 Member States were currently unrepresented. Therefore, and in line with its Staff Regulations and the WIPO Convention, the Secretariat advised that it would continue to work towards recruiting staff "on as wide a geographical basis as possible" with the aim to further reduce the number of unrepresented countries, even pending a resolution on the question of what system of "equitable geographical distribution" should apply in WIPO and which targets the Secretariat should work towards. In concluding its introduction of this item, the Secretariat noted that, notwithstanding considerations of geographical diversity, all recruitments would continue to be on merit, with WIPO's recruitment procedures applying, including advertisement and competency-based assessment of candidates by WIPO interview panels. In managing geographical diversity, the strategy would be to obtain applications of qualified candidates from a wider geographical base, particularly from unrepresented Member States.

329. The Delegation of the United States of America thanked the Secretariat for the very detailed and informative report, welcomed the progress that had been made in the internal justice system, performance management and recruitment, and also noted the drop in the number of staff complaints and appeals. With regard to the latter, the Delegation welcomed further information on what had led to the decrease. Regarding gender balance, the Delegation noted that there were imbalances at the Professional and higher levels and the Delegation looked forward to reviewing the gender policy and action plan to be implemented towards the end of 2013, and to any other thoughts to reach gender balance. Turning to the question of staff costs, the Delegation noted that the issue was mentioned as a matter of concern in the HR Strategy and added that this was not unique to WIPO, but that it affected all UN organizations under the common system. It noted further that the International Civil Service Commission (ICSC), the expert body tasked with developing personnel standards for all the organizations of the UN common system, including WIPO, had a mandate to minimize discrepancies in terms and conditions of employment in these organizations to eliminate the need for organizations to compete for talent and facilitate the movement of personnel throughout the common system. The ICSC made recommendations to the Fifth Committee of the UN General Assembly which had final decision making authority overall compensation policy. With personnel costs representing the largest portion of common system budgets, the ICSC recommendations and the UN General Assembly decisions had a major impact on the financial sustainability of all UN organizations. The Delegation stated that the right thing would be for the leadership of these organizations to communicate with the ICSC and the Fifth Committee any time a recommendation or decision might threaten the ability of these organizations to execute their mandates, and for the ICSC and the Fifth Committee to take into account these views before taking action. Considering the staff costs at WIPO which were increasing each biennium, the Delegation considered that the Secretariat should be highlighting this issue more clearly in the Annual Reports on Human Resources so that Member States were fully aware of the threat of rising staff costs and the sustainability of the Organization and

WIPO's ability to fulfill its mandate in the most cost effective and efficient manner. The Delegation appreciated that the Secretariat had included its concerns in Annex II of this report but being important information, it should be more readily accessible front and center to Member States. Of particular concern was that cost increases would soon outpace income growth. The Delegation noted that these cost increases were the direct result of ICSC recommendations. WIPO could benefit from more common sense sustainable recommendations from the ICSC. Therefore, the Delegation recommended that the Director General make known to the ICSC and the UN General Assembly the effect which rising staff costs had on the financial health of the Organization and that he request them to take concrete action on staff overhead and compensation costs. In doing so, the Director General would not be alone. At the 10th Conference of the FAO in June 2013, Member States adopted resolution language in FAO's budgetary appropriations for 2014/15 that appeals to the ICSC and the General Assembly to exercise greater vigilance with regard to increases in staff costs across the UN common system and to study the impact of staff costs in the upcoming review of system compensation. In July 2013 at the 110th Convention, Members States of the International Maritime Organization (IMO) adopted resolution language that expressed an even more urgent need for action by the ICSC and the UN General Assembly. Member States instructed the Director General to convey to the ICSC and the UN General Assembly their concerns about rising staff costs and to consider taking immediate action to alleviate resulting budgetary pressures. The Delegation proposed that WIPO adopt the following language: the PBC instructed the Director General to convey to the ICSC and the UN General Assembly the views of WIPO Member States about the impact of rising staff costs and the financial sustainability of this Organization, and the need to exercise greater vigilance with regard to increases in staff costs across the UN common system within the context of the comprehensive review being undertaken by the ICSC, and instructed the Director General to ask the ICSC and the General Assembly to take immediate action to alleviate these budgetary pressures. In closing, the Delegation added that by the next PBC meeting in 2014, it expected to have the issue of staff costs on the agenda to ensure that Member States were able to exercise vigilance in controlling staff costs in WIPO.

330. The Delegation of Iran (Islamic Republic of) expressed appreciation for the presentation made by the Secretariat and asked that it be submitted to the Delegation for further consideration, together with any additional information, particularly as regards the 1975 Geographical Distribution item. The Delegation also asked about the informal briefings to which the Secretariat had referred. The Delegation recalled that in July PBC session, it had requested comparative information on the process of recruitment over the past decades, to determine how the geographical distribution evolved, and whether the principle of "equitable geographical distribution" had been followed. The Delegation looked forward to receiving this information so that the discussion on this subject could be continued.

331. The Delegation of Mexico thanked the Secretariat for introducing the Annual Report on Human Resources, which contained a lot of information in response to requests from Member States. The Delegation encouraged the Secretariat to continue producing such a report and indeed to improve it further since this report allowed Member States to fulfill their oversight responsibility in the area of human resources. The Delegation particularly welcomed the organizational design initiative and considered it an excellent exercise to ensure economy and planning in the area of HR management. The Delegation shared the concerns of other delegations about rising staff costs and supported the intervention by the Delegation of the United States of America. The Delegation added that WIPO should participate in UN system-wide working groups on the reduction of costs in the area of health and after-service health insurance (ASHI). Regarding geographic distribution, the Delegation thanked the Secretariat for providing information on the 1975 agreement and noted that delegations would have to study this matter very carefully and seek a long-term solution. The Delegation enquired about next steps with regard to the HR Strategy and further reporting to Member States.

332. The Delegation of France thanked the Secretariat for the report and noted that geographic distribution considerations should apply to P and D staff, whereas G staff would be expected to be locally recruited. The Delegation suggested having further discussions with the Secretariat to ensure that staff costs would not spiral out of control. The Delegation further expressed the view that particularly at senior level, the geographic balance in WIPO needed improvement. The Delegation further enquired about WIPO dispute cases going to the International Labour Organization (ILO) Administrative Tribunal and any strategies WIPO might apply to prevent the high number of cases. The Delegation requested more information on the internal justice reform and inquired about the involvement of the staff in the internal justice system. The Delegation inquired about external offices and the management of human resources for external offices, including redeployment of posts, contract and rotation policy. Finally, the Delegation inquired about ILO Judgment No. 3225 where WIPO was requested to pay compensation to a former short-term staff for having had to work on successive short-term contracts rather than long-term contracts.

333. The Delegation of Japan showed appreciation for the significantly improved Annual Report on Human Resources and the consultation with Member States in this regard. With regard to the HR Strategy, the Delegation expressed its strong support for internal and external mobility, noting that WIPO, as a specialized agency, had to ensure that expertise in IP remained at a high level and that the Organization was able to respond to changes in the external environment including the geographical shifts in international applications.

334. The Delegation of Spain expressed appreciation for a significantly improved version of the Annual Report on Human Resources. The Delegation was supportive of the statement of the Delegation of the United States of America and of the proposal it contained, sharing the concerns of rising staff costs and the risks thus created for the Organization. The Delegation noted that some cost increases arose independent of the Organization, but other increases were directly related to WIPO policies such as reclassification, regularization or the very high number of staff in WIPO. The Delegation appreciated that the report documented an effort to contain these costs and requested that, in future, similar information be provided. The Delegation also requested more information on indemnities paid to staff separated on voluntary agreements.

335. The Delegation of Belgium welcomed the high quality of the Annual Report on Human Resources and appreciated the multiple informal information meetings in this regard. In view of further discussions at the Coordination Committee, Group B had a number of preliminary questions and remarks to make. Referring to the last internal audit report on HR, there was a concern about the high level of absenteeism in WIPO and the Delegation enquired whether this had now been addressed. Furthermore, the audit report had highlighted the need for a policy on temporary recruitment and the Delegation wanted to enquire whether such a policy was now available. Thirdly, the Delegation noted that 39 out of 52 open audit recommendations had been closed and enquired about details on the remaining recommendations. Fourthly, the Delegation noted that while considerations of geographic diversity were important, recruitment should first and foremost be based on merit. The Delegation welcomed the HR Strategy and particularly the four building blocks of the strategy (workforce alignment, staff, management, communications and labor relations). The Delegation expressed its support for the strategy's implementation and follow-up.

336. The Delegation of South Africa noted that most of its concerns and questions had been addressed.

337. The Delegation of Egypt took the floor on behalf of the African Group and thanked the Secretariat for the presentation and for the draft HR Strategy. The Delegation welcomed WIPO's efforts of recruiting the most competent staff while respecting criteria of equitable geographic distribution. Supporting the position of the Delegations of Iran (Islamic Republic of) and Mexico, the Delegation noted that equitable geographic distribution had to be recognized as

an extremely important principle within the UN system, recalling that the UN Charter emphasized the importance and referred to recruitment on the basis of the broadest possible geographical distribution. In this regard, the Delegation referred to table 8 as well as Annex I of the report and noted that the African Group had only 55 staff representing 11 per cent of staff in WIPO, and that the Middle East region had indeed only 1.2 per cent, while Western Europe had 51.2 per cent, representing 255 staff. The Delegation considered this abnormal and not reflective of the principle of equitable geographical representation. Speaking again on behalf of the African Group, the Delegation noted that the HR Strategy should not be about equitable geographic representation, but equal geographic representation, ensuring that people were represented on an equal footing and allowing them to participate in such a way as to be fully involved in the work of the Organization. The Delegation expressed the hope that the Secretariat would find the appropriate mechanisms to permit this in future.

338. The Delegation of Brazil expressed appreciation for the Annual Report on Human Resources which, in the Delegation's view, presented a good portrait of the situation of WIPO staff. Among other, it revealed the geographic imbalance in the staff of WIPO. Speaking on behalf of the DAG, the Delegation supported the principle of equitable geographical representation, which should guide the efforts of the Secretariat, making the representation of the regions more balanced. The Delegation suggested that it would be helpful to have more information on the number of applications received from nationals of each region for WIPO vacancies. This would assist Member States in helping to come up with policies that would enhance the number of candidates from other regions than those that were already overrepresented with more than 50 per cent of staff in WIPO.

339. The Delegation of Italy, supporting earlier statements by Group B, also welcomed the Annual Report on Human Resources and the HR Strategy, which permitted Member States to exercise their oversight function. The Delegation expressed the hope that similar documents would be provided in future to the PBC and the CoCo, enhanced also by additional information generated through the ERP system. Sharing the analysis of the challenges faced by the Organization and the objectives that needed to be met and appreciating the pressures faced by the Organization, the Delegation expressed the view that continued efforts needed to be exerted to finding solutions to the ASHI problem. The Delegation shared the view expressed in the document that recalibration and restructuring of the workforce were necessary, accompanied by careful post management, particularly also in view of the forthcoming increase in the UN retirement age. Furthermore, the Delegation expressed the view that organizational design should become a continuous process and that the adequacy of job grade and job profile should always be carefully examined. The Delegation also welcomed the policy of rewarding excellent performers, and noted that the staff of WIPO should have some career opportunities within the limits that were available, with training being a further important component as well as the possibility of internal redeployment. In concluding, the Delegation looked forward to updates on the implementation of the HR Strategy, and on the results achieved, as well as on any new challenges.

340. The Delegation of Greece expressed its support and alignment with the statement made by Group B, also thanking the Secretariat for the document, and adding that the recruitment of new staff should be based upon geographic criteria, but primarily on merit.

341. The Delegation of China expressed appreciation for the Annual Report on Human Resources and commended the Secretariat for its work in this regard. The Delegation noted the imbalance in geographic distribution of WIPO staff and requested that WIPO enhance the transparency of its recruitment procedures. The Delegation added that WIPO should emphasize merit while taking into account geographic distribution so that a better balanced distribution is achieved in order to better meet requests from Member States.

342. The Delegation of Hungary thanked the Secretariat for the Annual Report on Human Resources and the HR Strategy. Speaking for the CEBS, the Delegation noted the importance

of equitable regional representation. The Delegation also noted an error in a statistical table in Annex I of the report.

343. The Delegation of the United Kingdom thanked the Secretariat for the Annual Report on Human Resources and supported the view that there was a need to strengthen the current system of geographic distribution, and to encourage applications from candidates from regions which were underrepresented. However, the Delegation noted that the primary criteria for recruitment should be based on merit, skills and experience.

344. The Vice-Chair invited the Secretariat to respond to the questions.

345. The Secretariat thanked the Delegations for the many pertinent comments and suggestions. The Secretariat confirmed that it was engaged in the ongoing ICSC review of UN system conditions of service, the results of which were to be presented to the UN General Assembly in late 2015. With regard to the new system of internal justice, an informal briefing would be arranged. On this occasion, issues such as the recent ILO Tribunal Judgment No. 3225 could also be raised. The Secretariat confirmed that the judgment was of concern to WIPO and that the financial and policy implications were not clear at this stage. The Secretariat explained that the judgment was relating to a former short-term staff member who had been regularized but to whom the ILO had nonetheless awarded compensation for long periods served on consecutive short-term contracts. The Secretariat added that the regularization of long-serving short-term personnel had started in 2012 and was due to be completed in 2014, and that this and recent contract reform had already resulted in significant additional costs for WIPO. With regard to the questions on equitable geographic distribution, the Secretariat confirmed its willingness to support a consultation process initiated by Member States and would welcome to implement any accord or agreement reached by Member States in this regard. The Secretariat was not in a position to specify targets for equitable geographical distribution. The Secretariat was available to have further discussions on this matter whenever Member States so requested. The Secretariat acknowledged that many Delegations had expressed the view that recruitment should be primarily based on merit and then, on geographic criteria. On the question of organizational design, the Secretariat confirmed that this would be a continuous process, integrated in workforce planning. The Secretariat confirmed that once agreement was reached on external offices, such offices would be staffed through the redeployment of existing resources, it being understood that staffing of external offices would be handled in a gradual manner. With regard to HR policies in the management of external offices, the Secretariat noted that the same policies would apply, which were already in place for existing external offices. HR services would be provided to these offices from WIPO in Geneva. There were no plans to duplicate headquarters' structures in field offices, given also the small size of external offices. With regard to staff mobility, the Secretariat confirmed that WIPO was part of the inter organization agreement on mobility which was a tool to facilitate the movement of staff across UN-system organizations. The Secretariat noted that interagency mobility was not as significant in WIPO as in other UN organizations, given also the very specialized skills required by WIPO staff at the P and D levels. With regard to internal mobility, the Secretariat confirmed that new tools had been introduced to facilitate the movement of staff within the Organization. The expectation was that these tools would support the realignment of the workforce. The Secretariat confirmed that a policy on temporary recruitment had been introduced and was working well. The Secretariat further clarified that the remaining open audit recommendations were mainly related to internal justice and ERP, and that all were in the process of being implemented. The Secretariat confirmed that regular reports and updates would be provided on the implementation of the HR Strategy. With regard to the forthcoming changes in the UN retirement age, the Secretariat confirmed that this would have an impact on the speed with which realignment of the workforce would be advanced. The expectations of the Secretariat were that, effective January 1, 2014, the retirement age of 65 would be applicable for new staff. With regard to existing staff, it was expected that retirement age of 65 might become applicable from 2016. Furthermore, the Secretariat confirmed that it was already taking

part in UN working groups on ASHI which were managed by the Budget and Finance Network, which reported its findings to the High-Level Committee on Management (HLCM).

346. The Delegation of Egypt requested that, in the Annual HR Report and in the HR Strategy, the term geographical diversity should be replaced and that WIPO should acknowledge the importance of the principle of good geographical representation. Furthermore, the Delegation stressed that, if there would be a consultation process initiated by the Secretariat, the principle should be implemented.

347. The Vice-Chair noted that the Annual Report on Human Resources would also be presented to the Coordination Committee where the recommendations would be further discussed.

348. The Delegation of Iran (Islamic Republic of) reiterated its earlier request for information on informal briefings and background material. On geographic distribution, the Delegation welcomed the possibility of having further consultations noting, however, that at this stage, it should be emphasized that there was a shortcoming and that the Secretariat should come up with language and proposals for consideration by Member States. The Delegation reaffirmed in strong terms that recruitment should be based on merit.

349. The Delegation of Brazil reiterated its request for information on the origin of applications received by WIPO for its vacancies. The Delegation further asked the Secretariat for information on steps taken to improve the diversity of applications, e.g., advertising vacancies in a variety of countries and regions. The Delegation also agreed with other delegations that merit was the main criteria.

350. The Secretariat explained that there had been a number of informal briefings at the request of some Member States on the Annual HR Report. Draft reports had been considered and Member States had used the opportunities to ask questions or to request additional information. There would be an informal briefing on internal justice next week. Regarding geographical distribution, the Secretariat stressed that it would continue with its strategy to recruit from as wide a geographic basis as possible. There had been an analysis of applications received for WIPO vacancies, particularly from one region, which documented an unbalanced response to WIPO vacancies. Therefore, more outreach efforts had been made, and currently, WIPO had two international advertising campaigns with four vacancies, focusing on two regions, and particularly at unrepresented countries.

351. The Delegation of Algeria supported the statements of Egypt on behalf of the African Group, and the statements of Brazil and Iran (Republic Islamic of). The Delegation asked for clarification whether WIPO intended to submit a policy on geographic distribution since the French version of the report was not quite clear. The Secretariat confirmed that WIPO was not planning to submit a policy on geographic distribution, but that the current policy required consideration by Member States. Meanwhile imbalances needed to be addressed, which included reducing further the number of unrepresented Member States.

352. The Delegation of Ghana requested an explanation of the meaning of “merit” and “the necessity of securing the highest standards of competence and integrity”, and an explanation on how WIPO assessed these qualities.

353. The Secretariat explained that the selection process was competency-based and included tests, interviews and assessment centers in the case of senior appointments.

354. At the request of the Vice-Chair, the Secretariat was asked to comment on the delineation of the responsibilities between the PBC and the CoCo as far as Program 23 was concerned. The Secretariat stated, that while the CoCo was responsible for HR matters in a more general sense including major policies and regulatory frameworks, on the other hand, the Annual Report

on Human Resources under Program 23, was referred to the PBC in the context of the Program and Budget, and specifically in the context of financial and resource implications.

355. The Vice-Chair encouraged the Delegations to agree on, or possibly amend, the language of the Delegation of the United States' of America proposal on staff costs.

356. The Delegation of Mexico said it had a separate proposal inviting the Secretariat to join the UN Working Group on ASHI.

357. The Secretariat was surprised at the proposal and explained that the ASHI Working Group was set up by the HLCM. There were two aspects of the issues. The Finance and Budget Network was working on certain aspects of ASHI and the HR network was also working on ASHI. WIPO was very much involved in both of those networks. Therefore, there was no need to ask the Secretariat to get involved in the working groups in which WIPO had already been involved.

358. The Delegation of Mexico thanked the Secretariat for that information and requested that they report on their activities within those working groups in the future PBC sessions.

359. The Secretariat explained that the working groups worked through the issues in the two networks. The report of the work went back to the HLCM and at that point in time a report that could be shared across the agencies was produced. The Secretariat asked the delegation of Mexico if that was what it meant.

360. The Delegation of Mexico explained that in view of the information provided by the Secretariat confirming its participation in those working groups, the Delegation could withdraw its proposal. It confirmed that while it did not wish to receive detailed step-by-step progress reports, it would appreciate some feedback.

361. The Secretariat said that it would come back with a report to Member States once the work of the Working Group was done.

362. The Delegation of Italy, commenting on the United States' proposal, wished to add a sentence that an annual report on human resources should be a standing PBC agenda item.

363. The Delegation of Egypt wondered about the relationship between the discussion on the subject in the PBC and the discussion to be held in the CoCo

364. The Secretariat responded that while it had been requested to be include that item on the PBC agenda, traditionally it had been considered in the CoCo, where Member States looked at substantive HR matters like staff role changes and HR related reports. The discussion in the CoCo was very HR-specific. It had been requested to include this item on the PBC agenda because Member States wished to get a context of the HR elements when discussing budget and finance related issues, especially looking at Program 23 in the context of the Program and Budget. Therefore, presenting the HR report to the PBC provided the Committee with the information and a context setting, without the need to consider staff rule changes, which were submitted to the CoCo. The report, as presented to the PBC, provided the context and the evolution of HR issues.

365. The Delegation of Egypt said it had asked the question to be clear on what the PBC and the CoCo respectively were supposed to do on this agenda item. It wondered if the two respective roles could be captured in either the decision or the document itself.

366. The Secretariat said that, if one took the United States' proposal and converted it into a PBC decision, it would read: "the PBC, having considered and noted the content of the Annual Report on Human Resources, that was submitted to the PBC in the context of financial and resource implications, recommends to the WIPO etc." and the rest of the text would continue. In

other words, the context for which it was given to the PBC would be made clear, i.e., to give context for the financial and resource implications.

367. The Delegation of Egypt had no issue with the text itself but it was the context that was causing the concern. If this was a standing agenda item for the PBC, there should be a clarification that the report under this item was to be discussed in the context of financial and resource implications. Therefore, each time the item would appear on the PBC agenda, the membership would now the reason for which it was there.

368. The Secretariat answered that this agenda item was specifically included under the heading Program Performance and Financial Reviews, providing context for that section of the agenda, which included the financial statements, the cost efficiencies, etc.. As part of that there was also the HR Annual Report to complete the overall picture.

369. At the invitation of the Vice-Chair, the Secretariat read out the decision paragraph, as proposed by the Delegation of the United States and subsequently amended: "The PBC, having considered and noted the contents of the Annual Report on Human Resources that was submitted to the PBC in the context of financial and resource implications, recommends to the WIPO General Assembly to instruct the Director General to convey to the International Civil Service Commission (ICSC) and the UN General Assembly the views of WIPO Member States about the impact of rising staff costs on the financial sustainability of this Organization, with a need to exercise greater vigilance with regard to increases in staff costs across the UN Common System, particularly within the context of the ongoing comprehensive review being undertaken by the ICSC, and instructs the Director General to ask the ICSC and the General Assembly to consider taking immediate action to alleviate these budgetary pressures."

370. The Delegation of Australia agreed with the principle, but noted that it was a very long sentence, which lacked clarity. For example, in the first part of sentence the PBC recommended that the WIPO GA direct the Director General. Towards the end, it appeared that the PBC was instructing the Director General rather than making a recommendation to the GA. The Delegation was also a little unsure what the part meant, in terms of immediate action, and what exactly members' expectations were. From the Delegation's point of view the important thing was the effectiveness of the measures. It was not so much the immediacy of taking the action. It was about effective measures put in place within a reasonable time frame. The Delegation would welcome the opportunity to talk through the wording with the Delegation of the United States and any other interested members to try to make it a little more clear and digestible.

371. The Vice-Chair concurred that it was a long sentence, but added that sometimes long sentences were needed to convey the message. There was a suggestion by the Secretariat: the fifth line down, insert a period after "organization" and start a new sentence. The Delegation of Australia could still work with the Delegation of the United States to address the immediate action concern. The Vice-Chair said that although his preference would be to gavel this agenda item closed, he did not wish rush it if there were concerns.

372. The Delegation of Hungary wished to support the motion that members needed some clarification about the last part of the sentence and, indeed, needed to understand better what it would entail.

373. The Vice-Chair suggested putting the matter on hold unless delegations had any good drafting suggestions.

374. The Delegation of the United States suggested a break in the meeting to consult with other delegations.

375. Following consultations, the Vice-Chair announced that a new version of decision on item 11 was being circulated. The Vice-Chair thought that some changes might need to be

made to that proposal, and that delegations would need to consult on it. Therefore, the Vice-Chair suspended discussions on item 11 until the end of the session.

376. During discussions under agenda item 21, the Committee agreed to the following decision on this agenda item.

377. The Program and Budget Committee noted the contents of the Annual Report on Human Resources in the context of financial and resource implications and recommended to the WIPO General Assembly to request the Director General to convey to the International Civil Service Commission (ICSC) and the United Nations System Chief Executives Board for Coordination (CEB), Member States' concerns regarding the impact of rising staff costs on the financial sustainability of the Organization and the need to exercise greater vigilance and consider taking timely and effective measures, particularly in the context of the ICSC's ongoing comprehensive review of these matters.

ITEM 12 REPORT ON THE IMPLEMENTATION OF COST EFFICIENCY MEASURES

378. Discussions were based on document WO/PBC/21/19.

379. The Chair introduced the Report on the Implementation of Cost Efficiency Measures (document WO/PBC/21/19). The Chair recalled that an overview of the progress on the measures put in place in the first six months of 2012 had been presented to the PBC at its 19th session in September, 2012. Document WO/PBC/21/19 provided an update on the implementation of the cost efficiency measures put in place by the Organization up to the end of the first quarter of 2013. The Chair handed the floor to the Secretariat.

380. The Secretariat recalled that the Assemblies of the WIPO Member States approved the 2012/13 Program and Budget, subject to "efforts by the Secretariat to reduce expenditure through cost efficiency measures by 10.2 million Swiss francs." It is also recalled that the Secretariat had provided a progress report on the implementation of cost efficiency measures in document WO/PBC/19/9, submitted to the 19th session of the PBC, in September 2012. The Secretariat added that the current report provided an updated overview of the cost efficiency measures put in place by the Secretariat since the preparation of the 2012/13 Program and Budget. Cost efficiency measures implemented by the Secretariat had targeted a wide range of areas which reflected the Secretariat's commitment to vigorously pursue all possible measures including those beyond the ones endorsed by Member States in approving the 2012/13 Program and Budget. The Secretariat explained that those cost efficiency measures continued to be pursued along the lines of a number of key strategies, as followed: targeting productivity gains where possible through automation; targeting productivity gains through the use of new services and tools; conducting regular contract reviews in order to maintain competitive unit costs and pricing levels, as well as focusing on joint procurement initiatives with other UN organizations; performing regular reviews of administrative services to assess the continued relevance and effectiveness in delivering the required results, and applying outsourcing strategies judiciously using non-staff resources, where appropriate. The Secretariat further explained that the measures implemented under the above strategies had made it possible to achieve positive financial results for the first year of the biennium, reinforcing the financial health of the Organization with no adverse effects on program delivery, results and targets. The Secretariat added that the base lining of cost efficiency achieved to date and the continued focus on seeking further efficiency had ensured that the process was further improved in the Proposed Program and Budget for 2014/15. The Secretariat went on to say that the document under review presented an update on efficiency measures pursued in the areas of management, travel of staff and third parties, those related to the organization of meetings and events and other measures in the areas of personnel as well as non-personnel resources. A full

biennial report on the implementation of cost efficiency measures in the 2012/13 biennium would be included in the performance report.

381. The Delegation of Belgium, on behalf of Group B, thanked the Secretariat for the report on cost efficiency measures and wished to make a number of comments and remarks. Firstly, Group B took note of the fact that the report stated, in paragraph 6, that a reduction in expenditure mandated by Member States for 2012/13 in the amount of 10.2 million Swiss francs would be achieved and would likely be surpassed. Secondly, with regard to the travel of staff and third parties, Group B wished to urge WIPO to implement the recommendations of the last reports of the IAOD with regard to a further possible alignment of WIPO's travel policies with the UN travel policy. Thirdly, Group B supported further action resulting in cost efficiency in the areas of management and services through Special Service Agreements. Finally, Group B said that it would welcome any further action that could lead to additional structural cost efficiencies in the long-term.

382. The Delegation of Japan thanked the Secretariat for its efforts made in this area resulting in 10.2 million Swiss francs savings. It agreed with the previous comments made on the travel policy and felt that WIPO could do more to limit both the number of working documents and pages that were given as handouts in WIPO's meetings. The Delegation hoped that the Secretariat would be able to reduce the volume of working documents, eventually reducing the workload on Member States and the cost for WIPO. Finally, the Delegation wished to reiterate that the cost measures should be continuously implemented, underlining the need for more cost savings.

383. The Delegation of Turkey aligned itself with the statement made by the Delegation of Belgium on behalf of Group B. Referring to paragraph 21 of the report, it noted that a number of contracts had been re-tendered in 2012. It said that, based on its experience, re-tendering during the course of an ongoing project may result in unwanted consequences such as delays in meeting deadlines. The Delegation wondered how the Secretariat overcame the likely negative impacts of re-tendering. It further asked to what extent the position of the External Auditor with respect to commercial service providers had been taken into consideration in this re-tendering process.

384. The Delegation of Mexico pointed out that the target established for the biennium would be met because cost efficiency measures had been incorporated into the draft Program and Budget for 2014/15. The Delegation pointed out that despite the fact that savings had been made, increases in staff costs had been observed, showing the need for a cost cutting, cost efficiency policy throughout the Organization. The Delegation said a new target needed to be established to guide efforts in this regard. The Delegation underlined the need to ensure the sustainability of substantive maintenance despite savings made and the need to make efforts to achieve savings in non-recurring operational costs. Otherwise, said the Delegation, the cost efficiency plan may be unsustainable for the Organization. The Delegation pointed out that there was an increase of 8.8 per cent in staff costs in the draft Program Budget for 2014/15 and questioned the human resources strategy, asking the Secretariat to implement cost savings in the area of staff costs since these savings were only being seen in other areas. The Delegation considered that savings in staff costs were a minimal requirement. The Delegation underlined the need for the Organization to contain increases without reverting to the use of the reserves. It said that a more systematic approach would see greater cost efficiency measures and savings throughout the activities of the Organization.

385. The Delegation of Spain shared the concerns and the message expressed by Group B. It considered that as an extremely welcomed annual exercise by the Secretariat. The Delegation added that those measures had enabled some positive financial results to be achieved, hence reinforcing the financial health of the Organization without having adverse effects on the achievement of its targets and objectives. The Delegation of Spain had a question concerning the adoption, in the previous biennium, of the budget on the condition that the 10 million Swiss

francs of savings would be made and the target of 632 million Swiss francs achieved. It wondered which figure, 647 million Swiss francs or 637 million Swiss francs, was being used for comparative purposes in the new budget and if the increase in spending was not actually going to be greater than 3.8 per cent or 4 per cent as compared to what had actually been spent in the previous biennium. The Delegation added that the document had notable examples of cost efficiency measures that had not been seen in other organizations and congratulated the Secretariat for the achievements in the areas of premises management, for example. The Delegation considered that good measures were being taken in the organization of meetings, limiting the length of documents and the area of information and communication, where there were measures that had not been taken in the past such as those with regard to mobile phones. Aligning itself with the intervention made by the Delegation of Mexico, the Delegation of Spain said that staff costs should not be excluded from the efficiency measures because otherwise the Organization would not be going far enough. Of course, added the Delegation, such measures should not endanger the achievement of the Organization's objectives. The Delegation said it saw an increase in costs related to regulatory and other activities that were linked to the increase in staff costs seen in the 2014/15 budget proposal. The Delegation went on to say that there were other cost efficiency areas which could have been included and which it had mentioned on previous occasions, such as bringing the travel policy in line with that of the United Nations, which might enable further savings. It also mentioned an area appearing in a recommendation of the External Auditor concerning the Organization's investment policy. This, it said, was an area where some key savings could be made. The Delegation said it would give some estimates of such savings. The Delegation explained that it had carried out an analysis of the document on cost efficiency measures and welcomed the fact that 10 million Swiss francs of savings had been made but was surprised that other measures, which might be quite easy to implement and which were mentioned in the External Auditor's report, had not been taken. Speaking about the investment policy and cash management, the Delegation said that the Organization had some loans at a rate of interest of 2.62 per cent whilst it also had money, cash in the accounts, on which it was only getting 0.37 per cent interest. The Delegation said that a very simple calculation would show that savings on an annual basis with good cash management of 9 million Swiss francs could be made instead of the financial income of 1.3 million Swiss francs presently made from interest on income. By following a simple recommendation made by the External Auditor, the Delegation estimated that the Organization would have 18 million Swiss francs of savings over the biennium, which was the double of what it seemed the Organization was aiming for in the cost efficiency document. The Delegation added that this would not affect any of the work of the Organization because interest was being paid even though the cash was available. Specifically, said the Delegation, the Organization was paying seven times more than the interest it was getting on the cash it held in accounts.

386. In response to the question raised by the Delegation of Spain, the Secretariat said that the External Auditor's recommendation had been that the Organization should take a hard look at cash management and treasury. It added that, under the SRP, it had identified this as an opportunity and had put out a request for proposal and was getting the advice of an independent expert but that this exercise had to remain within the framework of the Organization's investment policy, approved by the Member States.

387. The Chair, noting that no other delegation requested the floor, stated that an action expected of the PBC, in accordance with the decision paragraph of document WO/PBC/21/19, was that the PBC was invited to recommend to the Assemblies of the Member States of WIPO to take note of the contents of the present document. The Chair asked if Delegations wished to provisionally adopt or to adopt the decision.

388. The Delegation of Belgium said that it seemed quite logical that since all delegations appeared to agree on the contents of this document, the document could simply be adopted, without always having the same discussion about provisionally adopting or not. It made sense, said the Delegation, to adopt the document in a straightforward way and to try to move to another topic.

389. The Delegation of Spain stated that it, too, was in favor of adopting the document straight away if there was agreement. It had pointed out that the policy was an important one for the Organization, an exercise that should be carried out continually. It recalled that other organizations had stated that they wished this exercise to continue and form part of the structure and wondered if, in the decision, some language could be included that would encourage the Secretariat to continue its efforts to make savings, something that would encourage this good work by the Secretariat.

390. The Chair asked the Delegation of Spain if it had a specific proposal to make.

391. The Delegation of Spain said that it did not have the exact language but that the decision would read something along the lines of "The Committee takes note of the document and recommends to the Secretariat that it continue its efforts in this area."

392. The Chair took up the proposal made by the Delegation of Spain and read out the complete decision paragraph, which was adopted.

393. The Program and Budget Committee recommended to the Assemblies of the Member States of WIPO to take note of the contents of document WO/PBC/21/19 and recommended that the Secretariat continue its cost efficiency efforts.

ITEM 13 PROPOSED PROGRAM AND BUDGET FOR THE 2014/15 BIENNIUM

394. Discussions were based on document WO/PBC/21/8.

395. The Chair introduced document WO/PBC/21/8 and said that further to discussions on the Program and Budget for the 2014/15 biennium held during the 20th session of the PBC, and the guidance provided by Member States during that discussion, document WO/PBC/21/8 reflected the discussions, concerns and proposals by the Member States to the proposed 2014/15 Program and Budget. The Chair added that the Director General wished to address the Committee on this agenda item.

396. The Director General welcomed the delegations and wished to make a brief introduction of the document, adding that he would not go through everything in the document as he had sought to at the beginning of the 20th session in July. However, the Director General wished to make some comments and briefly outline the changes that had been introduced to the document following the discussions that had taken place in the July PBC meeting. Some of the most significant changes were: first, the establishment of a program focused on SMEs, which was one of the changes that a number of delegations had requested. The establishment of a program focused on SMEs would ensure coherence of guidance and approaches in strategies across focal points who would be located in various bureaus (under Programs 9 and 10). The Director General explained that the idea was that the Secretariat did not believe that policy on SMEs in the United States of America was the same as policy on SMEs in Burkina Faso. The Secretariat believed that the notion of what constituted a SME was a part of national economic policy and, as had been said at the outset, it was very important that WIPO specialists in the bureaus, whether in the Latin America, Asia, Africa or the Arab Bureau and the Transition Countries Bureau, be responsible for giving the primary advice on the implementation of the program on SMEs. The change from the first Program and Budget proposal was that now there was a specific program on SMEs. Its primary responsibility would be to act as the central unit to ensure coherence across the focal points located in the various bureaus. In line with that thinking, a specific Expected Result for SMEs had been included in the overall organizational Results Framework. The Secretariat had prepared an information paper on the implementation strategies for SMEs and for Innovation, as requested by Member States, which was just about to be distributed, because a number of delegations in the consultations leading up to the

present session had said that the Program had 7 million Swiss francs in it and now it only had 2 million. The information paper showed the exact destination of the 5.9 million Swiss francs and where the money that had been in the previous SMEs Program was now located, for example, increased capacity in the LDCs Division in the various bureaus and so forth. The Director General hoped that this information would be of assistance in showing the exact destination of the money and that the same quantity of money was involved in this instance. Turning to other changes introduced since the last PBC meeting, the Director General pointed to the inclusion of an overview of the Capital Master Plan in the Financial Overview section of the document. The next issue was the question of external offices. The Director General informed delegations that the Secretariat had provided extensive information in a comprehensive paper in response to the questions and requests for clarification made by Member States. The paper was before the delegations. In addition, a specific Expected Result in relation to the enhanced understanding of the DA that had earlier been subsumed under the overall result for mainstreaming of the DA recommendations in the work of WIPO, had been included. Therefore, at present, there was a specific Expected Result in respect of the enhanced understanding of the DA. The text of the document had been updated with the various textual and language suggestions made by delegations to the program narratives, results and indicators had been included, where applicable. The Director General, referring to the Financial Parameters section, said that the overall key financial parameters remained as previously presented. He added that, as the Committee was aware, the Organization ended 2012 in a favorable financial position, with healthy results. There was an operating surplus of 25.6 million Swiss francs, and an overall surplus of 15.7 million Swiss francs. The operating surplus of 25.6 million Swiss francs represented the budget surplus minus the IPSAS adjustments, except for adjustments for reserves expenditure. The overall surplus represented the budget surplus minus all IPSAS adjustments, including expenditure under the reserves. As a consequence of that overall surplus of 15.7 million, the Organization's reserves were at the level of 178.2 million Swiss francs, which was some 58 million Swiss francs over the target set by Member States for prudent financial management of the Organization in terms of reserves. That was the situation at the end of 2012. The Director General added that 2013 was going well, but, of course, the Secretariat was aware that the Organization was operating in an environment in which visibility was still not 100 per cent clear. There were still many reasons in the current environment for exercising prudence and that was the situation in which the financial parameters in the proposed 2014/15 Program and Budget had been drafted. In the draft Program and Budget, the Secretariat foresaw income rising by 4.5 per cent, taking the Organization to a level of 713.3 million Swiss francs projected for the biennium. However, because of the prudence that the Director General believed needed to be exercised, and because he felt that the Organization should operate not just on the basis of the budget but also taking into account the estimates of IPSAS adjustments, the Secretariat projected an increase of expenditure of only 3.8 per cent. Therefore, income increased by 4.5 per cent and expenditure increased by 3.8 per cent. Expenditure consisted of 447 million Swiss francs in personnel costs, and 226 million Swiss francs in non-personnel costs. As previously communicated, no new headcount for the biennium was proposed, even though the workload had increased and would continue to increase considerably. Looking at the increase in income, on the one hand, and the proposed level of expenditure, on the other hand, it was important to take into account the estimates of the Organization's exposure to IPSAS liabilities. It was estimated that those adjustments would be at the level of 37.3 million Swiss francs, leaving an operating surplus of 2.8 million Swiss francs. That was the financial package proposed in the 2014/15 Program and Budget. The Director General wished to state, in case there be any doubt about the matter, that development was and remained a priority for the Organization. Development expenditure remained stable at 21.1 per cent of the total expenditure, which represented an absolute increase of 2.8 per cent over the 2012/13 levels of expenditure on development. In closing, the Director General said that the proposed Program and Budget had been developed using a rigorous results-based planning approach enabled by the ERP system, which, in turn, had enabled the Secretariat to consolidate and sharpen the Expected Results, improve Performance Indicators and focus on designing and programming only those activities which the Secretariat

believed would contribute to the results that the Secretariat was proposing be achieved by the Organization in the next biennium.

397. The Chair thanked the Director General for addressing the Committee and introducing the budget document. He also thanked the Secretariat for taking into consideration Member States' requests made at the previous session. He proposed that discussions start on a program-by-program basis and added that the Secretariat had prepared a paper listing all the changes made to the budget document since the last session, which the delegations had before them. The Chair opened discussion on Program 1.

398. The Delegation of Brazil stated that it would wish to see the mention of DA recommendations under the list of implementation strategies for the Program. Such information had been made available in the 2012/13 Program and Budget. The Delegation requested that reference to DA recommendations be reinstated (paragraph 1.2) and recalled that it had already made that request in the previous PBC session.

399. The Secretariat pointed out that Recommendations 15, 16, 17, 20 and 22 were listed under paragraph 1.2 and requested clarification from the Delegation of Brazil as to any further listing.

400. The Delegation of Brazil explained that, in the previous budget document, under each activity there was a mention of the number of the DA recommendation to which implementation of the said activity contributed to. Referring to paragraph 1.3, the Delegation suggested that under the second bullet: "organize upon request meetings for Member States representatives to provide information on topics related to patent policy, law and practices", it should be added: "taking duly into account DA Recommendation 15 and 16". Under the following bullet: "continue to provide, upon request, legislative advice to Member States (...)", it should be added: "in line with DA Recommendations 17, 20 and 22."

401. The Secretariat said that the issue would be addressed.

402. The Chair opened discussion on Program 2.

403. The Delegation of Switzerland reiterated the comment on the French translation of the text that it had already made in the July session. It added that there also might be a problem with the Spanish translation as well. It referred to the translation of the word "brands" into "marques" in French, which made the text not entirely clear at times. The Delegation wished to ascertain that its comment was taken on board and that the word "brands" would not be automatically translated into French as "marques". The Delegation hoped that a long term solution would be found to this issue, as it might well be that the English word would be used even in the French language version. Different possibilities could be considered.

404. The Chair opened discussion on Program 3.

405. The Delegation of Brazil, speaking on behalf of the DAG, welcomed the conclusion of the "Marrakesh Treaty to Facilitate Access to Published Works for Persons Who Are Blind, Visually Impaired, or Otherwise Print Disabled" (the Marrakesh Treaty) concluded last June. The new treaty was the result of four years of negotiation in the SCCR and has been one of the main priorities of Member States in that forum. That initiative was one of the most important results achieved by WIPO in the last decade, as already recognized by the international community. The Delegation recalled that the Treaty, if well implemented, would significantly increase the access of persons with print disabilities to knowledge, culture and information. The DAG further stated that WIPO had taken the first step in the process of guaranteeing VIPs the right to read by adopting an effective and balanced Treaty. One more step was needed to be taken in the process, by guaranteeing the due implementation of the Treaty, the effectiveness of which would depend on the allocation of adequate human and financial resources. The DAG expressed its concern with the fact that the Marrakesh Treaty had not received adequate

attention and priority in the first version of the Program and Budget 2014/2015 during the PBC 20th session. Some changes were made, but these were not sufficient. The Delegation submitted amendments to the language with a view to ensuring that adequate resources are allocated to the implementation of the Marrakesh Treaty in the next Program and Budget. The Delegation proposed the following changes to paragraph 3.13:

"3.13 A permanent structure to facilitate the delivery of copyright-protected material in accessible formats across borders will be developed [delete: in line with] [include: to foster cooperation on cross border exchange and support the] implementation of the Marrakesh Treaty. [include: This work will be structured under a multi-stakeholder foundation, that should include representatives of associations of the beneficiaries of the Treaty, authorized entities, Member States and right holders, subject to Member State approval].

"(new paragraph 3.14) Work will continue on progressing the implementation of an IT infrastructure and an organizational framework for the TIGAR project. This work will be enhanced and restructured under a multi-stakeholder Foundation, subject to Member State approval."

The proposed amendments to paragraph 3.13 were also intended to implement Article 9 of the Marrakesh VIP Treaty, which had as its main purpose to promote cooperation of cross-border exchanges. The idea to create a multi-stakeholder foundation, subject to Member States' approval, was inspired by the structure proposed by the draft Program and Budget 2014/2015 in relation to the TIGAR Project. The DAG further clarified that the TIGAR Project and the Marrakesh Treaty were two different initiatives, despite the fact that they both aim to increase the availability of accessible format copies to VIPs. They departed from different perspectives and proposed diverse solutions to the book famine. The first was based on a licensing model and was voluntary, while the second was a binding treaty that established special limitations and exceptions that would allow for the production and distribution of accessible format copies in the territory of its parties and the cross-border exchanges of such formats. They had different natures and juridical status. The DAG also noted that there was no mandate approved by Member States to incorporate the TIGAR Project in the Marrakesh Treaty, as the draft may seem to suggest. The Marrakesh Treaty itself did not make any mention to that end. Historically, the Marrakesh Treaty and the TIGAR Project had always been treated as different initiatives and the Delegation understood that they should keep on being differentiated in the absence of a clear mandate by Member States in that regard. The DAG suggested the deletion of the term "proposed" in the box of the expected results since the Marrakesh Treaty was already adopted, and the correction of the "number of treaties adopted in the biennium 2012/2013" as there were two treaties adopted, and not one treaty. The DAG proposed the following changes to paragraph 3.7:

"3.7(...)The new treaties to be implemented are the Beijing Treaty on Audiovisual Performances and the (delete: proposed) Marrakesh Treaty to Facilitate Access to Published Works for Persons who are Blind, Visually Impaired or Print Disabled , each of which is also likely to lead to significant numbers of legislative advice requests as part of Member State ratification and implementation initiatives. The facilitation work will relate to the proposed broadcasting treaty and discussions [delete: of copyright norms related to other [include: on an appropriate international legal instrument or instruments on] exceptions and limitations [include: for libraries, archives, educational, teaching and research institutions, and persons with other disabilities] currently being held in the SCCR. In the policy area, particular attention will be paid to the continuing opportunities and challenges posed for the copyright system by the Internet and digital technologies."

The DAG recalled that in order to implement the Marrakesh Treaty, not only Member States, but also authorized entities, would need capable human resources, and that WIPO had an important role to play in that area.

406. The Delegation of Ecuador stated that it would request the Secretariat to provide more information regarding the viability of the project as the World Blind Union no longer participated in this project since the costs were too high.

407. The Delegation of Belgium took note of the requests by the Delegation of Brazil, as coordinator for the DAG, and wanted more information on what the proposal would entail. The Delegation requested that the proposal be circulated in a written form so that all delegations could reflect further it.

408. The Delegation of Venezuela (Bolivarian Republic of) supported the statement made by the Delegation of Brazil and recalled that prior to the year 2000, WIPO never spoke on the issue of development and the Marrakesh agreement, which was fully supported by Latin American countries. The Delegation further stated that it was extremely important both for their countries and for the Organization itself, since this had made it a participant in the Millennium goal effort. That was a great achievement for the Organization. Cooperation needed to be reaffirmed in order to pursue it. The studios prize, given to the Spanish organization for the blind, ONCE, was an excellent milestone in the efforts made by this Organization in order to achieve the Marrakesh agreement goals.

409. The Delegation of Egypt wished to make reference to the DAG statement and wanted to know about the amount of resources allocated to the TIGAR project.

410. The Delegation of Guatemala, joined the Delegation of Venezuela in supporting the Brazilian proposal, since it believed that the Marrakesh Treaty was of the greatest benefit for visually impaired persons, and that it needed the fullest support in order to move it forward in the next biennium.

411. The Delegation of Mexico stressed the importance of the Marrakesh Treaty, which witnessed active and constructive participation of all Member States. The Delegation said that there were 314 million persons who were either blind or visually impaired. It also supported the statement made by the Delegation of Brazil and wished to reiterate its support for anything that assisted the implementation of the Treaty.

412. The Secretariat stated that it had been discussing how best to provide technical assistance to implement the Marrakesh Treaty. The Secretariat mentioned that it started off with two key stakeholders, the publishers and the World Blind Union, as well as other members of the world's blind community. The World Blind Union's decision to withdraw and suspend its participation in the work early last year or late 2011 was on the basis that they needed to focus all of their efforts on promoting the Treaty. It was thought that once the Treaty was completed in Marrakesh this year, the World Blind Union would energetically and enthusiastically re-associate itself with the project. This had not yet been done, and the Director General had been in contact with a number of senior officials in the World Blind Union. It appeared that part of the issue related to the change in leadership of the World Blind Union. A senior officer who had been a constant participant in the SCCR, was no longer in his post. It was understood that the President, Maryanne Diamond, was no longer the president, even though she continued to have some consulting relationship with the World Blind Union. They were two out of the six persons that the Secretariat had been working with for three years. The Director General was confident that there would be a re-engagement of the World Blind Union at some stage. The Secretariat explained that there would be a meeting in Geneva in November 2013, and the World Blind Union had indicated their willingness and readiness to participate in that meeting. In terms of the viability of the project, there were other organizations for the blind that had maintained their relationship and support for the project. Four or five such organizations from around the world were currently participating in the project. As for the question about resources for the project, the Director General had given his commitment and his leadership. The high level meeting planned for November was the Stakeholders' Platform meeting. The Stakeholders' Platform

was chaired by the Director General, so his commitment was total and complete. The Stakeholders' Platform reported to the SCCR. As for the Delegation of Guatemala's request to give the treaty full support, as echoed by the Delegation of Mexico, the Secretariat reported that it was doing just that.

413. The Delegation of Brazil thanked the Secretariat for the explanations and clarified that its first intervention on behalf of the DAG, was to clarify that the TIGAR project and Article 9 were two different things and there should be a clear implementation of Article 9 as agreed by Member States. It was for this reason that the Delegation suggested some changes in the text of Program 3 that were being submitted to the Secretariat. The Delegation also highlighted the importance of technical cooperation, and preferred to see stronger language on technical cooperation since it would be a very important task for the Secretariat to create capable human resources in member countries to implement the Treaty.

414. The Secretariat explained that Program 3 was the substantive lead on the TIGAR project and the resources which had been estimated or proposed for the substantive part of Program 3 both non- personnel and personnel together, amounted to around 1 million Swiss francs.

415. The Chair adjourned further discussion on Program 3 to allow for consultations.

416. Following consultations, the Chair reopened the discussion recalling that there were differences between the Delegations of Brazil, Switzerland and Australia on the language. The three delegations had prepared a joint proposal, which was being circulated to all delegations.

417. The Delegation of Brazil presented the joint proposal adding that it had been negotiated among members. The new language aimed to adapt the draft presented before the Marrakesh Treaty to the new reality i.e., after the signing of the Marrakesh Treaty. The new paragraph 3.13 would read: "work will be undertaken to speed up the entry into force of the Marrakesh Treaty and its implementation, in coordination with representatives of associations of the beneficiaries of the Treaty, authorized entities and Member States." The new paragraph 3.14 would read: "Work will continue on progressing the implementation of an IT infrastructure and an organizational framework for the TIGAR project. This work will be enhanced and restructured under a multi-stakeholder entity, subject to Member State approval." The new paragraph 3.13 referred specifically to the Marrakesh Treaty and its implementation, while 3.14 referred to the TIGAR project, which was a previously existing project that was not linked with the Marrakesh treaty in this sense.

418. The Delegation of Australia added that that the new text was much clearer and reflected the shared commitment of Member States to the implementation of the Marrakesh Treaty.

419. The Delegation of Brazil further clarified that the Delegation of Switzerland has also made a proposal on paragraph 3.7 so that the text would actually make reference to the decision of SCCR. The Delegation agreed to that amendment, although it would have preferred a shorter version.

420. The Chair announced that the proposal was agreed on by the Delegations of Brazil and Switzerland. There were no further objections to the language in Program 3 and the discussion was closed.

421. The Chair opened discussion on Program 4.

422. The Delegation of the United States of America noted that a provision of 0.8 million Swiss francs had been made in the Program and Budget 2014/15 (page 25) for a Diplomatic Conference. Member States had not reached consensus on convening a Diplomatic Conference and the future work of the IGC had not been decided yet. The Delegation therefore objected to the inclusion of a Diplomatic Conference in the Program and Budget for the next biennium. Much work remained on the draft texts to reach any consensus and even key

objectives and principles remained unresolved. It was opposed to any date for a Diplomatic Conference or any definitive statement on a Diplomatic Conference in the text of the Program and Budget 2014/15. The reference to a Diplomatic Conference would prejudice that the instrument(s) would be legally binding. It would not be appropriate for the PBC to mention a Diplomatic Conference. The Delegation had not changed its position that the form of the instrument(s) should not be prejudged. The IGC should advance the text-based negotiations without prejudice to the nature of the instrument(s). If a Diplomatic Conference was possible in the coming biennium, Member States, in coordination with the Director General, would have the discretion to fund it within existing resources.

423. The Delegation of Japan commented on the target “Adoption of an international legal instrument(s) by a Diplomatic Conference” on page 49 of the document. After the discussion at the last PBC session, the IGC 25 had taken place and it had discussed the future work of the IGC, including whether or not a Diplomatic Conference should be recommended to the GA. No agreement had been reached at that session. Therefore, the Delegation preferred the deletion of “by a Diplomatic Conference”. That was a correction consistent with the mandate of the IGC and the state of the negotiations in the IGC. Such correction did not undermine the coming discussion in the IGC. “Adoption of an international legal instrument(s)” was a good target which was neutral.

424. The Delegation of Sweden echoed the statement made by the Delegation of Japan. It believed that the phrase “adoption of an international legal instrument(s) by a Diplomatic Conference” was beyond the mandate of the IGC, as it was clear that no agreement had been reached at the last session of the IGC on whether or not to convene a Diplomatic Conference. That question remained to be discussed in the 2013 GA. Therefore, the Delegation proposed to delete the phrase “by a Diplomatic Conference”. It also preferred that the language in “Planning Context” and “Implementation Strategies” on pages 47 and 48 of the document be changed in line with the deletion of the phrase “by a Diplomatic Conference”.

425. The Delegation of India recalled the discussion at the PBC 20th session. It had been confident that Member States had reached agreement on revising Programs 2 and 4 to treat them equally. Program 2 had been reviewed without any objection. A Diplomatic Conference in Program 2 would depend on the decision of the GA as well. IGC 25 had taken place after the PBC 20th session, but it could not make the decision for the GA, neither could the SCT. If some Member States had a problem with the text of Program 4, it suggested reconvening the PBC after the GA had taken its decisions in order to decide on the matter. The Delegation expressed its satisfaction with the revised text of Program 4, which should be maintained as it was.

426. The Delegation of France wished to comment on the design of the 2014/15 budget before commenting on Program 4. The Delegation drew the membership’s attention to the fact that it would not simply be necessary to calculate the budget on the basis of the revenues which the Organization knew it would have. The Delegation thought that projections into the future and determining what risks might be accounted for were needed. Although, for the time being everything was working fine as WIPO had no competitors on the world stage, risks should be looked at. The Delegation wondered whether WIPO could lower the costs for enterprises and offer better services at a lower cost, as one could always assume that the field would become more competitive. There was also the question of digitalization and cultural issues, where the Delegation thought WIPO had missed the boat in many areas. The Delegation further stated that the previous sessions of the IGC had not been able to determine the maturity of the texts. It was not sure whether there would be any. The GA would decide the future work of the IGC, but it was not sure how the GA would be able to take the leap forward to a Diplomatic Conference and conclude the work. Therefore, the Delegation preferred to delete “by a Diplomatic Conference”.

427. The Delegation of Poland, speaking in its national capacity, supported the statements made by the Delegations of the United States of America, Sweden and France.

428. The Delegation of the Republic of Korea supported the statements made by the Delegations of Japan and the United States of America on the reference to a Diplomatic Conference for the IGC. It was clear that there was no consensus on any of the three draft texts, not even their key objectives and principles. Member States had not agreed on the nature of the texts, therefore the reference to a Diplomatic Conference was clearly prejudicial for those Member States that opposed a treaty. The Delegation proposed to delete “by a Diplomatic Conference”.

429. The Delegation of Egypt took note of the statements made by the Delegations of the United States of America, Sweden, Japan, France, Poland, the Republic of Korea and India. It recalled that, at the last PBC, it had advocated and called for equal treatment for all three Diplomatic Conferences in the Program and Budget 2014/15. It reiterated that it was important to have equal treatment and the same language. If some delegations wanted to delete the reference to a Diplomatic Conference in Program 4, the same treatment should be given to Programs 2 and 6.

430. The Delegation of Brazil, speaking on behalf of the DAG, referred to the statement made by the Delegation of the United States of America regarding the need for further work. The IGC still had to work on the texts before reaching a Diplomatic Conference to reinforce the agreement. The idea would be to have more intersessional meetings. For that to happen, more resources would be needed. As a compromise solution, the DAG intended to show flexibility and was not going to open this for discussion. If, however, Program 4 were re-open, there could be a discussion regarding the amount of money dedicated to Program 4 and other programs. In general, the DAG agreed with the text of Program 4 as it currently was.

431. The Delegation of Canada shared the concerns expressed by the Delegations of the United States of America, Japan, the Republic of Korea and others on the reference to a Diplomatic Conference. It believed that that wording did not reflect the current level of agreement in the IGC. The Delegation requested that the target in question be reworded in a more neutral fashion and the associated earmark be revisited as well, at least with a view to ensuring that it corresponded to any previous practice and to the level of the agreement in the IGC. In any event, the Program and Budget document should reflect the state of discussions in the relevant committees and not the other way around.

432. The Delegation of Belgium, speaking in its national capacity, shared similar concerns with regard to the reference to a Diplomatic Conference, as previously expressed by the Delegations of the United States of America, Canada, Japan, Sweden, France, Poland and the Republic of Korea. It welcomed the recent Bali meeting, which had been an informal meeting and held outside of Geneva. It understood that the meeting had had some positive outcome and it looked forward to discussing it further during the GA.

433. The Delegation of South Africa recalled the discussion in the previous PBC session on maintaining consistency on the language referring to the Design Law Treaty (DLT) and the IGC. It supported the statements made by the Delegations of Brazil, on behalf of the DAG, India and Egypt on maintaining the present indicator.

434. The Delegation of Peru supported the statements made by the Delegations of South Africa, India and Brazil, on behalf of the DAG. The issues in the IGC had been discussed for a number of years and they were important for all Member States. The IGC was closer to an agreement and a Diplomatic Conference was becoming more and more a real possibility. Since the budget was expected to give a forecast of the likely costs in the coming years, the Delegation believed that the reference to a Diplomatic Conference should remain.

435. The Delegation of Germany supported the statements made by the Delegations of the United States of America, Japan, Poland, the Republic of Korea, Belgium and Canada regarding the reference to a Diplomatic Conference. It believed that a Diplomatic Conference

was premature. It expected to see the language reflect that the GA was going to decide on further steps.

436. The Delegation of the Russian Federation expressed its support for the current text on Program 4. It did not share the doubts expressed by a number of delegations, which had indicated that progress made on the discussion relating to GRs, TK and TCEs had not been sufficient. The Delegation believed that it was important to continue the discussion in the future. Regarding the task of the PBC, it was very important that appropriate and adequate funding was foreseen for possible solutions relating to convening all types of diplomatic conferences. The IGC might reach an agreement on the issues relating to GRs, TK and TCEs. If the IGC were to end up in a position of reaching an agreement but the funding was not available because it had not been foreseen, that would not be correct. Member States should think in strategic terms and look at all prospects ahead.

437. The Delegation of Senegal supported the proposed budget for Program 4 and supported the statements made by the Delegations of Egypt, India, South Africa and Peru. The budget should be foreseen for the convening of a Diplomatic Conference and that should be reflected in the text.

438. The Delegation of China supported the statements made by the Delegations of India, Egypt, the Russian Federation and Brazil, on behalf of the DAG. It highlighted the importance of the work of the IGC for developing countries, which was extremely valuable. It believed that the International Bureau should foresee an appropriate budget.

439. The Delegation of the United Kingdom wondered why Program 2 was also being discussed while Program 4 was the one under discussion. It would appreciate some clarification on how the DLT was similar to the discussion under Program 4. It believed that those issues could not be compared. Those texts were at different levels of maturity, and they should be considered on their own merits.

440. The Delegation of Venezuela (Bolivarian Republic of) stated that it was unfortunate that some delegations were rejecting the proposed budget. Nobody knew what would happen but hands could not be tied in the way that was being suggested. The PBC had to anticipate and cover events that might arise. The Delegation noted that the delegations objecting to the current draft were the very same delegations which constantly called for the utilization of reserves and complained about the way in which the reserves were handled. If the IGC decided to convene a Diplomatic Conference in the next biennium but the PBC had not made an appropriate budgetary provision for it, the reserves would have to be used. That did not seem to be logical. The Delegation suggested maintaining the text of Program 4 as it was.

441. The Delegation of Bangladesh preferred to keep the reference to a Diplomatic Conference. The deletion of the budget for a Diplomatic Conference would prejudice the outcome of the negotiations and would prejudice that nothing would happen during the next biennium. It believed that there should be confidence in the IGC.

442. The Delegation of Trinidad and Tobago supported Program 4 and believed that the IGC was important. Although there was much work to be done in the next biennium with respect to convening a Diplomatic Conference or with respect to submitting texts on those issues, it expected to see the process move forward in an effective and efficient manner. The Delegation supported the statements made by the Delegations of Venezuela and Peru.

443. The Delegation of Belarus supported the statement made by the Delegation of the Russian Federation on funding for a Diplomatic Conference.

444. The Delegation of Pakistan supported the comments made by the Delegations of Egypt, China, India, Bangladesh and Brazil, on behalf of the DAG. It emphasized that the IGC was of extreme importance to developing countries. It strongly endorsed the statement made by the

Delegation of Bangladesh on equal treatment of all topics instead of picking and prejudging which topics should be discussed.

445. The Delegation of Iran (Islamic Republic of) stated that, after listening to the comments made by some delegations on the deletion of “by a Diplomatic Conference”, it had a new interpretation of the mandate of the PBC. It could be interpreted that the PBC was entitled to consider the substantive issues which were supposed to be devoted to the relevant substantive committees. It could also be interpreted that the PBC was mandated to prejudge the consideration of the issues which would be considered by the GA. If such an interpretation was correct, it would suggest considering other programs such as Program 18 based upon that understanding. If it was not the intention of those delegations to go along with that interpretation, all Member States should agree to allocate a budget for a possible Diplomatic Conference which would be discussed and agreed in the IGC or the GA. The Delegation believed that the PBC was not the right and relevant committee to discuss substantive issues, e.g. whether or not to have Diplomatic Conferences on the DLT and the IGC. The PBC would only discuss the budget for a possible Diplomatic Conference.

446. The Delegation of Australia reminded that the PBC did not approve the mandate of the IGC. All that PBC did was to provide budgetary allocations for the potential activities in the future. The other important thing to remember was that the real target for the IGC was the conclusion of a legal instrument(s), not a Diplomatic Conference which was just a process to achieving the target. The Delegation supported a budgetary allocation for a possible Diplomatic Conference if that was what Member States decided. Not having a budgetary allocation prejudiced the outcome because it did not provide for the possibility. The Delegation would be comfortable with changing the wording of the target because it understood the concerns some Member States had. It was also comfortable with the target as it was and also comfortable with the deletion of “by a Diplomatic Conference”. It proposed to either include the word “possible” before “Diplomatic Conference” or include “subject to approval by Member States”. The Delegation requested Member States to consider its proposals.

447. The Delegation of the United States of America stated that it was not proposing to cut the budget of the IGC. It supported the work of Program 4. It only had concerns with the language presented for the next biennium. The Delegation believed that the language for the 2012/13 biennium, particularly paragraph 2(ii) on page 8, was very instructive and helpful for describing the state of the IGC’s work. Maybe similar language could be used again. As indicated by the Delegation of Australia, provision had to be made for the possibility of a Diplomatic Conference which should be decided by Member States in the next biennium. Specifically with respect to the target, it was not comfortable with the phrase “by a Diplomatic Conference”. It believed that the target should be “adoption of an international legal instrument(s)”.

448. The Delegation Iran (Islamic Republic of Iran) thanked the Delegate of Australia for trying to understand and demonstrate flexibility. However, it could not understand the rationale behind the proposal for the deletion of “by a Diplomatic Conference”. Currently, the PBC was just trying to adopt the budget for a possible Diplomatic Conference, if there was one. It did not understand the reasons for the deletion of the reference to “a Diplomatic Conference”. As it had mentioned, the PBC was not the right or relevant committee to prejudge or consider whether or not to convene a Diplomatic Conference. There had been many instances where some budget amounts had been proposed for a possible Diplomatic Conference which had not been convened. The Delegation urged Member States to adopt the budget for a possible Diplomatic Conference and leave substantive discussions to the IGC and the GA.

449. The Delegation of Canada clarified that its position on the reference to a Diplomatic Conference did certainly not reflect on its support for the IGC process, in which it had engaged constantly. It looked forward to further work. It believed that more neutral language would be more appropriate and would actually reflect the mandate. How the Marrakesh Diplomatic Conference had been previously treated was an example. The budget had spoken of further

work, but not specifically a Diplomatic Conference. That obviously had not prejudged the outcome nor had it prevented the Marrakesh Diplomatic Conference from taking place when Member States had decided to convene it.

450. The Delegation of Venezuela (Bolivarian Republic of) stated that it did not matter whether the instrument would be an agreement or a declaration. A Diplomatic Conference should be needed to formalize it.

451. The Delegation of Sweden echoed the statement made by the Delegation of the United States of America. It had no problem with the budget assigned for Program 4. The work of the IGC should be continued. However, it could not accept the current text as it anticipated what would be decided by the 2013 GA. It suggested changing the language.

452. The Chair stated that his recollection was that a consensus had been reached at the 20th session of the PBC. The Chair asked the Secretariat to confirm whether that was the case.

453. The Secretariat stated that the revised target had indeed been guided by the PBC's 20th session. The *verbatim* report of that session, which had been posted, was the main record of the discussion. In addition, the Secretariat clarified that those were budgetary provisions and a plan for the next biennium. Programs and budgets were prepared more than three years in advance. There was flexibility, according to the transfer rules, to move resources in accordance with decisions made by the GA. In every case, it was subject to the decision of the GA.

454. The Chair recalled that there had been consensus on the matter at the 20th session (as the *verbatim* records confirmed) and added that it was not his intention to re-open discussion on Program 4. The Chair said that either delegations stick to the agreement reached at the 20th session or they would have to reach an agreement at present. The Chair suggested that Regional Coordinators discuss the matter, try to find a compromise language and report to the plenary.

455. The Delegation of Iran (Islamic Republic of) stated that a consensus had been reached at 20th session of the PBC. That session had been a great and important opportunity to have a preliminary view to reach consensus on some issues. It was not good to reopen the discussion on the text which had been agreed by Member States at the previous session.

456. The Delegation of Brazil, speaking on behalf of the DAG, recalled that Program 4 had been agreed at PBC 20 with flexibility shown by some Member States. If some delegations wanted to reopen the discussion, it suggested that those delegations present their proposal in writing. If that were to be the case, all the programs would be analyzed because the language should be uniform for all the programs. It understood, for example, that the language for Program 2 might change as well.

457. The Delegation of Japan clarified that its intervention was not related to the budgetary allocation, but to the target. What it wanted was a functional reflection of what had happened after the 20th session of the PBC. The future work had been discussed at IGC 25, which had taken place after the PBC 20th session.

458. The Delegation of India expressed its concern over the prolonged discussion on Program 4, especially since the Committee had taken a decision on it at its last session. If Program 4 was reopened, other programs could also be reopened for discussion. The Delegation had concerns about having any new language other than that in the revised Program and Budget proposal. Any decision would be made by the GA. It could not be prejudged that during the next biennium there would be no developments in the IGC. Regarding the reference to a Diplomatic Conference, it did not understand how an international legal instrument could be adopted without a Diplomatic Conference. The nature of the instrument(s) was unknown so it could not be prejudged that a Diplomatic Conference was not required.

459. The Delegation of Egypt supported the comments made by the Delegations of Iran, India and Brazil, on behalf of the DAG. It supported the text agreed at the 20th session of the PBC. Since there would be consultations, it wished that such consultations involve all regions and that there be Diplomatic Conferences not only for the adoption of an international instrument(s) on TK, TCEs and GRs, but also for the adoption of a Revised Lisbon Agreement.

460. The Delegation of Venezuela (Bolivarian Republic of) did not see any purpose in reopening discussion on the issues already agreed, particularly when the language was a standard language. It proposed to approve Program 4 as it stood.

461. The Chair said that an agreement seemed to have been reached.

462. The Delegation of the United States of America supported the statement made by the Delegation of Japan. PBC 20 had occurred right before IGC 25 which had dealt with the stocktaking and the mandate of the IGC. It was still an outstanding question. In this PBC session, some time had been spent on how agreements were treated under each agenda item. As certain delegations had indicated, nothing was agreed until everything was agreed. The discussion on Program 4 was a similar situation.

463. The Chair stated that nothing was agreed until everything was agreed, so Program 4 would be left for consultations.

464. The Delegation of Australia repeated one of the compromise proposals it had made earlier, namely including "possible" before "Diplomatic Conference". It hoped that consensus could be reached. If not, Regional Coordinators could meet. The proposed language included the reference to a Diplomatic Conference, which some Member States preferred. At the same time, it did not prejudice any outcome on a decision that would be made by the GA.

465. The Chair asked whether the proposed language was only for Program 4 or for both Programs 2 and 4.

466. The Delegation of Australia clarified that it was only for Program 4. It believed that Programs 2 and 4 were not in any way linked substantively and they should be treated on their own merits. If other Member States were to link those two programs, that was their prerogative.

467. The Delegation of Brazil, speaking on behalf of the DAG, thanked the Delegation of Australia for trying to bridge the gap. It would not like to see Program 4 reopened. Since the Delegations of the United States of America and Japan wished to change the language, it would like to have more time to discuss this within its group. It understood the statement made by the Delegation of the United States of America that nothing was agreed until everything was agreed. It hoped to have a balanced language.

468. The Delegation of Venezuela (Bolivarian Republic of) believed that the entire budget was subject to the decision of the GA. Therefore, it also believed that the proposal was redundant.

469. The Chair announced that Program 4 was left for Regional Coordinators to reach an agreement on.

470. The final wording of decision on Programs 2 and 4 was agreed during discussion under agenda item 21.

471. The Chair opened discussion on Program 5.

472. The Delegation of the United States of America noted that, according to the document entitled "Changes to P&B 2014/15 as a result of the discussions and decisions taken by the 20th session of the PBC", it would appear that four posts had been moved from the PCT system to restore a "skeleton unit" for SMEs. The Delegation expressed its surprise about that move,

noting that it had consistently underlined the importance of maintaining a sound PCT system. The Delegation stated that that move created important problems in the overall package of the Program and Budget, and appeared to be “robbing Peter to pay Paul”. The Delegation asked the Secretariat to explain what had led to that decision and from where within the PCT system the said posts would come.

473. The Delegation of El Salvador expressed its appreciation for the PCT related work carried out by the International Bureau and stated that it wished to see that quality work continue. The Delegation further noted that all PCT documents were now available in the form of Spanish translations and expressed the desire to see the quality of those translations maintained during the next biennium. Further, the Delegation expressed its interest in hearing the answer to the question posed by the Delegation of the United States of America.

474. In response to the question from the Delegation of the United States of America, the Secretariat explained that the four posts mentioned were posts from Program 30, i.e., those resources were coming from those engaged in innovation and SMEs in the current biennium and not from the PCT system, and that, therefore, this would in no way affect the PCT operations or the PCT system in general, as there would be no net loss for the PCT system in the number of posts.

475. The Chair opened discussion on Program 6.

476. Referring to the discussions at the 20th session of the PBC, the Delegation of the United States of America wished to share further reflections on the issue concerning the Lisbon system it had raised at that session. While the Lisbon Agreement currently provided for the protection and international registration of appellations of origin, following its planned revision it would also provide for the protection and international registration of geographical indications, i.e., another substantive intellectual property right. The Delegation believed that such inclusion was inappropriate, for three reasons. Firstly, the mandate of the Lisbon Working Group was limited to procedural matters, while the inclusion of geographical indications was a matter of substance. Secondly, in WIPO, it was the Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications (SCT) that had a specific mandate on matters concerning the protection of geographical indications. The SCT was authorized to submit recommendations and policies in this respect to the WIPO GA for approval. The Lisbon Working Group did not have such authority. And thirdly, the protection and enforcement of geographical indications was covered by the WTO TRIPS Agreement. The Delegation wondered what guarantees there were to ensure that the operation of a revised Lisbon Agreement would be compatible with the TRIPS Agreement; and, moreover, how a revised Lisbon Agreement would affect the mandated notification and registration system for geographical indications under TRIPS Article 23.4. The Delegation went on to say that it would welcome expert analysis on the international protection of geographical indications in the SCT, but discussions in the SCT had been blocked by other delegations because of the negotiations on geographical indications in the WTO. Further, while the cost for the proposed diplomatic conference would be 130,000 Swiss francs, the Lisbon system had generated no income dating from 2004, according to the evolution of income chart on page 16 of the revised Program and Budget for the 2014/15 biennium. Consequently, while the Lisbon system was operating at a deficit, WIPO Member States were being asked to finance a diplomatic conference on an issue that should not be in the purview of the Lisbon system. Further, the Delegation was wondering whether there should not be a revised cost estimate, if the diplomatic conference would be open to all WIPO Member States. In this connection, the Delegation also wished to reiterate its concern about the trend of diplomatic conference earmarks in the Program and Budget for the upcoming biennium. To the Delegation’s knowledge, there was no precedent for such earmarks in WIPO. In the Delegation’s view, it was troubling that discussions in the SCT among all WIPO Members were being blocked while discussions on geographical indications in the Lisbon Working Group proceeded beyond its mandate. This was particularly worrying as the Lisbon negotiations were limited to a few WIPO Member States while being subsidized by WIPO

Member States that were excluded from the Lisbon system, because that system was fundamentally incompatible with their respective trademark systems. The Delegation wondered, moreover, why SCT discussions on geographical indications would impact on WTO work but Lisbon negotiations would not. For these reasons, the United States of America objected to the inclusion of a Diplomatic Conference for a Revision of the Lisbon Agreement in the Program and Budget for the 2014/15 biennium.

477. The Delegation of Chile referred to its intervention at the previous session of the PBC, when it had expressed its concern about the allocation of funds for a Diplomatic Conference for a Revision of the Lisbon Agreement, which would be limited to the participation of a small group of countries but would be financed by the funds provided by all WIPO Members. As the Lisbon Working Group was mandated to work towards an increase of the membership of the Lisbon system, and all WIPO Member States were to contribute to the financing of a diplomatic conference, all WIPO Member States should have the opportunity to participate on an equal footing in the design of the new Agreement. Consequently, the status of participants in the review of the Lisbon Agreement had to be clarified first, before a decision could be taken on the financing of a diplomatic conference.

478. The Delegation of Italy wondered why those comments had not been made when the Working Group started its review of the Lisbon system several years ago. In any event, the Lisbon Working Group was open to the participation of observers. Moreover, the PBC was discussing budgetary issues; issues relating to substance should be discussed in the Lisbon Working Group. The Delegation recalled what the Secretariat had stressed several times, that the revision was an exercise aimed at attracting new accessions to the Lisbon system and facilitating new international registrations, not only by States but also by intergovernmental organizations, such as the European Union. As a result, the financial situation of the Lisbon system was likely to improve. Revising the Lisbon Agreement by adding geographical indications to the system would also be attractive for developing countries, to protect their geographical indications and make value out of their traditional knowledge. The Delegation went on to say that blocking a Diplomatic Conference would impede resolving the financial situation of the Lisbon system. The Delegation would favor the participation of as many observers as possible, as it was important to hear proposals from observers that were really interested in an international registration system for geographical indications. The Delegation suggested leaving it to the Secretariat to decide what would be the most appropriate way of ensuring the participation of such observers, once a decision had been taken by the Lisbon Working Group on their participation. Budget had to be available for that purpose, but there was no need for earmarking a specific amount. The Delegation assumed that not all countries would need to be financed for their participation in a diplomatic conference. However, a decision on that should be left to the Working Group. If no funds would be allocated for a Lisbon revision conference, this would run against a decision taken by Member States in the Lisbon Working Group.

479. The Delegation of Australia had noted the current proposals for diplomatic conferences in the draft Program and Budget, including a proposed Diplomatic Conference for a Revised Lisbon Agreement. The Delegation supported WIPO's work to create new international norms for intellectual property. Broad acceptance of legal norms by a widespread group of countries meant uniformity and protection of intellectual property rights across jurisdictions, more certainty for intellectual property rights and simplicity of protection and reduced costs for business in a complex global environment. While referring to the recent successful diplomatic conference in Marrakesh, the Delegation pointed out that the key to success in Marrakesh had been an open discussion between participants from all sides of the debate, on an equal footing. The Delegation went on to say that the same could not be said in respect of the proposals to expand the Lisbon Agreement, which went well beyond its current boundaries and currently represented the shared principles of a few countries in a narrowly defined subject area. It was well known that Australia had fundamental and systemic concerns about the proposals for a revised Lisbon Agreement, which would strengthen provisions that already made the Lisbon system

unattractive to many countries and which were incompatible with the protection of geographical indications in many countries, including Australia. For example, not respecting the principle of territoriality was out of step with established intellectual property principles. Moreover, exclusive monopoly rights must be balanced with the public interest. Any Diplomatic Conference for a Revision of the Lisbon Agreement would require a spirit of openness and equality. At the very least, observers should have equal rights as Lisbon member States with respect to any Diplomatic Conference proceedings, while all issues should be on the table. However, from its knowledge of the discussions to date, the Delegation was of the view that a decision on a Diplomatic Conference for a Revision of the Lisbon Agreement was premature. It would be a missed opportunity and a waste of WIPO's limited resources if work on a revised Lisbon Agreement would not represent the views of the broader WIPO membership.

480. The Delegation of El Salvador said that its understanding was that, once a decision was taken to hold a Diplomatic Conference on a Revision of the Lisbon Agreement, the Preparatory Committee for the Diplomatic Conference would establish the dates and other organizational matters. The Delegation agreed that some clarification was needed as to the manner in which WIPO Member States, notably developing countries, could participate in that diplomatic conference. Consequently, the Delegation supported the allocation of funds in the 2014/15 Program and Budget, even where the holding of the diplomatic conference in the 2014/15 biennium still depended on a decision by Member States. The Delegation congratulated the Secretariat for having looked ahead in this respect, while pointing out that there were other treaties under which a similar manner approach had been used.

481. The Delegation of Switzerland expressed surprise with regard to the comments from the Delegations of the United States of America and Australia on this matter. The Lisbon Working Group was open to all WIPO Member States. Switzerland was not a party to the Lisbon Agreement, but had participated actively in the Lisbon Working Group and contributed to the current draft Revised Lisbon Agreement. The United States and Australia had also been present at meetings of the Lisbon Working Group. It would have been more appropriate to raise questions of substance in those meetings rather than in the PBC. The Delegation was quite happy with the allocation of funds for a Diplomatic Conference on a Revision of the Lisbon Agreement under Program 6, which fully reflected the decisions taken by the Lisbon Working Group. Of course, whether a diplomatic conference would be convened would ultimately be decided by the Assembly. Program 6 as set forth in the revised Program and Budget for the 2014/2015 biennium was fully acceptable to the Delegation. The Delegation went on to say that there would be further meetings of the Lisbon Working Group, in accordance with the schedule the Working Group had established, and encouraged other delegations which had concerns about the substance to come to those meetings and share their concerns with the Working Group. In addition, the Delegation would be more than happy to discuss issues relating to geographical indications with delegations, including issues that had arisen in the parallel negotiations going on in the WTO.

482. The Delegations of Iran (Islamic Republic of) supported the interventions made by the Delegations of Italy and Switzerland and added that in its view the PBC was a committee dealing with the budget and not substantive issues. The Delegation supported Lisbon Agreement under Program 6 as it was.

483. The Delegation of Hungary expressed full support for the statements made by the Delegations of Italy, Iran and Switzerland. The Delegation added that it found the fact of bringing substantive debate on the Lisbon Agreement into the PBC disturbing. The PBC was the place to decide on budget allocations not the place to hold discussions on substance, which was the job of the Working Group.

484. The Delegation of France said that what was proposed for Program 6 in the budget document was merely a reflection of what had been decided by the Working Group. The Delegation did not feel that it was in a position to alter, in any way, the conclusions reached by

that Working Group. The Delegation recalled that the French expert participating in the Working Group had said that everything had gone forward very smoothly and that conclusions had been reached. It seemed that many delegations present in the room shared that approach but a few did not. Some delegations talked about the substance of the issue. The Delegation thought that members had to show tolerance and realize that there could be different ways of thinking about issues. Countries did not have the same backgrounds, cultures or the way of thinking. Some countries had existed for centuries and upheld their territorial traditions. They had reflected a lot on their idea of brands and geographical indications. All those countries had their point of view and they were going with that point of view to a diplomatic conference, if there was to be such a conference. One country could not force the other to share its view. Different views must coexist and it had to be recognized that delegations had different philosophies on this issue because of the nature of their countries and the fact that some countries were much older than others. The Delegation was certain though, that what members had to do in the PBC was to respect the work that had been done, including the one done in WTO, which was not overlapping as there was a clear division of competence between the two. That was the approach the Committee should take. Regarding the expense of a possible conference, the Delegation commented that many countries would pay for their own participation. In any case it would not involve enormous amounts of money affecting the financial balance of the Organization. The work had been launched. All that members were doing in the PBC was to reflect the conclusions reached within the Working Group. The Delegation added that it certainly had no authority to reopen those conclusions. It did not think that was the role the PBC.

485. The Delegation of Peru shared the opinions expressed by the Delegations of Italy, Switzerland, Hungary, France and others. It added that the PBC was not the right place to change decisions taken by the Working Group on the revision of Lisbon Agreement. The proposed budget reflected agreement reached within the Working Group. Observers who had attended the Working Group had participated on an equal footing with the members. That was how the working group in question worked and operated. The PBC was not the appropriate place to reopen discussion on this matter. All the members were doing in the PBC was recognizing that certain conclusions had been adopted by the Working Group and were appropriately reflected in the document. The Delegation fully endorsed what had been said by the Delegation of France in that regard.

486. The Delegation of the Czech Republic supported the statements made by the Delegations of Italy, France, Peru and others. The Delegation wished to stress that: firstly, the substantive work in the Working Group was open to observers and everybody could participate. Secondly, the agreement within the Working Group was at hand and that agreement should be cherished and welcomed by the PBC, not blocked. The Delegation stated that Program 6 should be approved, as proposed.

487. The Delegation of Turkey pointed out that although the Lisbon Agreement had been adopted in 1958, there were only 28 states parties to it. That fact demonstrated that WIPO needed to improve the system envisaged in the agreement. The Delegation agreed with the views expressed by the Delegation of Italy, Switzerland, Hungary, Iran and others, endorsed the views expressed by the previous delegations and supported Program 6 as it was.

488. The Delegation of the United States of America wished to try to respond to some of the concerns expressed about the substantive debate on Lisbon, which had been indicated as problematic. The Delegation said that the intention of its intervention had been to merely note its objection for an earmark with respect to Lisbon and that the Delegation had been merely supplying background supporting that objection.

489. The Delegation of Georgia supported statements made by the Delegations of France, Switzerland and Italy, and therefore supported Program 6 as it was.

490. The Chair found the way that the membership chose to proceed disturbing. He added that it was his duty as the Chair to tell delegations when they were going in the wrong direction. The Chair referred to the discussions in the July session and pointed out that members had reopened discussion on programs that they had previously reached agreement on and had decided not to touch at the present session. Program 6 was one of them. If the membership chose to continue in this fashion it would mean that the July session had been useless. The Chair appealed to delegations to strategically reflect on this matter during the lunch break. Members needed to decide which major issues needed to be negotiated: external offices and IGC were two of them. However, the Chair encouraged delegations not to try and reopen every single issue. The Chair gave the floor to the Secretariat for comments.

491. The Secretariat, while noting the growing interest in the on-going work on the revision of the Lisbon Agreement, pointed out that the proposal for holding a diplomatic conference to conclude the revision was the subject of a recommendation from the Lisbon Working Group to the Lisbon Union Assembly. A decision on that recommendation should be taken by Member States in that forum. Questions concerning geographical indications could also be taken up in the SCT, as the SCT had a standing agenda item on the issue of geographical indications. It was up to Member States to take up such questions in that forum. As regards the funds proposed for a Diplomatic Conference on a Revision of the Lisbon Agreement in the draft Program and Budget for the 2014/2015 biennium, these were based on previous practice in respect of comparable revision conferences. However, if Member States were of the view that additional resources had to be identified, the Secretariat would of course make every effort to do so.

492. The Delegation of the United States of America reiterated its concern about the trend of earmarking funds in the draft 2014/15 Program and Budget. The Delegation suggested going back to the model used in the 2012/13 Program and Budget, referring specifically to page 8 of that document.

493. The Secretariat clarified that there was no difference in approach between the two, except that, in the 2012/13 Program and Budget, there was not a paragraph with details corresponding to those contained in the bullet points of paragraph 44 of the draft Program and Budget for the 2014/15 biennium. If so required, these could easily be deleted, with no alteration to the respective Programs.

494. The Delegation of Chile stated that it entirely agreed with the Chair's analysis of the discussions and that the membership should not reopen the issues that had been previously decided on. However, the Delegation recalled that it had said in July that it would speak on this particular issue in September. Therefore, if anybody had felt that discussion on this item had been closed, their feeling was wrong.

495. The Delegation of Algeria requested clarification as to the differences in the approach between the 2012/13 and 2014/15 budget documents, referred to by the Delegation of the United States of America.

496. The Secretariat responded that the only difference between the two proposals was in the Financial Overview section's presentation. The Secretariat indicated that it could delete the bullet points under paragraph 44 in that section, only retaining the text of the chapeau of that paragraph.

497. The Delegation of the United States of America was in support of deletion of paragraph 44.

498. The Delegation of Switzerland, in the spirit of compromise, agreed to deletion on the three bullet points.

499. The Delegation of India inquired as followed: if the three bullet points referring to the diplomatic conferences were removed, with only the provision for the diplomatic conferences left in the chapeau, how would that link to the programs for which the diplomatic conference provision was made?. To the Delegation's understanding, the Financial Overview reflected exactly what was inside all programs. The Delegation wished to have a clear understanding of that before agreeing to a deletion.

500. The Secretariat confirmed that there would be no change to the respective programs. It was only the deletion of the bullet points from the Financial Overview, the presentation of which had been changed from the 2012/13 approach and was being reverted back to.

501. The Chair concluded that there was agreement on this proposal.

502. There were no comments on Program 7.

503. The Chair opened discussion on Program 8.

504. The Delegation of Brazil, speaking on behalf of the DAG, reiterated the Group's position on having adequate resources for implementation of DA projects. The Delegation asked for the exclusion of the first part of the text in the Risks and Mitigation Strategies, noting that all completed DA projects have undergone independent evaluation and that was no longer a risk. The Delegation also requested that the term "recommendation" be inserted after "Development Agenda" in the same sentence. The Delegation also reiterated its request to discuss Program 8, the allocation of resources for the implementation of the JIU recommendation "South-South and Triangular Cooperation in the United Nations System" (JIU/REP/2011/3). The Delegation noted that the creation of a Focal Point in Asia Pacific strategies for South South cooperation and Triangular Cooperation, under Recommendation 3 of the JIU, was under consideration of the Member States and therefore requested the Secretariat to provide a budget allocation for the implementation of that JIU recommendation for approval by the Member States in the next biennium.

505. The Delegation of Egypt expressed its support for the statement by the Delegation of Brazil and thanked the Secretariat for reinstating the Expected Result "Enhanced understanding of the DA by Member States, IGOs, civil society and other stakeholders". The Delegation also requested reinstatement of the Expected Result "Effective planning, implementation, monitoring, evaluation and reporting on the DA recommendations". Further, the Delegation reiterated its request, previously expressed at the 20th PBC session (WO/PBC/20/8 PROV), to improve the budgetary mechanism in order to include the provision of resources for additional projects that would be approved by the CDIP in the next biennium.

506. The Delegation of Algeria, speaking on behalf the African Group, thanked the Secretariat for having added the indicators requested by the Group. However, it appeared that those indicators remained too quantitative, neglecting to underscore the impact of the projects in qualitative terms. The Delegation expressed its willingness to work with the Secretariat on redrafting those indicators towards a qualitative approach along with quantitative data. The Delegation also pointed out the absence from the budget of the amounts allocated to CDIP projects. The African Group also expressed its support for the statement made by the Delegation of Brazil on behalf of the DAG regarding South South cooperation and suggested that it should be incorporated into Program 8.

507. The Delegation of Switzerland referred to its previous statement regarding CDIP projects and their financing and reiterated that such financing mechanisms did exist in the budget and that sufficient funding was available. The Delegation therefore asked to keep the agreement reached at the 20th session of the PBC unchanged.

508. The Chair invited the Secretariat to respond to the various comments.

509. The Secretariat agreed with the statement made by the Delegation of Algeria, regarding indicators being more qualitative rather than quantitative and accepted the Delegation's suggestion of collaboration in designing those indicators.

510. The Secretariat referred to the issue raised by the DAG and the Delegation of Algeria, supported by the Delegation of Egypt, concerning the budget allocated to the CDIP projects. The Secretariat pointed out that that issue was addressed by the CDIP and would be discussed in the CDIP session and added that resources for those projects were allocated under the current budget.

511. The Delegation of Brazil, speaking on behalf of the DAG, noted that DA recommendations went beyond the prerogatives of the CDIP and raised the question whether resources were available for a project currently under consideration of the Member States aimed at implementing a DA recommendation. The Delegation agreed with the Delegation of Switzerland, stating that financing mechanisms of CDIP projects for this biennium had already been agreed upon at the 20th session of the PBC. However, the Delegation reiterated its request for the Secretariat to provide a budget allocation for the implementation of the JIU recommendation 3 for approval by the Member States in the next biennium.

512. The Delegation of Egypt wished to withdraw its request to reinstate the Expected Result "Effective planning, implementation, monitoring, evaluation and reporting on the DA recommendations". The Delegation referred to the Expected Result "Enhanced understanding of the DA by Member States, IGOs, civil society and other stakeholders" and noted that all the financial resources related to this Expected Result were regarded as development share. The Delegation asked to reconsider this view on development share because the resources allocated would not benefit developing countries alone but also NGO's and other stakeholders. Thus, those resources could not be considered only as development expenditures. Regarding Program 8, the Delegation wished to withdraw its previous statement that the current budget proposed to finance only three projects, as it noted that the document submitted by the Secretariat indicated 12 projects to be implemented for this Program for this year. However, the Delegation reiterated its request to include in the budget additional resources as provisions for second phases of current projects and additional projects for the next biennium. Furthermore, the Delegation referred to the resources allocated to the organization of the International Conference on IP and Development, which would not take place as scheduled on November 14 and 15, 2013, and wanted to be assured that resources would be allocated to the convening of that conference in the next biennium.

513. The Delegation of Algeria reiterated its statement on the absence of the amounts allocated to the CDIP projects in the draft budget and urged the Secretariat to provide additional information on the financing mechanism

514. The Secretariat highlighted that the financing mechanism for the CDIP projects had been discussed and approved by the PBC in July 2013. The Secretariat assured the Delegation that this financing mechanism was integrated in the current budget and resources for the implementation of the CDIP projects could therefore be allocated in compliance with the decisions of the CDIP.

515. The Delegation of Algeria thanked the Secretariat for the explanation and further asked the Secretariat to add a paragraph to Program 8 mentioning the existence of an approved financing mechanism for the CDIP projects ensuring the availability of resources for adopted projects.

516. The Chair asked the Secretariat to make the requested modifications to Program 8 and suggested to discuss them at a later stage.

517. The Chair opened discussion on Program 9.

518. The Delegation of India recalled that, while making its general statement on behalf of the Asia Pacific Group, it had expressed the concern about having the two-prong strategy adopted by Secretariat regarding Program 30 and Programs 9 and 10, which were also linked to some extent to the program on SMEs. Having additional resources diverted from the former Program 30 to Programs 9 and 10 for the focal points to be appointed would be an internal adjustment, not a creation of new posts. That had been explained by the Director General. Therefore, the Delegation had expressed its concern regarding this two-pronged strategy and wished to see Program 30 strengthened, as had also been discussed during the last PBC session. The Delegation wished to see some amendments made accordingly when the three programs would be discussed. Only then a conclusion should be drawn on how the resources would be allocated for Programs 9, 10 and 30. First, the PBC needed to resolve how to strengthen Program 30 and what strategy must be adopted to implement the SMEs Program. The Delegation still had concerns about how the Secretariat was planning to have program implementations in different regions according to the level of their development. The Delegation desired a holistic approach and sharing of best practice, which was what was being said in WIPO's other committees. That was how the regions that were lagging behind would benefit from sharing of best practices. The Delegation also noted that Program 30 would still be central to that. The implementation would be facilitated by the focal points in the bureaus, with the WIPO Academy also playing an important role. The Delegation had some difficulties in understanding the additional bureaucratic role of the focal point and requested clarification from the Secretariat.

519. The Chair asked the Delegation whether holistic approach meant discussing Programs 9, 10 and 30 together.

520. The Delegation of Canada wished to make general remarks which applied to Program 9 as well as other programs. In the Results Framework, under III.6, unless there was an explanation as to why some references were identified as TBD (to be determined), they should have real figures provided. Certainly the true value should be available before the end of the biennium, for example, in the last PPR on the execution of a program, the level of objectives to be determined or not applicable, was identified as being "on track". The Delegation thought that clearer figures should be provided so that member States could make comparisons and determine what was actually happening.

521. The Chair asked the delegations to decide whether Programs 30, 9 and 10 would be discussed together.

522. The Delegation of the Republic of Korea supported the above suggestion.

523. The Chair recalled that at the last session of the PBC some delegations had expressed a preference for decentralization of SMEs and others had expressed a preference for centralization in Program 30. The Chair requested the Secretariat to present the proposal.

524. The Secretariat introduced the balanced proposal reflecting the views of Member States during the 20th session of the PBC. This meant reinstatement of Program 30, on the one hand, and maintaining the SME focal points in Programs 9 and 10 on the other hand. The resulting proposal was therefore a combined decentralized/centralized model with a central unit focusing on developing the content, and the Regional Bureaus and Program 10 ensuring that the regional and national specificities were duly taken into account in the capacity building for SME's.

525. The Delegation of the United States of America reiterated its wish to maintain Program 30 as it existed in the current biennium. This included the preservation of a centralized approach to innovation policy, universities, TTOs and IP valuation as well as SMEs. The Delegation had always stressed that it wanted SMEs and Innovation policies and structures to remain, not just the SMEs. Moreover, the Innovation Division which was tasked with implementation of

Program 30 should remain intact with at least the same amount of funding as in the current biennium and with the same level of posts. The Delegation noted that a number of other delegations and groups had supported maintaining the *status quo*. It therefore hoped that, at the end of session, the Committee could recommend to the GA the approval the proposed 2014/15 Program and Budget but to that end the issue of Program 30 and the Innovation Division had to be resolved. The Delegation further noted that the idea to restructure Program 30 in the current biennium and the eventual creation of the Innovation Division made sense two years ago, and it believed that it still made sense. In fact, bringing the functions of SMEs, innovation policy and innovation structures into one unit took advantage of a unique WIPO position in using the IP system to commercialize innovation. This was an issue in which all Member States had a strong interest because IP was adding value to the extent that it was useful in transferring technology to the market where people could benefit from it. The Delegation simply did not understand why, after less than a year in existence, the Secretariat wanted to cast the various functions of Program 30 and the staff of the Innovation Division to the far reaches of the Organization. In fact, despite the fact that this unit had been approved for the 2012/13 biennium, the Delegation had understood that the abolishment of the Division through staff moves was already under way. This, it strongly opposed. The Delegation further noted that abolishing the Division devoted to innovation and SMEs would send an extremely troubling message. Having a great idea was only the first of many steps. Without a marketplace of ideas that catalyzed commercialization, the social benefit of innovation to consumers would not be fully realized. Too many ideas were falling prey to theft and commercialization and diffusion. IP provided a critical safeguard for all economies relying on innovation. From the Delegation's perspective, the Committee had to return to the decision taken by Member States two years ago reflecting a well thought out strategy that was agreed upon by all for implementing a very important goal, namely, promoting the commercialization of innovation which would be accomplished through a coordinated synergistic approach. The Delegation questioned how the Secretariat, without consulting the Member States or the concerned program managers, could dismantle such an important Program after less than a year in existence, in a way that was inconsistent with the 2011 decision and expression of strategy. The Delegation believed that it could not. In this context, it was also important to highlight that Member States approve the Program and Budget which included the allocation of human and financial resources to programs. Member States decided what the priorities were for the Organization, not the Secretariat. The Delegation stressed that it was not its intention to micro-manage the Secretariat. The Director General and the Secretariat reserved quite a high level of discretion to manage, but this discretion had to be in accordance with the strategies that Member States decide upon when approving the Program and Budget. The Delegation referred to Article 9 (4)(c) of the Convention which stated that the Director General "shall report to, and conform to the instructions of, the General Assembly as to the internal and external affairs of the Organization." This was an important matter of principle, one that had to be respected. Should the Committee allow the dismantlement of the Innovation Division, it would ultimately result in lost revenue because the Organization would be missing an opportunity to capitalize on the synergies of the three areas to advocate and train users to commercialize IP. Furthermore, it would set a bad precedent. Programs approved by Member States should not be dismantled through mainstreaming or shifting posts and functions. The Delegation finally stated that the amended proposal was unacceptable. It requested that the Secretariat restore Program 30 and its resources that had been lost since the beginning of 2012 and called on other Member States to support the request.

526. The Delegation of the Republic of Korea noted that in accordance with many Member States' interventions made during the last session of PBC, and given the importance of SMEs for stakeholders, the best option would be to maintain the situation as in the current biennium. The very concern of diminished functions of the Innovation Division being the implementing entity of Program 30, and given the importance of the use of IP to enhance innovation and development especially in developing countries, it was necessary to maintain the budget and support required.

527. The Delegation of Poland, speaking on behalf of the CEBS, thanked the Secretariat for a job well done in the short period of time. The CEBS endorsed budget priorities for the 2014/15 biennium. The Delegation reiterated that CEBS believed that it was more important than ever to focus the programs and the activities of WIPO on delivering on Strategic Goals, particularly on those relating to global IP systems. The global legal framework, global infrastructure, world reference resources and development, were the areas where the Organization had a comparative advantage and could make its mark and contribution. The CEBS also thanked the Secretariat for presenting a solution on the issue of SMEs and noted that it fully supported the proposed arrangements, with the re-established Program 30 acting as a coordinating body, and the regional programs (in its case Program 10) being able to provide support to improve the participation of SMEs in the international IP system and in the social and economic benefits deriving from innovation and creativity. This would lead to a wider awareness and better understanding of a more systematic approach to IP and innovation.

528. The Delegation of Italy thanked the Secretariat for re-establishing Program 30, although with a smaller scope and budget. Activities in the field of SMEs had thus been included in the Program and Budget proposal, which the Delegation had felt had been missing. Those activities were very important to share best practices and information and it allowed WIPO to remain a primary source for expertise on SMEs. The Delegation reiterated its previous position that keeping those activities in the Program and Budget was a condition for approving it. It noted that its preference would have been to have a more ambitious Program 30 combining different activities including innovation. Given the different views expressed by Member States, the Delegation noted that there were different possible models to ensure the activities for SMEs or innovation, including a decentralized and a centralized model. The difficulty with a strongly decentralized system was that these activities would be given to programs that were multidisciplinary. It would therefore be important to ensure that the priority for SMEs would be diluted among other competing priorities. The advantage of a centralized program, with the only task on performing activities in favor of SMEs and innovation, would therefore be that this would be the only result to achieve. It would therefore be more accountable. Hence the question was why a centralized system could not bring into consideration the regional specificities, having focal points that would help the regional considerations to be taken into account. The Delegation was of the opinion that both systems could work but its preference would be a more ambitious Program 30. The Delegation proceeded with proposing some changes to Program 30 as proposed by the Secretariat. It wished to see the same performance indicators shared between Program 30 and the Regional Bureaus, in particular the indicator measuring the level of satisfaction of the content. Furthermore, in the narrative, it should be made clear that technical assistance would be based on the material developed by Program 30 and that the material should be available also for localization, which was current practice, by translating content into local languages at the request of Member States. Finally, there should be a clear division of tasks regarding the creation of tools to assess performance on the indicators, in particular surveys, which should be the responsibility of Program 30. These surveys were meant to measure the satisfaction and tracking of services. The Delegation thanked the Secretariat for re-establishing a separate result for the SMEs with the associated resources, which would allow monitoring carefully the use of the resources for SMEs.

529. At the Chair's request, the Secretariat explained that, following the request of the 20th session of the PBC, additional information on the combined centralized and decentralized implementation model for SMEs and innovation had been submitted to the present session of the Committee. As explained in the paper, the proposal consisted of the creation of a dedicated central reference point for SME related IP issues, Program 30, responsible for developing relevant materials tailored to the needs of SMEs and identification of good practices ensuring that there was an organizational strategy in place for capacity building targeting SMEs. This dedicated SMEs think-tank would in addition be responsible for updating the WIPO website and issuance of the SME newsletter and exploring opportunities of collaboration with other international organizations with dedicated SME programs. The essence of this dedicated SME Program would be to ensure that good practices from various regions were shared and that a

common approach to capacity building and reaching out to SMEs was in place in Program 9, the Regional Bureaus, and Program 10. Programs 9 and 10 would then be responsible for implementing the actual capacity building activities. This proposal was fully in line with the current model in place for the implementation of development oriented activities as reflected under other Programs in the Program and Budget 2012/13 approved by Member States. In accordance with that model, the Regional Bureaus and Program 10 were the primary responsible for capacity building and would therefore ensure that the needs of the SMEs, which vary from region to region depending on the economic development of countries, would be better addressed since they had the expert knowledge of their regions. Regarding the measurement framework, since accountability had been raised as being an issue, the accountability for contributing to the various organizational results was addressed through the indicators, not only in the case of SMEs, but generally across all Programs. Therefore a very specific measurement framework had been proposed for SMEs both in Programs 9 and 10 and in Program 30, making the roles and responsibilities for the contribution to the organizational results clear. The Secretariat welcomed suggestions to further improve that measurement framework. The Secretariat further clarified that in the proposed model there were two sets of expertise: one central expertise in Program 30 for the development of resources, tools, frameworks and strategies and SMEs focal points in each of the Regional Bureaus and Program 10. The Secretariat also clarified that its proposal was based on the decision of the 20th session of the PBC in which it had been requested to carefully take into consideration the full discussion on this topic, which had primarily focused on the extent of centralization. There had been Member States who wished full centralization and others that had indicated a preference for decentralization. The Secretariat had reflected on all concerns expressed. In addition, the Secretariat had an obligation to propose implementation models that were effective and efficient. This had all been taken into consideration in the Secretariat's proposal consisting of the SME expertise reconstructed in Program 30 and with a strengthening of the regional capacity building model targeting SMEs as a beneficiary group.

530. The Delegation of Belarus noted that, at the 20th session of the PBC, it had supported the activities of Program 10, including support to SMEs, and it believed that Program 10 was effective in strengthening national IP systems and the social, economic and cultural development in the region.

531. The Delegation of Ecuador stated that from its point of view, Program 30 should go hand in hand with Program 9 to improve the capacity of SMEs to successfully use IP to support innovation. It stressed that this was an extremely important issue for developing countries and LDCs. It noted that the growth of an economy was based on knowledge, and, therefore, all enterprises required this knowledge to achieve innovation. If SMEs were not using the IP system enough it was not due to a lack of interest but because they lacked knowledge and resources. It would therefore not be a good idea to reduce the budget for the execution of this Program.

532. The Delegation of Ukraine thanked the Secretariat for the efforts made under Program 10 to help the countries in the region to improve their IP systems. It noted the importance of the work of drafting instruments aimed at the needs of the region and in particular of SMEs and stressed that this work should be continued including work on SMEs within the Program as reflected in the proposal.

533. The Delegation of Canada supported the intervention by the Delegation of the United States of America. It noted that SMEs were pivotal and vulnerable players in the global IP ecosystem, that they were key drivers of innovation and development and, as such were, or at least should be, one of WIPO's core constituents which deserved being the subject of a centralized program tailored to their interests and realities within WIPO. The proposed rearrangement of Program 30 was therefore a concern to the Delegation and it preferred that Program 30 remain intact. The Delegation requested clarification on the sections regarding the

resources in Programs 9, 10 and 30, in particular the references to expected results and the explanations of resource shifts.

534. The Delegation of Mexico stated that the DA was an instrument that should be driving MDGs and also the use of IP to achieve that and it firmly believes that WIPO's work should not be confined to registration activities only but also to the promotion of innovation. SMEs played an essential role in that and the Delegation therefore had doubts regarding the implementation model proposed by the Secretariat consisting of a re-instated Program 30 and decentralized elements in Program 9 and 10. The Delegation further sought clarification as to the regional breakdown of resources presented in the white paper, including staff resources, and the total resources proposed for the expected result related to SMEs.

535. The Delegation of Egypt thanked the Secretariat for reinstating Program 30 and the expected result related to SMEs. It noted that the activities in this regard were not benefitting developing countries only and the development share should therefore be reconsidered. It also noted that the indicators proposed in Program 30 needed strengthening. It recalled that the performance indicators for Program 30 in the current Program and Budget included elements of specific support for SMEs in developing countries in relation to training and capacity building, and the Delegation therefore wished this to be reflected in the current proposal. The Delegation supported a centralized model to implement the work program. It noted that it would be very useful to have expertise consolidated in the same structural unit from where resources could be tapped for supporting SMEs in different parts of the world. The Delegation supported that some other regions preferred to have this expertise located in their Bureau but as far as the Delegation was concerned it was better to have a centralized unit with the necessary expertise. The Delegation noted that innovation was a core function of all WIPO programs and activities and this was especially important for SMEs as they needed support to increase their innovation capacities and to commercialize their products. The linkage between SMEs and innovation should therefore be reflected in Program 30.

536. The Delegation of Switzerland supported the revised proposal on Program 30 accommodating comments made at the 20th session of the PBC. The Delegation noted that the activities previously covered by Program 30 should continue to be carried out but that problems that had existed under the previous way the program had been organized had to be cleared up. In this context the Delegation referred to the statement of Poland on behalf of the CEBS, which had noted that the revised proposal made it possible to take into account the different regions while at the same time having a centralized point for these activities. The combination of a centralized and decentralized model seemed a good one and the Delegation reiterated its position from the 20th session that a solution was needed which would ensure the greatest degree of efficiency. Lastly, the Delegation supported the proposed improvements to Program 30 made by the Delegation of Italy.

537. The Delegation of Algeria, on behalf of the African Group, reiterated its full support for Program 30 as adopted in the biennium 2012/13. It noted that the African Group was in favor of centralizing all SME activities in one single program, Program 30, not mixing it with Program 9. It further noted that currently there were indicators in both Programs 9 and 30 for SMEs and that the performance indicators under Program 9 were better and much more relevant than those in Program 30. The Delegation reiterated that what it had requested was a Program 30 as adopted in 2012/13, which was a strong and ambitious program which would support SMEs and help the countries in the African region. In addition, there should be a clear division dealing with SMEs with proper funding and staff that would support the SME activities. The proposed Program 30 fell short of the Delegation's expectations. The Delegation further supported the statement by the Delegation of Italy to strengthen Program 30 as it was proposed to make it more ambitious. Finally the Delegation noted that having SMEs in Programs 9 and 30 meant that it would not know who to address and how the result was going to be evaluated at the end of the biennium.

538. The Delegation of El Salvador requested clarification regarding the staffing of the Regional Bureau for Latin America and the Caribbean in the new proposal and whether this would imply an increase in the staffing by one.

539. The Delegation of Brazil requested the same clarification as the Delegation of El Salvador.

540. The Delegation of Japan requested the Secretariat to revise its latest proposal. The Delegation noted that it had considered what system could work in the best manner. It stressed that the implementation of innovation programs should be done in a way which would truly contribute to the development in a country and that the balance between regional perspectives, taking into account the status of innovation in respect of a country, and more horizontal innovation perspectives, was important. The Delegation felt that the two different aspects could be balanced well by integrating them into one unit and by keeping the innovation component. It would therefore not be appropriate to drastically downsize Program 30.

541. The Delegation of France thanked the Secretariat for having improved the Program but reiterated its preference for going back to the previous Program 30 which the Delegation wished to become a center of excellence. It stated that the value add by an international organization was to have a center with specialized experts that could serve certain countries or certain regions tailoring things to their needs. It further noted that France did have SMEs and problems with competition and innovation and it would therefore like to be able to benefit from this center of excellence. Program 30 was a program that had worked well and instead of breaking it up one could work on what already existed to improve it. The Delegation further noted that WIPO would gain from having a center of excellence on innovation and that seeing innovation disappearing was shocking. WIPO should also have a center of excellence on SME. The Delegation finally reiterated its wish to going back to the 2012/13 version of Program 30.

542. The Delegation of the Russian Federation supported Program 10 and noted that the potential for the growth of SMEs was one of the main priorities of the Russian Federation's policy because the development of the economy depended on innovation. It therefore supported WIPO's work with Universities and other learning centers and was of the view that WIPO should continue its work with these entities. The Delegation further stated that the programs, of course, should be tailored to the needs of the countries of the region and it reiterated its support, therefore, for the new structure with Program 10 as proposed by the Secretariat which would help to improve SMEs and adapt to the regional needs.

543. The Delegation of Hungary aligned itself with the statement made by the CEBS and stated that innovation and SMEs were important for the economies in the region. It recalled that at the last session, the Committee had faced some problems with the old Program 30 and that the Committee was now trying to find ways to establish an efficient system that would bring benefits to all Member States. It noted that the Secretariat had presented an excellent compromise but that there were some doubts which the Committee could try to accommodate. The Delegation noted the interesting ideas mentioned by the Delegation of Italy and was of the view that those could be further developed by finding a way to incorporate the specific interests of the regions and countries into the Programs. It also stated that Program 10 should be untouched in this process but that work on Program 30 could include adding any missing elements to the structure proposed by the Secretariat.

544. The Delegation of Turkey noted that the new structure proposed by the Secretariat would help improving the work on SMEs and innovation, however, the Delegation understood Italy's concern and was therefore prepared to work on those concerns.

545. The Delegation of the United States of America reiterated its question about the rationale for the Secretariat's new proposal. It noted that Member States had approved the Program two years ago and therefore wished to know the reasons for radically changing it. The Delegation also wondered whether a bad precedent was being set in this process because if some Member

States were not pleased with Program 30 in this biennium, what would happen in the next biennium if Member States would not be pleased with Programs 1, 2 or 3? Would those Programs then be split up into the regional Bureaus?

546. The Secretariat referred to the question from the Delegation of Ecuador about the resources for expected result III.6 which had been reinstated and clarified that the total resources for this result included all resources for the activities aimed at enhancing the understanding of SMEs to use the IP system. It further clarified that the resources for this result had not decreased but remained stable as compared to the 2012/13 budget after transfer. The Secretariat referred in this context to Annex XI of the Proposed Program and Budget. Regarding the question from the Delegation of Mexico regarding the breakdown of the targets by region, the Secretariat noted that it had not had sufficient time to come up with setting the baselines and targets for the indicators in Program 30 in due time, but that this issue would be addressed during the usual baseline update exercise. The Secretariat further noted that the chart with the arrows had been distributed in conjunction with the white paper to explain how the resources had been distributed to the various expected results. The total in the chart amounted to 5.4 million Swiss francs instead of 5.9 million Swiss francs due in part to the cost efficiencies which had not been reflected and in part to the fact that only the major items had been listed. Regarding the question raised by the Delegation of Egypt regarding the performance indicators on capacity building for SMEs, it clarified that those indicators were in both Programs 9 and 10 in line with the proposed implementation model where three programs were contributing to the organizational expected result on SMEs. Referring the question from the Delegation of El Salvador regarding the SME focal point, the Secretariat confirmed that, indeed, Program 9 had been strengthened with an additional headcount. Concerning the rationale for the proposed change of implementation model, the Secretariat stressed that this was a proposal on the table which had not been decided and that the matter was now in the hands of Member States. The rationale behind the proposal was to look for an implementation model that facilitated a better delivery of results. The Proposed Program and Budget was a results-based budget with a focus on results and if the results were met, then the mandates should also be met. The proposal was trying to address the problems witnessed during the program performance review and the rationale behind the proposal was therefore to propose a more effective way for delivering the results.

547. The Delegation of Egypt thanked the Secretariat for the clarifications. It requested one unified result and indicators for the SMEs program instead of fragmenting these in several programs. In particular it requested that the indicators mentioned in Programs 9 and 10 be put together in Program 30 in order to facilitate monitoring and evaluation of progress. The Delegation further suggested that the discussion on the implementation model be postponed to a later stage.

548. The Secretariat confirmed that the capacity building indicators would be shared between Programs 9, 10 and 30 and that the indicators therefore would be reflected in 30 as well.

549. The Chair requested the Secretariat to present to the Committee a revised proposal taking all the concerns expressed into account on innovation, centralized versus decentralized implementation model, center of expertise and indicators.

550. The discussion resumed the following day when the Chair informed delegations that a new package of Programs 9, 10 and 30 had been distributed by the Secretariat. The resources which were previously in Program 9 for SMEs had been included in Program 30 and Program 10 remained as previously proposed.

551. The Secretariat confirmed that the package consisted of a revised version of Program 9 and Program 30. Program 10 had not been distributed since there was no change. The Secretariat further clarified that the narrative for Program 30 now included language proposed by several delegations and a stronger measurement framework, also suggested by several

delegations, for measuring capacity building activities which was previously in Program 9. As far as the description of resources for Program 30 was concerned some changes had been introduced in paragraph 30.7 to reflect the move of resources for the four 4 SME focal points from Program 9 to Program 30. Similarly, the text for Program 9 had been aligned accordingly, taking out the references to the SME capacity-building activities and also revising the results framework accordingly. Program 9 was therefore not contributing any more to the expected result relevant to SMEs.

552. The Delegation of Poland, on behalf of the CEBS, stated it supported the three Programs as presented by the Secretariat.

553. The Delegation of the Republic of Korea thanked the Secretariat for reinstating Program 30 but noted that reinstatement had not been done as the Member States had requested. It insisted that Program 30 be given the same amount of budget as in 2012/13 to enable work to be implemented in an efficient and effective manner. The Delegation noted that the removal of the budget for Program 30 had been done without Member States' request and mainly due to the undesirable performance result during the last year. The Delegation stated that it did not understand that the budget of a newly operating division could be removed only based on unsatisfactory performance of one year. In this context, the Delegation believed that it was the privilege and obligation of Member States to provide any Organization with a stable atmosphere to work. The Delegation sought clarification as to whether there were any other Programs where most of the budget was implemented by other divisions like in the case of Program 30. Secondly, the Delegation wished to know whether, with the reduced budget, the SMEs and innovation division would be able to accomplish its mandate. And, lastly, it asked whether there had been any compromise or consensus regarding the removal of Program 30 among the relevant divisions or sectors within the Secretariat.

554. The Delegation of the United States of America supported the intervention by the Delegation of the Republic of Korea. It sought clarification from the Secretariat regarding the resources from Program 9 which has been moved to Program 30. In this context, the Delegation requested clarification as to the precise amounts being transferred. The Delegation reiterated that it wanted to go back to what Program 30 was in the 2012/13 biennium.

555. The Delegation of Italy reiterated its position to see an ambitious Program 30. Regarding the Program narrative, it wished to reinstate the reference to Program 10 in paragraph 30.6 in relation to the development of questionnaire surveys to measure performance.

556. The Delegation of Switzerland thanked the Secretariat for the revised proposal which it found satisfactory in light of the comments made by various delegations. It believed that the proposal struck a very good compromise for the beneficiaries of Programs 9 and 10 on the issues that had been raised. The Delegation recalled that Program 30 was a program that did not operate well and therefore a solution had to be found to the issues around Program 30. It agreed with the idea of testing new approaches and underscored the importance of evaluation.

557. The Delegation of Canada shared the views of the Republic of Korea and the United States of America. It was concerned with the symbolic weight for an organization of which SMEs were a core audience, of reducing the budget for Program 30 by more than half after one year. The Delegation also stated that there was a need to coordinate with other programs and whether this could be achieved without taking away from Program 30.

558. The Delegation of Belarus, speaking on behalf Central Asian, Caucasus and Eastern European Countries (CACEEC), supported the revised proposal presented by the Secretariat.

559. The Delegation of the United States of America, referring to the intervention by the Delegation of Switzerland, wished to know why Program 30, the innovation division, was not performing as it should. It asked if this was due to personnel issues or the targets were too

ambitious. The Delegation also reiterated that it did not want to throw the baby out with the bath water in trying to advance something that was very important, SMEs, innovation policy and innovation structure. It stated that the innovation division was a newly created division and the question should be asked whether it had been given enough time. The Delegation did not think that it had and was of the view that it was not time to wind operations down.

560. The Delegation of the Russian Federation supported the statement by the Delegation of Belarus and reiterated that Program 10 should include measures that are funded in order to assist with program implementation for SMEs. The Delegation had not been satisfied by the way that Program 30 had operated in the period under review. It therefore requested a detailed report on the activities of Program 30 in order to support the decision making for the upcoming biennium.

561. The Delegation of El Salvador noted that it had made maximum use of the tools made available to it irrespective of where the Program was located. Nonetheless, it requested that the resources be absolutely maximized to the extent possible.

562. The Secretariat clarified that the total resources for the expected result on SMEs were remaining stable. Resources had not decreased. It recalled that it was a results-based budget, and the total resources for that particular result, even with the changes which are proposed in front of you, remained at the same level as the budget after transfer for 2012/13. Therefore the Secretariat believed that the proposed resources were sufficient to make progress on that particular expected result, as measured by the performance indicator, which are now proposed under Programs 10 and 30. Regarding the question related to the program structure versus implementing structure, the Secretariat clarified that the program structure in the Program and Budget did not 100 percent align with the structure of the Secretariat, and a good example was Program 24, support services, where several divisions resided under that particular Program. So, again, they are not 100 per cent. Also, several programs were contributing to the same expected results since the expected results were at the organizational level. The Secretariat reiterated that the resources which were proposed to be moved from Program 9 were the resources which had been foreseen for SME-related work. Regarding cooperation with Program 10 the Secretariat confirmed that the reference could be reintroduced because if tools were developed, they should be organizational measurement tools and not for one particular program only. That would be more efficient and effective.

563. The Delegation of Canada stated that, from what it had understood, the architecture had been changed so as to provide for delivery of parts of what used to be Program 30, in the initial proposal, in Programs 9 and 10. The Delegation was wondering whether it really was indispensable to do so in order to create cooperation between programs and what would be the implications on cooperation with Programs 9 and 10 if resources were retained in Program 30 as originally.

564. The Secretariat referred in this context to the white paper which provided an detailed overview of the proposed implementation model which the Secretariat believed was a more effective and efficient implementation mechanism.

565. The Delegation of the Republic of Korea took the floor again and reiterated its question of whether there had been any compromise or consensus regarding the removal of the Program 30's budget to other relevant sectors.

566. The Secretariat reiterated that in the true spirit of a results-based management budget, what was important were the results that were delivered. The results, which constituted the "what", had not been diluted in any way or form. The Secretariat believed that many questions had focused on how things were being delivered, whether it was in one Program, whether it was grouped together, or whether it was separate. It was also important to recall that there was not a one-to-one match between the Program and Budget and the organizational structure. What

was important was to have a structure in place, with managers accountable for delivering on the results. In this context, the Secretariat referred to the summary pages in the Program and Budget for each strategic goal which very clearly showed which programs contributed to which results. Through the work plans, managers were taking the responsibility for delivering on those expected results. The Secretariat further recalled that the preparation of the Program and Budget was an elaborate process starting with a questionnaire to Member States. The end-output was a results-based Program and Budget outlining the results to be achieved not necessarily in terms of the structure but in terms of the Programs.

567. The Delegation of India requested clarification whether the proposed budget allocation for 2014/15 for Program 30 minus the resources for SMEs in Programs 9 and 10 would be the same as in the 2012/13 biennium. The Delegation also noted that innovation was now separated from the SMEs program and that this component would be implemented under the chief economist. The budgetary aspects of this arrangement was however not entirely clear and the Delegation wished to receive further clarifications.

568. The Secretariat stated that what it had intended to clarify previously related to the expected result II.6, increased capacity of SMEs and SME support institutions to successfully use IP to support innovation and commercialization. For that particular expected result the resources remained the same as the budget after transfer for 2012/13 which meant that as far as the work targeting SMEs was concerned it remained at the same level as in 2012/13.

569. The Chair stated that all Member States needed to be satisfied and therefore proposed that Program 30 would go back as in 2012/13 minus Program 10. The Chair further proposed to preserve the innovation component as in the biennium 2012/13.

570. The Delegation of Switzerland wished to understand the implications of the Chair's proposal. It had understood that innovation activities would be ongoing and that resources had been allocated to that end. Reverting to the state of plan in 2012/13 would certainly have implications and the Delegation wished to fully understand those before taking any decision. It Delegation preferred to keep things as they had now been changed rather than going back to the way they were before.

571. The Chair noted that this had been tried but that Member States had not liked it. The Chair reiterated that his proposal was trying to satisfy everyone. Some Member States had supported Program 10 as per the latest proposal. The remaining membership would be satisfied by returning to the situation as in 2012/13. The Chair also requested the Secretariat to explain the implications on the budget.

572. The Delegation of China stated that after having decided on the "what" question the issue was now to decide on the "how". The Delegation noted that this was a complex question due to the many things involved including the three Programs, the relationships between innovation and the SME program, and where the resources would be concentrated. The Delegation suggested addressing these questions one by one. The Delegation had a special concern about the structure of the SME Program because it believed that the purpose of this Program was to serve the countries and SMEs directly. It stressed that SMEs were key beneficiaries and therefore the resources should be as close as possible to the beneficiaries. The Delegation believed that this would be very conducive to producing the expected outcomes.

573. The Delegation of Brazil reiterated some concerns raised by the Delegations of India and Switzerland regarding how the move of innovation from Program 30 to Program 16 would be translated into actions. The Delegation had understood that if innovation was moved to Program 16, the approach to innovation would be broader, and this was of great importance to the Delegation. It therefore wished to discuss the implications of moving innovation to Program 16, from the point of view of SMEs as SMEs were highly involved with the work in innovation, however they did not constitute the only group of beneficiaries. The Delegation stated that it

was opposed to the idea of reinstating innovation in Program 30, but it wished to discuss what would be the best solution for the Organization.

574. The Delegation of the United States of America thanked the Chair for his proposal. It requested to see what the resources by result table would look like after all of the innovation components had been put back into the Program, leaving out Program 10. The Delegation further requested clarification regarding the process of Member States' input to the Program and Budget via the questionnaire. It recalled that in its response it had requested for additional resources for Program 30. The Delegation reiterated that it felt very strongly about the work that was being undertaken for SMEs and on innovation policy and structure and was wondering whether there had been any response from another Member State which had requested to decentralize all the functions of Program 30.

575. The Delegation of the Republic of Korea was concerned that the results of Program 30 had not been possible to attain due to insufficient budget. In this context the Delegation noted that the removal of the budget for Program 30 was a proposal by the Secretariat and that during the discussions many Member States had asked to recover the budget at the same level as in the current biennium. The Delegation further stated that, in its view, there had been no consensus on the Program proposed by the Secretariat and that therefore, the original budget as in 2012/13 should be kept. The Delegation concluded by urging Member States to give a chance to the SME and the innovation division and to support the division to attain its goals successfully, which would be beneficial to all, especially to developing countries and LDCs

576. The Delegation of Italy noted that if consensus was reached on reinstating Program 30, less the activities in Program 10, the coordination mechanism between the two Programs should remain.

577. The Delegation of India expressed similar concerns to those of the Republic of Korea and asked whether all factors had been considered and analyzed before removing innovation from Program 30 and placing it in Program 16, under the Chief Economist. The Delegation also reiterated that the Program had only been established in 2011 and that all Member States generally had requested to strengthen the Program in terms of staff.

578. The Secretariat responded that in order to answer the questions raised it would outline what was being done under Program 16 and how that related to innovation policy. In other words, it would outline the objective of the Program as it related to providing empirical analysis that was supporting policymakers' deliberations on how IP and broader innovation policy choices affect economic performance at the level of firms, at the level of industries and at the level of economies. The Secretariat stated that this was a question which the Organization had always been faced with: how broad was the work in relation to innovation policy going to be? Innovation policy itself could be defined very broadly to include many areas of policy that go way beyond IP. At the same time, just a narrow focus on IP was too narrow because IP was not an end in itself and was really supposed to serve a broader objective of promoting innovation. In addition, there were also important interactions between IP policies and other innovation policy elements like other government policies that promoted innovation, for example, how financial markets supported innovation in particular circumstances. The Secretariat explained that, against this background, the approach taken consisted of designing a set of activities that related, or were focused primarily, on the functioning of the IP system, including studies and publications that informed policymakers on the functioning of the IP system. In this context the Secretariat in particular highlighted the Global Innovation Index which was probably the broadest analytical exercise that appealed to the innovation policy community at large. It noted that the ultimate objective of that exercise was to work with data and to see what data could tell about how innovation policies work in different countries and what could be learned about the strengths and weaknesses of innovation policies in different countries. The Secretariat summarized that the general objective, starting off from the IP system, was to ask how IP policy choices affect innovation and how they interact with other innovation policy to affect economic

performance. This was being done mainly by providing empirical inputs in the form of concrete empirical studies on narrow IP topics or in the form of the Global Innovation Index which was ultimately an empirical exercise.

579. The Chair then requested the Secretariat to outline, for the Committee, the implications of the proposal as requested by the Delegation of Switzerland. The proposal should satisfy all Member States since WIPO was a member-driven organization, and should consist of a combination of Programs 30 and 10, with 30 returning back as normal, minus Program 10, and with innovation included as in 2012/13.

580. The Delegation of the United States of America reiterated its question regarding the genesis of the Secretariat's proposal. In this context, the Delegation was wondering if there had been a response from another Member State to this effect or whether this was based on the Program Performance Report.

581. The Secretariat explained that the Program and Budget questionnaires were guiding it in determining the priorities of different Member States and that these were taken on board when developing the Program and Budget both at the strategic goal level and at the level of the expected results. The Secretariat stressed that structures were not being looked at in this process. The "how" was discussed internally where results were then regrouped and placed in the best way to be able to deliver, because, at the end of the day, the Secretariat was accountable to the Member States through the delivery of efficient and effective performance, as reflected in the PPR. The Secretariat reiterated that based on the guidance provided by Member States through the questionnaires a proposal had been prepared and that any adjustments required to that proposal were in the hands of Member States.

582. The Chair thanked the Secretariat for the explanation and said that the decision on Program 30 would be reviewed later that afternoon.

583. Later that afternoon, the Chair recalled that the Secretariat had been requested to distribute a revised proposal for Program 30 based on the agreement that the Program would be brought back excluding the content in Program 10. The Chair also recalled that Member States had requested clarification on the budgetary amounts. The Chair then opened the floor for questions on the new budgetary tables which had been distributed.

584. The Delegation of the United States of America thanked the Secretariat for the revised proposal and noted that it would have to consult with its capital. It also requested to see the narrative part of the proposal redone. This could be done by reverting to the text used in the current biennium while carving out the implications in respect of Program 10.

585. The Delegation of the Republic of Korea thanked the Secretariat for the revised budget for Program 30 and noted that the amounts were below the Delegation's expectations and that it was therefore concerned whether this would enable the related work to be done. It noted that its final position would be expressed later.

586. The Delegation of Italy noted that it would be looking at the revised proposal and that it was almost satisfied.

587. The Chair requested those Delegations who wished to revert at a later stage to expedite their review.

588. Discussion on the final changes to Program 30 took place under agenda item 21 (Adoption of the Summary of Decisions and Recommendations) and is reproduced therein.

589. The Chair opened discussion on Program 11.

590. The Delegation of Brazil recalled that in the last session of the PBC it had been agreed that Member States would have access to at least an executive summary of the report that generated the proposed changes to the WIPO Academy.

591. The Delegation of Ecuador stated that Program 11 represented a source of technical capacity building for developing countries and SMEs in the area of IP. According to the proposal of the Secretariat, in the next biennium the Academy would play a catalytic role in promoting the establishment of master programs on IP in developing countries and networking with universities in industrialized countries. In addition to that role, it was important for Ecuador that the Academy would also enhance the capacity of developing countries universities to offer master programs on IP themselves.

592. The Delegation of Chile recalled that academic context in developing countries and in the LDCs were different from that of developed countries and that at the present time there was only a limited number of graduates of IP master programs and WIPO had an important role to play in providing this type of training and education in developing countries. Even if it might be more cost-effective to provide scholarships to developing countries for attending existing master programs on IP in developed countries, it was also important to work with developing countries' universities so as to enhance their own capacities in this area.

593. The Chair invited the Executive Director of the Academy to respond to the inquiries.

594. The Secretariat confirmed that it was ready to distribute the executive summary of the report prepared by Dr. Deere Berbeck, on the understanding that such report had been commissioned as an internal management report. Regarding the interventions by the Delegations of Ecuador and Chile, it was important to emphasize, once again, that in the next biennium Program 11 would continue to fund current master programs on IP including the one in Latin America. Nevertheless, the long term vision was indeed to move out of such arrangements once the universities in the various regions would become self-supporting in delivering these master programs.

595. The Delegation of Chile stated that, in its view, the 2014/15 Program and Budget document should not prejudice work to be done in the future and Chile could simply not accept that in the 2016/17 biennium a different arrangement were to be proposed.

596. The Secretariat stated that the purpose was not to prejudice decisions to be taken for the 2016/17 but simply to share with Member States the long term vision which had emerged from the internal management report and to place proposals for the 2014/15 in a larger context.

597. The Chair stated that there was agreement on Program 11 and opened discussion on Program 12.

598. There were no comments on programs 12, 13 and 14.

599. The Chair opened discussion on Program 15.

600. The Delegation of Hungary reiterated the request it had made at the July session to add in the descriptive part of Program 15 that it was also working in close cooperation with Program 2.

601. The Chair opened discussion on Program 16.

602. The Delegation of the United States of America, in connection with the Program 30 issue of funding, noted that around 800,000 Swiss francs would be going into Program 16. The Delegation questioned that, as it did not know to how the Office of the Chief Economist would actually engage in innovation policy development. The Delegation wished to flag that it was not pleased with the Program as it related to Program 30.

603. The Chair opened discussion on Program 17.

604. The Delegation of Brazil, on behalf of the DAG, reiterated the concerns raised in the last PBC session on the expansion of the budget of Program 17, noting that there was not much information that would guide why there was an expansion of the budget. The Delegation stated that it was puzzled to be informed that part of the program that it thought was to create awareness-raising was aimed only at children, and that it was having thoughts about the aim of the Program. The Delegation expressed concerns about the clarity in the way the Program was drafted, and specifically suggested a change in the text in paragraph 17.3. The Delegation requested a full stop after “These challenges and the multilateral, plurilateral and bilateral enforcement initiatives taking place outside WIPO call for the role of this Program to be carefully calibrated,” and requested the deletion of “to ensure WIPO’s continued relevance in steering the deliberations towards a proper balance in the IP system.” The Delegation noted its understanding that the Advisory Committee on Enforcement is mainly a forum to exchange information and practices among Member States and that this would be better understood with the deletion of the second part of the sentence.

605. The Chair opened discussion on Program 18.

606. The Delegation of the United States of America thanked the Secretariat for the added transparency in Program 18 through the separate description of the IP and competition policy sector. The Delegation welcomed the opportunities to monitor WIPO’s activities in this area and for WIPO members to approve any work before it was initiated by the IP and Competition Policy Division. The Division’s mandate was to facilitate the exchange of national and regional experiences and information on the interface of IP and competition law through surveys and questionnaires under the Committee on IP and development. The Delegation stated that it looked forward to further participating in this work. The Delegation requested, however, more details on the division’s work, noting in particular a proposed budget of 2 million Swiss francs, increased by 600,000 Swiss francs from the last biennium. The Delegation emphasized that competition policy was not a core competency of WIPO or IP offices and noted that WIPO should maintain a limited scope of activities in this area and should avoid duplicating the work of other actors in this area, such as the international competition network which is a venue for competition authorities worldwide to discuss and advance sound competition principles across the global antitrust community.

607. The Delegation of Brazil, on behalf of the DAG, stressed the importance of transparency and restated the need for a formal periodical reporting system in order to guarantee accountability of, and participation of Member States in Program 18. This Program, with a budget of 7.2 million Swiss francs, was dealing with important global challenges, but was not subject to oversight of countries in an appropriate committee. This deficiency endangered the purpose of the Program to contribute to the work done in Member States. To address this deficiency, the DAG proposed changes in the text to have a new paragraph 18.4 stating that due to the nature and objectives of Program 18, discussions related to its mandate and work would be held in the CDIP and that the activities under Program 18 during the 2014/15 biennium would be undertaken subject to Member States’ approval and would be reported during the sessions of the PBC. The Program should implement also Strategic Goal VIII, a responsive communication interface between WIPO, its Member States and all stakeholders. The expected result would be the effective engagement of Member States, a performance indicator would be the presentation of progress reports of activities and future projects of Program 18 in the PBC sessions. There was no baseline, since no report was given in the previous biennium, and the target was four progress reports. The DAG shared with the United States the wish to receive more information on the activities of the program in the Member States of the DAG and was eager to participate in decision making and fostering the activities related to IP and global challenges once they were part of this process.

608. The Delegation of India, on behalf of the Asian Group, supported the statement made by the DAG and stated its concerns regarding a lack of discussion among the Member States on the content of this Program. The Group's view was that there should be committee level discussions or some forum that could discuss and guide the Secretariat and would enable Member States to participate in formulating the WIPO position in different international fora on the IP issues relating to health, food security, climate change and other evolving issues which were of concern for developing countries. Such fuller participation of Member States beyond approving the budget would inspire more membership confidence.

609. The Delegation of Algeria, on behalf of the African Group, expressed its full support for Program 18. The African Group referred to its statement in the previous session and the reasons given for supporting this Program. The African Group repeated its call for an appropriate forum to discuss this Program. At the previous session, the IP and Global Challenges Division had given a report on its work during the previous biennium and on what it was planning for next biennium. The African Group had asked for incorporation of some of that information into the description of Program 18 in the budget narrative and asked whether that had been done. Second, the Group stated there was a need to discuss how to strengthen consultation between Member States and the Division in charge of Global Challenges. The Group was pleased to hear that the US would also like to have more information about the work of this Division, which implied that there were other delegations who wished to have a more appropriate forum to discuss in more detail the issues relating to Global Challenges. There should be a discussion on where and how to have a more appropriate discussion of this Program and a more appropriate mechanism for reporting by this Division to Member States. The Group favored the CDIP.

610. The Delegation of Belgium, on behalf of Group B, in reaction to the statement of the DAG, referred to its statement in the previous session of the PBC and stated that all were in favor of transparency. One way of achieving this would be simply contacting the Global Challenges Division, sitting down, getting information and providing further policy advice. Second, the Group aimed at a lighter workload of WIPO Committees, especially if there were other ways of providing input to a program and getting a better feedback on what exactly was planned within it. Third, the Group noted that the Global Challenges Division was involved with many activities. These concerned development, but also other activities that might be related to normative work. For this reason, Group B, at this stage, did not see any additional benefits of having a specific reporting mechanism to the CDIP.

611. The Delegation of Iran (Islamic Republic of) supported the proposal made on behalf of the DAG and the Asian Group. As mentioned in its general statement, the Delegation did not see any consensus between Member States on the key issues of IP and public policy. Therefore, it was not clear what understanding of IP would be shared and presented by Secretariat on behalf of the organization. The Delegation believed that it was imperative that a common understanding on the impact of IP on global challenges be established through discussions among Member States. That common understanding could then serve as a road map for WIPO participation. The Delegation strongly believed that this Program is needed to be discussed in a substantive manner in relevant committees, especially in light of its relationship with the Development Agenda recommendations.

612. The Delegation of South Africa supported the statement made by the DAG, the Asian and the African Groups and Iran, requesting a better briefing from the Secretariat on Program 18 and a proper reporting structure, specifically to the CDIP, to provide further accountability and transparency and to allow Member States to participate in WIPO activities.

613. The Delegation of China supported the statement made by the DAG, the Asian Group and South Africa. The Delegation believed that Program 18 was of vital importance because it aimed at addressing global challenges such as global health, climate change and food security. These questions were far too important to all countries and especially to developing countries.

Therefore, the Delegation believed that it was necessary to have a more adequate platform for Member States to participate in the implementation of this Program and considered the CDIP as the appropriate forum.

614. The Delegation of Switzerland supported the statement made on behalf of Group B. This issue had been discussed at length in several budget committees and a solution had been found as to how to ensure transparency and interaction with Member States. The Delegation did not see why things had to be changed. As explained by Group B, the mechanism was developed with briefings held during the year where the Division informed the Member States about what was being done and interaction could take place in those briefings. It had also been agreed that during the Program and Budget meetings, this Program should be discussed as part of the development of the Program and Budget. Delegates could suggest what they want to see as activities. This Committee should discuss the Program and Budget and the delegation did not see why this should now be sent to another committee. This was a broader issue than the matters of the CDIP. The PBC not the CDIP was the place to discuss this Program.

615. The Delegation of Brazil, in response to Group B and the Delegation from Switzerland, explained that at this moment, there was only one reporting mechanism regarding the Program. This was the PBC where Member States could put their views on record and participate and engage. This was not a forum which it considered as fit for a full discussion of the program's activities. That discussion should take place in the committees, and the CDIP was the committee that was more connected with IP and global challenges. The Delegation liked the idea that it was only necessary to request the information. In the last PBC, as mentioned by Switzerland, there was the same discussion on transparency and accountability, and there was agreement in the PBC that the Secretariat was supposed to bring written information. Some delegations, including Brazil, had mentioned that they did not consider a power point presentation as sufficient to explain the expense of 7 million CHF. Nonetheless, in the last session, there had been a presentation of five power point slides as the only information on the project. As reminded by the Delegation of Algeria, the Delegation wanted to see a more lengthy report on the work of the IP and Global Challenges Division. That had been agreed in the last session. So far, the Delegation had still many questions that needed to be answered and there was no proper forum to raise them. The Delegation recalled that, in the opening statements, besides the DAG, the Asian Group, China, the United States, and South Africa, more delegations had discussed the possibility and the will to engage in a forum and discuss the work that was being undertaken on IP and global challenges. It was not understandable why some Delegations opposed having a periodical and formal place to discuss and to have opinions and views on record regarding IP and global challenges.

616. The Delegation of the United States of America, referring to the comment made by the Delegation of Brazil clarified that its comment did not relate to the reporting structure with respect to global challenges, but related to the IP and competition policy sector. In this respect the Delegation agreed with the comments made by the coordinator of group B. The Delegation explained that its earlier statement was specifically related to the IP and competition policy subprogram. The Delegation had requested more information as to why there is an increase in that budget and what projects are being contemplated.

617. The Delegation of Algeria asked why Group B and delegations such as Switzerland opposed a reporting mechanism by this division in other committees which would enable the delegations to contribute in a substantive way to the discussion, and what their concerns were. The Delegation's concerns were that the briefings given by this Division were only informal, they were not formal briefings. Comments were not formal. Since they were informal, the Secretariat was not under any obligation to take them on board. The PBC discussed from a budget point of view. The report was included in the agenda connected to the budget. Hence, this was not a substantive discussion about the activities of the Division, but just on the budgetary issues connected with it. These were the Delegation's substantive concerns. The

Delegation did not see the Group B countries making any effort to respond to these concerns, apart from constantly repeating that they were not convinced about more transparency from the Secretariat to enable Member States to contribute in a substantive way to the work of the Division.

618. The Delegation of Monaco, in response to the questions raised by the Delegation of Algeria, stated that for Monaco it was fairly simple. Each WIPO committee had a well determined mandate. The PBC was competent to discuss the budget but also programs when there were any questions about the implementation of a program. The PBC was the ideal committee for that. Furthermore, at PBC sessions, people from divisions in charge of programs came to the meeting and responded the questions of Member States. The Delegation asked why there should be a parallel procedure to render accounts or to supply information that was requested particularly as regards Program 18 which was a cross-cutting program. It questioned why a committee other than the PBC should be chosen and why this should be the CDIP rather than any other committee. Program 18 was a cross cutting program which affected not only development issues but others as well. For the Delegation it was clear that the committee examining programs should deal with anything relating to the implementation of a program. There was no need to establish a mechanism because such a mechanism existed already, namely discussions of the PBC. The Delegation asked why a parallel procedure for a particular program should be introduced when these questions could be directed to the people concerned in the PBC.

619. The Delegation of India said it wanted to raise a similar concern as the Delegation of Algeria, and also concerns raised by the Delegations of Switzerland and Monaco, regarding the CDIP being the committee to discuss the subject matter of this Program. The Delegation drew attention to paragraph 18.3 where it was said that the Program would continue to engage in policy dialogues on IP and global challenges, as a credible source of fact based information and analysis and a forum for international discussion. The Delegation's understanding was that WIPO was representing the views of the organization at international discussions in different international fora, while Member States were deprived from having a substantial discussion. The Delegation was not advocating that this had to be discussed in the CDIP and was interested in hearing from those Member States who wanted to have the discussion at any other appropriate forum in WIPO. The Delegation wanted to participate in the dialogue constructively and requested the Secretariat to help out here.

620. The Delegation of Egypt felt that the issue at hand was clear. The PBC was a committee for budgetary issues. It was not a committee for substantive discussions except for budgetary reasons. It could not be the forum for discussion on the activities of the Program and its substantive work in different fields. There was a need to find another committee for Program 18 reporting. There was a need to agree on this first. The second question was which other forum should discuss it. If there was agreement first that this PBC was not a committee for discussion of substance, but only for the budget, then another committee had to be identified for reporting of the Program, be it the CDIP, the SCP or any other committee as India had suggested. This should be decided now because the issue had been discussed in several sessions of the PBC without a solution.

621. The Delegation of Switzerland, in reaction to some of the comments made, recalled that the task of the PBC was to discuss programs. For instance, in its discussion of Program 30, the PBC considered the activities report rather than asking for a special forum. The Delegation asked why there should be duplication by creating other fora. The Delegation did not see why this should be duplicated elsewhere when there was no better place than the PBC to do so.

622. The Delegation of Brazil clarified that there would not be a parallel process by having the discussion in the PBC as well as in an appropriate committee. This was done for all other programs but not for the Program 18. This was the issue to be addressed. The Delegation wanted Member States to be empowered to take part in the discussion and in decisions on how

to implement the Program and did not know why this idea had been subject to such fierce opposition. Since the aim of the Program was to deal with IP and global challenges, all Member States should be involved in that. It had already been tried to use the reporting mechanism in the PBC. That was clearly not well received by the biggest part of the membership. Now, those who were against the idea of applying the same treatment to Program 18 as applied to other programs, should state why. The Delegation understood that there was a position of the Group B, in some of its Member States, but there were also many Member States in this Group that would like to have more information. It was clear that the PBC was not the forum for having this information and for discussing in depth IP and global challenges.

623. The Delegation of Iran (Islamic Republic of) stated that the question was whether the PBC was relevant for discussing this issue or not. Referring to paragraph 18.1 which highlighted that the Program addressed some issues including global health, climate change and food security, the Delegation asked the Secretariat whether there had been any consensus among the Member States to address these three issues and which understanding of these issues as the position of the Member States was reflected when WIPO presented its contributions. Looking at paragraph 18.6 speaking about some notions like green technologies and looking at other organizations, the concept was very controversial. They were under consideration. There had not been any agreed definition regarding these issues. For this reason, the Delegation thought that the PBC which had the mandate to consider the Program and Budget and not the substantial and conceptual issues was not the relevant body for this. For the Delegation, looking at the whole Program which in many cases referred to the DA recommendations, the most relevant body was the CDIP. If not, the GA could decide which the relevant body was. It was for sure that the PBC was not the relevant body for discussing this problem.

624. The Secretariat stated that transparency seemed to be a major concern for many delegations. The Secretariat was also very interested in a good and functioning dialogue with Member States. That had been pointed out in earlier discussions of the PBC. The formal reporting and accountability mechanism for all WIPO Programs was the PBC. Reporting was done through the PPR, and programs received and incorporated Member States' input on their new Program and Budget proposals. It should be noted that no other WIPO program was required to report to another committee. At the last PBC it had been agreed that in order to provide more information to Member States, the PPR for Program 18 would be expanded and the Secretariat would do so in its next submission. The Secretariat would seek input from Member States in order to meet their expectations as to proper reporting on the activities of this Program. It would be beyond the role as Secretariat to say that the Secretariat could report to the CDIP if there were Member States who disagreed with this proposal. However, the Secretariat was very interested in receiving input from Member States, engaging in a dialogue with them on its activities, and to engage them in its activities because some of the platforms needed to engage Member States' institutions. The Secretariat had provided briefing sessions on various occasions in the margins of SCP and the CDIP in order to reach out to the experts which attended these committees and for whom its activities might be of relevance. The Secretariat urged Member States to participate in these briefings. The Secretariat confirmed its availability to provide any sort of written and oral material which could be helpful for Member States on these occasions. There was a plan to organize another briefing session before the GA. In addition, the Secretariat was always available for bilateral consultations, also to engage in contacts in capital if Member States so required. The Secretariat reiterated that its interest in engaging with Member States was a genuine one. As to the question raised by the Delegation of Iran, as to whether there was consensus on the issues to be addressed by the program, namely climate change public health and food security, this went back to the establishment of the IP and Global Challenges Program in the Program and Budget for the 2009/2010 biennium when these three global challenges were first identified. The type of input the Secretariat provided if requested in the context of negotiating fora or to other international organizations was purely factual. WIPO did not participate as a party, only as a resource. The information provided was, for example, how patent information could be used to determine whether a certain medicine was protected by patents and where it was protected. This type of purely

factual information regarding WIPO activities could better be provided by WIPO than by other organizations. The Secretariat stated that it fully agreed with comment made by the United States concerning the need to avoid duplication in the activities of the IP and competition policy sub-program. The Secretariat said that it only addressed the interface between intellectual property and competition policy, and considered competition policy from the perspective of intellectual property rights. The Secretariat also stated that in this area an increasing number of countries had information and experience to share with other countries. The Secretariat did not itself develop much information, but aimed at facilitating the sharing of information on how to deal with the interface between IP and competition policy. In order to avoid duplication, the Secretariat had established an informal cooperation mechanism with other organizations that are active in this area; this also facilitated information sharing and the identification of synergies. As to the increase in the resources for expected result 7.3 on page 153 (English version), this did not reflect a net increase in resources – as obvious from the overall resources table - but merely a more appropriate allocation of management time by individual expected result. This also explained the decrease in expected result 7.2.

625. The Delegation of Brazil announced that it would submit a proposed text to address the challenge to engage Member States, and stated that no blank check could be signed; two years had been spent without a proper mechanism to receive information which could be forwarded to the capitals to then provide guidance to the Secretariat on how to deal with the problem.

626. The Chair summarized that there was no agreement on this Program. Member States needed to think about how to compromise. He asked the Secretariat to come up with some language. There were two issues. One issue related to where it was appropriate to have this discussion: some Member States said the PBC, others said the CDIP. The other issue was the reporting mechanism and the format of presenting the information, whether it was a presentation or a more comprehensive and detailed written report for the PBC with policy options for the future, or the PPR, etc. The Chair presented these options as possible elements for a compromise and suggested also to the Secretariat to work on language addressing the two issues, the venue and form and a possible more comprehensive and detailed report for later decision.

627. The following day the Chair re-opened discussion on Program 18 and the proposal prepared by the Secretariat and the one by the DAG.

628. The Delegation of Brazil on behalf of the DAG invited members to comment on the DAG proposal and recalled that it had the support for the idea of having the IP and Global Challenges Program report to the CDIP from the African Group, GRULAC, the Asian Group, and China.

629. The Delegation of Algeria reiterated the support of the African Group.

630. The Delegation of Belgium, speaking on behalf of Group B, thanked the Delegation of Brazil for the proposal. The Delegation reiterated its earlier comments and stated that the PBC was not only concerned with the budget, but also gave further direction to the Program. It mentioned that the activities of the Global Challenges Division covered a wide range of activities and was not only related to the CDIP. The Delegation did not understand the reason for additional reporting to the CDIP. Regarding the Secretariat proposal, on the first reading, there were not many problems. The Delegation highlighted the importance of an opportunity for both informal consultations and reacting to the PPR. That was also reflected in the second sentence of the Secretariat proposal. This was a good and workable compromise.

631. The Delegation of South Africa supported the proposal by the DAG.

632. The Delegation of France thanked the Secretariat for the proposal to further strengthen reporting and have more interaction between Program 18 and the Member States. All shared

that concern. The Delegation saw the DAG proposal as a step backwards compared to the discussion the day before when there was a feeling of some consensus on the question of reporting. It referred to the Indian Delegation who stressed the link with development and other parts of the world. The Delegation stressed its wish to be involved with Global Challenges and to contribute its perspectives. The Delegation was seeking strengthened reporting interaction and thought that the Secretariat's proposal took account of the request to have very active information focal points. Work programs could be discussed. While the issues were now climate change, health and food security, they could be discussed in other fora in terms of other countries. It was good to discuss this. Everything that enhanced reporting and the interaction for those who were in charge of programs and the Member States was welcome.

633. The Delegation of Monaco agreed with the statement made by Group B. The Delegation supported everything that improved transparency and reporting and felt that the Secretariat proposal was good and moved in the right direction. Regarding the DAG proposal, the Delegation reiterated that global and cross-cutting issues were of interest to the CDIP and to other Committees. In 2009, for example, the SCP was the focal point for preparing the conference on IP and Global Challenges, not the CDIP. Rather than singling out one Committee, it would be better to let the PBC deal with matters on a cross-cutting basis.

634. The Delegation of Egypt said it should be distinguished between two points. The first was the need for official reporting on Program 18 and its activities, the second was where this could be done. In this respect Egypt welcomed the statement by the Delegation of France that had supported better and stronger reporting on Program 18. Egypt thought that the Secretariat proposal was simply the status quo. The Delegation stated that informal consultations could happen anytime, anywhere and did not need to be included in an official document like the Program and Budget. There was no added value in informal consultations. What was needed was formal consultation. Second, continued reporting through the PPR before the PBC was successful. The PBC held budgetary discussions. And also Program 18 had the element of the planning, implementation of strategies and risk and mitigation strategies. The PBC did not discuss the substance of the program activities. The PBC did not discuss climate change, food security or health. Therefore, the Delegation could not accept repeating the same reporting model at the PBC. As to the issue of where to do the official reporting, the Delegation was flexible. While the proposal from the DAG and the African Group was to do it before the CDIP, it could also be done before the SCP. Additional proposals might be made by Member States for other Committees that could benefit from official reporting from Program 18.

635. The Delegation of China reaffirmed that it was very necessary to establish an effective monitoring and reporting system for Program 18.

636. The Delegation of the United States of America reiterated its support of the Group B statement on this issue. Without wishing to distract too much from the conversation on this issue, the Delegation indicated the discussion on IP and competition policy to reflect the DDG's comments in this area. On page 138, under paragraph 18.18 in the seventh line, it said: "the increase in resources for result VII.3 reflects an additional allocation of management time to this result and does not reflect an increase in activities or resources." With respect to paragraph 18.15 in the second line, it said "some of the activities." The Delegation asked to indicate the activities undertaken in the past few years, continued and further developed with Member State approval.

637. The Delegation of Italy aligned itself with the statement made by Group B. The current system of monitoring the Program through the PPR was the chief solution. More detailed information could be provided. However, if the precedent was set and then discovered that other activities required something different than the PPR, there was a risk of running into details and micromanaging the whole organization. The Delegation recalled that many Committees performed normative functions. Program 18 was about practical initiatives and projects, such as seminars or publications. In the case of a Development Agenda project in the

field, the CDIP would enter. Extending the same model to other things, risked to jeopardize the whole system of monitoring results. This was not in the interest of the Organization and would make the work slower and less efficient. There was trust in the Secretariat in having this model and it should remain.

638. The Delegation of Brazil, speaking on behalf of the DAG, thanked for the comments and legitimate concerns presented in respect of its proposal. I understood that all delegations were concerned with transparency and the way in which delegations could improve participation in the process of the Global Challenges Program. Regarding the comment by Delegation of Monaco that the CDIP might not be the best forum for discussion, also the SCP could be included as the first forum that dealt with Global Challenges. The fact was a mechanism was needed to allow Member States to participate and to engage in the work of this institution. Brazil was open to discuss the possibilities. It understood that the PPR was not the right reporting tool on this subject. Global Challenges could not be treated in the same way as the WIPO policy on language and services which were extremely different subjects. There could not only be reporting to this Committee on such an important political issue for Member States. Perhaps, the CDIP would not be the only forum for discussion, but it could also have discussion so that Member States could take part in the process and be informed on the directions. There was not much participation of Developing Countries in the Program. For example, in WIPO GREEN, it was the interest of this Organization to have a broader participation of Developing Countries. For that to happen, discussion was really needed in the appropriate fora on a regular basis on what had been done and what were the projects. The PBC was not the right place to do so. There was no risk of micromanaging global issues. They were global. Member States should discuss them and give directions to the Organization in the proper way. The Delegation was open to discuss the wording, but the Secretariat proposal was not sufficient to bridge the gap of transparency in the IP and Global Challenges Program.

639. The Delegation of India, looking at the revised Secretariat proposal, saw the Secretariat's willingness to engage with the Member States through informal consultations. It was also clear that nobody was against the involvement and more engagement of Member States. The Delegation's understanding was that input was given prior to starting of any substantive work. Substantive issues were not being discussed in the PBC and the PPR was a self-assessment by the Secretariat where Member States had very limited scope to discuss any substance. Therefore, the DAG proposal was relevant and emphasized to have a mechanism for a substantive discussion by the Member States before going to implement this Program. That was also the rationale for budget allocations.

640. The Delegation of Iran (Islamic Republic of) supported the proposal and the reporting mechanism made by the DAG and suggested to keep the budget in the PBC. The substantial issues could be deferred to the GA for discussion and taking a decision about procedure and method of the reporting since there was no consensus about substantial issues and which Committee was relevant for reporting.

641. The Delegation of Switzerland associated itself with the comments made by Group B. In response to some of the questions raised, especially those raised by Egypt on official reporting, the Delegation stated that there was already the PPR. On the question of program development and implementation and particularly focusing on Program 18, the Delegation reminded that there were regular briefings organized by the Secretariat. Interested delegations were invited to attend those briefings. This was important. Input could be given and information could be received so that Delegations could come well informed to the PBC, could give properly tailored, specific inputs on the development of particular programs and could more easily raise questions as to activities that had been undertaken. It was very important to always bear in mind that the PBC was a Committee that elaborated programs, allocated funding for them and looked at the results achieved. The Delegation asked why the Global Challenges Program should be singled out and dealt with it in a different way from other programs. Regarding a point made by the Delegation of Italy, Member States were allowed to propose at the SCP and

discuss in substance, if the SCP agrees, for example, climate change, if there was a proposal relating to patents. On the current agenda of the SCP was an item on patents and health. Program activities had to be distinguished in terms of the Program and Budget mechanism and the substance of the issues. The Delegation was happy with the proposed text for Program 18 with the description of the program contained therein. It noted, however, that requests had been made to further highlight the involvement of Member States in program development and elaboration and reporting of this Program. In this regard, the Delegation could also accept the amendments that had now been proposed. Answering to the Delegation of Brazil, Switzerland said it had no concern about the operating at present. Certainly, the Delegation did not want to create the impression that something was wrong in this Program, that there was not the right mechanism, that the Program was not transparent enough. The mechanisms existed. Perhaps, they were not being fully. They should be better used rather than trying to duplicate something already existing because the whole evaluation system would be jeopardized otherwise.

642. The Delegation of Canada supported the statement made by Group B and the comments made by Switzerland which were very well taken. Lining other Member States, the Delegation attached great importance to transparency and believed that the PBC and the way it operates through the PPR was an appropriate way of operating. There were adequate platforms for dealing with information by that means. The Delegation welcomed the Secretariat's proposal as set forth in the draft Program and Budget for Program 18 which would further enhance quality.

643. The Delegation of Japan echoed the intervention of Group B. Two things had to be kept in mind. One was that this Division and Program dealt with a much wider area than the mandate of the CDIP comprised. The second was the balance between transparency and inclusiveness and avoiding micromanagement. The Delegation was afraid that micromanagement could prevent the Organization from going forward to effective implementation of a strategic goal based on Member States' wider perspective and guidance. From this perspective, at least at the first sight, the Secretariat's proposal stroke this balance well.

644. The Delegation of Germany supported the statement and other comments from Group B. The language suggested by the Secretariat stroke a good balance. The PBC was the place to have discussion on this Program as well as on other programs. Information was guaranteed in the PPR and the briefings. There was sufficient information provided. The greater need of transparency that some Member States seemed to see was reflected in the language suggested by the Secretariat. The Delegation agreed with Italy that there was a risk to micromanage the Organization if programs were singled out to report to other Committees. Germany was not in favor of that.

645. The Delegation of Venezuela (Bolivarian Republic of) said that the explanation of the DAG seemed to be logical as seemed to be the intervention of the Delegation of France. Perhaps, the problem was in the drafting. The subject of new challenges was not anyone's or any Committee's monopoly and was a challenge in itself, that of putting this Organization on the right path to seek the right way for development. The problem could be the way in which this had been posed because it was difficult to foresee the challenges within a Committee. It was global, holistic and difficult to see how a Committee that met once or twice a year could say what the challenges were or to report on them. And in the same manner, information could be simply provided through informal consultations. It would need resources. It was impossible for Member States to predict what the new challenges would be. It was a matter for all humanity, a daily reality. This was not something to be discussed only on an annual basis. The GA pulled together all of the Committees and all of the areas having to do with this Organization. Perhaps that would be the best forum.

646. The Delegation of Egypt, in response to the Delegation of Switzerland, clarified that there were different views on the need for reporting and the forum for reporting. There was agreement that the PBC was a Committee for budget issues. The Delegatin had no problem

that Program 18 continued to report on budgetary issues to the PBC. However, given the nature and the mandate of this Program, as stated in Paragraph 18.3, which said that the Program continued to engage in policy dialogue on IP and Global Challenges, the PBC was not the Forum to discuss in a policy dialogue on IP and Global Challenges. This was the core issue. The Delegation requested to have the proper forum to address this issue of policy dialogue on IP and Global Challenges. This was important to clarify. The second point was about singling out Program 18. This was not entirely the case because all programs of substance in the budget had Committees to report to. Program 1 on patent had the SCP. Program 2 had the SCT. Program 4 had the IGC, etc. Each program that had issues of substance had a Committee to report to. In fact, it was not tried to singling out Program 18, but establishing the standard, to make Program 18 stand on equal footing with all other programs that worked on substance, to achieve equal treatment. The third issue was about micromanaging. This argument could not be accepted because here Member States were not telling the Organization what to do exactly. Member States did not say to do this partnership or this cooperation or to do whatever. Member States were asking for more transparency, more information, more engagement by all Member States, not only by developing countries but also by developed countries, a proper discussion and a proper Committee on this issue. This was the transparency requirement. If there was no opposition to presenting regular briefings by Program 18 to Member States, why was the insistence on making these regular briefings during lunchtime and not during a Committee time? If the principle was agreed, it needed to be made formalized in a Committee so that Member States could discuss the policy dialogue on these issues. Since the principle was agreed upon, there was a need to agree on a proper forum to have this issue resolved. Continuing with the current system of reporting under the Program and Budget was not going to work.

647. The Delegation of Monaco took up the point that had just been made. The PBC was not just the Budget Committee. That meant it had to deal with the budget, but also with activities that the secretary was going to implement in the forthcoming biennium. The PBC was indeed entitled to talk about programs as could be seen by the very name. The Delegation wanted to dispel a misunderstanding that it might have created earlier. When speaking about the SCP, it just gave an example and tried to say that all of this was a cross-cutting issue. The Delegation was certainly not trying to say that Member States should end up with a whole plethora of reporting mechanisms in each and every Committee. The existing mechanisms were appropriate. In every Committee the same people were responsible for the different programs. If more information was required, the same person would be asking no matter in which Committee. The people in the PBC could be asked. That was the way it worked currently well at present. How would things be clearer or the reporting work better if it happened somewhere else? It seemed that the appropriate place to talk about program implementation and Secretariat activities was indeed the PBC.

648. The Delegation of Brazil, speaking on behalf of the DAG, in response to concerns raised by the Delegation of Switzerland saying that the DAG proposal might jeopardize the structure of the Program, clarified that the proposal was aimed at enhancing the contribution of the Program 18 to the strategic goals so that Program 18 could also contribute to the Strategic Goal VIII. The idea was to have expected results on effective engagement with Member States and all stakeholders and to have progress reports on the activities and future projects of Program 18 in the CDIP. In response to the statement of Monaco, there could be an SCP and CDIP progress reporting mechanism. Brazil was open to discuss and find better and new ways. Clearly, it would be better to have one forum to discuss this Program 18 to have an effective engagement of Member States with the activities of the Organization. This was Brazil's aim. There was a need for a formal process of discussion of these political issues related to global challenges.

649. The Delegation of Algeria said that there was a subversive use of arguments. Some delegations said that this was the PBC. Therefore, interventions should be made on the budget and not in any way link them to substantial program comments. And yet the same delegations

said that in the PBC all the comments can be made and there could be substantive discussions. There was a need for consistency. The Delegation was not satisfied with the mechanism of reporting to the PBC by the Program on IP and Global Challenges. When bringing up the CDIP, some Delegations said that went beyond the confines of the CDIP. Algeria was willing, even though not in agreement, to take this into account as suggested by Brazil. There could be the PCT and the CDIP. A Committee could be set up as had been done for patents, for development and others. There could be a new Committee that would deal with IP and Global Challenges and then it could be related to the PBC where relevant.

650. The Delegation of France said that while this was sensitive, there were so many items on the agenda and there was a need to move forward. The Delegation asked how the reporting or the interaction between Member States and the Program could be strengthened. There were many programs that did not have their own Committee: Economics and Statistics did not have a working Committee as had Programs 14, 16, 17 and others. Member States would not create a separate Committee for each individual program. It would be difficult to manage such a system. Member States had to make best use of already existing briefings and consultation resources. The Director General liked to have small lunch meetings. Things could be dealt with that way. There were many ways to interact. There was substance, but it was above all the synthesis of matters that were dealt with in other Committees. Within the PBC, it was not that Member States were not going to talk about programs or that they had to. It was that Member States did not want to reopen decisions and discussions that were extensively discussed elsewhere. In two years' time, the DAG was not ready to come back with a proposal for Program 18. Member States have had some difficulties dealing with these cross-cutting matters. What needed to be done was to try and reinforce what already existed, to strengthen it and to see how Member States could make best use it whether consultations were formal or informal.

651. The Chair summarized that there was no agreement on the issue of Program 18. The PBC would therefore defer to the GA to agree and decide.

652. During the last day's evening meeting the Chair reopened discussion on Program 18 and recalled that there was no agreement on where to discuss it, whether in the PBC or in the CDIP. Therefore, that decision would be left for the GA.

653. The Delegation of Brazil, speaking on behalf of the DAG, stated it wanted to see its proposal forwarded to the GA so that the GA could make an informed decision on this proposal which was supported by many regional groups and many individual countries.

654. The Chair recalled that there was no agreement so the whole issue would go to the GA.

655. The Delegation of Switzerland stated that there was a Secretariat proposal to modify the language on Program 18 and this might be an open issue with regard to whether a committee (for Program 18) was required or not. But the Delegation felt that the Program activity was not contested, but accepted. The only outstanding issue was whether another additional committee was needed or not to discuss it. The Delegation thought that not everything should be left open for the GA.

656. The Chair stated that there was no agreement on where IP and Global Challenges should be discussed, but that there was no disagreement on the program itself. This could be reflected in the decision.

657. The Delegation of Brazil stressed that the DAG proposal should be an integral part of the program. The DAG had suggested requesting Program 18 to also implement all the Strategic Goals of this Organization. The DAG understood that the Program as a whole was not approved until everything was approved. Accountability and transparency were integral parts of the Program.

658. The Chair reiterated that there was no agreement, hence that the entire issue of Program 18 would be referred to the GA.

659. The Delegation of Belgium echoed what had already been stated by the Delegation of Switzerland and suggested to keep the agenda as open as possible and try to have an agreement. This might still take place later this afternoon. It should be tried to agree on a part of the Program by further consultations.

660. The Chair concluded that if an agreement could be reached that should be done. If there was no agreement, Program 18 would go, as a whole, to the GA for consideration.

661. Following further informal discussion, no agreement was reached on Program 18, which was deferred to the GA for consideration. The agreement on the formal text of that decision was reached during discussions under item 21.

662. There were no comments on Program 19.

INFORMATION PAPER ON EXTERNAL OFFICES

663. The Chair opened discussion on Program 20.

664. The discussion was also based on document WO/PBC/21/INF.1 (Information Paper on External Offices). The Chair invited the Secretariat to present the document.

665. The Secretariat reminded delegations that, at its 20th session, the PBC had requested the Secretariat to prepare two documents. First, an information paper which had a specific deadline for circulation prior to the current session. Second, an in-depth study addressing all the issues. At that time the Secretariat had not been sure it would be able to provide the second document on time, however, it had been produced. The document presented as WO/PBC/21/INF.1 was, in substance, two documents: an information paper and an in-depth study. Information was provided on current external offices (EOs) and their performance, which might provide the basis for discussions on the rationale and justification for adding new offices. The second part of the document provided useful information for the member-driven process of determining procedures by which new EOs should be established. As suggested by many delegations, the approach adopted was a universal comprehensive one rather than focussing merely on the five additional offices as initially proposed. To conclude, the Secretariat reminded delegations that this was not the revised programme and budget but that, as agreed at the PBC in July 2013, further informal consultations were planned on the basis of this document and that the member-driven process would determine the procedures to be applied in deciding which additional external offices were to be established in the next biennium and beyond. Since the issuance of the document, the 23 countries listed in paragraph 91 had been joined by India and the Islamic Republic of Iran, bringing the total number of countries on the list to 25.

666. The Delegation of Algeria, speaking on behalf of the African Group, expressed its full and complete support for the proposal to open five new WIPO EOs, two of which in Africa. The Delegation recalled that the future would be built on knowledge, at the heart of which was intellectual property. Hence, WIPO as the specialized agency in charge of intellectual property should strengthen its presence throughout the world in that field. The existing EOs were insufficient to meet the needs and demand for intellectual property. The implementation of new offices in the Russian Federation, China, the United States and above all in Africa would fill this gap. Opening of two external offices in Africa was extremely important for the African Group. The opening of those offices would provide added value as it would strengthen technical capacities of African experts and would raise awareness of the African countries to the importance of intellectual property systems. Those offices would also be important politically because they would correct a lack of balance in WIPO's, which had no representation on the African continent that represented the greatest foreign investment potential. This should be

borne in mind when discussing the issue. In the previous session, the question of external offices was examined and discussed in detail, and in a substantive way. The Secretariat had been asked to submit an information document on the existing offices, how they worked and how they were funded. The African Group believed that the document was sufficient for the Committee to adopt a final decision which would have to be sent to the Assemblies for approval in order to open these five external offices.

667. The Delegation of India welcomed the proposal contained in the proposed Program and Budget 2014/15 for the opening of new WIPO EOs during the next biennium. It stated the opening of new WIPO EOs should take into account the interests of different geographical regions as well as other factors, such as balancing the need and demand on account of the population, the size of the economy and growth in IP filings. India had also expressed interest in opening a WIPO EO and would like to see a decision on an EO in India during the next biennium. It could be one of the five offices proposed in the Program and Budget, or in addition to the five proposed offices. A WIPO EO in India could also cater to the requirements of the South Asia and the West Asia regions. The Delegation recalled that, during the last session of the PBC, Member States had requested the Secretariat to prepare the two documents. The decision of the 20th session of PBC stated: “the PBC further requested the Secretariat to prepare the following documents regarding the matter of external offices, emphasizing the member driven nature of this process.” The Delegation thanked the Secretariat for providing the information document; however, it was presented as a combined document, containing both the information paper and the in-depth study. It was an attempt to address only part of the concerns of Member States and leaving out, among others, the question of establishing a procedure and a set of criteria to be followed for establishment of new EOs of WIPO. On examining the document, the Delegation saw the various reasons provided for setting up of new external offices such as, among others, the fact that the EOs were limited and there were many other Member States which could benefit from collaboration with the WIPO headquarters by creating new EOs in regions with an extensive need for technical assistance and capacity building. Geographical distribution was particularly important for the delivery of WIPO services for technical assistance and capacity building. New EOs were expected to be used as focal points where technical experts were pooled and stationed to expedite delivery of services and make onsite interventions. An EO should also contribute to transfer of knowledge and enhancement of mutual support through creation of regional networks. These were only a few among the many reasons listed in the document. The Delegation felt that India met the criteria for selection as a host country of a new WIPO EO. The Delegation concluded by stating its willingness to work constructively with all groups and delegations to reach consensus on the procedure and on the establishment of criteria for opening new WIPO EOs. The Delegation supported the view expressed by the DAG the previous day, i.e., that the Committee might consider expansion of the budget of Program 20 in line with the great interest expressed by Member States in the last session.

668. The Delegation of Belgium speaking on behalf of Group B, took note of the comments and remarks made by several regional groups and countries both the previous day and that day and was hopeful that progress could be made during this session of the PBC. There were certain shared interests and concerns. Group B thanked the Secretariat for the document on WIPO EOs. Whilst noting the comprehensive details and in-depth nature of the document, the Delegation had the following preliminary questions and remarks with regard to the document. Those initial comments were without prejudice to the later interventions of Group B, both with regard to the way forward and with regard to several criteria that could also be taken into account. First, paragraph 6 indicated that two previously existing EOs, in Brussels and Washington, D.C. had been closed in 2008, as a result of an evaluation and the process of rationalization of external offices. The Delegation wondered whether the same criteria were used in the selection of the locations for the proposed new offices. The second question regarded paragraphs 101 to 107 which provided justification for the establishment of two ICT redundancy centers to be set up within two proposed EOs. Group B was of the opinion that more information was needed before it would be in a position, at expert level, to agree or not on

the need set up any redundancy centers and that the establishment of any redundancy centers (only if deemed strictly necessary) should be strictly separated from the potential establishment of new external offices. The Delegation wondered whether WIPO could provide further details on the proposed role of the suggested EOs as IP catalysts for the respective wider region and what the expected results should be, in the short and the long term, as well as how this would fit into the organizational framework. With regard to paragraph 167 of the document: Group B said that this paragraph highlighted the exact location of the potential new EOs in Africa and mentioned that those locations had not yet been agreed. It furthermore indicated that those two new offices would mainly engage in capacity building. The Delegation requested further details on how the specific locations would be determined so as to maximize the synergies with the existing regional offices with regard to capacity building. The Delegation mentioned having some doubts about the legal conformity of the practice of signing MOUs, which contained clauses of privileges and immunities, especially when they included clauses of provisional application of the treaty also enforced with the WIPO Convention. The Delegation thanked the Chair and noted a desire to intervene at a later stage with regard to the way forward and also on further recommendations.

669. The Delegation of Trinidad and Tobago, speaking on behalf of GRULAC, thanked the Secretariat for the report on Program 20, and stated categorically, for the record, having no opposition to having five new offices for WIPO, nor to having six regional offices, including one in the Latin America and Caribbean region and further stated no opposition to what was tabled in terms of the five regional offices. The Delegation continued to say that the only difficulty GRULAC had was the criteria applied to choosing those proposed five offices and inquired what these had been. Within the group, many delegations had expressed, through formal and informal channels, the opportunity that the EOs presented. It appeared to the Delegation and various countries within GRULAC that this message was not clear or had not been properly delivered to the WIPO Secretariat or perhaps had fallen on deaf ears. The Delegation explained that GRULAC felt it had been marginalized in terms of not taking part in the consultation process and not being treated fairly in terms of the selection or the criteria used for the selection of those offices. GRULAC requested to be treated on equal footing with respect to the selection of the new EOs. The Delegation noted that, having made comments at the last PBC in July and in the opening statement, it felt that these comments had not been taken into consideration and were not reflected in the revised Program and Budget. The Delegation, speaking for GRULAC, stated that, without prejudice to what other groups and other countries within its region would like to say, it had not been part and parcel of the consultation and selection process of the WIPO EOs. Under these circumstances, GRULAC wished to state for the record and make an inquiry as to the reason for which its comments (made at PBC 20) had not been reflected in Program 20 and the revised Program and Budget proposal. The Delegation requested the Secretariat to provide an answer to that question. It concluded by saying that although it had no objection to the five offices, it wished to see an office situated in the Latin America and Caribbean region.

670. The Delegation of Poland, speaking on behalf of the CEBS, thanked the Secretariat for providing additional information on EOs and found the material well written but still not convincing. Many questions still remained open, for example, the process itself. The CEBS would like to repeat that it was surprised at the non-conclusive interpretations on the use and cost efficiency of establishing EOs and had doubts about the legal conformity of the practice of signing MOUs in the way done with the WIPO Convention. The CEBS requested more information from the Secretariat on the criteria used and inquired on the expected results of the five new offices in question, in both the short and the long term. The Delegation understood that, so far, capacity building had been done from the headquarters, which was why WIPO was in Geneva, and asked whether that was supposed to change. Another matter that had drawn special attention was the issue of redundancy centers to be established within two proposed offices. The Delegation was of the opinion that this issue should be given separate consideration, not in the context of the new EOs. Justification presented in document WO/PBC/21/INF.1 made the issue more complicated. Business contingency plans and external

offices should not, in the CEBS' opinion, be interlinked and the Group suggested that the issue of IP security be the topic of a future PBC session.

671. The Delegation of Pakistan appreciated the document prepared by the Secretariat. However, it wished to see more clarity on the criteria for opening the EOs and on the mandate that the new offices would have. The Delegation believed that every country was best suited to state whether they needed an external office or not, but that as far as Pakistan was concerned, the Delegation believed that all needs were served by the headquarters in Geneva.

672. The Delegation of South Africa thanked the Secretariat for the information paper, which provided a comprehensive overview of the existing offices and their functions. It fully supported the proposal to establish five EOs (in the Russian Federation, China, the United States and two in Africa). The EOs in Africa would play a major role in stimulating science, technology, innovation and creativity which were essential components to economic development. The Delegation stated that the paper actually recognized Africa as the fastest growing region in the world economy. The region was in need of capacity building and technical assistance and was the only region that did not host an EO. The establishment of these offices would go a long way to facilitate geographical representation. The Delegation had taken note of the concerns expressed during the last PBC session and expressed its commitment towards working for a decision acceptable to all delegations, as the request for external offices was a member-driven process and the way forward lay in Member States' hands, which did not preclude the establishment of future offices in other regions and countries.

673. The Delegation of Bangladesh mentioned that, at present, there were 24 requests for external offices and called on delegations to get the house in order. It added that the five proposed offices were very welcome initiatives. At the same time, members should also make the effort to establish a set of criteria, adding that mainstreaming development activities should be one of those criteria.

674. The Delegation of France confirmed they it was not opposed to the principle of setting up EOs and stated that offices of Rio, Singapore and Tokyo did have their merits, even if delegations would like to see an annual activity report from these offices. The Delegation wished to remind the Committee, in particular the Secretariat, that there should be respectful transparency and that the Secretariat should examine its methods of work and extend the consultations as wide as possible. WIPO was a United Nations specialized agency. It did not belong to anyone. All of its Member States were on the same footing. The Delegation appealed to the Secretariat and to the demander states, i.e., all those involved, to take the necessary time before committing to discuss this, before committing WIPO to long-term amendments to its strategy, because this would have an impact not only on the EOs but also the headquarters. The Delegation stated that it had not really understood why the decision on the EOs had been speeded up over the last five months, as the Delegation had been left out of the process. It did not understand why very detailed agreements had been signed with certain Member States, whereas Member States still had not yet agreed on the principle of opening these offices or where they would be located. The Delegation thought that "the cart was being put before the horse". The discussion was starting at present and the Delegation was pleased to be able to give its official views on this matter. The proposed offices might indeed have real added value. The Delegation said that it would work constructively with other states on the criteria, the necessary follow-up etc. It was something of great interest to WIPO, and the Delegation hoped that the matter would be discussed on an open and healthy basis.

675. The Delegation of Spain thanked the Secretariat for the hard work it had to do in drafting the information document and aligned itself with the opinion of the Delegation of Belgium speaking for Group B. First, after reading the document the first impression was that it was a good paper. It had been done in a very short time. It was an extended version of the white paper submitted the previous session of the PBC. It was not a strategic document on the opening of new offices or principles for the proposed opening of the five new offices. It was not

what was hoped for. Obviously, it was very difficult to produce such a document, but the Delegation continued to think that the Organization did need the reflection and the debate, because the procedure had been rather rushed and perhaps not as inclusive as it should have been in terms of regions. The Delegation continued to think, as said at the previous session of PBC, that the proposed procedure would encourage requests for offices due to a reasonable fear of being left out. The proof of that was the number of requests which continued to rise, as according to the Secretariat, there were 24 requests already. The selected procedure contributed to the desire to apply for an office because otherwise countries felt they might be left out. Second, a key principle contained in the document was that the offices should not duplicate headquarters' work and that they should increase the functional efficiency and effectiveness. This was a very important principle. These offices, if they were opened, should cost nothing. They should be cost neutral. However, the proposal contained substantial costs: 4 million Swiss francs were proposed for these offices in the future biennium. That cost would go up. Therefore, there were present and future financial implications and this was of great concern to the Delegation. There should be a greater discussion, so that there was a guarantee that this process would not lead to an increase in costs, but rather to an increase in efficiency

676. The Delegation of Egypt thanked the Secretariat for having prepared the documents, in particular the information paper, and thought that the document explained all the background to the subject, which could be of help to delegations in trying to find a solution and replies to their questions. Should there be other questions, the Secretariat could provide further information so that member could have a comprehensive, detailed and transparent discussion. The Delegation stated that, thus far, it had not heard any clear refusal to open EOs and that was why the Delegation thought that it would be possible to answer the questions. As regards the costs, some EOs were in a position to fund themselves given the conditions in the particular country or the region. However, it was not just the question of calculating the resources or the costs and gains or losses. The Delegation of Algeria had explained this when it had spoken on behalf of the African Group. In this context, the Delegation wished to support the statements by the African Group and the Delegation of South Africa. It was not just a question of knowing whether the EOs would provide benefit from being self-funded, it was a long-term investment, an investment in innovation and in the opportunities in the area of knowledge and the capacities of a region or a whole continent. This offered many opportunities for training and capacity building which needed such an office so as to increase its capacities and become, in the long run, an independent continent in the area of IP. As well as the IP factors and the needs of the people of the continent, there were economic factors as well. The Delegation supported the idea of opening five EOs, two in Africa. The Delegation stated that, personally, it would have called for more than two offices in Africa. As regards the countries where the offices were going to be opened, this was a question that concerned Africa. It would be up to Africa to choose the two countries which would host these two offices. As regards the criteria, it was the Member States that would determine them. The Delegation appealed to all delegations to continue the dialogue so that answers to members' questions could be found, and the right decision made.

677. The Delegation of Mexico supported the statement made by GRULAC and regretted the fact that despite GRULAC's repeated requests no consideration had been given to establishing an external office in Latin America and the Caribbean region. It stated that it was important to bring the work done by the Organization closer to the region. Paragraph 107 of the document clearly stated that the three current EOs were insufficient to meet the demands and cover all of the needs of the region. The Delegation did not understand why, despite repeated requests, the proposed Program and Budget did not call for offices in GRUALAC region. Paragraphs 20 and 21 of the Secretariat's document stated that considerations on some future offices were suspended. This seemed to be only in the Spanish version, but it should be made clear as to whether this was a matter of an error in translation. If that was the case, it should be corrected. Looking at the strategy, all of the regions should be regarded on an equal footing. This was a basic principle of the UN and the international system, as the Delegation of France had said. The Delegation wished to see a change, specifically in paragraph 20.21 (Program 20) of the

Program and Budget to provide for the establishment of EOs in the Caribbean and Latin American region.

678. The following day the Chair invited the Director General to address the floor.

679. The Director General stated the following:

“Thank you very much, Mr. Chair, delegates, for giving me a few minutes to say a few words on the question of external offices. I had been listening with great interest to all of your interventions to date as well as to what my colleagues have said about it. I know there was a long list of speakers that still wants to be heard on the question of external offices, but there were two points that I would like to make, which, I hope, may clarify to some extent some of the questions.

“The first point relates to the question that was raised on redundancy capacity for business continuity purposes. If you recall, in our paper we say that one of the things that certain external offices could do was to assist us in managing our risk in relation to business continuity, disaster recovery and information technology security. I think that by having mentioned that, we actually may have confused the question of external offices more than clarified it. I would like to say-- and I am very happy to take the responsibility for having injected that confusion -- that the question of external offices and redundancy capacity were separate. That was to say that if we deal with our risks related to business continuity and disaster recovery and IT security, we still have the question of external offices. Or, if you like, if we deal - or you deal – with the question of external offices, we still have to deal with business continuity as a question. The two were separate questions. It happens that there may be cost advantages associated with using an external office to help mitigate our risk in relation to business continuity. But it is not necessary. I would like to say that the two questions were separate. And I believe that the fault was mine for having introduced this as an additional function for external offices. If I may say, Mr. Chair, external offices have to be dealt with as a question of external offices. We have to deal, as the executive, with the question of risk management. That was part of our functions. One of our biggest risks was associated with the vulnerability of our information technology systems, vulnerability for a whole series of reasons, including epidemics and natural disasters that might occur and which require us, as the executive, to get expert advice on how to deal with our risk. Mr. Chair, I believe that these two questions should be separated. If you deal with external offices, we still have to deal with our question of business continuity and redundancy capacity. If you do not deal with external offices, we still have to deal with business continuity and redundancy capacity. If we deal with business continuity and redundancy capacity, you still have to deal with external offices. They are separate questions. I am sorry to have introduced the confusion by the linkage and the reasons mentioned in the functions that external office might provide.

“The second thing I would like to say is that, obviously, it is Member States' decision on external offices; it is your decision to decide how to deal with the demand that has been expressed by Member States and how to put that in operation. But I would not like it to be thought it was because I know that there were a number of pressing demands for external offices. A number of delegations have made requests. But I would not like you to think that we, as a Secretariat, were taking a position in relation to saying “no, there should not be a second Latin American office for the Spanish-speaking”, for example. That was something that we are entirely open to, or whatever else it might be, or the questions from India. It is just that we believe that it is a decision you have to take rather than us. From our point of view, of course, we were entirely open on this matter. Mr. Chairman, thank you very much for the opportunity. If anyone did not understand what I meant about

the separation of the two questions, I am happy to answer any questions if you wish.”

680. The Delegation of Afghanistan welcomed the proposed Program and Budget for the 2014/15 biennium, appreciated the efforts of the Secretariat and Member States put into preparing the draft Program and Budget, welcomed the plan for establishment of new EOs and thanked the Secretariat for providing the information document. The Delegation suggested establishing a procedure and a set of criteria for the new EOs, including extension and strengthening of cooperation mechanisms and programs tailored to the needs of IP-related services of LDCs in the region.

681. The Delegation of Senegal thanked the Director General for the additional explanations and supported the declaration made by the Delegation of Algeria the previous day on behalf of the African Group. It thanked the Secretariat for the information document. The Delegation supported the proposal made in Program 20, specifically the opening of EOs. Beside equality considerations, the opening of these offices, particularly on the African continent which has not had any office to date, was a responsible request to strengthen capacities. This helped to innovate and build capacity. The African office would no doubt contribute to the implementation of the strategic goals of WIPO, as seen in paragraph 153, Table 12 of the information document. The Delegation felt that this process should be dynamic and lead to the opening of offices in other regions throughout the world where the needs were felt. The Delegation was happy to see that no objection was made to Program 20 and urged the PBC to recommend to the General Assembly the approval of these two external offices in Africa.

682. The Delegation of the United States of America supported the statement made by Group B. While the Delegation supported the idea of a WIPO office in California, which the Delegation believed would greatly benefit inventors, businesses and creators in the state - individuals and entities that filed roughly 10 per cent of the PCT applications - it noted many interventions, and added that more work was needed for a fair and equitable plan to expand EOs. As stated on many occasions, any strategy to establish EOs must include a thorough business case analysis component.

683. The Delegation of the Republic of Korea extended appreciation for the effort made by the WIPO Secretariat in preparing the document concerning the strategy for WIPO EOs. After prudent examination of the details of the document, which contained the policy and the criteria for EOs, the Delegation thought that it needed more clarification and that some criteria should be added. For instance, as already stated at the last PBC meeting, the main function of each EO would be different. So the criteria should also be adapted differently. For the EOs focused on the IP global services, the criteria of geographical representation should not be emphasized when selecting their location. Regarding the future plan for this matter, the Delegation stated that this process was initiated by Member States and had been and would remain a member-driven process, as confirmed by the Director General at the PBC's last session. The procedural transparency and Member States' inclusiveness should serve as a guiding principle all through the process. The Delegation wished to point out the conclusions of the document on the proposed five new external offices. The Delegation could not understand why and how the conclusion had been arrived at. As a Member State, it did not see any proposal from the related Member States and hence did not think that this was a member-driven process. The Delegation proposed, as a matter of procedure, to take two separate steps. First, set up guidelines covering all procedural matters and then select the specific locations. In this way, due considerations would be given to all interested Member States.

684. The Delegation of Belgium, speaking on behalf of Group B, thanked the Director General for his explanations, which were very useful. It wished to comment on the way forward. The Delegation agreed with other delegations in the sense that a budgetary envelope should be allocated in the new Program and Budget for the possible establishment of new EOs. Moreover, this envelope could be used to establish five new external offices, less than five new

external offices or more than five new external offices. These offices could or could not be established in the locations identified in document WO/PBC/21/INF/1. Of course, the Program and Budget document should also reflect that there was a need for objective criteria which should be established prior to the establishment of any new potential EOs. In this regard, it should be clear that any budgetary allocation to establish potential new EOs should be conditioned on having a new, clear, Member States-driven strategy, a strategy that complimented the one already identified in document WO/PBC/21/INF/1 and that allowed for further movement in process. The need for such a strategy was based on several concerns: some legal concerns regarding the signing of the MOUs for some of the newly proposed EOs and some concerns in terms of equality. The establishment of any new WIPO external office should be subject to the same objective criteria and principles. Therefore, the Delegation could not agree there and then to the establishment of five new offices based upon certain criteria which might be different from the criteria that would apply to the establishment of any further new EOs at a later stage. In this regard, the Delegation noted that, according to the information provided the other day by WIPO, 24 or more countries had requested the establishment of a WIPO external office in their respective countries. Group B would therefore like to propose the organization of transparent and informal consultations in order to find one set of concrete criteria and principles that would be applicable across-the-board to the establishment of any potential new external office. There should be no compulsion to make a rushed decision on issues which would have long-term implications. The Delegation pointed out that, first, the PBC should approve the Program and Budget and then Member States would have a further discussion during the coming session of the Coordinating Committee on the two MOUs for external offices that had already been signed. The Delegation looked forward to further discussions on this matter during the General Assembly and thereafter, and had also undertaken some intensive reflection on some objective conditions that could, and should, be applied in order to decide upon the establishment of any potential new external office. These conditions complimented the criteria previously identified by the Secretariat and should also be taken into account during future informal consultations on this topic. The Delegation was of the opinion that, for new EOs to be established, the following 11 conditions should be taken into account:

- (1) For each external office to be created, a strong business case shall be presented by the Secretariat to the Member States and discussed in a formal and transparent manner.
- (2) Consistency with the UN constraints shall be respected when relevant.
- (3) The staff model should be defined, taking account of the principle of small and appropriate resource for programs conducted by the respective office without redundancy and cautiously reviewed under each Program and Budget process. Some of our Member States have further clear ideas how this condition could be reflected in practice.
- (4) The establishment of new external offices should not imply any increase in overall staff and/or expenditure in overall budget.
- (5) While new activities must be funded by redeployment of existing resources, the Secretariat shall specify which existing resources staff contracts were at stake. Furthermore, regional caps in terms of funding and staffing should be identified.
- (6) Each external office shall publish a yearly report of activities.
- (7) Any agreement to establish an external office where the requirement to provide for privileges and immunities exists shall be completed and signed by the Secretariat after the prior approval of the coordination committee in strict respect of Article 12.4 of the WIPO convention.

(8) Guarantees shall be given regarding the confidentiality and security of the WIPO data contained and used in the external offices.

(9) Any new external office should have a regional vocation.

(10) There was the tenth condition, but the Delegation had taken good note of the very helpful explanation by the Director General, according to which establishment of redundancy center would be strictly separated from any potential new external offices; and

(11) The Secretariat should inform Member States which confidential data were shared with an/or submitted to any new external offices.

685. The Delegation of the Russian Federation thanked the Secretariat for the high quality information paper that clarified the role and the functions of the EOs as part of Global Infrastructure for Intellectual Property management. The Delegation also expressed gratitude to the Director General for the additional explanation. It said that the process of unofficial consultations, which lead to the establishment of EOs, had indeed been launched by the General Assemblies of WIPO in 2010. Informal consultations had been held focused on how to best establish appropriate EOs. No objections had been made to the principles contained in the information material distributed in the course of the two informal consultation sessions. That being so, the Delegation saw that the whole consultation process had gone forward in a rather lengthy way. It should, however, be noted that there had been some positive input to the process. In order to adopt specific decisions relating to the development of WIPO EOs, a number of states, including the Russian Federation, had themselves contacted the Director General and had proposed the opening of EOs. The Delegation was happy to note that subsequently the consultation process on this issue had become more active. That could be demonstrated by the fact that the PBC had now been put in a position where it had been able to enjoy the information paper under consideration. Instructions had been given to prepare such a paper, and the Delegation thought that was the sign that the whole process had been activated. As the delegation saw it, what was now being proposed did indeed reflect all of the questions raised, and it was clearly appropriate to open the five EOs foreseen in the Program and Budget for the forthcoming biennium. The arguments for that were given in the paper. The paper provided a lot of very valuable information on the activities of the current regional offices or external offices of WIPO, and members could see the incredible contribution that they made to the overall development of IP system. The strategy described in the document allowed for getting an idea of the conditions within which the EOs operated and for getting assurance that they did not duplicate the work done by WIPO elsewhere. The Delegation believed that the document did contain a full in-depth analysis of the operation and the functions of EOs, the way in which they were established and what they could do. If one looked at development of all the EOs for WIPO, one could see this as something that would be very useful, particularly for the development of the international registration systems. It would also be a source of additional income for WIPO and would allow countries to become more active in the work of WIPO at the regional level. It would also ensure a properly balanced system for protecting rights and IP throughout the regions, taking into account the specific situation in different regions. That being so, this was also useful to countries in developing their own economies because they would recognize the advantages that could be gained by being involved in the work of WIPO through the EOs and recognize that many other countries had expressed a wish to have such EOs themselves. The Delegation noted that developing the network of EOs should not come to an end with the opening of the five offices foreseen for the upcoming biennium. It should be something ongoing. Members must not forget the fact that different countries had different capabilities and capacities at this time. Some could shoulder all the expense of hosting an EO. Other countries would need financial support. That being so, when planning for future development of EOs, Members must be bear in mind the budgetary capacities of the Organization. The Delegation concluded by approving what was being proposed by the

Secretariat with reference to the strategy for further EOs and hoped that it could count on the support of the Committee for the opening of at least these five EOs in the forthcoming biennium.

686. The Delegation of Georgia thanked the Secretariat for the document regarding the strategy for WIPO EOs. The Delegation requested the Secretariat to clarify the reference made with regard to an external office operating and serving the surrounding region. It wished to understand the scope of that mandate that the external office would assume, especially regarding the surrounding region, as mentioned in the Secretariat's report. The Delegation believed that further information was needed on the said matter before any decision could be adopted.

687. The Delegation of Peru thanked the Secretariat for document WO/PBC/21/INF/1 and stressed the principle of geographical balance in representation, which went beyond human resources within the Organization. It wished for transparency about resources, noting the value that each region granted to its members in the Organization. The Delegation thanked for the openness by the Director General over the Latin America and the Caribbean office. It hoped that this would be reflected in the 2014/15 budget, which, for the time being, was not the case. The Delegation referred to certain parts in the report, which it thought were very important: paragraph 113 saying that the total number of offices could not be determined *a priori*; and paragraph 111 saying that requests for establishing offices came from Member States. Recognizing that members were trying to find an articulate manner to deal with this demand, this should be an object of consensus. Paragraph 109 said that three existing offices were not enough to satisfy demands and optimize WIPO program activities if all the needs were to be met. It was quite clear that these 24 new requests for regional offices were important. GRULAC, which was made up of 33 countries had been requesting an external office. Because of its human resources, added value, everything contained in it, innovation, methodology - all these were important factors for the promotion of development and technical cooperation in the region. The Delegation thought that all these elements were clear-cut, as was the document drawn up by the Secretariat, so that the demand and the creation of new offices came from the Member States, in this case the 33 Member States in GRULAC region. The Delegation requested that the requests and the issues contained in the document be dealt with adequately.

688. The Chair thanked the Delegation of Peru and suggested that delegations who had made proposals should submit them in writing.

689. The Delegation of Ghana prefaced his intervention with a fable about a very rich king, his daughter and a swimming pool full with dangerous beasts, into which the daughter's suitor was accidentally pushed. The suitor swam through the pool with all his might, survived and married the king's daughter. The Delegation made the observation that Africa had similarly been pushed into the pool by globalization and the continent must swim or perish. The question that remained to be answered was whether WIPO and the international community was prepared to assist Africa's swim to the other end. The Delegation conceived external office as one such instrument that could help Africa achieve all the lauded things that it knew IP for: innovation, creativity, development. In the case of a continent that had such a huge potential, it was inconceivable that members could not understand the needs and the demands of that continent and make an adequate appropriation to have external offices that could serve the needs of that country and to help that continent achieve its huge potential. It was to the benefit of the global IP system to have Africa realize the huge potential that it had. The press reported that Africa was the fastest growing continent, but the Delegation saw a case here where an external office would help drive the initiative of young people in Africa who needed leadership and guidance. WIPO's expertise, know-how and its appreciation of a global market could help. Now, when one had a regional office, it allowed one to see firsthand the needs of that location. For example, seeing something ingenious at the market could be reported to the headquarters. Headquarters would offer to help build it into something of even greater value. The global IP system was huge. Africa wanted to be a part of it and be an active player in it. The Delegation noted that if the Committee would really look at what Africa could offer, not what it

was offering now, there would be no hesitation in accepting that the time had come to have two external offices to kick start the revolution that was being embraced in Africa. The Delegation saw no reason why the Committee could not recommend to the GA the adoption of the budget and the establishment of five external offices. The Delegation took on board the considerations of Group B, as articulated by Belgium, would work on the criteria, but added that, in all honesty Africa would not, perhaps at this present state, meet all the criteria that would be set forth. But if strictly the criteria on business case analysis were used, members would have done themselves a great injustice and disservice and would have failed the global system if they did not bring on board the very people who were yearning to be on board but could not find their way through the messy haze of the IP system. It was for Member States to bring them on board. The Delegation submitted to the Committee to give ample consideration to the establishment of regional offices in Africa.

690. The Delegation of China highly commended the statement by the Delegation of Ghana and supported Africa and Africa's aspiration for their IP industry by setting up external offices on the continent. As to the external offices, the Delegation noted that thorough and constructive discussions had taken place at the last PBC session and the days which ensued. The Secretariat had put in great effort into the preparation of the information paper on the external office strategy. The Delegation expressed appreciation for the Secretariat's hard and productive work. The documents on the table provided Member States with comprehensive information as well as valid and a compelling answers to the questions raised by some delegations in July. The Delegation was convinced that this paper had lived up to the expectations of the majority of the PBC members. The Delegation expressed satisfaction with the information paper and fully supported the contents thereof. It said that the plan of establishing new external offices was not only necessary but urgent for the development of the Organization. The rationale behind this proposal had, once again, been proven by widespread support expressed in statements by other delegations from the previous day up to now. The planned EOs responded to the operational needs of the Organization, the cornerstone and the essence of the WIPO mandate being to provide premium IP services to global clients. The global business environment, the creative environment, was undergoing rapid changes, geographically as well as thematically. These changes required quick and wise responses from WIPO. The proposed new EOs could add great value to the Organization's services by lowering cost, enhancing efficiency, thus insuring timely, reliable and high quality delivery of services to all the clients widely distributed on the globe. The current plan included in the draft biennial Program and Budget served the interests of the Organization as well as Member States. More than that, the Delegation was also of the view that the establishment of new EOs was an open and a continuous process rather than a single event. New EOs in other regions should also be considered and decided upon. There were requests from other delegations, including GRULAC and India. The Delegation believed it was high time for the PBC to reach consensus on a biennial Program and Budget with the planned new EOs and recommend its approval to the General Assembly. The Delegation noticed that some Member States were concerned about the consultative process on EOs initiated by the General Assembly in 2010 and fully concurred with the other delegations on the urgency of pushing this process forward. The Delegation encouraged the Secretariat and all Member States interested in this topic to expedite the above-mentioned consultative process with a view to reaching consensus on a uniformed external offices strategy at the earliest date. Finally, the Delegation took the opportunity to express support for the receipt of specific proposals from the Member States in written form. The Delegation opined that although it was not vocal enough on some of the issues, that did not mean the Delegation did not have a position. It recalled that it would take some time to reach consensus on other issues, including SMEs, IP and Global Challenges, the final decisions on which might need more deliberation.

691. The Delegation of Kyrgyzstan thanked the WIPO Secretariat for producing the document on EOs and by-and-large welcomed a proposal on opening five EOs in the next biennium. The Delegation expressed full support for establishing the WIPO external office in Moscow and hoped that it would help to address specific problems of countries with economies in transition. The Delegation believed that such an office should force a full participation of Kyrgyzstan in the

global IP system and further strengthen national capacity on matters of IP and innovation. At the same time, it looked to be a very contentious matter as some Member States questioned the proposal on EOs. The Delegation carefully noted their positions and those of the 24 Member States that had expressed an interest in hosting an external office in the future.

692. The Delegation of Japan thanked the Secretariat for the hard work in preparing the information document entitled "Strategy for WIPO External Offices", and generally supported the basic concept described in paragraph 111 thereof, namely "establishing small-scale and limited number of external offices that would be strategically positioned as geographic representatives of the regions." However, the Delegation shared the concern raised by other delegations regarding the criteria for the establishment of new EOs. The Delegation was also of the view that certain objective criteria which all external offices have to satisfy should be steadfast. In this connection, it was still unclear to the Delegation what specific points to take into consideration in selecting the five proposed locations over other potential locations, since 24 countries sought to have external office established. Members should deal with this issue not by piecemeal approach but by looking at the whole picture before taking a decision in order to realize strategic use of EOs along with strategic goals of the WIPO without imposing undue burden on the budget.

693. The Delegation of Algeria stated that it was very happy to be discussing such an important issue with all of the other delegations. It wished to give the Committee some idea of the GDP for Africa for 2012: it was about 5.1. That was actually one of the lowest GDPs for Africa. If you looked at the 24 countries, 11 of them were African countries. Africa was the most populated continent in the world. That was the general context at present. Looking at the future, the Delegation remarked that Africa was the future and added that the Committee would never hear an African country requesting an individual office for itself. What would be heard was Africans saying that Africa wanted EOs. Because whether one talked about Algeria or any other country, one talked about Africa. The Delegation stated they were all struggling for this issue together, because they were thinking about Africa and allowing Africa to prevail over any sovereign, national interest. The Delegation said that it would like members to take this into consideration, because if thought were now being given to delaying opening offices in any African country, that was tantamount to saying "no" to all of Africa. In conclusion, the Delegation said that its country was very much aware of the importance of the Secretariat's proposal that five EOs be opened. The Delegation supported that proposal as it would enhance strategic representation of WIPO in a number of countries. It added that it was willing to discuss other proposals from other regions like GRULAC or the Asian Group. The Delegation believed that WIPO should be much more present in some Asian countries and in Latin America, which would certainly be advantageous. The Delegation was more than ready to discuss that matter, but the first step had to be taken by adopting the Secretariat's proposal to open the five EOs listed in the Program and Budget document.

694. The Delegation of Ecuador supported the proposal made by the Delegation of Trinidad and Tobago on behalf of GRULAC and the points made by the Delegation of Peru. As for the unofficial consultations held with Member States, it was established, *inter alia*, that a new WIPO external office should be established only if this was viable for the Organization from a financial point of view. As far as Latin America and Caribbean region was concerned, there was only one WIPO office in Brazil, and therefore the establishment of another office in a Spanish speaking country was a proposal which the Delegation decidedly supported.

695. The Delegation of Canada associated itself with and expressed its full support for the statements made by the Delegation of Belgium the previous day and this morning on behalf of Group B and thanked the Secretariat for having prepared the strategy for WIPO external offices. The Delegation also thanked the Director General for his useful explanation this morning. The Delegation said that the revised version of the Program and Budget left Canada somewhat at a loss. At the Committee's last session, the Delegation, along with a number of other Member States, expressed concerns and reservations regarding the process for the proposed new EOs.

That remained somewhat unaddressed. The Delegation stressed that the concerns were not with these new external offices in particular, but, rather, as a matter of principle, with the way in which the proposals for these new external offices had been presented to Member States. In the Delegation's view, any proposal for new offices, and indeed for any program activity, should be clearly costed and associated with an equally clear plan, timeline and criteria, according to WIPO's results-based management framework and thus provide a sound basis for performance reporting. As far as the new EOs were concerned, the Delegation did not think that this was currently the case, which was a matter of principle for Canada. For Member States to approve expenditures or program expansions or cuts, all the facts must be provided and the process must be fully transparent and driven by Member States. The Delegation found itself between a rock and a hard place, which was a very uncomfortable position in which the Delegation should not be finding itself in. There were also issues of fairness, as others had mentioned. That being said, the Delegation believed that solutions did exist and looked forward to working with the Secretariat and other Member States to address these issues and move towards a sound framework for the opening of any new EOs. The Delegation concluded by assuring the Director General, the Secretariat and other Member States of its support for working together toward addressing all concerns and reaching a mutually agreeable solution.

696. The Delegation of Chile stated that when the Secretariat had presented document WO/PBC/21/INF/1, it highlighted that the process to establish EOs was a member-driven process. This concept had been heard several times from the Secretariat. However, the Delegation thought that there were different understandings of the concept. As was pointed out by the Delegations of Mexico, Peru and Ecuador, GRULAC - with more than 30 members- had expressed both formally and informally, in different meetings with the Secretariat and the Director General, the need to be able to have a new external office in the region. The Group had not just done this in the past months, it was a request going back several years. Also, in the last session of the PBC, GRULAC had requested the Secretariat to include provisions in the 2014/15 budget which would envisage a new office in the Latin American and Caribbean region. However, without explanation and for reasons which the Delegation was still unfamiliar with, the budget presented at present did not envisage the requested amendments and modifications. Therefore, as all delegations agreed that this was a member-driven process, the Delegation was obliged to repeat the request to correct the mistake and include, specifically in Program 20, provisions for a new external office in Latin America. The Director General had said quite clearly that the Secretariat was neutral as regards a new office in Latin America and that Member States were the ones that should decide on this. The only way in which it could be decided this was based on a proposal which considered the interests of all the members and not just some of them. As said in the previous session, if members wished to make headway on with this process in the present session, then Latin American region had to be dealt with on an equal footing with the other five offices proposed by the Secretariat. The Delegation concluded that the proposal to establish five new offices was simply a proposal. It was not written in stone. Therefore, it could and must be amended as the members of the Committee request.

697. The Delegation of Panama echoed the comments made by the Delegation of Chile, wherein their Group had requested in writing, and on several occasions, the inclusion of GRULAC's comments and requests in the proposed budget. However, they were still absent in Program 20. The Delegation however, commended the Secretariat on document WIPO/PBC/21/INF.1 and commented that the document dealt with some issues raised during the past session, including the question on the difference between an external office and a regional office, the term which had been used indistinctly. The explanation was found in paragraph 3 of the document. However, the Delegation considered that this lack of differentiation created greater confusion because it did not distinguish between the national offices from the EOs which provided regional services. Therefore, the Delegation thought it important to use more adequate terms to make the said distinction and suggested: *external offices* and *regional external offices*. As regards the informal consultations mentioned in paragraph 92 of the document, the Delegation highlighted that the first written communication from this Delegation reflecting its interest in the establishment of a regional office in Panama

went back to 2007. In paragraph 94, it was implied that during the consultations held between 2010-2011, agreement had been reached on points of convergence. The Delegation reiterated that what had occurred had been an exchange of opinions or brainstorming, which had not had the result of any formal process or an agreement amongst the Member States on the criteria or the procedures for the establishment of external offices. At no time had deadlines been established to object to criteria or make proposals as the Secretariat suggested in paragraphs 95 and 96. Despite the fact that a request had been made a long time ago, the Delegation had not been contacted for any meeting or consultation between December 2012 and today, as envisaged in this paragraph. Moreover, the document lacked numerical forecasts as to the impact that the establishment of the proposed external offices would have in the use of the IP systems. There were areas of information bias; it was not complete. For example, regarding the presence of the United Nations organizations in the countries that had expressed interest, it should be highlighted that Panama hosted about 18 UN agencies and had been designated as the UN regional hub by the UN Secretary-General. In short, although the Delegation recognized the effort made by the Secretariat in the preparation of the document, it considered that the latter did not achieve the objectives sought when Member States requested it. The Delegation reaffirmed what was articulated by the Delegation of Trinidad and Tobago that the region should be assigned regional offices. The Delegation rejected paragraphs 176 and 177, because Latin American office should be established with the same conditions as the offices currently proposed. This Delegation stated it was not in the position to accept that different criteria were applied to decide on the placement of the offices currently proposed.

698. The Delegation of Monaco thanked the Delegation of Ghana for their story. Having said that, the Delegation endorsed the comments made by the Delegation of Belgium on behalf of Group B, and thanked the Secretariat for the paper presented and for all the work gone into the preparation of this document. The Delegation reiterated a position of principle. This was in fact a principle already put forward by the Delegation at a previous session of the PBC, i.e., that there was a need to think together about the value added by the EOs and the need to define a clear policy in this area. This was a prerequisite to the opening of any EO. It was indeed by having this kind of collective reflection process that members could do what the informal consultation process was supposed to do, as referred to in paragraph 118 of the document. The Delegation thought that the document could be a basis for the discussion along the lines indicated, but that it would be premature to judge the outcome of consultations at this stage, which should be held over the next few months. The idea, however, of seeing within the budget the resources which could cover the possible new EOs without specifying their number or location, would appear to present a possibility for a balanced compromise. A final decision on the opening of EOs would then be dependent upon the adoption of a clear long-term strategy based on the precise criteria and a well-defined procedure. Suggestions to that effect had already been put forward by Group B in particular, which the Delegation supported.

699. The Delegation of Belarus thanked the Secretariat for the excellently prepared material for the session, supported the Secretariat's view to implement the strategy for overall development of a global IP infrastructure and that the EOs had to be part of that strategy. The Delegation further believed that such a strategy should be based on the appropriateness of such offices, wherein having offices opened in a number of countries, including in the Russian Federation, would be such an appropriate step.

700. The Delegation of Switzerland thanked the Secretariat for the current document which enabled members to better grasp the different aspects and the very complex procedure of opening EOs. In order not to prolong this intervention and give more time to seeking solutions to this very important issue, the Delegation expressed its support for the two statements made by the Coordinator of Group B and the statements made by the other colleagues from this Group. As already stated, the Delegation was not opposed in principle to the opening of new offices. To do so, there needed to be a clear-cut vision of the needs of the Organization as such for the opening of these new offices and these openings needed to respond to certain criteria in order to calibrate the offices network, which, as it was proposed, should be a small, limited network,

with offices localized in a strategic manner. The Delegation thanked the Director General for having clarified the fact that the issue of opening new EOs was independent of that of the redundancy centers and opined that these new offices should have a regional vocation, which went along the lines of having a limited network of external offices. It was important that the opening of these offices should not cause additional costs for the Organization nor an increase in staff. Members should also have the opportunity to make a statement in an appropriate body regarding the placement of the new offices and their functions so that a decision taken would comply with the needs of the Organization and its long-term vision and that these offices be placed in a strategic manner, regionally speaking.

701. The Delegation of Kenya supported the statements made by the Delegation of Algeria on behalf of the African Group and the Delegations of South Africa, Egypt, Ghana and Algeria on the establishment of five external offices as proposed in the Program and Budget for the biennium 2014/15. The Delegation also thanked the Secretariat for the excellent work in preparing the information document, WIPO/PBC/21/INF.1 on the strategy for WIPO EOs. The document provided detailed information on the existing external offices and the rationale for establishment of new offices in China, the Russian Federation, the United States and two in Africa. The Delegation stated that WIPO was both a member-driven organization and a service-oriented organization. The huge demand for establishment of EOs, as demonstrated by the number of countries which had expressed interest in hosting EOs, attested to the fact that the process had been driven by Member States. It also attested to the fact that more and more countries recognized the role of IP in economic development and would like to leverage its use to change and advance their economies. As a service-oriented organization, WIPO played a unique role in the provision of global IP services. Unlike other organizations, WIPO generated over 90 per cent of its income through provision of these services, and this called for a strategy to safeguard and grow its income. It was in this context that WIPO EOs should be looked at. While it was easy to justify the establishment of offices for reasons connected to the number of patent applications and therefore revenue generated, it should be remembered that any organization wishing to survive over the long term, and WIPO was not an exception, must incorporate strategies and investments in areas that generated income at present and also in areas that had a potential to generate income in future. The proposed opening of two offices in Africa was therefore a prudent strategy and not a waste of resources. Africa required massive investments to unlock its potential and this included investments in IP. The investments in IP would take time to yield results, and that was why they had to be done now. The current proposal, therefore, presented a good mix of strategy and investments for WIPO as it incorporated a mature economy, rising economies and undeveloped but high potential economies. This should not be seen as the end game but a process within a wider strategy of insuring that WIPO was presented in origins of the world. The Delegation hoped that the PBC would adopt a decision to support the opening of the five offices in the 2014/15 biennium.

702. The Delegation of Italy stated that more work was needed, without closing the doors to the valuable requests that were on the table. The work involved drafting a fair strategy and principles to regulate the process in a reasonable time to ensure, as stated in the document, that WIPO had a small, strategically positioned geographical network of offices, the criteria that helped ensure that new offices would not aggravate the costs for the Organization and that there was a proper balance between the offices and the headquarters in Geneva. The Delegation stated they it was ready to contribute to the exercise and that its constructive engagement could be counted upon. Concerning the redundancy centers, the Delegation did appreciate the Secretariat separating the two issues and the statement made by the Director General.

703. The Delegation of the United Kingdom thanked the Secretariat for preparing the document on the strategy for WIPO EOs, which provided useful information enabling members to better understand the proposal put forward. Members had raised many questions during the July PBC session, and the majority of them had been sufficiently responded to. Nevertheless, some issues remained open. Therefore, more clarity was sought in order to make an informed

decision. The Delegation fully aligned itself with the statements made by Belgium on behalf of Group B. With regard to the current proposal on EOs, the Delegation fully supported the establishment of a strategically positioned network of EOs based on a consistent application of principles and criteria. The latter should be developed in a Member State-driven process with engagement of all WIPO Member States through open and transparent consultations, which would ensure that all bids for EOs were treated on equal footing and in a systemic way. The Delegation also thanked the Director General for his very helpful comments and clarifications and agreed that a business continuity plan was an inevitable part of any responsible and complex organization. Therefore, it fully supported the Secretariat's endeavors to explore various ICT strategies to address potential risk and threats, and looked forward to a new paper that dealt separately with redundancy centers, taking forward initial views mentioned in the strategy document. The Delegation would appreciate further clarification and thorough risk analysis which should be presented to the entire membership of WIPO in order to take it forward and adopt appropriate policy which was based on all the relevant information.

704. The Delegation of Venezuela (Bolivarian Republic of) made reference to the statements made by the Delegations of Ghana, Peru, Chile, Ecuador and Panama regarding the need to establish an external office in Latin America. The Delegation thanked the Secretariat for the documentations provided and the Director General for his explanations. The Delegation believed that EOs responded to geographical, historical and economic requirements besides centralization. The Delegation said that, while discussing the criteria for opening an office, members should do a reverse analysis: ask themselves whether opening of Singapore or Japan offices had been a loss or a sound investment for the Organization. Another question to ask was: If these offices had not been opened at the time, would they have been planned at present? The Delegation remarked that someone could be opposed to the opening of offices in the United States, the Russian Federation, China and Latin America, with 600 million inhabitants and a permanent growth for many years, or Africa with the need to be able to disseminate knowledge and technology. The Delegation said that there would appear to be a criterion which the Delegation had not known about and had not been informed of. It referred to a proverb saying that the best kept secret was the most well-known one, known by everyone because no one commented on it. However, it was interesting for the Delegation to watch the stage where diplomats pull in their cars and see particular diplomatic license plates at the regional and trans-regional meetings. The Delegation was happy to see all these. The Delegation had seen all license plates and afterwards had realized who they belonged to. The way in which the process had been conducted, led to proliferation of requests. The Delegation thought that the burden of proof was being reversed. The countries who wished to have EOs were not the ones who had to demonstrate anything. It was the countries that believed they had no capacity, they were the ones to say why they wished to have EOs. The Delegation welcomed a decision to close the Brussels office as the world was trying to go beyond Euro centrism. The Delegation thought that the essential truth was demonstrating this. The Delegation wished to hear the criteria for opening that office, as well as the criteria for closing it down.

705. The Delegation of Germany thanked first the Secretariat for the document, which it considered as a good basis for further discussion. On substance, the Delegation aligned itself with the statements made by Group B. In principle, merit was found in the establishment of EOs and the proposed five new offices would be looked at with an open mind. However, in the common interest of the Organization and the Member States, the Delegation stated it was important to have a good and reliable set of criteria as a basis for later evaluation. Therefore, the budget allocation for potential new offices should be conditional on having a clear Member State-driven strategy and criteria complementing the document, as outlined by the Delegation of Belgium.

706. The Delegation of El Salvador thanked the Director General for his explanations on the document under discussion and the Secretariat for the professionalism in drawing up the document. The Delegation welcomed interventions made by its regional colleagues on this

point in previous meetings. The Delegation pointed out to what had been said by the Delegation of Chile on preparing the budget for the next biennium and what had been indicated by the Delegation of Panama, including inclusion of GRULAC's comments and proposals made repeatedly during the July meeting and which had not been reflected. The Delegation apologized for reiterating what had been said in the July meeting. In the Delegation's opinion, in the process of consultations carried out in 2011-2012 the work had begun but it had never been concluded. The Delegation still did not understand how these conclusions had been reached. On the existing proposals made for the offices, the Delegation said that each Member State had the right to submit an application. However, in the opinion of the Delegation, there was a link between the application and the procedures. This was why the Delegation wished to echo what had been said by the Delegation of Korea in a very timely manner.

707. The Delegation of Iran (Islamic Republic of) requested that, when the delegations submit their proposals to the secretariat and the Chair in writing (as requested earlier), these should be simultaneously distributed to all delegations as well. The Delegation then referred to July PBC, which had a somehow prevailing critical atmosphere, when many questions and reservations had been raised and almost all delegations had firmly believed that the whole process should be thoroughly discussed in a transparent, inclusive and comprehensive manner, engaging all Member States. Accordingly, the PBC had come to a conclusion not to take a hasty decision and had requested further information and had asked the Secretariat to prepare two separate documents, namely, an information paper including background documentations and an in-depth study to address in a comprehensive manner all the issues related to this matter. Referring to its general statement, the Delegation expressed its position as follows: The first and foremost objective of the information paper was to respond to the request of delegations for review of the existing offices and the process followed for their establishment. The information itself testified that the process had been suffering from inclusiveness and lack of transparency, challenging its member-driven nature. As a case in point, some offices had been established after making an offer by interested countries at the 2004 and 2005 Assemblies, which had been welcomed by the then DG, a matter which should be evaluated in conjunction with Article 9 of the WIPO Convention. In two cases there had been no headquarters' approval and therefore no documents submitted, a matter which should be considered in light of Article 12 of the WIPO Convention. The third example was the opening and closure of two offices in 2008, one of which was interestingly enough on the new list. This was an interesting list of examples. But what was more important, was that they all had led to one single conclusion, i.e., that from a legal and administrative point of view the existing process and mechanism was not helpful for shedding light on the way forward but, rather, it stipulated that a holistic approach to establishing of EOs had not been pursued. The Delegation called on the memberships not to make the situation more complicated by relying on the existing procedure, and instead learn from the past shortcomings. It was now imperative to think about new procedures, taking into account the concerns and the participation of all. In dealing with the existing requests and offers (from 24 countries), it was important to work on a basis of a number of the determining factors, so as to cover all aspects, issues and concerns and to come up with a common understanding. That common understanding could be reached through different mechanisms, including, but not limited to, the following approaches: (1) a criteria-based approach. This approach could be achieved by two sequential phases. At first, issues with regard to necessity, criteria, function, mandate and structure and any other objective requirements would be discussed in a transparent and all inclusive manner regardless of the proposer. After the completion of this phase, as the second step, the eligibility of requesting countries would be analyzed and evaluated in the light of the already agreed criteria. (2) a regional-based approach. Within this framework, which had also been taken into consideration in the proposal of the Secretariat, the initial phase of discussion would be devoted to the allocation of a fair number of offices to the respective regional groups, albeit without taking into account the existing offices. In this regard, it should be noted that the table of locations presented on page 36 of the information paper was to some extent misleading and should be corrected in accordance with the well-established existing practice. (3) an individual-based approach. The third approach, the feasibility of which could be studied, was to work on the requests and offers

that had been made on a case-by-case basis and to find the most eligible ones. The Delegation said that the above mentioned approaches and scenarios were not exhaustive and could be further extended. But what was of high importance was that members should work on the basis of one specific and defined approach and not have a mix, so as to avoid sending a message which was not members' intention, that WIPO as a specialized agency of the United Nations was moving beyond the UN charter. Namely, paragraph 2, Article 1 which required the principle rights of all as well as paragraph 1, Article 2 of the UN charter according to which the organization was based on the principle of the equality of all its members. In other words, the Delegation was of the firm belief that the one-size-fits-all approach was workable and applicable in this process. In conclusion, the Delegation believed that the establishment of the EOs was of high importance in ascertaining WIPO's far reaching activities. To this end, a comprehensive and honest approach was a must in order to ensure that members' decision would pave the way for further realization of the objectives of the Organization.

708. The Delegation of Guinea began by saying to the Delegation of Ghana that its intervention made it think back to the first president of independent Ghana, a confirmed Pan-African, and added that he would have been proud to hear what the Delegation of Ghana had said. The Delegation proceeded with its statement and emphasized its belief that the establishment of EOs was very important for WIPO and was particularly thankful to the Director General for the additional information provided on the point relating to redundancy capacity. The Delegation was also grateful for the documentation made available at the session. The Delegation supported the statement made by the Delegation of Algeria on the establishment of new EOs and its utmost importance to Africa as a continent. The Delegation stated that Africa had an enormous potential, which must be given a tangible form. The question was how to do it, how to ensure that people living in Africa could really benefit from what Africa could do if, at present, most of those involved in innovation in Africa did not even know that WIPO existed. That was why the EOs would be so important for Africa. It would enhance the credibility of WIPO and enhance WIPO's network. It would also allow African societies to realize their full potential, be better informed and to benefit from the advantages that the global IP system had to offer. For that reason, the Delegation wished to encourage the Committee to give clear instructions to the General Assembly and recommend that new EOs be established, including those proposed for Africa.

709. The Delegation of Sweden supported the Delegation of Belgium's statement on behalf of Group B. In general, the Delegation was positive to regional precedence in order to facilitate and support development, for example, in the IP system. However, the Delegation thought that setting up criteria for selecting hosts to the external offices was extremely important and that it would include a transparent process, with all Member States involved. It was also important to have a clear strategy for the work in the proposed new EOs, e.g. the targets, etc. before such offices were decided upon.

710. The Delegation of Greece congratulated the Chair on presiding over the. The Delegation fully aligned itself with the statements made by Group B in the last two days and thanked the Secretariat for preparing the information paper on the external offices. Although the Delegation believed, as stated by various delegations, that it was a good document, it also believed that it was an extended version of the white paper distributed during the last PBC session. Therefore, more work should be done by the Secretariat. The Delegation stated that according to paragraph 177 of the document, the opening of new EOs was described as a process and that processes, by definition, required clear and transparent rules that were known in advance, and which conveyed a balanced approach and gave a clear image on the entire strategy. The above information was necessary not only for having a "horizontal approach" to the issue but also in order to avoid double standards so as not to politicize discussions in, by definition, a technical organization. Furthermore, the Delegation was concerned about the fact that additional offices might have negative long-term budgetary implications. To conclude, the Delegation was not yet fully convinced that the attempt to centralize the Organization's activities

was fit for the purpose it was aimed for, but considered that it could be, albeit under strict conditions.

711. The Delegation of the Dominican Republic congratulated the Chair, was satisfied to see him chairing the meeting and wished him the greatest success. The Delegation thanked the Director General for the information provided that morning and the Secretariat for drawing up the document although the Delegation did not agree with all of its content, particularly the fact that requests made by a Regional Group in the formal and informal fora, unfortunately, had not been considered in the new version of the paper. The Delegation endorsed the statement made by the Delegation of Trinidad and Tobago as well as what was expressed by GRULAC member countries regarding the interest of having an external office in Latin America and the Caribbean. GRULAC were in the best position to be able to support opening of a new external office, with the understanding that the proposed Program and Budget would provide for the necessary means for the establishment of a GRULAC office, on equal conditions to those reflected in other proposals.

712. The Delegation of Zimbabwe congratulated the Chair on his election as the Chair of the PBC and associated itself with the statement made by the Delegation of Algeria on behalf of the African Group. The Delegation thanked the Director General for his additional explanation with regard to the establishment of the WIPO EOs. It recalled that the proposal to establish WIPO EOs in Africa was not a new issue. The Delegation strongly supported opening of EOs, without prejudice, and in accordance with the objectives of WIPO to promote the protection of IP throughout the world through cooperation among states. Africa was in pursuance of IP and Development Agenda and would require full support to achieve the objective. The Delegation looked forward to the approval of these EOs, taking into consideration the financial and resource allocation and a transparent process.

713. The Delegation of Guatemala thanked the Director General for the explanations he had given this morning as well as the Secretariat for drawing up of the document on the strategy regarding WIPO EOs. The Delegation wished to reiterate what had been said by the Delegation from Trinidad and Tobago (on behalf of GRULAC) in their initial statement, and endorsed what had been said by the Delegations of Peru, Chile and Panama. The Delegation considered it of vital importance to have new offices in its region, which would contribute to the strengthening of work carried out by WIPO in the countries of the region. It therefore requested that these concerns be taken into account and that be reflected in the Program and Budget for the forthcoming biennium.

714. The Delegation of Cameroon supported the statement made by the Delegation for Algeria on behalf of the African Group on the creation of EOs. The Delegation thanked the Delegation of Ghana for presenting the plight of the African continent in an eloquent matter. The Delegation asked that the PBC consider Africa as a hungry child who deserved special attention due to ill health. Without the support of WIPO through the creation of EOs, Africa would continue to remain in the dark and the future would hold WIPO responsible for that.

715. The Chair thanked the Delegation of Cameroon, made observations on the proceedings of the morning and the importance of establishment of EOs in least developed regions. The Chair thought there was consensus on the principle of EOs but that many delegations wished more clarity; some delegations were prepared to adopt the Secretariat's proposal while others wanted to delay the adoption of the proposals until there was more clarity on the criteria, the process and the principles. The Chair concluded that there did not seem to be much appetite for adopting the proposal at the current session. He recalled his July proposal to go into either Chair or member-driven consultation process. The members also had an option to request the Secretariat to revise its paper. The Committee could also defer the discussion to the General Assembly. He summed up the existing option as follows: (i) adopt the proposal during the current PBC "as is"; (ii) seek further information from Secretariat; (iii) member-driven process by a Chair to begin consultations and look at proposals; (iv) move to discussion to the GA; (v)

move beyond GA until members were satisfied with the proposals, the criteria, et cetera. The Chair urged the delegations to consider their position on the matter and said that he was ready to meet with Coordinators to discuss the way forward.

716. After the break, the Chair outlined a compromise proposal reached in the consultations. It was a compromise between those who wanted to adopt the Secretariat's proposal immediately, in the PBC, and those who wanted to postpone it till later on. The proposal was that a Chair would be selected today to begin member-driven consultations as soon as the PBC ended. The Chair regretted he could not be that Chair due to the commitments in Cairo, but agreement on an Ambassador based in Geneva could be made, who could begin consultations and who would report on this member-driven process to the GA, which could then take action. Therefore, the decision would be postponed until the GA. This compromise would allow giving those who had problems with transparency, criteria and who had not been consulted a chance to receive all that. The Chair asked the delegations not to react immediately to this proposal but to go away and consider it.

717. The Delegation of Belgium thanked the Chair and said that it was an interesting proposal on which it would consult within the Group. The Delegation reiterated that selection of a possible Chair of this informal Working Group should be based on the understanding that such a Chair should not be nationally involved in the matter, i.e., from a country that had not made a request for an external office.

718. The Delegation of Venezuela (Bolivarian Republic of) agreed with the proposal, but first wished to pose a question to those who objected to the opening of EOs. The Delegation still did not know exactly why the opponents had been opposing. It stated that its region was hoping for EOs during this biennium and not the next.

719. The Delegation of Trinidad and Tobago, speaking on behalf of GRULAC, thanked the Chair for the proposal in terms of trying to make some breakthrough with respect to this particular contentious issue. As the first reaction, after consultation with a few members of the Group, the Delegation believed that the Group would want to see Latin America and the Caribbean included in the five, so it would be five-plus-one. But, that was just the first reaction. The Delegation reserved the right to further consult with its Group on this matter.

720. The Delegation of Iran (Islamic Republic of) thanked the Chair and had one comment to be taken into consideration. Not wanting to repeat its previous statement, the Delegation stated that members should avoid any approach which might be interpreted as a special treatment or which might prejudice the discussion. The Delegation welcomed the process that the Chair had initiated for having that discussion, for having a Chair, but added that any substantial proposal which might prejudice that discussion and that process would be against a member-driven process that the Chair had so rightly emphasized. The Delegation asked that there not be any hasty prejudgment on who would be in the package and who would not be in the package as everything should be treated in accordance with the principle of equal treatment.

721. The Chair thanked the Delegation of Iran and reiterated there should not be prejudging of anything and added that delegation should reflect on the proposal and not open the discussion on it at that moment. Once a Chair would be chosen, he/she would have a mandate to open discussions for a member-driven process so that the members would have a say. The Chair adjourned further discussion until the following day.

722. The following day, the Chair asked for preliminary comments on the tentative proposal that he had made the previous day.

723. The Delegation of Trinidad and Tobago, speaking on behalf of GRULAC, thanked the Chair and asked whether there was a revised version of Program 20.

724. The Chair replied that there was no revised Program 20.

725. The Delegation of Trinidad and Tobago, speaking on behalf of GRULAC, replied that, in that case, GRULAC would give its general reaction to the Chair's proposal. It was with some disappointment that GRULAC noted that there no revision or amendment was made to Program 20 reflecting the Group's request that a Latin American or a Caribbean external office be included in the 2014/15 budget despite the fact that GRULAC has been asking for such an office for a very long time.. Informal requests had been made to the Secretariat about this, followed by many formal requests, made individually and as a Group. But, yet again, it seemed as if the pleas kept falling on deaf ears. The Delegation stated that GRULAC, unfortunately, could not agree on a process of consultations unless the wording of Program 20 was altered, i.e., five currently proposed offices plus one additional regional office for Latin America and the Caribbean. As such, the Delegation wished to see the following amendment to paragraph 20.21 of the proposed Program and Budget: "During the next biennium, new external offices in the following locations/regions were planned: in China, the Russian Federation, the United States of America, two in Africa and one in Latin America and the Caribbean." In other words, GRULAC would like to see a budget for six regional offices reflected in Paragraph 20.21 of Program 20. The Group was not going to repeat the reasons as to why an additional office was required to service the Latin America and Caribbean sub-region as that had already been fully ventilated in and outside the plenary and could be found in WIPO's archives and records. The Delegation added that it was already on record that the Group did not object to offices being opened in California, the Russian Federation, China and two in Africa. This was a member-driven process and GRULAC would like to see a document which reflected their concerns and which included their requests for a regional office in Latin America and the Caribbean. In the absence of this, and without any appropriate reason given as to why GRULAC's request had been ignored, GRULAC could not agree on the current program as it stood.

726. The Delegation of Mexico supported the statement by the coordinator for GRULAC and added that clarity was needed about the continuing discussions. The Chair had made a proposal and the Delegation had asked that the revised version of Program 20 be submitted. The Committee, and the Delegation, were looking at and reviewing all of the proposals made by other delegations and for other programs, so the Delegation did not see why their proposal for Program 20 did not get the same treatment, which would allow moving forward on this matter in the proper way.

727. The Delegation of Belgium, speaking on behalf of Group B, thanked the Chair for his interesting and constructive proposal to get the Program and Budget approved. It said that, first of all, again, Group B would like to reiterate what it had previously said, i.e., a budget should be allocated; however, again, the Group stressed that members should not be specific neither in terms of location nor in terms of number of the new external offices. Again, the Delegation noted, as did other groups, that some Member States had already come up with a business case, others had not, and, as a matter of equality, everybody should be treated on an equal basis. Therefore, some clear-cut criteria were needed. Secondly, with regard to the way forward, the Delegation welcomed informal consultations within a working group starting as soon as possible and thought that the end product should be some clear-cut criteria resulting in a document, which would detail the opening, functioning and closing of EOs. The Delegation was willing to go as far as it could, but a good chair and absolute clarity on the process in order to get further forward was needed. In this regard, the Delegation would welcome any neutral chairperson, whose national office had not yet requested an external office. The Delegation also thought that a little expertise provided by the Secretariat would be helpful. And, as this should be an open and clear-cut process, this formal procedure was highly necessary. The Delegation also reiterated the point with regard to the redundancy centers, which were also mentioned in the last document of the Secretariat. The other day, the Director General had made a very helpful intervention, clearly stating that the issue of potential EOs was clearly separated from the issue of potential redundancy centers and trusted that they would be dealt with in a strict way. The Delegation noted that this was an informal area, but again because a follow-up was requested, the Delegation would welcome a focal point within the Secretariat

upon whom members could rely to provide them with further reporting, but understood this was an informal and more or less confidential matter to be dealt with further.

728. The Delegation of India thanked the Chair for his proposal for discussion and debate between countries and regions, which set into motion a Member State-driven procedure starting before the GA with an aim to reach a conclusion so that a decision could be taken during the GA. The Delegation very much appreciated the chair's intention. The Delegation continued to say that, at the same time, the Chair also had suggested making a budgetary provision, making an allocation of resources for five plus two office. In this connection, the Delegation welcomed the statement by the coordinator of GRULAC when they requested that the budget document reflect that, apart from the five countries identified in page 115 of the draft Program and Budget, there would be an office for GRULAC. On the same merit, the Delegation requested to add India, as the seventh office. In this connection, the Delegation further elaborated that this issue had not been brought up during the present session; it had been initiated by the Secretariat because all of the five proposed locations suggested by the Secretariat. In addition, the Secretariat had reflected on two more prospective locations, one in GRULAC region and one in India, following the implementation of the first five and on the basis of the result of those, further two locations could be considered, but all delegations were interested to understand the criteria on the basis of which the location were selected. Thus, the Delegation was very concerned, in fact all delegations were concerned, with transparency and on the basis on which the five countries had been selected. As already explained, the criteria or the reasoning given by the Secretariat in the information paper was: growth in the IP filing or capacity building development perspective or being a big nation or the economic parameters. The Delegation continued to state that India would also fit those criteria and there was a legitimate request made by India in this respect. On this basis the Delegation said India would very much like to be included as the seventh office. The Delegation was open to participation in any mechanism or consultation process for setting up the criteria, subject to there being no countries decided.

729. The Delegation of Chile thanked the Chair and stated that it could not be more eloquent than the Delegation of Trinidad and Tobago in the GRULAC statement. The Delegation continued to fail to understand why the Committee had seen revised versions of all the Programs where changes had been suggested and yet Program 20, for inexplicable mysterious reasons, could not have been modified. The Delegation added that it had been clear during the week, at least in theory, that this was a member-driven process. The members of GRULAC had requested a change to the budget, specifically in paragraph 20.21 (Program 20). The Delegation stated that it was unable to take part in any consultations or any other mechanism until such time as this change had been reflected in the budget document.

730. The Delegation of Poland, speaking on behalf of the CEBS group, stated that it had already expressed concerns about the process, and would like to repeat those. At the same time, the Delegation had drawn the Committee's attention to the issue of criteria, which was of great importance. First of all that they were transparent and that there was an equal treatment for all Member States wishing to apply for EOs. The Delegation supported the Chair's suggestion on a Working Group and would be willing to go along with the proposal.

731. The Chair thanked the Delegation of Poland and clarified that if members did not reach agreement, there were two options: the budget was blocked and the Organization would function on the previous 2012/13 budget, or members would solve this issue in the GA because if there were no solving of this issue, there would be no budget. To be clear, the situation was: if there was no agreement then the entire thing would be taken to the GA, which would then adopt the budget with, of course, agreement on this issue. Should there be no agreement in the GA on this issue, and therefore no agreement on the budget, then the Organization would go on with the old budget.

732. The Delegation of China thanked the Chair and stated that, in the last few days, it had listened to and had participated in discussions about the biennial Program and Budget and also

listened carefully to the viewpoints expressed by other delegation, especially on Program 20. The Delegation expressed the view that the Committee had not gone a step further, but everybody knew that they were under the pressure of recommending a good budget to the GA. The Delegation still thought that the Committee should work in a pragmatic and constructive way to advance discussions. However, today, the Delegation had noted or actually been disturbed by some messages from some delegations. Seemingly, there was some challenge to the impartiality of the Chair. The Delegation had a different opinion about that and felt that the Chair had done a great job in the last two sessions, acting independently and impartially. The Delegation fully commended the work of the Chair and the contribution he had made and added that, legally speaking, there was no such provision in the Rules of Procedure of this Organization that the argument or the challenge to the impartiality of the Chair held ground. The Delegation reaffirmed that it would like to continue work on this matter, and on all the pending programs, with other Member States, in a constructive, detailed, specific and concrete way.

733. The Delegation of Iran (Islamic Republic of) suggested a two-phase approach, wherein the first phase work would concentrate on the procedural phase, how to move forward to avoid blocking the adoption of the budget or sending the wrong signal to the world community. The Delegation continued that, if the Committee concentrated on the procedural phase, some basic well-established principles should be taken into consideration, as described in the numerous related documents, such as, that it should be a member-driven process and it should continue based on that principle. The second principle was transparency and the third principle, as mentioned in the procedural phase, adopting equal treatment thus avoiding any approach that could be interpreted as discriminatory. Having said that, the Delegation thought that informal consultation might not be a good option at this stage. The Committee had tested that formula. As all delegations were aware, it was perceived that the informal consultations initiated by the GA in 2010 had not substantially managed to alleviate the concerns and expectations of Member States and facilitate the member-driven nature of this process. This had been shown when the Committee had discussed this issue in July. The Delegation recalled that Group B had said that it should be an open and clear-cut process. That was why the Delegation believed the process should be as transparent and inclusive as possible, which would also be more in line with the objectives of the Organization. Based on that, the Delegation suggested, as an option, considering the establishment of an open-ended Working Group on EOs. The Working Group could be established by the PBC and could start its work immediately after the closure of the present session. The Delegation raised the following rationale in favor of its proposal: first, the ongoing mechanisms needed an ongoing process. Paragraph 96 of the information document said that "the Director General has indicated on a number of occasions that consultations should be driven by Member States and such consultations should be a continuing process rather than distinct events." Paragraphs 96 and 177 mentioned that it was considered that the establishment of external offices was a process rather than a single event. Therefore, an ongoing process necessitated an ongoing mechanism to consider and deal with many issues related to this matter. The Delegation also raised the following legal argument. The PBC was a subsidiary body within the governance structure of WIPO. It made recommendations to the GA, which ultimately adopted the Program and Budget. The PBC could decide to establish subsidiary bodies to examine specific issues. For example, at its eighth session, the Committee had decided to establish an open-ended Working Group on proposals and the establishment of WIPO audit committee, (document WO/P/PBC/8/5, paragraph 174 (4)). Other examples were: the *ad hoc* Working Group on WIPO Technical Assistance in Cooperation for Development established by the CDIP at its eighth session (document CDIP/9/15); and the intercessional Working Groups and the open ended drafting groups established within the context of the IGC. The Delegation thought that if the Committee were going to act on the safe side, and in order to alleviate the concerns of all, the Committee should be as transparent as possible. Reflecting on further issues, the Delegation stated that any decision which might be part of substantial discussion on calculating budgetary allocations would be premature and would deflect the Committee from the path that it should follow. The Delegation added that, perhaps, if a budget allocation was going to be made, it could well be

made for all those who requested hosting EOs, i.e., for the 24 requests. The Delegation was not insisting on that, but if member were to avoid any prejudging of this substantial discussion, budget should be allocated for all requests. Following the substantive discussion, the budget could be adjusted accordingly.

734. The Chair recapitulated that the Delegation of Iran suggested allocating the budget for the 24 requested offices. The Chair did not see it as problematic if Member States agreed on such idea and added that the debate could be finished at that point.

735. The Delegation of Peru stated that it did not ask for the budget for the 24 requests and added that there was a document listing initiatives on external offices, which the Delegation had not seen, with 33 countries asking for a new external office in their respective regions. The Delegation supported the request made in the statement by Trinidad and Tobago for a member-driven process. Any request from a group of Member States should be considered on the same basis as those from the others. Therefore, the Delegation did not understand why their request was not reflected in the documentation and called for a pragmatic coordinated solution to this case.

736. The Delegation of the Republic of Korea wished to request clarification. Following the Delegation of India's intervention regarding paragraph 177, the Delegation would like to clarify whether the Secretariat intended to include the two additional countries in that paragraph.

737. The Chair responded that the Secretariat would answer that question at a later stage.

738. The Delegation of Egypt thanked GRULAC for its statements and its support for two EOs in Africa. The Delegation fully understood GRULAC's position on an EO in their region and was aware that GRULAC had submitted a request to that effect, which would be in line with what the African Group had said about regional EOs. In reference to the EOs in Africa, the Delegation thought that in actual fact more than two EOs were needed in Africa, as the continent had an enormous number of countries, many sub-regions speaking different languages and having different needs. Initially, the African countries had asked for more than two Eos. However, understanding the facts of life and the fact that budgetary resources were limited, the Delegation thanked the Secretariat for having proposed two EOs in Africa in the 2014/15 budget. Perhaps in the future, the Committee would be able to look at other requests from the African countries. The Delegation reiterated its full understanding of GRULAC's position. The Delegation had asked the Secretariat whether it was possible to accept the establishment of six Eos in the forthcoming biennium, with the idea that further requests would be seriously considered. The Delegation thought this would signal to Member States that a serious process was underway with a view to giving consideration to all requests. The Delegation believed that it was a good idea to have a Working Group on Eos. That would allow the Committee to look to the future and would show that the Committee was taking the process forward bearing in mind the possibility of creating additional offices, as required. The Delegation also supported the point made by the Delegation of China i.e., that members needed to respect the chairs of the committees, accept the way the committees operated, recognize that when a person was elected as a Chair of a committee, that person no longer represented any single country or group. He/she represented the interests of all members of that committee. The Chair, of course, was impartial and the Secretariat was also expected to be impartial in all cases. Such considerations should not be used as a pretext to the hinder consultations involving all Member States.

739. The Delegation of Venezuela (Bolivarian Republic of) rejected Group B's statement delivered by the Delegation of Belgium. It said that there were, at minimum, sufficient details on every matter before the Organization and yet Group B wanted it to be dealt with in a general way, not allowing any level of detail. The Delegation stated that the proposal outlined by the Delegation of Iran on setting up of a Working Group was something the Delegation could accept. However, the Delegation stressed that the office that it was asking for had not yet been

included in the budget proposal. The Delegation also agreed with the statement just heard from the Delegation of Egypt.

740. The Delegation of Spain believed that the Chair's behavior was absolutely impartial. The Delegation realized that there was a certain level of tension in the meeting and thanked the Chair for his sense of humor, which helped relax the participants. The Delegation believed that nobody was questioning that external regional offices should be opened. Many delegations seemed think that the decision should be made following a more inclusive, transparent process and be based on a set of criteria. Should the consultations start the following week, if everyone agreed, it might a bit too early to prejudge the outcome of such consultations. The Delegation expressed the view that regional groups, and in particular GRULAC, realized that the process must involve equality for all and felt that it might be possible to achieve a satisfactory result that would garner support from all delegations if the budget allowed it. Most delegations agreed that there should be a budget providing for external offices. In order not to prejudge the outcome of discussions and to maintain balance, so that all regions felt that they were being dealt with fairly, either the number of the EOs or the names of countries that would receive those EOs should be made clear. Perhaps if this was done, the question could be resolved and the challenge put before the Committee would be met.

741. The Delegation of Germany thanked the Chair for putting the focus back on what the Committee was supposed to do, i.e., to decide upon a budget or to make a budget proposal to the GA on the Program 20. The task at hand was an answer to the question: what could really be proposed by consensus as usual to the GA? The Delegation said that, considering all interventions that had been made, a number of delegations could agree to Program 20 right away, including the proposal in paragraph 20 "as is". Other delegations saw no problems with the five EOs locations, or other locations proposed by the Secretariat, but wanted more clarity on the criteria speaking in favor of the five locations, and, eventually, additional offices to be opened under the 2016/17 budget. Still others, while agreeing to the monetary envelope proposed by the Secretariat, wanted additional offices to be covered by it. The Delegation thought that members were divided on those issues and wondered if there was any way to make everyone agree to a program for 2014/15 that met all concerns. The question was what the PBC had to do that week and the following week to enable the GA to adopt a proper budget. The Chair had proposed a mechanism, probably beyond the coming Friday. What else would eventually be needed to answer the questions raised by Member States? The Delegation stated that, in that sense, it found a lot of merit in the proposal to have further consultations on how to solve the problem. However, when revising such a mechanism, the PBC should really try to make sure that whatever mechanism members had was truly a mechanism of the PBC, so that the results of the consultation mechanism could be fed into the GA properly, giving a legitimate, transparent and fully procedurally-correct way of advancing the issue.

742. The Delegation of Algeria, speaking on behalf of the African Group, expressed its confusion, as at times it would seem that only two options were on the table: going along with what was proposed, i.e., opening five EOs, or doing nothing on the EOs. There was a profusion of options: some positive intervention and statements had been made, as well as some negative ones. The African Group fully supported the views expressed by the Delegation of China, GRULAC and some other delegations. The African Group supported opening of a new external office for GRULAC. With regard to the one for the African region, the Group was completely open and ready to agree to some other offices, whatever the format decided by the Committee would be. However, the Delegation highlighted that the process would not be closed at this point. Member States had to keep in mind that it was not "now or never". Some external offices would be budgeted for this time, some others would be budgeted in the next budget. The Delegation invited other delegations to follow that manner of thinking, i.e., be open and flexible to having EOs in the next biennium. As far as the African Group was concerned, the Group was ready to support and to agree to whatever number of more-than-five EOs. The Delegation specified that it considered as negative statements suggesting that the Committee agrees to opening of five new EOs without mentioning the location. For the African Group, to

be clear, that meant “no” for Africa, China, Russian Federation and the United States. That was basically what it meant. Those were the negative interventions made by the delegations who were hiding behind the statements requesting more time and discussion. To be clear, the consultations, identifying criteria and even identifying the chief of each office went beyond a Member State-driven process. This was controlling of what would happen in other countries. The Delegation could not accept such micromanaging and control of what would happen within its own region. The Delegation asked for a more reasonable proposal.

743. The Delegation of Belgium, speaking on behalf of Group B, remarked that life was never black or white, it was always gray and the Committee needed to discuss the different shades. The Delegation wished to respond to some remarks by certain colleagues with regard to an earlier remark that the Delegation had made. To begin, the Delegation commended the Chair for his diplomacy. However, as noted by the Chair the previous day, the Chair would not be available to lead consultations. He would be missed. The bottom line was that this was not an issue of personal involvement. This was an issue of national involvement and the simple question was: Was the Chair’s country interested in getting an external office? Yes or no. The Delegation stated the need to avoid having conflict of interest, ideally meaning a Chair who was not personally involved.

744. The Delegation of France wished to highlight the positive. In principle, there was agreement on the opening of new EOs i.e., saying “yes” to Africa, the Russian Federation, China and the United States. The Delegation remarked that members were often accused of being too hard on the Secretariat. However, members had lost time and the Secretariat was responsible for the methodology used. The road map, as the Delegations of China and the Russian Federation pointed out, dated back to the 2010 Assemblies and specified that there were supposed to be meetings, set out how the locations for EOs were to be selected etc. The road map had existed since 2010. What followed were two informal consultations in September 2010 and then June and then nothing for two years. The Delegation stated that it had not been invited to any consultations and, at present, it was suddenly being asked (in two days or at the most two weeks) to decide what was going to be done over the next two years. The Delegation understood that those who had not been involved or informed, like France, felt frustrated. The Delegation pointed out that France was one of the major contributors to the Organization and would have liked to have a chance to be heard, particularly since it agreed on the principle. The Delegation was sorry that it had not been involved. It felt frustrated, as did other delegations that had made requests and then found that those requests had not been followed up, whereas other requests, which had been known to no one and were virtually secret, had been suddenly fulfilled. The Delegation found that very strange. At present, there was talk about an informal working group. It could be *ad hoc*, but it had to be open-ended, so that all Member States could feel ownership in this process in order to assist countries that were close to opening EOs and to find solutions to the problems faced at present. Criteria were needed to achieve that and for a number of areas the criteria had already been cited. What really had to be done was to look at how those EOs were going to operate. For that, the Secretariat needed to explain what kind of human resources would be required, what premises would be needed for a particular office and how it was going to work. The Delegation agreed with the principle, but now it was necessary to “get the hands dirty” and actually start seeing how it was going to work in practice. Members would need to see some guidelines or information on the EOs: how they opened and operated, and, if necessary, how they closed. The Secretariat needed to help the Committee with that. The Delegation stated that it was time for everybody to roll up their sleeves and get down to work on a formal or informal basis. The Delegation would, however, prefer a formal procedure as it had been seen what informal way had produced. The work should start the coming Monday, in an open-ended Working Group, with an impartial Chair who volunteered for the role.

745. The Delegation of Kenya supported the statement made by the Delegation of Algeria on behalf of the African Group. It felt that this issue of EOs needed to come to a close and added that members had been going around citing a need for criteria. The Delegation was not

opposed to there being criteria, but felt there was no need to go the long route to establish what was really easy. There was no magic in knowing that when there was no office in Africa, one did not need 10 Working Groups to see that one should be established. The Delegation believed that GRULAC's proposal of having five-plus-one made a lot of sense. In the future, or if it were possible, other countries (like India) could be considered. The Delegation believed that the time had come to give regions what they deserved and added that Africa needed to be treated on an equal footing with other regions. Members should not go around talking about the criteria because, at the end of the day, there would not be an external office in each and every country. There would be countries, or regions which would be best served by a regional office and that was what was being asked for in Africa; two offices to serve the entire region. Also, what happened in Africa was a matter for Africa and the Africans to decide i.e., whether these offices would be in countries suggested (or which had put in a request), or other countries within Africa. Therefore, establishing criteria that would determine an individual country's qualification to host an EO might not be very helpful. The Delegation suggested adopting a regional perspective: two offices in Africa, an additional office in Latin America, one in the Russian Federation, one in China, one in the United States and then India. The Delegation found it a bit frustrating, but saw a very clear process and procedure. As mentioned the previous day, WIPO generated a lot of income, so there was a need to move strategically and have EOs which served the Organization. That meant having them in specific regions as the cost implications meant that there could not be one in each and every country. In closing, the Delegation reiterated its support for the statement of the African Group and GRULAC's position.

746. The Delegation of the United Kingdom thanked the Chair for his wise proposals of the previous day, which saved time and avoided repetition of already known positions. The Delegation wished to make the following three points. First, the Delegation fully supported the Chair's suggestion to have consultations with all WIPO Member States (emphasized). They could not be limited only to the PBC membership. It also supported the idea that consultations start as soon as possible, and the Delegation stood ready to engage constructively from day one, preferably in a formal mode. Second, the Delegation supported the notion, outlined by the Director General, of having separate consultations on the issue of redundancy centers and wanted to see that reflected in the outcome of the present PBC meeting. Third, the Delegation agreed, in general, with Group B's proposal that in order to have an agreement on budget, a good solution would be to accept the allocation of an approximate amount of funds without prejudging any locations and numbers of EOs. The Delegation concluded by saying that the status of discussion was not very far away from a win/win situation. It had been heard and agreed that Member States gave strong support for five or more EOs. The responsibility was now on Member States to implement that in a systematic, consistent and a fair way, through a transparent and open process.

747. The Delegation of Bangladesh expressed confidence in the Chair and stated that the divergent views resulted from the lack of guidelines and criteria. The Secretariat's proposal for three venues, along with two in Africa, must have been based on some rationale, since the Secretariat had not come up with anything out of thin air. Hence, since some rationale or considerations had been used, the Delegation was of the view that such rationale could be consolidated into a set of criteria. The consultations could be continued to set up the criteria, so that the present controversy and dispute would not continue in future. If there were criteria, everybody would feel assured. The Delegation also supported the idea of the Chair.

748. The Chair thanked the Delegation of Bangladesh and all others for their confidence and praise. The Chair reminded delegations that he would not be available for the consultations, which he could have conducted were he available. He pointed out that a person who could start work immediately on Monday and continue until the GA was needed. The Chair summed up by saying that having an open-ended Working Group with a chair that could be decided on that day would be a win-win situation. The Working Group would be commissioned to look at the Secretariat's proposal for five offices. It would be a continuation of the present discussion, but a in Member State group. It would not begin from scratch. The basis for the Working Group

would be the Secretariat's proposal. It would be a member-driven process. The PBC, as the delegation of Iran had said, could issue a formal request to commission this work, through open-ended Working Group with a chair. During the consultations, the Secretariat's proposal could be amended: increased or decreased. The GA would make a final decision.

749. In the afternoon session, the Delegation of Nigeria congratulated the Chair and thanked the Secretariat for the documents provided. The Delegation welcomed the proposal for five EOs and wished to point out the crucial nature of EOs for the African region, a region that was content rich but challenged by access and capacities to enable it to participate effectively in the international IP system. The Delegation also supported, along with the African Group and other delegations, the proposal for one more external office in the next biennium. As the Delegation of Egypt had requested of the Secretariat, there was a possibility to include it in the next biennium budget. The Delegation understood that the establishment of EOs was an ongoing process so, other countries, e.g. Iran, could also be considered for an EO in the next biennium. Lastly, with regard to the proposed informal consultations, the Delegation was not sure of the African Group's position on this matter, but was flexible as long as it did not prejudice agreement on the five offices proposed by the Secretariat.

750. The Delegation of the United States of America stated that it had listened closely to the comments of several delegations, including GRULAC, the African Group as well as Group B. It dawned on the Delegation, and many delegations had indicated this already, that there were a lot of commonalities. It thought that, hopefully, members were at a time where they could look at some language, particularly the point that the Delegation of Chile had made on the lack of any changes with respect to the text of Program 20. The Delegation made the following proposal in an effort to facilitate the process and be consistent with the Chair's proposal: under paragraph 20.21 of the budget document delete reference the specific countries. Instead, insert a new paragraph. Elements of the existing paragraph 20.21 could probably remain without the names of the specific five countries. The new paragraph would read: "the PBC agrees to establish a consultative Working Group." - that terminology was open to further discussion if need be – "to discuss the issue of expanding WIPO's external offices (EOs) and the process and methodology by which the need for future WIPO EOs would be identified and interested host countries selected for the 2014/15 Program and Budget and future biennia". The Delegation thought that time should be spent on identifying a chair. It continued: "The Chair of the Working Group would be XX, who would report to the 2013 GA on the progress and decisions reached during the consultative Working Group."

751. The Delegation of South Africa supported the statement made by the Delegation of Algeria regarding the five-plus-one EOs.

752. The Delegation of India stated that, having listened to many views expressed in the last two days, it was quite confused and perplexed, as were some other colleagues. The Delegation only wanted to present the case of India and was not aware that regional groups had been handling some administrative aspects of proposals and that there had been communications exchange between Secretariat and Member States. The Delegation understood the rights of individual Member States be as legitimate as the rights of regional groups. If regional groups were asked to reach consensus among themselves to have one or two offices, then India, as the coordinator for its Group, had a legitimate right to request more than one external office. The Delegation pointed out that India had all of the qualifications and merits, being the second most populous country and in the economic sense. The Delegation honestly wished for a very genuine discussion to sort out this issue. It added that it would, of course, be flexible to the idea put forward by the Delegation of United States. The Delegation had already mentioned that in its previous intervention because it did not want to be perceived as requesting something unfairly or not wanting a transparent process. The Delegation said that it had put in its claim on the basis of the documents provided by the Secretariat during the last session. The Delegation had tried to justify it in the same manner as the other five nominated countries.

753. The Delegation of Panama supported the speakers from the GRULAC region who had already taken the floor and reiterated that Latin America EO should be established along the same lines as those that were currently proposed. The Delegation was not in a position to accept that different criteria be applied for different offices and asked the Secretariat to include an office for the GRULAC region in Program 20.

754. The Delegation of Mexico reiterated that it wished to see the contents of Program 20 circulated, with the proposed amendments. The Delegation also requested that the proposal just made by the Delegation of the United States be distributed as well. It would be very helpful to see them clearly. It stressed that GRULAC should be treated on an equal footing.

755. The Delegation of Iran (Islamic Republic of) was in favor of establishing an *ad hoc* open-ended Working Group that would be all inclusive, working on a formal basis in a clear cut and open process. As to the basis on which the Working Group would work, the Delegation stated that the following. If the documents prepared by the Secretariat and the proposal for establishing five new offices was generally agreed on, there would be no need for further consultation or the establishment of a working group. Upon reflection, the Delegation stated that it was very premature to say that the Working Group was going to work on the basis of the proposals made by the Secretariat, adding that it was grateful to the Secretariat for their efforts. In other words, this *ad hoc* open-ended Working Group, with the participation of all, should work on the basis of all proposals, documents, requests and offers referred to, or discussed, during the July and the present PBC sessions, as well as before that. As requested by the Delegation of Mexico, it also wished to see the proposals in a written format before it could support any position. It thought though, that the Working Group should work on the basis of consensus and that the consensus-achieved conclusion should be submitted to the GA.

756. The Delegation of Brazil thanked the Chair and aligned itself with the position of GRULAC. It stated that it was not opposed to having a second external office in the region, on the same footing as the WIPO Brazil office.

757. The Chair concluded that there was no agreement on the issue. He invited the Groups and delegations to consult and further reflect on the existing proposal and the matter as such. He deferred further discussion until a later time.

758. There were no comments on Program 21.

759. With regard to Program 22, the Chair referred to an adjustment of resources equaling 100,000, listed under "nonpersonnel", to accommodate Program 30 and inquired what that meant.

760. The Secretariat explained that in order to reinstate Program 30 the amount of 100,000 Swiss francs had been moved into it.

761. The Chair opened discussions on Program 23.

762. The Delegation of Mexico thanked the Secretariat for the amendments it had made to Program 23, including the addition of performance indicators to measure absenteeism, geographical diversity and gender balance; issues which had been raised by several delegations during the 20th session of the PBC. However, it was clear from the Results Framework on page 174 of document WO/PBC/21/8 that, although reference indicators had been established, the Secretariat had not set objectives for those three indicators. The Delegation had previously stated that it was in favor of the introduction of tangible objectives. GRULAC had also made the same point in its general statement on the correction of the geographical imbalance of staff in the Secretariat. The Secretariat was requested to provide further information concerning those objectives and the approach to be adopted with regard to the three indicators.

763. The Delegation of Egypt stated that, during the sessions of the PBC, several delegations had raised the issue of equitable geographical representation. A request, reflected in the report of the previous meeting, had been made concerning the inclusion of the principle of geographical representation in the Program as one of the foundations of human resources. That principle did not seem to have been incorporated into the revised Program 23. The Delegation reiterated its request that the principle should be included as a key principle for human resources in WIPO.

764. The Delegation of Iran (Islamic Republic of) expressed support for the statement made by the Delegation of Egypt concerning geographical diversity. Geographical diversity should be replaced by equitable geographical representation, a basic principle referred to in various documents, including the Charter of the United Nations. The Delegation requested that an indicator should be taken into consideration concerning the establishment of a strategic time frame and a mechanism for the achievement of equitable geographical representation. The issues of the retirement and recruitment of staff were being addressed without the basic principle of equitable geographical representation being taken into account.

765. The Delegation of Brazil, speaking on behalf of the DAG, recalled that the Group had previously requested that the principle of equitable geographical representation, as applied in the United Nations system, should also be included in the Program and made a part of WIPO policies.

766. The Delegation of France requested that presentations concerning geographical representation and origin should be carried out on a category-by-category basis. France was overrepresented in terms of the number of General Service category (G) staff of French nationality, but not in terms of Professional category (P) or Director category (D) staff. Salaries for G staff and the very high cost of living in Switzerland often made it difficult for individuals from other continents to accept posts in Geneva. The geographical reality was that Geneva was surrounded by France and that fact needed to be borne in mind. With regard to objectives and statistics, special attention was paid to the geographical distribution and number of directors. The ratio of D staff to P and G staff was very high, higher than in other organizations. There were 63 Directors. The Secretariat was reminded of the importance of maintaining a balanced ratio, given that the issue would also arise with regard to external offices. Further discussions were necessary concerning the number of Director posts that would be required for external offices. The Delegation shared the concerns voiced by other delegations with regard to the issue of the transparency of data.

767. The Secretariat said that the Human Resources Strategy would be discussed in due course. It was clear that equitable geographic representation involved more than simply recruiting staff on as wide a geographical basis as possible, as stated in the Convention Establishing the World Intellectual Property Organization. The assistance of the Legal Counsel would be required in that regard.

768. The Delegation of Belgium stated that the UN criteria for the recruitment of new staff should be upheld. Recruitment should be based upon both geographical criteria and merit.

769. The Delegation of Guinea stated that due account should be taken of those countries which were underrepresented or not represented at all within WIPO, such as Guinea. The WIPO Secretariat had never recruited a Guinean national.

770. The Delegation of Mexico raised the issue of the indicators and targets linked to the budget. Leaving aside the geographical issue, there was a lack of targets concerning the important issues of absenteeism and the gender balance. The UN specialized agencies had to report on progress made concerning gender parity, an issue which constituted a commitment as far as the UN system was concerned.

771. The Delegation of Egypt stated that it could not see any indicators or targets concerning the principle of recruiting on as wide a geographical basis as possible. Neither was that principle enshrined in the Program. The Delegation expressed a wish for the said principle to be included in the Program, along with relevant targets and indicators.

772. The Delegation of Iran (Islamic Republic of) expressed support for the proposal made by the Delegation of Egypt with regard to the principle in question. Based on the information provided by the Secretariat, more than 50 per cent of staff members were from the Asia Pacific region. Thus, the principle of equitable geographical representation was not being adhered to.

773. The Delegation of Spain thanked the Secretariat for introducing the indicators requested by a number of delegations and supported the proposal made by the Delegation of Mexico concerning the definition of targets for the indicators of absenteeism and gender balance concerning high-level posts.

774. The Secretariat said that additions could be made to the indicators and clarification could be provided concerning a number of the targets.

775. There were no comments on Programs 24, 25 and 26.

776. The Chair opened discussions on Program 27.

777. The Delegation of El Salvador wished to congratulate those responsible for the conference and language service staff. The Delegation particularly wished to express its gratitude for the excellent organization during the Marrakesh conference. The documents, the care, the translation and everything else enabled achievement of success in the logistical part. The Delegation reiterated the importance of the availability of interpretation and linguistic services in the meetings for Spanish speaking delegations. The Delegation thanked the entire conference servicing team for the service provided.

778. There were no comments on Programs 28, 29 and 31.

779. Further discussion on this agenda item was adjourned. The discussion on the wording of the decision text regarding the Proposed Program and Budget for the 2014/15 Biennium took place under agenda item 21 and is reproduced therein.

780. (1) 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, the approval of the proposed Program and Budget for the 2014/15 Biennium as contained in document WO/PBC/21/8, subject to the following:

- (i) The increase of the overall budgetary envelope to address the agreed implementation of the WIPO Language Policy, in the amount of 793 thousand Swiss francs in Program 27;
- (ii) Reinstatement of Program 30 to include SMEs and innovation, with no change to the content and resources for SMEs and innovation in Program 10;
- (iii) Agreement by Member States, in the course of the meeting of the Assemblies, during discussions on the proposed Program and Budget, on Program 20 related to External Offices; and
- (iv) Reflection of the agreed changes in respect of paragraph 44 of the Financial Overview and Programs 1, 2, 3, 8, 9, 11, 15, 17, 23, 27, and 30.

(2) The PBC referred to the Assemblies of the Member States of WIPO and of the Unions, each as far as it is concerned, to decide on:

- (i) Program 18;
- (ii) The target for Program 2 in respect of Diplomatic Conference; and
- (iii) The target for Program 4 in respect of Diplomatic Conference.

CAPITAL MASTER PLAN

781. Discussions were based on document WO/PBC/21/18 (Capital Master Plan).

782. The Secretariat introduced the Capital Master Plan (CMP). As presented to the PBC at its 20th session, the first view of a detailed and sustainable CMP had been drawn up for the Organization covering three biennia from 2014 to 2019, providing the basis for a rolling six year plan covering the Organization's capital expenditure needs with the purpose of: (1) making capital investments in order to ensure that WIPO remained fit for purpose; (2) reducing the need for reactive and emergency repairs; and, (3) eliminating or mitigating environmental, security, health and/or safety risks. Following review by the PBC of the proposed CMP and the seven projects proposed for funding from the Organization's reserves, the Secretariat had been requested to submit a revised version of the document to the PBC's 21st session taking due consideration of comments made. In line with this request, document WO/PBC/20/5 had been revised to reflect the following specific changes: clear presentation of the CMP as a comprehensive and sustainable plan for the Organization foreseeing capital expenditure needs regardless of the latter source of funding; additional clarification with respect to the reserve balances available for funding of the seven proposed projects; and, further enhancement of the individual project proposals by provision of details regarding compliance with the principles established for the utilization of the Organization's reserves. In the light of these changes, the Secretariat wished to highlight two potentially misunderstood or problematic areas as expressed by Member States in their feedback on the document: the CMP was not equivalent to a proposal for reserve funding and the CMP was not being proposed to Member States for their approval. The CMP was a plan that the Secretariat had put together as part of its continually evolving and improving management practices to plan further ahead. It not only looked towards the next biennium for what needed to be done immediately to address certain extraordinary or other expenditures, but also beyond the next biennium to see what investments were needed in capital expenditure terms to ensure the continued sustainable functioning of the Organization. The Plan had been put together on the basis of certain principles which were highlighted and depicted in the document. The Secretariat wished to have the endorsement of Member States for these principles. The CMP was not equal to a reserve funding proposal. The total cost of the CMP, as it was seen now, was roughly 43 million Swiss francs for projects and initiatives seen as necessary within the context of a time frame up to 2019, with their current cost estimates. The costs would change. They might be more or they might be less. The estimates would be continuously updated. The Secretariat wished to ensure that the Organization continued to look forward and to plan ahead. The Secretariat was proposing for Member States consideration today, on the basis of their individual merits, seven specific projects that had been accorded the highest priority for implementation, and that had been assessed by the Secretariat as complying fully with the three principles set out for reserve utilization. Member States were being given and provided with additional information compared to the previous version of the document, as requested, in order to enable Member States to assess compliance with these principles for each of these seven projects. If these seven projects were approved with 11 million Swiss francs of funding from the reserves, this would not mean automatic approval of funding for the remaining 30 projects. As previously stated, the remaining amount on the CMP

would be subject to continuous review and reassessment. The projects would also be assessed with respect to the source of funding. Projects that were ordinary in nature should be mainstreamed into the regular budget and included in operating expenditures. The Secretariat would ensure that these were included in the regular budget proposals of the Organization. For projects assessed by the Secretariat to be in compliance with reserve funding principles, especially as regards the extraordinary nature of initiatives and projects, the Secretariat would propose as such, and would also respect compliance with other principles, including funds being available in the reserves above the target balance level. The Secretariat would not automatically consider that an endorsement of the principles on which basis the CMP had been put together would mean endorsement and automatic approval for reserve funding. As a last point, the Secretariat wished to emphasize that, for each of the seven projects, it believed that sufficient information had been provided to enable Member States to assess the projects on their own merits for compliance with the three principles or not. If Member States assessed that one, two or more did not comply, then these projects would not be for funding from the reserves. If Member States thought that more information was needed to make an assessment, the Secretariat would be able to provide this. As indicated in the Annex of the document, for monitoring and reporting purposes, the Secretariat would be providing detailed progress reports for each project to the PBC annually, as was currently done for every reserve funded project, that is, detailed progress reports on the utilization of the budget approved as well as on the substantive delivery and implementation of the project would be provided.

783. The Delegation of Belgium, speaking on behalf of Group B, thanked the Secretariat for the revised document describing the CMP proposal, and especially for the efforts made by the Secretariat to plan in advance and to explain to Member States very important multiannual projects. Nevertheless, it wished to stress that reserves were once more systematically being called upon, based on a very broad if not erroneous interpretation of what constituted exceptional circumstances and extraordinary administrative costs. As it had stated in the past, Group B believed that there should be a stricter interpretation of what constituted exceptional expenditures. This was necessary to avoid the use of reserves as a “B” budget to finance what appeared in the document to be rather ordinary and logical administrative costs for an agency like WIPO. Group B was of the view that reserves should be used strictly for exceptional expenditure especially in a draft budget proposal where both income and expenditure had increased significantly and in view of future challenges for the use of WIPO assets: pension fund liability had yet to be included, increasing ASHI costs, and the unpredictable assessment of the value of WIPO’s buildings, which were WIPO’s biggest assets.

784. The Delegation of the United Kingdom thanked the Secretariat for preparing the CMP and for its explanations. The inclusion of the CMP in the budget pack had triggered a lot of interest and the Delegation was sure that there would be a lot of debate on this topic. The Delegation had distilled its thoughts into three questions that it believed covered the main issues. First, was the Delegation happy with the concept of a CMP? The answer was yes. The CMP was essential for forward planning and identifying future expenditure. This was straightforward financial management. The Delegation was pleased to see its introduction as a first step, and wished to see this forward looking approach expanded to cover all of the main areas of WIPO’s budget, that is, income, running costs, liabilities, and capital investment. This should be in the form of a cash flow projection that allowed for identification of cash reserves overall as well as for Member States to determine the affordability of future proposals and to decide whether a longer term investment strategy could be implemented to maximize return on this cash balance. Second, was the Delegation happy with what was actually in the Plan? The answer was *maybe*. Each proposal in the plan should be subject to its own business case and a decision made on that basis. As a minimum, the Delegation expected to see a cost benefit analysis, the options for implementing a project, the risks and impact of non-implementation, and relative priority against other projects. While some information was contained in the annexes to the Plan, a complete picture had not been given. Each project should then be approved by the PBC. Third, was the Delegation happy with the accounting treatment and presentation of the Plan as shown in the budget submission? The answer was *no*. The Delegation accepted that it might be in

compliance with both the WIPO Reserves Policy and the budget process, but it was very confusing. The Delegation did not want to get into detailed accounting issues or terminology but there were two fundamental changes that it felt needed to be undertaken on this Plan. First, the way the budget was presented and calculated should be consistent with how the financial statements were presented at the end of the year. At present, this was not the case and Member States were therefore being asked to compare apples and pears. This needed to change. Second and most importantly, any depreciation, write-offs or non-capitalized expenditure incurred in projects needed to be reflected in the budgeted operating statement at the correct point in time. For example, depreciation should be charged when the asset began to be used. These costs should not be charged directly to the general reserves as the Delegation believed was being advocated at the moment as it would understate the costs of the Organization within the operating statement. The Delegation asked that these items be included now within the International Public Sector Accounting Standards (IPSAS) adjustment lines in the budget. It wished to see this adjustment undertaken for the current budget proposal for 2014-15 and for this approach to be taken for all capital items, including those already underway such as the ERP system. In summary, the Delegation believed that forward planning and the use of projected cash flows and balance sheets were essential elements of sound financial management and it welcomed the CMP as the first step along that road. Being able to compare actual activity on the same basis as that budgeted was also an essential element that needed to be addressed. The Delegation also wished to urge the Secretariat to consider moving further towards accrual based accounting as a means of further improving the financial governance and feasibility of WIPO.

785. The Delegation of Germany aligned itself with the statement of Group B. While it had no objection to the CMP and the projects outlined, given that there were sufficient reserves, it wished, at the same time, to avoid the creation of a parallel budget to finance what seemed to be ordinary running costs. It therefore called for a cautious approach in general, also with regard to utilization of reserves in view of long-term liabilities such as the pension fund.

786. The Delegation of Spain aligned itself with the statement of Group B. It also supported the statement made by the Delegation of United Kingdom, in particular, as that statement had brought together many of the key aspects of the Delegation's own analysis of the various concerns of Member States. The Delegation did not have any concerns with the concept of the CMP. In fact, it supported the idea, and believed it to be important and thought that it could be extended also to future liabilities related to employees. However, it did have doubts on the nature of expenditure. The Delegation thought that a more restrictive interpretation of the current policy on the utilization of reserves was required. In particular, it questioned the wisdom of using reserves in a period of budget growth in the current biennium. There had been a four per cent increase. If utilization of the reserves was also taken into account, and a figure of 3.8 per cent was taken as a starting point, the actual increase could be six per cent or more. These were very high percentages and it was very difficult for a Member State such as Spain to find this acceptable. It wondered why the Organization was using reserves in a period of good financial results. Indeed, when results were positive, the reserves should not be used. Looking at the guideline figures for utilizing reserves, the Delegation doubted whether those figures would remain the same in future given the rising costs of medical insurance, real estate market fluctuations and increasing pension liabilities. As the Delegation of the United Kingdom had stated, depreciation costs should be included in the operating statement. It thought that the Secretariat should make the correction in its presentation of the results for the budget period.

787. The Delegation of Hungary thanked the Secretariat for the CMP document and for the clarifications and additional information provided therein. It supported the proposed principles and the plan of action. In its view, the arguments provided by the Secretariat in the Annex to the document accurately justified the necessity of the launching and financing of the seven projects proposed. Since the reserve funding criteria had been met, as the amounts available in the reserves would remain above the required target level and would be used for one time

expenditures, the Delegation was of the view that the required funding of the projects should be recommended for approval.

788. The Delegation of Monaco supported the statement of Group B, and the statements made by the Delegations of the United Kingdom and of Spain. Drawing up a CMP was a very good idea in principle and also reflected the approach being taken in other agencies. It was important for an organization such as WIPO to be able to plan capital and infrastructure mid- and long-term costs in advance. This was good governance. However, financing some of these projects from the reserves gave rise to a number of questions. The Delegation had always been in favor of a prudent use of the reserves, strictly limited to exceptional expenditure beyond the regular budgetary expenditure of the Organization. It questioned the extent to which some of expenditures proposed were extraordinary in nature, for example as regards predictable modernization of equipment. The Delegation wished to reiterate that reserves should be used in a very prudent manner and restricted to extraordinary one-time expenditures.

789. The Delegation of Japan appreciated the Secretariat's efforts to prepare a more detailed explanation of the CMP, and saw the importance of the elements included in the Plan. That stated, it also shared the concerns expressed in the statement of Group B. It thought that the reserves should be used as a last resort and for exceptional situations as described in the policy on the utilization of the reserves. In this regard, if a line for savings appeared in the regular budget, as a matter of policy, it would be reasonable to use this as a funding resource rather than the last resort funds that were used for any crises, including future liabilities such as ASHI. A persuasive explanation by the Secretariat was therefore necessary as to why no other pockets of reserves were available to realize the CMP.

790. The Delegation of the United States of America supported the statement of Group B. It appreciated receiving additional detail and clarification provided in the CMP document and the Annex describing the proposed projects. WIPO was in an extraordinary position compared to other international organizations as regards the availability of ample reserve funds with which to finance projects such as these. The linkage to organizational results was an important consideration in approving projects. In future progress reports, the Delegation wished to see how the Enterprise Contact Management (ECM) system and improvements to data encryption and user management, which were three projects with significant budgets with multiyear funding, were helping WIPO to perform its mission more efficiently and effectively. The Delegation also wished to indicate its full support for the Statement made by the Delegation of the United Kingdom. In many ways, that statement pointed to the need for improvement in the presentation of the Plan, and better addressing of the outstanding concerns that several Member States had voiced regarding the liabilities, use of reserves and prudent spending.

791. The Delegation of Canada thanked the Secretariat for the CMP document. It supported the statement of Group B, and of the Delegations of the United States of America and of Japan, and shared the concerns expressed. As regards substance, the Delegation was still confused by the fact that the Plan proposed systematic use of the reserves rather than on the basis of a one-off use required to justify the use of the reserves. It thought that the principles governing the use of reserves had been interpreted generously. It believed that unnecessary expenses should be avoided and questioned whether the proposal respected the principles for use of reserves. Use of regular budget funding seemed more appropriate. The Delegation wished to call for greater transparency on the funding of the CMP for the biennium. On the format, it wished to echo the comments of Group B that the CMP should not become a parallel budget, which would see an institutionalization of the use of reserves. The reserves should be used sparingly for unforeseen needs, otherwise they would start being used regularly and not on a one-off basis. This said, the Delegation did support the concept of the CMP and thought that the projects were perfectly valid. It stated once again that it was the systematic use of reserves under the Plan that the Delegation was questioning.

792. The Chair of the PBC invited comments on the decision paragraph in document WO/PBC/21/18.

793. The Delegation of Spain wished to see deletion of a reference to the funding of the projects from the reserves. It proposed addition of a recommendation in line with the suggestion made by the Delegation of the United Kingdom for inclusion by the Secretariat of depreciation costs in the financial results. This was a technical point.

794. The Chair of the PBC sought clarification from the Delegation of Spain on what it wished the PBC to recommend to the Assemblies and asked the Secretariat for further explanations on the projects to be funded.

795. The Secretariat said that these projects were detailed in a summary form on page 4 of document WO/PBC/21/18. There were seven projects in total. A presentation on each project appeared in the Annex to the document. The first project was for security enhancement data encryption and user management; the second for implementation of Enterprise Content Management (ECM) system; the third for renovation of building facades and cooling/ heating installations for the PCT building; the fourth for Deployment of Geneva Lake Water cooling system to AB and PCT Buildings; the fifth for resizing of data center and renovation of the printshop in the Arpad Bogsch Building; the sixth for replacement of certain windows in the Arpad Bogsch Building; and, the seventh for safety and fire protection measures. A summary of the costs of these one-off projects was included in the document together with recurring and operating costs, which appeared in the summary table I already referred to. Further details were provided in the Annex to the document on each project, including an indication of the timeline and cost amounts. The total depreciation for the seven proposed projects for the two years of the 2014/15 biennium was 28 thousand Swiss francs, an amount that had been included in the overall IPSAS adjustment of 17 million Swiss francs to the expenditures of the Organization for 2014/15. As WIPO did not currently present its budget on a full accrual basis, the depreciation had been included in the IPSAS adjustment.

796. The Delegation of the United Kingdom said that what was missing for the Delegation in most of the proposals was information on the future savings that would be generated. For example, reference was made to replacement of inefficient heating equipment but the Delegation had no idea of what this meant in terms of returns and payback of the projects. It stated that for some projects, such as the renovation of the cooling/heating installation, no ongoing costs had been budgeted. The Delegation did not understand this because if 6 million Swiss francs were to be spent, there had to be some costs. It also asked how depreciation would be shown and its impact on the accounts. It was the visibility of the cost benefits that the Delegation was unable to see, and which it needed to see if the Delegation was to be in a position to say that a project was worth pursuing.

797. The Delegation of Hungary thought that the seven projects were important, well-justified and had been explained in the project outlines in the document. It did not understand how the projects would be financed if not with the reserves and asked delegations for an explanation. It thought that all delegations recognized the importance of the projects. It asked the Secretariat to provide further information or to advise where information could be found on alternate financing. Otherwise, the projects would have to be financed from the reserves.

798. The Secretariat said that, before responding to the last question, it wished to call on the managers of the proposed projects, who were present and who might help Member States to understand better the projects. A project manager continued by presenting the projects relating to building infrastructure and to safety and security measures, in particular fire protection. A number of items were planned to be introduced into the building infrastructure. For some projects, implementation had already started in the new building and the new conference hall, notably the Geneva lakewater cooling system. Of course, this had been financed with the financing for the new construction projects. For existing buildings, however, financing had to be

found. In respect of the PCT building, and as indicated in the Annex to the document, one technical audit from a specialized engineer had been received and a second technical audit would follow. At this point, the costs indicated were estimates to the best of the Secretariat's knowledge today. Savings in energy consumption would depend on how the installation could be done. It was still too early to give amounts in terms of percentage of, for example, electricity or heating costs. However, this information would be included in the project advancement and implementation progress reports to be provided to Member States at least once a year. Clearly, as this particular project would be carried out in the course of 2014, the Secretariat would be preparing for project implementation, and part of the preparations would include an assessment by the engineers of gains from the new installations. This was an example and the Secretariat was ready to answer questions on this and any of the other projects.

799. The Chair thanked the Secretariat and hoped that Member States would not start micro-managing the projects by discussing them in great detail.

800. The Secretariat responded to the question raised by the Delegation of Hungary by stating that the budget currently proposed to Member States did not include some 11 million Swiss francs that could be used for financing the CMP projects. In addition, a sustainable financing mechanism was required because these were multiyear projects. The Organization needed to ensure that, if it did embark on any of the projects, this was done in a sustainable manner to avoid a project not being finished in a subsequent biennium. This was the principle behind the reserves financing mechanism.

801. The Delegation of Spain thanked the Chair and the Secretariat for the additional explanations. It said that the question raised by the Delegation of Hungary was a very pertinent one. The Delegation disagreed with the Secretariat as regards funding of the projects. It said that the wisdom of the projects was not under discussion but rather how they would be funded, and for the reasons already stated. For example, WIPO had an efficiency savings policy, which the Secretariat had stated would be extended to other areas, and it might be possible to find additional savings there. The Delegation was sure that alignment of WIPO's travel policy with that of the UN would result in additional savings, as could implementation of the recommendations of the External Auditor on establishment of a Treasury Policy and encouragement of greater competition for tender bidding. It should be possible to save to obtain the 11 million Swiss francs, which would then not need to be taken from the reserves.

802. The Chair proposed that a third bullet point could be added to the decision paragraph to reflect the specific points of the Delegations of Spain and of the United Kingdom. Consequently, the PBC could recommend approval of the use of the reserves and, at the same time, looking forward, could recommend or mandate the Secretariat to undertake other measures as mentioned and with a view to funding this type of project in the future. As such, the PBC would not delay project implementation. At the same time, a message would be sent that, in the future, funding should be provided from other sources.

803. The Delegation of Spain thanked the Chair for the proposal and said that it was ready to work on the language with the Secretariat and other delegations. It did not know the position of other delegations on authorization of the use of reserves. It believed that savings should be made in other areas and, if savings were made, these should be used instead of the reserves. It could accept the proposal of the Chair.

804. The Chair stated that points one and two of the decision paragraph would therefore remain and new language would be added with respect to the use, in future, of savings and other resources to finance this type of project.

805. The Delegation of Mexico apologized for the late intervention. The Delegation wished to support the proposal of the Delegation of Spain. It too believed that efforts should be made to find other sources of funding for the CMP. That stated, it wished to underline that it was not

against the principles underlying the CMP. It wished to encourage the Secretariat to carry out this long-term Plan because it would lead to greater efficiency and savings. However, it did have some doubts about funding from the reserves and would wait for the Secretariat to draft the new decision text before providing its views.

806. The Delegation of the United Kingdom wished to make it clear that the Delegation was very much in support of the CMP and did not wish to see micro-management of the projects. Its concern was on the visibility of future costs and future savings. It did not wish to see a holding up of the overall process and would very much welcome the Secretariat's response on the information that the Delegation was looking for in terms of the format of the business cases.

807. The Delegation of Australia supported the CMP and shared the concerns expressed by Group B as regards use of the reserves. If the projects were not to be funded from the reserves, (and before making a decision on that front, the Delegation wished to know where funding would come from. It thought that it would be irresponsible to ask the Secretariat to make 11 million Swiss francs worth of savings without paying any attention to where the savings could be found. It wondered whether Recommendation No. 1 of the External Auditor, for the setting up of a separate reserve or a separate fund for dealing with projects, could be a solution to this issue. The Delegation did not know if the External Auditor had had this mind and wondered if the Secretariat could provide a perspective.

808. The Secretariat said that that Recommendation No. 1 of the External Auditor was essentially made with a view to improving disclosure in the Financial Statements. If a separate reserve was set up, it would be for all projects financed by the reserves. Those projects that had already been approved for financing from the reserves would be shown, in addition to any CMP projects that Member States decided should be financed from the reserves.

809. The Chair said that the second point of the decision paragraph would remain as drafted as the PBC had been agreed that the seven projects would be funded. The third bullet point would request further cost saving measures to be made so that, in future, this type of project would not have to be funded from the reserves.

810. The Secretariat read out the revised text of the decision paragraph. A further change was made on the proposal of the Delegation of Spain that "recommendation" be changed to the plural "recommendations".

811. The Program and Budget Committee:

- (i) endorsed the principles under which projects have been and will be included in the Organization's Capital Master Plan, as set out in document WO/PBC/21/18; and
- (ii) recommended to the Assemblies of the Member States of WIPO to approve the funding of the projects presented in the Annex to document WO/PBC/21/18, for a total estimated amount of 11.2 million Swiss francs from available reserves.
- (iiia) requested the Secretariat to provide additional information in the course of the sessions of the Assemblies on savings generated from these projects together with details of the depreciation and capitalization of relevant expenditure;
- (iiib) requested the Secretariat to target further savings under the regular budget, through inter alia the full implementation of IAOD's recommendations on travel policy, and improved treasury management, with the aim of reducing the use of the reserves for purposes of funding the projects noted under (ii) above;
- (iiic) requested the Secretariat to report on progress in respect of (iiia) and (iiib) above at the next September session of the PBC.

ITEM 14 PROPOSED DEFINITION OF “DEVELOPMENT EXPENDITURE” IN THE CONTEXT OF THE PROGRAM AND BUDGET

812. Discussions were based on a background document WO/PBC/19/25 and a related paper entitled “Revised Definition of ‘Development Expenditure’ as Proposed by the Chair of the PBC”, distributed at the 20th session of the PBC.

813. The Chair introduced this agenda item. He stated that, in approving the Program and Budget for the 2012/13 biennium, the 18th session of the PBC had decided that the definition of development expenditure was to be considered an interim definition for the purposes of the Program and Budget for the biennium 2012/13. The PBC had also decided that the Chair would convene informal consultations with a view to evolving a more specific definition of development expenditure in the context of the WIPO Program and Budget. The revised definition would be submitted to the 19th session of the PBC for consideration and a recommendation for approval by the GA. The revised definition would be used for the preparation of the Program and Budget for the next biennium 2014/15. In accordance with the decision of the 18th session of the PBC, he had undertaken two informal consultations on the subject on July 3 and August 24, 2012, respectively. Following the first consultation, and taking duly into account comments and observations from different Member States, he had circulated for further comments and input a draft revised definition prior to the second informal consultation in August 2012. Compared to the current definition, the revised proposed definition included: (1) a high level development impact statement; and, (2) key strategies for achieving the stated impact. The new elements of the definition provided greater clarity for Member States and better guidance to the Secretariat for the purpose of tracking and reporting on development expenditure. Prior to the second consultation, he had received written comments from China, the DAG, the African Group and Group B. GRULAC had provided written comments after the second consultation. The key questions and the comments from the Member States pertained to the following themes: Clarifications on the estimated development expenditure for 2012/13 (DAG and Group B); specific suggestions for fine-tuning the proposed definition (GRULAC and the African Group); the need for inclusion of detailed strategies in the definition (Group B); and, the inclusion of administrative management and finance related expenditure and fee reductions provided to applicants from developing countries within the PCT system (Group B). The 19th session of the PBC had: (1) welcomed and taken note of the Chair's proposals for more precise definition of development expenditure and had taken note of Member States' comments; (2) had invited Member States to continue their consideration of the Chair's proposal; (3) had requested also the Secretariat, in addition to applying the current interim definition, to test the proposed definition as evolved before the next session of the PBC, again against the draft 2014/15 Program and Budget, to clarify the significant differences between the current and proposed definitions. This was without prejudice to the Member States' positions on the adoption of the current Chair's proposals contained in document WO/PBC/21/25; and, (4) had decided that the issue of definition of development expenditure would be an Agenda Item for the 20th session of the PBC. A revised definition, if agreed upon, would be applied to the Program and Budget 2016/17. At the 20th session of the PBC in July 2013, the PBC had taken note of the testing of the proposed definition against the draft proposed 2014/15 Program and Budget. It had clarified significant differences between the current and proposed definitions and had decided to continue discussions on the proposed definition of development expenditure during the 21st session of the PBC. The PBC Chair concluded by saying that he looked forward to constructive discussions on the revised definition with a view to being able to provide the Secretariat with guidance for the preparation of the program and budget 2016/17. The documents were document WO/PBC/19/25 and the draft revised definition.

814. The Delegation of Brazil, speaking on behalf of the DAG, stated that a clear and precise index was needed to identify the budgetary efforts made by the Organization in order to bridge

the knowledge gap between developed and developing countries. This new definition was a priority for DAG members in order to better evaluate the activities of this international organization, and the DAG was looking forward to sharing its views and exchanging opinions. It understood that the document had already been studied for a long time and that it was up to the Member States if the PBC, at its 21st session, was to take a decision on how to improve and to have a new development expenditure definition. The Delegation suggested that the PBC proceed by discussing the items under the proposed definition as suggested by the PBC Chair so that it could have a productive way forward.

815. The Delegation of Belgium, speaking on behalf of Group B, stated that the Group B was not in a position to adopt or to validate the new definition of development expenditure. It reiterated that although the definition was an *ad hoc* definition, it was one that was working well. Therefore, it did not see the need to change it. As mentioned by the Director General in his opening remarks, development expenditure in WIPO remained substantial and was at 21 per cent of the total budget, a 3.5 per cent increase *vis-à-vis* the 2012/13 budget. The figures showed that development expenditure was well represented among WIPO expenditures. Finally, the Group was convinced that the PCT also qualified for development expenditure and thought that the Secretariat had previously outlined how this could qualify for development expenditure. If not, it proposed that the Secretariat could clarify again.

816. The Delegation of Algeria, speaking on behalf of the African Group, recalled the importance of development expenditure as an issue for the PBC. As the Group had already recalled, it was not satisfied with the previous and the current *ad hoc* definition of development expenditure. What had been said was right in that development expenditures were 21 per cent of the total budget of WIPO but when the new definition was applied the rate was revised. It meant that there was a clear need to revise the definition of development expenditure and this was what the Group was calling upon other delegations to discuss. The African Group was looking forward to sharing views but basically it wanted to adopt a revised definition of development expenditure. It was not satisfied with the current definition and was completely open to discussing elements of the definition that had been proposed by the PBC Chair. It was looking forward to consultations.

817. The Chair wished to remind the PBC that the definition contained an important word “should”. He thought that the Secretariat could also explain. In both paragraphs, it said that expenditure qualified as development expenditure “when it is used to finance development-oriented assistance provided by WIPO to developing countries and the equivalent expenditure is not provided to developed countries”. This was logical. “In addition, development activities financed by WIPO should (...)”. Here was a flexibility which Group B could look at. The Chair continued “... should directly contribute to: enabling developing countries to derive benefits from the IP system, to reduce the costs of its use, and to better protect inventions and creations around the world; and, reducing the knowledge gap between developed and developing countries by facilitating developing country access to knowledge and supporting their engagement in innovating, producing, using and absorbing technologies, new forms of expression and creativity. It is understood that the following activities should (...)”. The Chair pointed out the use of the word “should” again. He continued “(...) the following activities should seek towards directly achieving the above impact: development of national intellectual property strategies, policies and plans in developing countries; development of national (and where relevant regional) legislative, regulatory and policy frameworks that promote a balanced IP system (including related research); support for the engagement of developing countries in global and regional decision-making and dialogue on IP; building modern state-of-the-art national IP administrative infrastructure; support-systems for users of the IP system in developing countries; training and human capacity building in developing countries; promotion of innovation and creativity, technology transfer and access to knowledge and technologies in developing countries (included related research). It is further understood that ‘*development expenditure*’ is not used to finance the Organization’s management, administrative and finance-related activities or functions.” The Chair said that, based on this reading, it seemed that, like

motherhood and apple pie, many things were contained therein. If any delegation did not like something in the definition, this could be discussed. The PBC could also delete the language, for example, "(...) support of engagement of developing countries in global and regional decision making and dialogue", or "building modern state-of-the-art". The word "should" meant "should". The text did not say "shall" but "should". It was therefore a normative matter moving forward.

818. The Delegation of Egypt thanked the Chair for the background and factual information on this issue. The Delegation thought that this was the fifth or sixth time that the issue was being discussed at the PBC. It was not a new issue. It was a current issue that was pending and it required a resolution. There was agreement in the PBC that a more accurate and more precise definition was needed. This was the consensus of the Committee. The discussion should now be on the language for the new definition, which should be more precise and more accurate. As had been rightly said, the PBC did have an *ad hoc* definition for development expenditure. It was not possible to work on the basis of an *ad hoc* definition as a permanent solution. The Delegation recalled that, at the last session of the PBC, the Committee took note of a testing of the proposed definition on the proposed 2014/15 Program and Budget. This had clarified significant differences between the current and proposed definitions. It had been decided that discussions on the proposed definition should continue in this session. The outcome of the testing process had revealed significant differences between the current and proposed definitions. In the proposed Program and Budget, and under the current definition, development expenditure stood at around 144,386 million Swiss francs, which represented around 21 per cent of the total expenditure under this biennium. This was in direct contrast to the outcome of the proposed new definition, which was around 125,848 million Swiss francs, and which represented almost 18 per cent. The Delegation thought that this significant difference was important and that it needed to be addressed. The amount of the difference was around 17 million Swiss francs and this was by no means a small amount. The PBC should pay attention to this. It was, of course, not an accurate amount but this was in terms of estimating the amount and the share of development expenditure compared to the whole expenditure allocated. This was very important in terms of clarity, for accuracy and transparency, and Member States should all be working towards these objectives. Looking at the proposed definition, the Delegation stated that it was composed of four elements. The first element had already been constituted as an *ad hoc* definition. This was expenditure that was being allocated to developing countries and the equivalent expenditure was not being provided to developed countries. That was the first component. The second component was the overall objective that the expenditure should seek to achieve, and which was starting to add the element of the impact of the expenditure. This element had two portions. The third component was about the activities that the expenditure should seek to achieve. The Delegation recalled that the seven activities listed in the definition were already captured in the current results framework in the proposed Program and Budget. The seven activities were therefore not new, being already captured in the current result framework of the Program and Budget. The last and fourth element was that development expenditure would not be used to finance the Organization's management, administrative and finance-related activities or functions. This was a logical consequence of the *ad hoc* definition that said that developing countries and not developed countries should be the recipients. Management, administrative and finance-related activities were applicable to all Member States, both developing and developed countries. These were the elements and Member States needed to have more precise action on these. Therefore, and as a result of a lot of discussions on this issue, the Delegation wished to submit to the PBC that it should adopt the proposed definition and that it should be used for planning and budgeting for the next biennium 2016/17.

819. The Delegation of India wished to align itself with the comments made by the DAG, as well as those made by the Delegations of Algeria and Egypt. The Delegation was very keen to have a solution to the discussion on the definition of development expenditure because this was important for developing countries as they saw the share of the development remaining stable at 21.1 per cent. Maybe in the total figure it appeared that there had been an increase of 2 to 3 per cent but the total share was still static. It was not increasing. The Delegation also wished to

have a breakdown of activities so as to have more transparency in how this calculation was being done. From that angle, the Delegation wished to have a discussion in the PBC, in good faith, and find a permanent solution to a definition of development expenditure that could be applicable to the next biennium. This was the aim.

820. The Delegation of El Salvador wished to support the statements of the Delegations of Brazil, Egypt and India. It particularly believed that the proposed definition was a comprehensive one that pertained to matters that had been discussed in various Committees.

821. The Delegation of Brazil reminded all groups and delegations that this item had already been discussed for a long time, more than one year. The PBC should not refrain from discussing it and making a decision. It was up to Member States to give a clear understanding in the PBC of the development expenditure. The definition was the main and important tool for all developing countries to have a precise understanding of what was being done by the Organization. The index of items in the definition should be improved. This was the case with the new proposal that had been put forward by the Chair. The Delegation suggested that the elements of the definition should be discussed, including proposals made by some Groups. It understood that Group B had one proposal that they wished to see incorporated. The Delegation did not see that this was necessary because it did not see that a fee reduction would qualify as development expenditure as it was not even part of the budget of the resources forecast for the biennium. It should not be part of the calculations. The idea was to have an index and to provide information to Member States. The Delegation understood that perhaps a compromise agreement could be reached on at least one index that had already been discussed for more than a year. In response to a clarification request from the Chair, the Delegation suggested that the PBC continue item by item on the definition to see if there was any opposition. Thereafter, a discussion could take place on further proposals.

822. The Delegation of China thought that the definition of development expenditure proposed by the Chair was more precise and accurate. It appreciated the efforts made by the Chair. Given that development expenditure was very important for developing countries, the Delegation wished to participate actively in discussions at this session of the PBC, thereby arriving at a more precise definition.

823. The Delegation of Belgium thanked all delegations for their interventions. It had listened carefully to them. It had also taken note of the approach proposed by the Chair i.e., to open up this agenda item for discussion. This was exactly what had happened. The Delegation had taken good note of the interventions and proposed that, at this point, the PBC could go back to other agenda items that were more pressing, which were the ones on the budget.

824. The Chair stated that there were two proposals. The Delegation of Brazil wished to look at the current agenda item. The Delegation of Belgium did not wish to go item by item. The PBC would not consider other items now if it wished to finish this item first. The PBC Chair asked the Delegation of Belgium for clarification on how it wished to proceed.

825. The Delegation of Belgium said that it had taken good note of what was in the proposal. It thought that it might be more constructive to work on a couple of issues that were easier to resolve and that, of course, it stood open to discussion at the appropriate stage. However, it thought that priority should now be put on getting back to the budget discussion.

826. The Delegation of Brazil thanked the Delegation of Belgium for its comments. Nonetheless, it had stated that this item was a priority for the DAG. The DAG also understood the priority of other Groups. Yesterday, there had been three hours of night sessions that had mainly been dedicated to financial issues that were a priority for other Groups and not for the DAG, but the DAG had decided to engage in those items. The present item was a priority for a large part of the membership and Member States had had the document for one year. The document was one page long. The Delegation understood that it was rational to have a

discussion on this item and that it would not take longer than needed. It understood that there was no opposition to the items before the PBC. There was just one item that had been suggested by Group B. The Delegation wished to engage in discussions on how to implement the new development expenditure definition.

827. The Delegation of Iran (Islamic Republic of) wished to support the proposal made by the Delegation of Brazil.

828. The Delegation of Algeria supported the proposal by the Delegation of Brazil to proceed item by item. It was completely open to discussion, explanations and to taking note of any opposition if that was the case. It believed that there were some other pressing issues for Group B, but for the Delegation, this was one of the most pressing issues to be resolved.

829. The Delegation of India thought that it had explained several times over the past one or two years that this was very important for developing countries, including India. It wished to have a proper discussion and hoped that the other side would agree to have a discussion. This was why the Delegation was a little a bit anxious and wished to request the Chair to start a mechanism to finalize the development expenditure definition. The Delegation was happy to see the revised definition, which had been on the table for more than about a year. It very much wished to finalize the issue in the present session.

830. The Delegation of South Africa stated that, as the Delegations of Brazil and India had said, there had been no movement on the issue. It wished to support the proposal made by the Delegation of Brazil to proceed item-by-item.

831. The Delegation of Switzerland did not wish to reiterate the position that had been stated numerous times on this particular definition. It simply wished to point out that the reduction in the PCT expenditure for developing countries was covered by this definition since it allowed for a reduction of the costs of the intellectual property system for the countries concerned. While it was open to continuing discussions at a future PBC, it added that a new test of the definition would need to be designed, including all the figures and all other aspects included in the new definition. It did feel that the costs of PCT were covered by that new definition.

832. The Chair said that it seemed that the Delegation of Switzerland was in favor of discussion since it begun discussing the elements and had already commented on one element of the definition. He asked whether the Delegation was in favor of discussing the elements one by one. The Delegation could then state its point of view on one element and discussions could continue on the rest. The Chair asked the Delegation of Switzerland if he had understood this correctly.

833. The Delegation of Switzerland replied in the negative. It said that what it had meant was that there was an existing definition before the PBC and that, despite what had been said at the last PBC, the way in which that definition had been tested was not correct because it did not cover the PCT cost reductions for developing countries, which would be covered by the definition as proposed. The Delegation's position was that, since this was a development expenditure that should be covered by the definition, it was willing to continue discussions at a future PBC on the basis of a new test of the definition, which would include all the elements; the elements that appeared here but which would be more detailed.

834. The Chair said that the Delegation of Switzerland had proved his point. It had said that it had a certain interpretation of a certain element in the definition. This was the Delegation's interpretation. Other delegations might have other interpretations as regards what had been said about the PCT. Therefore, this was the opening of a discussion. The Delegation had made a certain point. The membership respected that. Other delegations might have a different interpretation. The Chair said that the Delegation of Switzerland was therefore welcoming that the PBC have a discussion because it had mentioned a certain point concerning this definition.

Either delegations could say that they did not wish to discuss this item at this time, which the Chair would respect, or if a delegation said that it had a certain notion within the definition (this was a point made by the Delegation of Switzerland) other delegations may wish to react to it. This would be effectuating the proposal of the Delegation of Brazil, which was to take the elements one by one. The Chair asked if the Delegation of Switzerland was willing to discuss this item or not. Discussions would include the point about the cost of the PCT, to see if this was shared by other delegations.

835. The Delegation of Switzerland said, once again, that it would be ready to discuss the definition at the next session of the PBC.

836. The Delegation of Brazil thanked the Delegation of Switzerland for its comments and said that it seemed that the Delegation was not willing to have discussion. The Delegation believed that the next session of the PBC had already arrived and that the next PBC session would be the last one. This was the third session at which comments on the paper were on the table. The Delegation understood that there was only one objection by Group B, which was regarding the PCT. It understood that the main problem with the proposal was the PCT fee reductions issue and whether that was considered an expenditure. The Delegation was willing to discuss ways to address the Group's B concerns but, once again, it wished to urge Member States to either approve this, or to present other solutions that they found more appropriate. The comments of Member States had already been received. The PBC should take a decision.

837. The Delegation of Egypt referred to the decision of the 20th session of the PBC to continue discussing the proposed definition of development expenditure during the present session. It was an injustice to come to this point and defer the entire discussion again to the following PBC, which would take place in September 2014. That proposal would defer discussion by one whole year. The Delegation felt that this was not a good method of working or of showing consideration for other Groups' important issues. It therefore wished to endorse the proposal made by the Delegation of Brazil for a discussion on the proposed definition item-by-item and, as already expressed, it was also willing to show openness to the concerns of other delegations regarding the issue of PCT fees. At this stage, it saw no element of the proposed definition that justified inclusion of PCT fees. However, delegations could consider submitting a written proposal in this regard so that Member States could look at it, discuss and consider it. At this stage, the Delegation was open to discussing all the concerns by all Groups on this issue. At the same time, it was keen to have an outcome on this issue, which had been pending for more than a year, at the present session.

838. The Delegation of France understood the concerns of the delegations that had taken the floor. However, if the PBC was going to start discussing this item point-by-point at the present hour and have Jesuitical argument about the various points, it was not a single night session that was needed but the whole weekend. The present PBC session was a very busy one because it had to deal with the budget proposal. At next year's PBC session, there would be much less work and Member States would be better prepared to undertake this debate, which would last perhaps two and a half days. The Delegation did not know whether the PBC would achieve a result. It felt that the PCT issue was an expenditure since it did represent a cost to the Organization by reducing the fees. The Delegation said that, given the late hour, it did not see how the PBC could manage this item.

839. The Delegation of Brazil wished to understand the position of the Delegation of France in saying that the PBC would need two days to discuss one page document. Member States had had this document for more than one year. Developing countries and the DAG had put this on the table as a priority and it was not reasonable to request discussions to be postponed. The Delegation stated that it would not be for one year, but for two years because if the definition was approved today, it could be applied to the next biennium in the next PBC. The Delegation repeated that Member States had had one year to discuss this document and provide comments. Everything was already in front of the PBC. All that was needed was the will to

take a decision. The Delegation reiterated that this was a priority for the DAG and many other developing countries.

840. The Delegation of Belgium did not wish to repeat the statements made by several members of Group B, which had been very clear and eloquent. It was just looking at the decision language of the last PBC session, which mentioned that the PBC had decided to continue discussions. That was exactly what had happened. It added that a proposal, maybe for the next PBC session, could be to discuss why the current definition was considered not good enough to make it a permanent one because it worked quite well. Perhaps this should also be taken into account at the next session.

841. The Delegation of Brazil stated that it understood that consultations were needed on this issue but it wished to urge all Member States to show some willingness to discuss this item as it was clearly important for developing countries to have a view on this from the PBC. Many documents with many more pages and a greater number of definitions had already been discussed. Those documents had been presented just weeks or one month before the session. It was a question of finding the political will to discuss this document. The Delegation was waiting to engage in discussions and this would certainly be one point that it would raise in the decisions of this PBC session.

842. The Delegation of Egypt thought that the Committee already subscribed to the notion that the first element was that it was an *ad hoc* definition. It was therefore possible to say that the first element was approved. Next was the list of activities, which were the seven activities that had already been captured in the current proposal for the Program and Budget. These were also logical and there were no objections. It was possible to say that this was also agreed. This would leave two elements: on the general objective and on the issue of management, administrative, financial activities or administrative functions. The PBC could achieve progress on this issue and, at the same time, discuss the remaining elements that perhaps needed further consideration by Member States. However, the first element and the activities already captured could be harvested right away.

843. The Chair thanked the Delegation of Egypt for the proposal and stated that he understood that there was no disagreement on the first paragraph before the words "In addition", where it was stated that expenditures qualified if they were used to finance assistance provided to developing countries and not provided to developed countries, and that there should also be no disagreement on the seven activities. He proposed that the PBC take the two elements on which there was consensus, namely the first paragraph, except the issue of the PCT, and the seven activities. The PBC could agree on these and leave the two issues that might be controversial, that is, the enabling of development to drive benefits of the IP system, *et cetera* and the last paragraph in which development expenditure was not used to finance the Organization's management, administrative and financial-related activities. In this way, the PBC could make progress.

844. The Delegation of Belgium said that this would be the last time it intervened on this topic. It wished to highlight again that some delegations had requested further detailed discussions at this stage, whereas other delegations were not yet ready to do so at this very moment. The Delegation therefore thought that it could not accept this proposal.

845. The PBC Chair said that, since there was no agreement, further discussion on the issue would be adjourned until the end of the session.

846. The text of the decision taken on this agenda item was discussed under agenda item 21 and is reproduced therein.

847. The Program and Budget Committee recommended to the WIPO General Assembly to consider this issue and take appropriate action.

ITEM 15 PROGRESS REPORT ON THE PROJECT TO UPGARDE SAFETY AND SECURITY STANDARDS FOR THE EXISTING WIPO BUILDINGS

848. Discussions were based on document WO/PBC/21/9.

849. The Chair opened discussion on this agenda item. There were no requests to take the floor.

850. The Program and Budget Committee recommended to the Assemblies of the Member States of WIPO to take note of the contents of document WO/PBC/21/9.

ITEM 16 FINAL REPORT ON THE IMPLEMENTATION OF THE WIPO STRATEGIC REALIGNMENT PROGRAM (SRP)

851. Discussions were based on document WO/PBC/21/10.

852. The Chair opened discussion on the topic of the Strategic Realignment Program (SRP).

853. On behalf of Group B, the Delegation of Belgium thanked the Secretariat for document WO/PBC/21/10 entitled "Final Report on the Implementation of the WIPO Strategic Realignment Program" and document WO/PBC/21/12 entitled "Progress Report on the Implementation of a Comprehensive, Integrated Enterprise Resource Planning (ERP) System". Group B welcomed the successful conclusion of the SRP, which involved important organizational reforms. Group B supported ongoing initiatives, particularly the further development and mainstreaming of Enterprise Resource Planning, internal communications and internal controls to ensure that the benefits and improvements from the SRP were sustained and built up into continuous improvement.

854. The Delegation of Brazil, on behalf of the DAG, stressed DAG's concern that the realignment should not imply that stakeholders should have the understanding of this Organization as an international service organization. The DAG stated that, rather, WIPO was a member-driven Organization. The DAG requested that such language be used in the documents. It wished the service provided by WIPO to be provided by international civil servants, with Member States as the main stakeholders in this institution.

855. The Delegation of Algeria, on behalf of the African Group, supported the proposal of the DAG presented by the Delegation of Brazil.

856. The Chair asked if there was any objection to using the language proposed by DAG and supported by the African Group.

857. The Delegation of Switzerland did not find the proposal clear and requested that it be repeated.

858. The Delegation of Brazil reasserted that the comments were from the DAG countries and that they had already been expressed during the last PBC session. The Delegation repeated that DAG was concerned with the wording "international service organization" that was used throughout the PBC. It added that the Secretariat had explained that the source of this new vision was the SRP. The Delegation understood that the SRP was important in the guidance of the institution, but wished to stress, and make it part of the comments also to be attached to the

document, that it understood that the SRP would not imply a change of the nature of the Organization to an international service organization.

859. The Delegation of the Republic of Korea stated that it was desirable to have various programs that helped create better working environment and, moreover, such positive changes to the Organization were most important. The Delegation was nevertheless concerned about increased paperwork and complexities resulting from the SRP. Furthermore, it suggested that WIPO share its experiences on the changes, in terms of how it changed the work in WIPO.

860. The Delegation of China reflected that, since 2008, WIPO had had the SRP, and it was clear that the services provided to users had improved over that period. The Delegation went on to say that internal management and governance had also improved as well as communication with the outside world. The Delegation welcomed all of these positive developments. It hoped that the results obtained from the SRP would continue to enhance WIPO's work in future.

861. The Delegation of Switzerland, referring to the statement made by DAG, requested the Secretariat's to provide additional information as to what had been proposed, requested confirmation that that it would not imply any changes to the documents and to what had been done thus far, including the results of the SRP. Furthermore, it sought clarification that the outcomes would not change as a result of what was being proposed.

862. The Delegation of Brazil reconfirmed that the idea was simply to have the comments of the DAG and other groups that might associate themselves with DAG's position, to stress the importance of having WIPO remain as an international organization of the UN family and that it should not be misunderstood as an international service organization or whatever that would mean.

863. The Chair sought clarification that the language "international member organization" was being proposed in place of "international service organization".

864. The Delegation of Brazil gave positive confirmation of the Chair's proposal.

865. The Secretariat suggested that Question 4 of the Q & A might provide clarity on the matter. It recalled that the Director General, while addressing the 20th session, had made it clear that Member States had put in place a number of treaties which required the Secretariat to provide services not only to service providers such as national IP offices and governments. The Director General further stressed that first and foremost, WIPO was a member-driven organization. The Secretariat said that this was clearly reflected in the verbatim report. The Secretariat went on to confirm that all Member States' statements made on that day would also be reflected in the *verbatim* report of the present meeting. The Secretariat emphasized that it was not changing its approach on this matter. The Secretariat reconfirmed that WIPO was a Member State-driven organization that provided services. In that context, the Secretariat had, at times, used the phrase "international service organization".

866. The Delegation of the United Kingdom thanked the Secretariat for explaining further the confusion in the use of terminology since, as far the Delegation understood, WIPO administered 26 treaties. Furthermore, the Delegation said that according to those treaties, WIPO had to provide certain services and that the users of those services were usually members of the business community. In that context, using business terminology seemed appropriate.

867. The Delegation of Brazil proposed a compromise solution, saying members could work on the language to define what was meant by an "international service organization". It said that this new proposal would neither jeopardize the idea nor the strategic realignment behind it. The Delegation wanted to have a clear concept what an international service organization was and what it was not. And, if no changes in the nature of WIPO were being proposed i.e., that Member States were the main stakeholders in this institution, then no problem was foreseen to draft a sentence on the subject.

868. The Chair suggested that the Delegation of Brazil should draft the language and provide it after the lunch break.

869. The Delegation of Algeria stated that it would work with Brazil to draft the language. The Delegation also had two questions. First, it asked how the SRP had been adopted by Member States, since it did not recall it being formally presented. Second, the Delegation asked for clarity on what the next steps were, after the SRP.

870. The Secretariat recalled that document WO/PBC/21/10 explained that the SRP had come about from a Member States' decision that WIPO undertake an organizational improvement program, which was the primary recommendation of the desk-to-desk assessment undertaken at that time. In that document, paragraph 1 provided the background. The Secretariat went on to confirm that the SRP was overseen by the Audit Committee, as it was named at the time and continues to be overseen by the Independent Advisory and Oversight Committee, as was presented earlier in that week. In addition to that, the Secretariat stated that the Director General informed Member States continuously about the progress of the SRP that had actually been concluded by that time. The Secretariat said that two initiatives would continue to the end of that year, and that one of those was the risk management and internal controls initiative, which the Secretariat understood was extremely important from a Member State and governance perspective as well as for WIPO Secretariat to enhance their controls and to minimize risk to the Organization. The Secretariat went on to say that this initiative had resulted in ensuring that risk management was embedded in every program in order to ensure that WIPO's program managers and directors continuously look at how to mitigate these risks. It said that a further result of the risk management initiative under the SRP was the presentation of risks to the Member States, in the Program and Budget document. The Secretariat stated that it had now made the risks very visible on a program-by-program basis. It said that, according to best practice, the Secretariat should report on the progress of how those risks evolved, whether there were new risks and also how WIPO mitigated those risks during the biennial cycle.

871. The Delegation of Algeria stated that it had read the aforementioned document including paragraph 1. However, the Delegation said that the aforementioned paragraph only said that the Member States of the GA approved the recommendation to ask the Secretariat to establish such a program. The Delegation said that the document did not confirm whether, after establishing such program, the Secretariat presented it to the Member State for their approval. It restated its question: whether after being asked to establish this program, the Secretariat had come back to the Member States and asked for their formal approval. The Delegation then restated its second question, on what the next step was and if the Secretariat was thinking about establishing another program, such as the SRP, for the next five or 10 years.

872. The Secretariat confirmed that it was mandated to undertake the program by the GA decision and offered to show that document. It then reaffirmed that the Audit Committee had been tasked with the oversight of the SRP and that it was following the GA decision which was outlined in the document. The Secretariat also pointed out that it had reported on the SRP each year to both the PBC and the GA.

873. The Delegation of Algeria said that it was not a matter of reporting. The Delegation went on to ask if, after having been asked by the GA to establish such program, the Secretariat presented it again to the GA for approval to implement.

874. The Secretariat confirmed that it had been mandated to undertake the SRP by the GA. It then said that the word "program" might be misleading. It clarified that the SRP was not a program like those of Program 1 to Program 30 that were reviewed earlier that day. The Secretariat said that the SRP was not a substantive program about what the Organization did - it had been seen as important to improve the manner in which the Organization worked. The Secretariat clarified that the SRP related to how WIPO did its work as opposed to what it did in terms of the content, in terms of the Strategic Goals. The Secretariat went on to point out that

the SRP was a coordinated program of change, incorporating many management initiatives that had been established based on the decision of the General Assemblies which came out of the desk-to-desk assessment recommendation.

875. The Chair, questioned on behalf of the Delegation of Algeria, whether there was a physical approval saying "members approve or not."

876. The Secretariat declined to make a judgment since the Legal Counsel was not present.

877. The Chair proposed that once the Legal Counsel arrived, he should address this question in order to establish if the SRP had been approved or not. The Chair noted that it was a good program.

878. The Secretariat suggested that it could look at the records of the 2008 GA and return to the matter.

879. The Chair confirmed that, when the Secretariat would come back, the response should explain exactly what had happened so there would be clarity on whether the SRP had been approved or had not been approved.

880. The Delegation of Switzerland said that the SRP was discussed at length and it considered that it had been approved by Member States in light of all of the consultations and conversations that had taken place in the course of PBCs and the General Assemblies. The Delegation confirmed that it certainly considered that the SRP was something that had been approved by the Member States. The Delegation thanked the Secretariat for all the work they had done on the SRP and commended the Secretariat on the results achieved. The Delegation said that it was somewhat of an artificial discussion at that point, after so many years, where the membership had had reports on the matter and there had been opportunities for people to express views on this reform program if they so wished.

881. The Delegation of Algeria once again put the question to the Secretariat and requested that either the Secretariat or someone else advise when Member States had approved the SRP, if such a date was available. It said if there was no date when the SRP had actually been approved, then, in its view, informal or formal consultations or discussion were something else. The Delegation reconfirmed that it wished to obtain a full reply to its question on whether there was a document confirming that the SRP had been approved or noted by Member States.

882. The Delegation of Brazil supported the Delegation of Algeria for trying to find a mandate for the SRP. The Delegation said that perhaps there should be some language in one of the sections of the medium-term strategic plan, to be discussed with the Secretariat where it would be best suited, regarding the nature of the institution – to provide services to a wide range of stakeholders. It then said that first and foremost WIPO was a United Nations specialized agency.

883. The Chair sought clarity for the intervention.

884. The Delegation of Brazil said it was going back to the beginning of the discussion.

885. The Chair confirmed that the Delegation of Brazil was referring to the one line of text concerning the nature of the organization.

886. The Delegation of Brazil said it was addressing the points that had also been raised by the Delegation of the United Kingdom and Switzerland and which also wanted to hear some proposals of language. The Delegation added that its main concern regarded the definition of the international service organization. The Delegation suggested that a sentence be introduced, stating that the international service organization concept meant that WIPO provided a range of

services but that first and foremost it was the United Nations specialized agency to its Member States.

887. The Delegation of Belgium thanked the Secretariat for the very helpful and clear information. The Delegation said that it was very clearly set out that the matter had been dealt with on previous occasions starting with the GA discussion and follow-up. The Delegation recalled its good memories of previous SRP informal sessions whereby Member States had multiple occasions to discuss this matter with the Secretariat and provide further clarifications or requests.

888. The Delegation of Egypt supported the language proposed by the Delegation of Brazil. It noted that the language was extracted from the planning for WIPO and thus it should be language that all Member States had seconded. Referring to the point raised by the Delegation of Algeria, the Delegations noted that the first paragraph of document WO/PBC/21/10 stated that the SRP had been launched in 2008 but it did not reference at all that the SRP had been approved by Member States. It thought that this was the answer to the question by the Delegation of Algeria.

889. The Delegation of Canada said that it was the 34th Session of the GA in 2007 at which the SRP had been approved. It pointed to document WO/GA/34/16, paragraph 34 (1) (a), which stated that “the WIPO General Assembly noted the contents of document WO/GA/34/12 and decided: (i) to approve the recommendations of the WIPO Audit Committee contained in paragraph 24 of document WO/AC/6/2, namely that (a) the Secretariat develops a comprehensive integrated program for Organizational Improvement along the lines and priorities recommended in PwC’s Final Report, and as recognized by the Secretariat in its report (WO/GA/34/12).” The delegation stated that point (a) above clearly referred to the fact that there should be a program for Organizational Improvement.

890. The Delegation of Switzerland requested that the Delegation of Brazil submit its proposed text in writing, as the Chair proposed.

891. The Chair agreed and confirmed the request to the Delegation of Brazil.

892. The Delegation of the United Kingdom further requested that the Delegation of Brazil make clear where the text should be inserted. The Delegation said that it had no problem agreeing that WIPO is UN-provided agency and provides services, but that it did not grasp from the intervention where the text should be inserted.

893. The Delegation of Algeria stated that it was familiar with the documents to which the Delegation of Canada had referred. It said, however, that the paragraph in question only gave the Secretariat the authority to establish the program. The Delegation said that the decision had not approved the program as such, only that such a program should be launched. The Delegation said that its questions remained: once the SRP had been elaborated, did the Secretariat bring it back for approval by Member States? If so, that should be indicated in paragraph 1 of document WO/PBC 21/10. If not, it should also be indicated in the same paragraph. If it was simply taken note of rather than approved, that should be indicated as well. And, again, if not, that should also be indicated. The Delegation Algeria hoped that the Secretariat would give the Delegation a report that afternoon.

894. The Chair confirmed that it would be the case.

895. The Delegation of Australia asked whether, if the Delegation of Brazil drew language from the MTSP, it could kindly indicate where in the MTSP the language came from.

896. The discussion on item 16 was adjourned until the end of the session.

897. Decision on this agenda item was taken during consideration of agenda item 21 and read as follows.

898. The Program and Budget Committee recommended to the WIPO General Assembly to consider this issue and take appropriate action.

ITEM 17 PROGRESS REPORT ON THE CONSTRUCTION PROJECTS

899. Discussions were based on document WO/PBC/21/11.

900. The Secretariat presented the progress report on construction projects by first referring to the two recommendations made by the PBC at its 19th session in September 2012 (document WO/PBC/19/27): monthly reporting to Member States for the New Conference Hall Project, and provision of a more detailed explanation of the events that led to the termination of the contract with the former general contractor for historical reference. Firstly, the Secretariat recalled that it had started the monthly briefings with Member States in October 2012 and had been posting the written monthly reports on a dedicated page for delegates on the WIPO website (under “Observatory”). The last briefing was held on July 11, 2013 (during the week of the PBC 20th session) and the written report was posted that week. At its 20th session in July 2013, the PBC had recommended that the Secretariat no longer hold these briefings on a monthly basis, but continued to provide monthly written reports. The Secretariat had proceeded accordingly. The August report had also been posted on the website in the meantime. Secondly, the detailed explanation concerning the events that had led to the termination of the contract with the former general contractor could be found in the Annex to document WO/PBC/21/11. Reverting to the progress report on the two construction projects, the Secretariat highlighted that various repair and replacement works continued for the New Building. In connection with the New Conference Hall Project, after termination of the contract with the former general contractor in July 2012, a number of actions had been taken, as had been announced to the PBC at its 19th session in September 2012. Firstly, the mandates of the architect, pilot and engineers had been expanded in order to cover the corresponding elements of the mandate of the former general contractor. The additional internal resources have been secured in-house for administrative, contractual and financial monitoring of about 50 contractors, instead of one in the past. To date, the Secretariat had been able to award over 90 per cent of the construction cost previously covered by the contract with the former general contractor. Most of these awards were secured at 2010 or 2011 prices, benefitting from contractual clauses, which had been introduced in the initial contract between WIPO and the former general contractor, guaranteeing that the same price conditions would be maintained if the contracts had to be taken over by WIPO. To date, there were about 50 companies on site. In terms of the architectural quality of the conference hall, regular verifications were carried out according to the Swiss Architects and Engineers Norm (“SIA Norm”) by the architect, engineers and pilot. The approved budget and provisions remained sufficient to cover the existing commitments and engagements as well as future project modifications and unforeseen matters. In connection with the project delivery date, the Secretariat referred to the information it had given in September 2012 in respect of the delays, which had arisen already before the termination of the contract and the delays consequential on the takeover by WIPO, as well as the time required by the mere application of the WIPO administrative and financial procedures. The overall delay assessed at the end of 2012 had to be re-assessed due to the very cold winter, and to the fact that the manufacture and assembly of the wood pieces in the factories and the construction of the wood structure on site were very complex. As a consequence, the updated estimate for the new delivery date of the conference hall was April 2014. It was noted that one area had already been delivered in August 2013 (part of the basement between the AB Building and the New Building). Another area in the AB Building would be partly delivered in October 2013, that is, one of the new small meeting rooms on the first floor level, which would become available for meetings (including those of

Member States). Another area, the access center (the purpose of which was security screening and meeting registration) was expected to be delivered by the end of 2013. In response to questions and comments or observations made by some delegations under other agenda items, the Secretariat confirmed that the current balance for the New Conference Hall Project owed by the former general contractor was now down to about 3 million Swiss francs, taking into account reimbursements made by it until July 2013. In respect of the recommendations made by the Internal Audit and Oversight Division and discussed under agenda item 17, the Secretariat indicated that, out of six remaining recommendations, only one was truly outstanding with a completion date of December 2013. All the others had been implemented or related to procedures which we had been instituted and were ongoing. Finally, in respect of interventions made at the PBC session in September 2012 by several delegations on the utilization of the new conference hall by other parties, such as other organizations, or for meetings other than WIPO meetings, the Secretariat wished to reconfirm its intention to reserve to WIPO official meetings a complete one-year cycle of utilization of the new facilities. The Secretariat would revert at a later point in time on the future guidelines for utilization of the facilities by others, in particular other intergovernmental organizations in Geneva, some of which had already expressed their interest in using WIPO's new meeting facilities.

901. The Delegation of the United States of America expressed appreciation for the report on the New Building and the New Conference Hall Project, as well as the monthly reports the Secretariat has been posting on the website. The Delegation was pleased to see that the Secretariat had been able to overcome the difficulties with the former general contractor and appeared to be heading to successful completion of the Project in early 2014. Being aware that WIPO had committed nearly all of the financing for the New Conference Hall Project, the Delegation wanted to receive assurance that the Project could be completed within the existing approved financing. The Delegation indicated it appreciated the update in respect of allowing other entities in future to utilize the new conference hall and the fact that the Secretariat was developing guidelines.

902. The Secretariat confirmed that the approved budget for the New Conference Hall Project showed approximately 3 million Swiss francs remaining uncommitted at this point, that is, sufficient funds to cover possible modifications or unforeseen matters. In connection with renting or making available the new hall and related facilities to other entities, the guidelines were in the process of being developed. The Secretariat's current priority was to focus on completion of the construction work and delivery of the Project before concentrating on future utilization of the facilities by other entities.

903. The Delegation of Spain thanked the Secretariat for the report, recognizing the efforts that the Secretariat had made in 2012, both to keep Member States informed through the information sessions for Member States and through the visible efforts made at reorganizing things internally, as well as to follow up and manage this difficult task. The Delegation expressed gratitude to the Secretariat. It requested the Secretariat to continue to pay particular attention to the recommendations of the internal auditor, in particular in respect of recouping the monies owed by the former general contractor. As the Independent Advisory Oversight Committee had mentioned, the Secretariat should make sure that the project was completed successfully. Finally, referring to the detailed explanations on the causes which led to the amicable separation between WIPO and the former general contractor, the Delegation had read them very carefully and was satisfied, while noting that it appeared that problems had been identified at an earlier stage. While not questioning the decision taken by the Secretariat, the Delegation was of the view that it might have been preferable to consult the Member States and the IAOC so that those could have been more involved and perhaps could have given greater political support to the Secretariat right from the outset.

904. The Delegation of Mexico expressed its gratitude to the Secretariat for the excellent work done, especially taking on the supervision of the construction of the new hall. This was a major challenge and the Delegation hoped that all steps would be taken to ensure that the project was

successfully completed. Having read the detailed background, which had led to the amicable separation with the general contractor, the Delegation pointed out that this could have been avoided since there were already delays with the same general contractor over the completion of the new building, which was nevertheless awarded the contract for the New Conference Hall Project. Perhaps greater precautions could have been taken during the bidding process, bearing in mind what had happened in the past. The Delegation urged the Secretariat to adopt all the necessary measures to ensure that the completion of the New Conference Hall would take place within the deadline and would not exceed the approved budget. The Delegation suggested including some language to that effect in the recommendation of the PBC to the Assemblies.

905. The Secretariat reassured the delegations that it had taken on board the comments made and that it was also keen to ensure that the Project would be completed within budget. There were many lessons learned, added knowledge and experience gained from the situation since 2012, on the basis of which the Secretariat was proceeding forward with the Project.

906. The Delegation of Australia agreed in principle with the proposal made by the Delegation of Mexico, while emphasizing that some matters were outside the control of the Secretariat. In other words, if it was expected that the Secretariat had to make its best efforts to ensure that the construction would be completed within budget, it could not be expected that taking all necessary measures could guarantee successful completion on time and on budget, as that would ignore the fact that circumstances beyond the Secretariat's control could prevent it from completing the project with budget.

907. The Program and Budget Committee recommended to the Assemblies of the Member States of WIPO to take note of the contents of document WO/PBC/21/11 and requested the Secretariat to take all necessary measures with the aim of ensuring completion of the New Conference Hall Project within the approved budget.

ITEM 18 PROGRESS REPORT ON THE IMPLEMENTATION OF AN ENTERPRISE RESOURCE PLANNING (ERP) SYSTEM IN WIPO

908. Discussions were based on document WO/PBC/21/12.

909. The Chair invited the Secretariat to proceed with the presentation of this agenda item.

910. The Secretariat presented the following progress report. This comprehensive document provided an overview of the background of the ERP project as approved by Member States in 2010. The aim of the five-year plan, through a portfolio of projects, was primarily to improve the administrative and management systems within WIPO, so that it could service both the Member States and internal program managers much better in their endeavors and daily work. For internal managers and program managers this included providing them with information on resource management, on results-based management, as well as better systems and tools for procurement and workflows which would help the administrative tasks to be performed in a much more effective and efficient manner. The portfolio of projects comprised three main streams of work. The first stream was related to human resource management and was planned to be in production later this year. The overall portfolio and projects were on track and within the budget approved by the Member States. There were major challenges in undertaking such comprehensive large scale systems integration projects. It required the continuous engagement of all users and program managers. This was sometimes a problem because of the number of initiatives that were contending for the capacity of the same resources. While the overall project portfolio was on track in terms of the achievements, the scope as well as the budget utilization, at times the Secretariat needed to take decisions to slow down or delay

certain aspects of the portfolio simply because it did not have the capacity to support a particular project. One key achievement was the Program and Budget document, which was one of the first products of the ERP system, through the RBM stream of work. This was a very important change, as an integrated system now contained all of this information, which had previously been handled manually. This provided productivity improvements, changes could be made much faster and there was a very high level of system integrity with data controls and checks. The Secretariat recalled that the Committee had discussed internal controls at the beginning of the session. This was one of the biggest opportunities that the ERP presented, improving the system of internal controls and its capabilities for reporting exceptions and performing analysis. At present, WIPO had an effective internal control system, but in conjunction with the IAOD, as well as with the External Auditors and the IAOC, the Secretariat was continuously trying to mitigate risks and improve our controls. The Secretariat saw it as a major opportunity in the next biennium. The next biennium would also see the implementation of business intelligence systems, which would provide dashboards containing control and management information that could be distributed to all program managers, Senior Management Team members and the Director General. Many of these improvements would help the Secretariat to report to Member States much better.

911. The Delegation of Turkey highlighted that paragraph 28 of the document stated that there was going to be a review of the ERP portfolio by an external service provider which was expected to be completed in the second half of 2013. The Delegation supported such a review, believing that it would certainly be useful for the success of such a big project. The Delegation asked the Secretariat to clarify the status of the said report and whether its contents would be made available to the Member States.

912. In response to the questions raised by the Delegation of Turkey, the Secretariat stated that the independent verification and validation review was planned for the second half of this year. There had been a slight delay in completing the international tendering and procurement process. This was in the final stage of engaging an industry reputed service provider, who would provide quality improvement recommendations. The external recommendations would be made available to Member States, as an annex to the next ERP progress report.

913. The Vice-Chair read out the proposed decision paragraph.

914. The Program and Budget Committee recommended to the Assemblies of the Member States of WIPO to take note of the contents of document WO/PBC/21/12.

ITEM 19 PROGRESS REPORT ON THE INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) CAPITAL INVESTMENT PROJECT

915. Discussions were based on document WO/PBC/21/14.

916. The Secretariat introduced the document by recalling that the ICT Capital Investment Project had been approved by the Assemblies of the Member States in 2011. It covered the ICT related facilities of the new conference hall, replacement of the obsolete Nortel Meridian telephone exchange and replacement of the desktop computers. The ICT related preparatory work for the new conference hall had so far focused primarily on technology selection, procurement and contract negotiations. The implementation activities were expected to commence in 2014 when the building was ready for internal work. The Secretariat reported that replacement of the obsolete Nortel telephone exchange had been completed according to plan, at the end of 2012. The new telephone exchange was integrated with the computer network and desktop computers offering enhanced communication capabilities, including video conferences without the need to maintain a separate telephone network. Those new capacities were being

progressively extended to the external offices as well. The Secretariat added that staff had received comprehensive training on the use of those new technologies. Finally, the deployment of new desktop computers was closely linked to the upgrade to Windows 7 and Office 2010. Relevant servers had been migrated to support the new platform. The remaining work was expected to be completed in October 2013. In summary, all planned activities were expected to be completed by the end of 2014. Expenditures for each individual activity might not exactly match budget allocations but it was foreseen that the activities as a whole would not exceed the total budget allocation.

917. The Vice-Chair read out the proposed decision paragraph.

918. The Program and Budget Committee recommended to the Assemblies of the Member States of WIPO to take note of the contents of document WO/PBC/21/14.

ITEM 20 PROGRESS REPORT ON THE IMPLEMENTATION OF WIPO LANGUAGE POLICY

919. Discussions were based on document WO/PBC/21/15.

920. The Vice-Chair requested the Secretariat to present the document.

921. The Secretariat recalled that three decisions had been taken in 2011 concerning the WIPO Language Policy. Firstly, six-language coverage was to be extended to all documentation for WIPO Committees and Main Bodies. Secondly, extension of the six-language coverage for WIPO Working Groups was to be considered in the context of the Program and Budget for the 2014/15 Biennium and in the light of the progress made over the previous two years. Thirdly, the translation requirements of the WIPO web site would be considered once the process of restructuring of the WIPO web site had been completed. Moreover, it had been agreed that attempts should be made over the following two years to reduce the average length of the documents presented by WIPO to various Committees and Main Bodies. As a part of the process of implementation, over the previous two years, six-language coverage had been extended to all WIPO Committees and Main Bodies. A business model consisting of two components had been applied. A core group of translators and revisers had been employed to work in-house, with any additional work being outsourced. It had been decided in 2011 to raise the percentage of work outsourced from 30 to 45 per cent by the end of the current biennium. However, owing to the considerable increase in the workload in 2012, 56 per cent of the translation workload had been outsourced. Several measures had been taken to ensure that quality was not compromised in any way when outsourcing translation work and the 'quality at source' concept was being applied to ensure that WIPO outsourced work to translators with the appropriate skills and background. The Secretariat added that a tender had been issued concerning the provision of translation services and two companies had been selected. Following a rigorous process of identification and selection, a number of computer-assisted translation (CAT) tools and other technological tools had been installed, as a part of efforts to put in place a comprehensive translation management system for the Language Service. Several measures had been implemented internally to ensure that the length of the documentation was reduced. It was stipulated that as a general rule, documents should be no more than 10 pages in length (about 3,300 words). Work was ongoing to restructure the web site and was likely to be completed in the last quarter of the current year. An assessment of resources would then be carried out concerning the translation of the web site into all the six languages. With regard to the impact of the Language Policy, it had previously been estimated that the translation workload would increase by 18 per cent. However, between 2011 and 2012, the workload had increased by 53 per cent. That situation had placed considerable strain on the resources of the Language Service, with the total cost rising by 28 per cent, despite an

increased reliance on outsourcing. One major source of increase had been the size of the *verbatim* reports that were produced for each Committee and Main Body. In 2012, *verbatim* record expenditure had increased by 36 per cent. The Secretariat said that due to the rationalization and control measures that had already been instituted, the length of documents had been brought down. Further success in that regard might lead to a reduced workload. In view of the experience gained over the previous two years, it was suggested that, in the interim, instead of extending the six-language coverage to Working Groups at the current stage, consideration and approval of that extension be postponed to the Program and Budget for the 2016/17 Biennium. During the discussions of the PBC in July, a large number of delegations had repeatedly expressed concern about the high volume of documentation generated by WIPO, calling for costs to be reduced. Efforts were being made to reduce the volume of documentation but the Secretariat recommended that the extension of the six-language coverage to Working Groups should be deferred for two years, until 2016/17. The Secretariat further said that during the July session of the PBC, there had been a fairly extensive discussion on *verbatim* reports. Some Member States had expressed a wish to dispense with those reports, while others had been keen to retain them. The Secretariat had been asked to put forward an alternative to *verbatim* reports. The Delegation of Japan had asked how much money would be saved by dispensing with the *verbatim* reports. In 2012, 1.18 million Swiss francs had been spent on *verbatim* reports for around 14 meetings (an increase in expenditure of around 36 per cent compared to 2011). The average size of a report was 194 pages, with some of the reports being almost 375 to 400 pages in length. The Delegation of the United States of America had suggested that *verbatim* reports could be replaced with audio recording of meetings. Such an approach was feasible and recordings could be made available on the web site, serving as a record of meetings. Recordings could be made of both the English and the 'floor' languages and could be indexed, with details of the meeting such as the date of the meeting, agenda items, session, the time when a specific delegation had taken the floor and the period for which that delegation had spoken.

922. The Delegation of Belgium, speaking on behalf of Group B, welcomed the efforts made by the Secretariat concerning the WIPO Language Policy and acknowledged the recommendation of the IAOD concerning the improvement of the Secretariat's own working methods and internal structure in order to achieve further savings and better services in that area. Group B was open to debate concerning the reform of the current system of *verbatim* reports in order to achieve further savings and efficiencies. At the same time, the Group wished to study that possibility in connection with the objective of further extending WIPO language coverage and improving the quality of WIPO language services.

923. The Delegation of Spain shared the view expressed by the Delegation of Belgium, on behalf of Group B. There were certain areas where the Language Policy had not worked as well as had been hoped. Translations of documents had not always been produced within the two-month period, and were, therefore, not always available at the same time as the original document. Summaries had been prepared of documents that were only 10 or 15 pages in length. The recent report of the Internal Auditor had made a number of recommendations concerning changes to the internal structure of the Secretariat. The report had called for improvements in terms of the management of the language system and had expressed concern with regard to the quality of translation. The Delegation agreed that *verbatim* reports represented a considerable expense and was consequently open to new proposals. It was important to be able to check quickly what had been said at any particular time, something that was possible with the existing *verbatim* reports. However, the Delegation was willing to look at the proposals, as well as to consider the possibility of postponing the extension of the Language Policy to other Committees. It would not be fair to postpone said extension unless efforts were made at the current time to review the internal structure, or the system of *verbatim* reports. It might be possible to avoid postponing the extension of the Language Policy through a more efficient approach. The two issues could be examined in parallel. Finally, with regard to the JIU recommendations, it would be useful if there was someone who could serve as a focal point for

multilingualism within the Secretariat. Such an individual could listen to Delegations' suggestions or concerns with regard to the Language Policy.

924. The Delegation of Egypt stated that, regardless of the considerations in terms of expenditure, the issue under discussion had a very important political dimension. There was a need to provide information to all countries and all delegations so that they could benefit fully from the work of WIPO. Full participation in discussions and the ability to take informed decisions were vital. The six-language policy was extremely important. All countries must be able to receive information in the appropriate official WIPO language. Such issues must be considered in addition to the question of cost. The Delegation expressed support for the proposals put forward by the Delegation of Spain concerning the reduction of translation costs, the timely delivery of documents and the availability of translations at the same time as original documents. Many developing countries did not have electronic access to audio files and depended upon *verbatim* reports in order to discover exactly what had been said by whom, what views had been expressed and what technical issues had been examined. *Verbatim* reports helped developing countries to understand and follow discussions on a number of major issues. Thus, repetition could be avoided and earlier interventions could be used as a basis for future contributions. Developing countries would be very hesitant to move to a different method before being quite sure that any new system would be both reliable and provide the benefits offered by *verbatim* reports. In line with the Delegation of Spain, the Delegation was opposed to the recommendation contained in paragraph 13 of the Progress Report on the Implementation of WIPO Language Policy. The implementation of the decision of the GA concerning the extension of six-language coverage to documentation of Working Groups should not be postponed. The issue should have been reviewed in a more methodical manner in order to determine which Working Groups were affected. The Delegation was of the view that the Working Groups on the Lisbon System, the Madrid System, the Nice Union, the review of Article 3.4, the Singapore Convention, the Intergovernmental Committee on Intellectual Property and Genetic Resources, Traditional Knowledge and Folklore (IGC) and the Patent Cooperation Treaty (PCT) were affected, along with the Intellectual Property Rights Experts Group (IPEG). The working methods of those Working Groups should be studied, taking into account the frequency with which they met. In such a way, an approximate estimate of the cost of six-language translation coverage for said Working Groups could be calculated. It was important that all countries should be able to review the output of the PCT Working Group in their own language. Further examination was required, prior to deciding whether the implementation of the Language Policy could be postponed. It was important to establish the number of groups requiring coverage and whether they would require said coverage at the same time. The six-language policy could perhaps be implemented immediately for certain Working Groups and later on for others.

925. The Delegation of China stated that six-language coverage should be applied to all WIPO mechanisms. Such coverage was important, both in terms of equal rights, and IP-related knowledge. The implementation of the Language Policy would help Member States better to participate in domestic efforts concerning IP. In turn, such participation allowed Member States to play a greater role in the development of IP systems. The main aim was to extend six-language coverage to the meetings of the Working Groups, the very basis of WIPO's work. The decisions taken within those Working Groups were extremely technical and practical in nature, requiring expert understanding of the issues discussed. The experts taking part in the meetings relied on translation in order to allow them to participate in the discussions of the Working Groups. The issue of cost did not in itself serve as sufficient justification for the postponement of the implementation of the Language Policy. The Policy should be implemented in the Working Groups in stages. It was hoped that the Secretariat would be able to draw up an effective program for the implementation of six-language coverage for the Working Groups in 2014/15.

926. The Delegation of Turkey supported the statement made by the Delegation of Belgium, on behalf of Group B. In its report, the IAOD had made several observations and recommendations concerning the use of information technology (IT) tools, differences in cost concerning

outsourcing and limited use of existing technologies when transcribing verbatim reports. The IAOD had also carried out a benchmarking analysis with other UN organizations. The Delegation wished to know what concrete measures WIPO intended to take in light of said observations and recommendations.

927. The Delegation of Mexico stated that the JIU had highlighted the current trend towards multilingualism in the UN system. The issue of multilingualism was important as it facilitated the work of the expert groups. The Delegation found it difficult, therefore, to accept the Secretariat's recommendation that the implementation of the Language Policy should be postponed. Despite the increased workload in terms of translation and interpretation, opportunities for savings and increased efficiency existed. Indeed, the Secretariat had already pointed out that around 1.2 million Swiss francs could be saved by replacing *verbatim* reports with an alternative system. Furthermore, according to the Secretariat, the extension of the Language Policy would cost about 1.5 million Swiss francs. Savings could be made internally. The Internal Auditor had referred to the need to restructure the Conference and Language Department (CLD), the use of IT programs and a number of mechanisms that could be explored prior to taking the step of limiting the extension of the Language Policy. With regard to Program 27, the performance indicators stated that there would be timely publication of documents for Committees and Working Groups, with 65 per cent of documents published two months before the relevant meetings. The Delegation wished to be informed whether said percentage referred to documents produced in all six languages or just in one single language? In the past, the rule in question had sometimes only been respected for one language, with participants being forced to wait until the beginning of the meeting in question to have access to translations of the relevant documents.

928. The Secretariat responded that the two-month rule concerning availability of documents prior to meetings referred to documents made available in all languages.

929. The Delegation of the United States of America expressed support for the statement made by the Delegation of Belgium, on behalf of Group B, and voiced its concern that the cost of translating documents was significantly higher than the amount budgeted for. Language services could be a costly undertaking that competed for resources with other important functions performed by WIPO. The conference and language services of many international organizations had grown to the point where they consumed a large portion of the resources that would otherwise be allocated to the performance of the core missions of those organizations. The Delegation was opposed to increases in language services owing to the considerable potential for increased overheads and for inefficiencies arising from expanded bureaucracy. In 2011, the anticipated increase in language service costs had stood at 12 per cent; a rise which the Secretariat had indicated could be accommodated in the existing funding level for Program 27. The Secretariat could only achieve the expansion of language services without additional funding by identifying offsetting cost reductions in other areas. At that time the Delegation had cautioned against making commitments without fully knowing the results of the costs. Based on the most recent reports, it was even more reluctant to consider further expansion of language services without meaningful reductions in the volume of language required. Verbatim service costs offered significant potential for streamlining. Other international organizations were questioning the need for costly translation of voluminous documents when, in most cases, summary records sufficed. Therefore, the Delegation supported the recommendation to postpone the further expansion of language services in the coming biennium for two reasons. Firstly, as a matter of principle, it could not support the adoption of a proposal without knowing the full cost implications. Secondly, the Delegation wished to see streamlining and greater efficiencies that would reduce costs. The Delegation took note of the comments of the Delegation of Mexico and was also interested in the possibility of looking at other appropriate mechanisms to reduce costs even further.

930. The Delegation of Peru stated that six-language coverage should be extended to all WIPO bodies. Such an approach would enable effective participation by the experts, many of whom

came from national capitals and had often experienced difficulties when working in Committees. The Delegation felt that the Delegation of Spain's proposal concerning the establishment of a focal point for multilingualism would be helpful. Cost was an important issue, alongside the need to enable all to participate in meetings. The scope of the Language Policy should not be limited. The Secretariat was called on to look into alternatives. The Delegation requested an explanation with regard to the fact that, for Program 27 the number of posts for the 2014/15 Budget was set to increase, while the Budget itself was expected to decrease.

931. The Delegation of El Salvador expressed support for the statements made by the Delegations of Egypt and Mexico but was not in a position to be able to support the proposed recommendations.

932. The Delegation of Chile highlighted the importance of ensuring that all documents were available in all six languages, in order to allow Member States to examine and comment on them. In certain Committees, in particular the CDIP, summarized translations of some of the shorter documents were being produced when it was obvious from the Language Policy that summaries should only be produced in the case of lengthy documents. That issue needed to be addressed. The proposal that work to extend the Language Policy to cover Working Groups should be postponed was a cause for great concern, in particular with regard to the PCT Working Group. Other alternatives that would enable deadlines to be met should be explored. The Delegation was opposed to the idea of postponing the extension of the Language Policy to the Working Groups.

933. The Delegation of France raised the issue of the difference in cost of the various relevant tools available and suggested that the Secretariat could perhaps find room for manoeuvre in that regard. The Internal Auditor's recommendations should be examined and more information was required concerning the computerization of certain translation systems. The Delegation wished to be informed as to whether investment had already been made in that field and as to the quality of automatic translation. Documents up to 20 pages in length should be translated.

934. The Delegation of Brazil expressed support for the statement made by the Delegation of Egypt, in particular with regard to verbatim reports. A balance had to be struck between transparency and cost-cutting. However, transparency outweighed any possible savings achieved through the abandonment of verbatim reports. More information was required with regard to new technologies, tools and information and communications technology (ICT) solutions. Member States had not, to date, been presented with a viable alternative to verbatim reports.

935. The Delegation of Australia supported measures to reduce costs and increase efficiencies. However, the cost of sending representatives to attend meetings in Geneva was high and verbatim reports were relied on heavily. In line with Group B, the Delegation was open to alternatives, on the condition that they could provide the same level of detail and searchability as verbatim reports. *Verbatim* reports should be maintained for the time being, although the Delegation was willing to consider any viable alternatives.

936. The Delegation of Japan recognized the importance of cutting costs and understood that indexed audio recordings represented a possible alternative to verbatim reports. The Delegation requested further information with regard to the availability and cost of an English-language transcript checked by the Secretariat, as proposed at the latest session of the PCT Working Group.

937. The Secretariat referred to the concerns expressed by the Delegation of Belgium with regard to the quality of translations. The Secretariat was constantly working to ensure that standards were maintained and improvements made wherever possible. As to the point raised by the Delegation of Spain with regard to the timely availability of documents, it would be added as a performance indicator in the Program and Budget for the 2014/15 Biennium. That

approach would allow the Secretariat to ensure that documents were made available to the Member States two months prior to meetings. With regard to the length of the documents, during previous discussions it had been agreed that any document that was more than 3,300 words in length would be deemed to be voluminous. However, that norm was not applied very rigorously. There had been instances where documents slightly longer than 3,300 words had been translated into all the languages. In 2012, the Secretariat had received a number of studies, questionnaires and surveys that were 500 or 600 pages in length. The amount of documents being translated in-house had risen significantly. Therefore, it had been necessary to adopt a stricter approach in terms of the length of documents generated internally. Internal instructions had been issued to ensure that documents did not exceed 10 pages in length. The recommendation made by the JIU concerning a focal point on multilingualism was being examined and a decision was due to be taken in the near future. As to the point raised by the Delegation of Egypt, costs had fallen every biennium. From 2011 to 2012, the cost of translation had dropped from 212 Swiss francs per page to 177 Swiss francs per page, a decrease of 17 or 18 per cent. The issue of verbatim reports was one that must be decided by the Member States. As to the extension of six-language coverage to the Working Groups, a list of all the Working Groups for which documents must be made available in the six languages had been included in a paper presented to the 2011 GA. However, work to implement said coverage had been postponed in 2014. The latest relevant information pointed to eight or nine Working Groups and an additional workload of around 8,800 pages. Based on the cost of translation per page for 2012, the additional cost for the extension of six-language coverage to all the Working Groups would be 1.56 million Swiss francs. In 2010, it had been decided that, in terms of the extension of six-language coverage, priority should be given to Committees, followed by main bodies and Working Groups. Moreover, whenever reports of the Working Groups were considered by one of the Main Bodies, they were translated into six languages. The Secretariat recommended that, for the time being, technical documentation should be provided in whichever languages currently being used. As to the report produced by the IAOD referred to by the Delegation of Turkey, that document contained 17 recommendations, six of which had already been implemented. The Secretariat had kept the IAOD fully informed with regard to developments concerning CAT tools. Work had been carried out to introduce said tools and to train the relevant staff members in their use. There were plans to give external translators access to the tools and the Secretariat was confident that workflow management would improve as a result of the adoption of such technology. Work was being carried out on terminology databases. The Delegation of Mexico had expressed its opposition to the idea of postponing the extension of six-language coverage to Working Groups. The final decision in that regard lay with the Member States. The Delegation of the United States had spoken of the potential for streamlining the work of the Language Services, referring to verbatim reports. The Secretariat had outlined the implications of continuing with the verbatim reports and translating them into all the six languages. Efforts were being made to increase efficiency when dealing with verbatim reports through greater reliance on outsourcing. Program 27 costs had increased because of a rise in per unit staff costs for existing staff, rather than because of an increase in staff numbers. As to the Delegation of Chile's comment concerning summaries, a loosely-applied cut-off point of 10 pages had been established, with important documents that were slightly longer than ten pages being translated in their entirety. The Delegation of France had referred to the report of the Internal Auditor. The Secretariat was looking into a number of options, including machine translation. The Delegation of Brazil had raised the issue of technological tools. The Secretariat had been examining various options in that regard, including the possibility of making indexed audio recordings available on the WIPO web site instead of producing verbatim reports. The Delegation of Australia had supported continuing with the verbatim reports until such time as it was satisfied that the case was made for a viable alternative. The Delegation of Japan had referred to an English-language transcript. Such a transcript was already available, although it was possible that not all delegations had requested a copy. The Secretariat made use of the services of a private company that produced transcripts of the proceedings of meetings.

938. Another member of the Secretariat said that there was a general feeling among Delegations that savings had to be made. The assessments made in 2011 had since been

surpassed in terms of expenditure and volume. The Secretariat was taking on board a lot of the recommendations in terms of cost efficiencies. However, only so much could be done in that regard. Hopefully, the Member States were not suggesting that WIPO should look for cost savings in order to cover these costs. Rationalization measures were not immediately realized. The Secretariat referred to a phrase attributed to Mr. Warren Buffet to the effect that one should not save what was left after spending but rather spend what was left after saving. Rather than thinking in terms of what could potentially be saved in costs and then spending, the focus should be on making savings as a result of cost efficiencies and then spending the money. Extension of the six-language coverage to the Working Groups would cost 1.56 million Swiss francs. In order to find that sum, cuts would be necessary elsewhere in the Budget. Prudent financial management demanded a pragmatic approach.

939. The Delegation of China reiterated its hope that six-language coverage could be extended to the Working Groups within the next two years as a part of a phased approach. The Secretariat must draw up a step-by-step plan. Various measures could be adopted in an effort to conserve resources, such as limiting the length of documents, or simply issuing extracts or the central points addressed in such documents. Thus, availability of documents in the six languages was essential in order to ensure that core ideas and messages were delivered to the Member States.

940. The Delegation of Egypt stated that it was willing to consider alternatives. Calculations concerning costs related to the Working Groups were based on documents that were over 8,000 pages in length. The more important Working Groups should be prioritized when providing translation services. The level of participation in such Groups had to be taken into account when attempting to cut costs. Efforts could be focused on four Committees in the first year, with six-language coverage being extended to cover all Working Groups at a later date.

941. The Vice-Chair suggested that the Secretariat should consider the suggestion made by the Delegation of China concerning a phased approach.

942. The following day the Chair introduced the proposal by the Delegation of China on the Language Policy. He read out the proposal, which stated that, the PBC took note of the information contained in document WO/PBC/21/15 and recommended that the Assemblies of the Member States of WIPO should adopt the proposals contained in paragraph 13 of the document, as amended; 14. Based on the information contained in the document and the importance attached to ensuring the availability of documentation for the Working Groups in six languages, the following proposals were submitted for the consideration of the Member States: (a) the Secretariat would continue to apply rationalization and control measures to further reduce the number and average length of working documents, and (b) the six-language coverage would be extended to the documentation for the Working Groups in a phased manner, with a view to full implementation of the decision in document WO/PBC/18/15 by the end of 2017, namely for the PCT Working Group and the Working Group on the Legal Development of the Hague System for the International Registration of Industrial Designs by the end of 2014, and for the Working Group on the Legal Development of the Madrid System for the International Registration of Marks, the IPC Revision Working Group and the Working Group on the Digital Access Service for Priority Documents by the end of 2015. The cost of such coverage would be allocated in the Program and Budget for the 2014/15 Biennium.

943. The Delegation of Belgium, speaking on behalf of Group B, said that, while it was important to strike a balance between cost and linguistic aspirations, before considering further linguistic aspirations, Group B would appreciate clarification of the cost involved and whether it would be within the budget.

944. The Secretariat said that if the proposal by the Delegation of China was implemented during the 2014/15 Biennium, the additional expenditure, over and above what had already been proposed in the Budget for Program 27, would be approximately 790,000 Swiss francs.

945. The Delegation of the United States of America said that the agenda item had been discussed the previous evening. As already indicated, in order for the Delegation to accept the phased approach – which differed from the original proposal from the Secretariat – specific cost savings would need to be demonstrated in order to offset the additional cost. Given that the proposal was new, the Delegation was willing to go along with it, but would require further specification in subparagraph (a) in particular in order to reach agreement. The Delegation had considered the issue of verbatim reports at a session some days earlier and did not wish to put the Committee in the position of removing other items to offset the cost of the proposal. It had no suggestions as to where the money would come from, in order for it to agree to the proposal.

946. The Chair asked the Secretariat to explain where the additional funds would come from if the Committee agreed to the proposal, noting that some delegations might wish to take the money from the reserves.

947. The Secretariat recalled that cost savings were not realized, since it was not possible to spend what had not been realized, and that the proposal therefore entailed a real cost. The Organization would endeavor to continue making cost savings, which were then placed in the reserves. At the current time, the additional 790,000 Swiss francs of expenditure would come from reducing the declared surplus on the budget, which meant that the 2.8 million that had been declared as a surplus would diminish to 2.1 million and that overall expenditure would increase by the relevant amount. It would not be taken from the reserves.

948. The Delegation of Spain said that an agreement had been reached on the matter of reserves the previous day and that no ban had been imposed on their use. Although the concerns of some Delegations about the high cost were understood, it compared favorably to the cost of verbatim reports. If a solution was found regarding *verbatim* reports and the IAOD recommendations on the Language Policy were implemented, particularly with regard to restructuring and computerizing certain processes, the savings required to fund the proposed extension of coverage might be found. The Delegation suggested that general language should be used in place of the detailed language proposed, in order to provide the Secretariat with room for maneuver.

949. The Delegation of Mexico agreed with the comments made by the Delegation of Spain on the IAOD recommendations and noted that no agreement had been reached regarding verbatim reports and that the Committee was waiting for the proposals of the Secretariat before making a decision. According to The Secretariat there would be no deficit in any case, because a surplus was forecast. Even if the IAOD recommendations led to increased efficiency, activities under the Language Policy could still be carried out. Regarding the more detailed proposal under discussion, while it might be preferable to use general language, the Delegation was not strongly attached to either version and suggested that it might be adequate simply to clarify which Working Groups were assigned to which years.

950. The Delegation of Germany recognized the importance of having documents in all six languages and of extending the six-language coverage. However, lengthy procedures had been carried out in Germany in order to agree the budget and any amendment with budgetary implications would necessitate further consultations prior to agreement. The Delegation would therefore be more at ease using general language that provided room for maneuver.

951. The Delegation of Chile asked for a more detailed explanation of the proposal put forward in subparagraph (b) that set out deadlines and detailed the Working Groups to which the Language Policy would apply, particularly where it set a deadline of the end of 2014 for the PCT Working Group and the Working Group on the Legal Development of the Hague System. The Delegation asked for clarification of whether, since the PCT Working Group met annually halfway through the year, the documents for that Working Group would actually be translated into all six languages only in 2015.

952. The Delegation of Brazil noted that the Language Policy was a very important issue for many developing countries and many delegations had supported the expansion of access to the information produced and provided by the Organization. In that regard, the Delegation wished to restate that the verbatim records were an important record of discussions that had been held. New information technology (IT) solutions did not seem to be able to provide the same service as was provided by verbatim reporting and the Delegation therefore suggested that other sources of financing should be found to implement the policy, perhaps through other items of the programs of the PBC.

953. The Delegation of Egypt supported the statements made by the Delegations of Spain and Mexico. The Delegation noted that the matter under discussion was a decision for the Assembly that should have been included in the budget, rather than being dealt with outside the budget. It was an additional expense, but measures could be taken to reduce expenditure and extend the Language Policy, since it would be impossible to translate the documents of the Working Groups if the matter continued to be postponed. The Committee was not obliged to use the surplus because a budget had been adopted after the transfers, and the Delegation was of the view that the Secretariat could be flexible and find the necessary resources – the source of which did not have to be determined immediately – to meet the additional costs. The Delegation suggested using flexible wording to the effect that funds should be found to finance the translation of Working Group documents, in line with the proposal by the Delegation of China.

954. The Delegation of China welcomed the Secretariat's estimate of the surplus for the following biennium and noted that the Secretariat had the capacity to meet the demands of Member States. A mile-long journey was said to begin with the first step; similarly, long-term plans should begin with the smallest details, which was the thinking behind the Delegation's detailed proposal. The concerns with regard to which Working Groups began the process were recognized and the Delegation was flexible on the exact details. Nonetheless, it was important to have specific measures in place to implement the policy, in order to ensure that all Member States could participate in the meetings of the Working Groups on an equal footing.

955. The Delegation of the United Kingdom said that it understood the Committee to be discussing a substantive modification to the budget. The Delegation was in favor of a more cost-effective solution, perhaps through further analysis, and suggested that cost-efficient measures should be implemented first, and the proposal under discussion introduced once their effect could be seen. Taking the resources from the surplus was, in effect, the same as taking them from the reserves, since the surplus was usually transferred to the reserves.

956. The Chair noted that, if the funds were taken before the surplus was moved to the reserves, then it was clear that the monies were not being taken from the reserves. There seemed to be a level of consensus on the issue, although further clarification was required by some delegations. The Secretariat might find some funds through the cost-saving measures recommended by the IAOD, with the rest to come from the surplus. He suggested that the Secretariat could provide more details of cost savings in order to help find funding for the proposal.

957. The Secretariat clarified that the IAOD report was not just on languages, but on conference services also. With reference to translation services, the efficiency norm applied in-house, of 1,500 words per day, was the highest used in any organization in Geneva, and the number of words revised per day – 4,000 – was also higher than in other organizations. Discussions on reviewing the structure of the service and improving efficiency through workflow management related to the conference and interpretation services. One recommendation that had been made regarding language services was to review the number of in-house staff and resources available. As had previously been stated, the increase in the workload of 53 per cent, compared to a forecast increase of 18 per cent, had been a tremendous strain on the budget. A significant recommendation made by the IAOD was to consider cutting costs by limiting the use of verbatim reports, which were a strain on the Language Services and had cost 1.8 million

Swiss francs in 2012. There was little scope to do more with fewer resources. At the same time, it was important to maintain quality standards, since delegates would be unhappy to find that a document had been incorrectly translated and would consider that even a few grammatical errors or spelling mistakes would render a document inappropriate for circulation in a meeting of the Committee. As increasing numbers of documents were outsourced – 56 per cent of documents had been outsourced in the previous year – it was important to ensure that work was reviewed in-house before being made available to Member States. If the workload continued to increase and staff numbers stayed the same, quality would obviously suffer. Efforts were being made to use information technology tools and better systems, and to ensure that external translators were trained by the Organization. However, the documents were WIPO documents and it was important that the resulting documents were of good quality and could be made available to Member States. Even if extra resources were made available, the in-house staff had to put in extra work to review documents translated externally. The Committee therefore needed to seek additional resources if the coverage was going to increase for the Working Groups, as proposed, in the following biennium.

958. The Chair said that, while there was always some way in which savings could be made, he understood that the Secretariat did not have any ideas about where savings could be made. He asked the Secretariat whether it was certain that the extended coverage would be possible only with extra expenditure.

959. The Secretariat replied that it was always possible to check again for possible savings. Estimates for the cost of implementing a proposal were based on how much it had cost in the previous year to do a particular amount of work. It was possible that the figure of 790,000 Swiss francs could rise, since the estimate was based on the unit cost of translation for 2012, which had been lower than in 2011, and it was difficult to tell whether the same rate would be maintained in 2013 since it depended on how complicated the document was, how much was outsourced and whether it was outsourced to an external translator or a company. Further language services would not know how many documents would be generated by a specific Committee or requested by a given Working Group.

960. The Delegation of Switzerland said that it was up to the Committee to resolve the matter and that all the necessary information was available. The Member States should assist in the rationalization of translation by deciding whether to have all documents, particularly long ones, translated into all languages, and by taking some responsibility for producing more concise documents. If the Committee wished to extend the six-language coverage to all Working Groups, it could use some of the surplus for that or, it could wait until savings had been made, and then extend coverage to additional Working Groups. The Delegation suggested that the funds should be taken initially from the surplus but ongoing savings from rationalization measures should be reinvested. In that way, although additional funds would be spent, rationalization and savings continued. The Delegation did not wish to specify which Committees should receive the coverage and supported the proposal circulated the previous evening.

961. The Delegation of Spain noted that the statement made by Switzerland had focused on the two most important elements of the proposal, which were, firstly, that the Secretariat should continue with rationalization and that costs should continue to be controlled. There was room for the Secretariat to ensure that internal documents were, as far as possible, only 10 pages long. Secondly, the extension of coverage could be done progressively, with a level of discretion in the matter left to the Secretariat. The Delegation suggested that the language should be simplified so that subparagraph (b) stopped after the words “coverage will continue its extension to the documentation for the Working Groups in a phased manner during the biennium 2014/15.” Subparagraph (a) should be left as proposed by the Delegation of China, with a useful reference to not only the length of documents but also the number of documents being included. The Secretariat was therefore left with some room for maneuver, but the continuation of the extension of coverage was clearly stated.

962. The Chair noted that, if there was a time to have a program of the nature proposed, it was when there was a surplus, and suggested that the Committee should continue its consideration of the proposal made by the Delegation of China in the afternoon.

963. The Chair invited the delegations to comment on the new proposal made by the Delegation of the United States on the Language Policy, which was being distributed in the room.

964. The Delegation of the United States of America introduced the proposal, which included two amendments to subparagraph (b). Under the new proposal, subparagraph (b) would read: "thereafter and in accordance with (a) the six-language coverage for the documentation for the Working Groups will commence in a phased and cost-effective manner."

965. The Delegation of China welcomed the balanced language produced by the Secretariat. It wished to know whether the English wording proposed by the Delegation of the United States, particularly the word "thereafter," made the implementation of subparagraph (b) conditional on the implementation of subparagraph (a), and if that was the case, would like to state its opposition to any precondition for the implementation of subparagraph (b). In addition, the Delegation sought clarification of the meaning of the term "cost-effective" in the given context.

966. The Delegation of the United States of America said that in order to move forward with the Committee to change the initial recommendation and implement the phased approach at that point in time, it needed to address concerns about cost. The Delegation viewed subparagraph (a) as a mechanism to address the issue of cost saving that would have to be applied in order to implement subparagraph (b).

967. The Chair suggested that the word "thereafter" should be removed, and that subparagraph (b) should commence with the phrase "in accordance with." He asked whether that proposal would be acceptable to the Delegation of the United States.

968. The Delegation of the United States of America said that it would prefer to retain the word "thereafter." The aim of the proposal was to give the Secretariat some flexibility to work out how to fund and implement subparagraph (b) and also to ensure that the cost of the Language Policy would not increase substantially or, conversely, that the wording would not be so rigid as to prevent the Secretariat from implementing it.

969. The Delegation of China said that it understood the proposal made by the Delegation of the United States to mean that subparagraph (a) should be implemented first and then, if more resources were available, subparagraph (b) could be implemented. The Delegation restated its position that the implementation of subparagraph (b), which was the extension of the six-language coverage to the Working Groups, should not be conditional on the implementation of subparagraph (a), but rather that both subparagraphs should be implemented in parallel. The Committee had already discussed taking the necessary resources to implement the policy from the surplus, and the Delegation was convinced that the Secretariat would take all possible rationalization measures and make efforts to reduce further the length and number of working documents.

970. The Chair said that, in his view, the language used in the proposal did not contain a conditional element. Greater clarity could be provided through the removal of the word "thereafter" from subparagraph (b), which would then contain straightforward language that referred clearly to the continuation of rationalization efforts, the extension of the six-language coverage for documentation in the 2014/15 Biennium and the reflection in the Program and Budget of any additional cost of that coverage.

971. The Delegation of Egypt said that it had initially interpreted the text of the proposal in the same way as the Delegation of China and noted that the text provided by the Secretariat was a balanced one. However, given the explanation provided by the Delegation of the United States,

it found that the proposal provided an appropriate text, which covered needs for Arabic language coverage and the use of the six languages both during meetings and in the preparation of documentation, particularly for the Working Groups.

972. The Delegation of Spain said that the proposal, as submitted, had managed to strike a difficult balance. The reference to a cost-effective phased approach was welcomed and it was clear that subparagraphs (a) and (b) would be implemented at the same time. Nonetheless, it was clear that, if no savings were made, it would not be possible to provide the six-language coverage to any significant extent. The Delegation suggested that the words “thereafter and in accordance with (a)” at the beginning of subparagraph (b) should be replaced by the phrase “at the same time.”

973. The Delegation of the United States of America noted the suggestion made by the Delegation of Spain and wished to hear further comments from other delegations before responding.

974. The Delegation of Venezuela (Bolivarian Republic of) thanked the Delegation of China for its proposal, which reflected a subject of concern to developing countries. It noted the comments made by the Delegation of the United States but said that the proposal put forward by that Delegation was redundant. It was clear that a phased approach was needed, in line with the mandate given by the GA, and the Delegation supported the comments made by the Chair.

975. The Delegation of the United States of America said that it could accept the phrase “at the same time” and noted that the end of the sentence would still read: “in a phased and cost-effective manner.”

976. The Delegation of China said that it could accept the wording suggested by the Delegation of Spain and was prepared to be flexible with regard to the proposal by the Delegation of the United States. With respect to naming specific Working Groups in the text, it was ready to accept that that element of its proposal could not be achieved at the current stage, but still believed that it was important to roll out the six-language policy to the PCT Working Group and the Working Group on the Legal Development of the Hague System for the International Registration of Industrial Designs in particular, preferably in 2014. The Delegation hoped that other Working Groups would be able to adopt the six-language coverage in the following period and noted that it was important that all the work on the matter should be taken forward in an appropriate and phased manner.

977. The Chair said that he took it that the Committee had found agreement on the Language Policy.

978. The Program and Budget Committee (PBC):

- (i) took note of the information contained in document WO/PBC/21/15;
- (ii) recommended to the Assemblies of the Member States of WIPO the adoption of the proposals contained in paragraph 13 of document WO/PBC/21/15, amended as follows:

“14. Based on the information contained in this document and the importance attached to ensuring the availability of documentation for the Working Groups in six languages, the following proposals are submitted for the consideration of Member States:

- (a) The Secretariat will continue to apply the rationalization and control measures to further reduce the number and average length of working documents;

(b) At the same time, the six-language coverage, for the documentation for the Working Groups, will commence, in a phased and cost effective manner, during the biennium 2014/15, and the additional cost of such coverage reflected in the Program and Budget;

(c) The Secretariat will report to the next session of the PBC on the progress made in respect of (ii) above.”

ITEM 21 ADOPTION OF THE SUMMARY OF DECISIONS AND RECOMMENDATIONS

979. Discussions were based on document WO/PBC/21/21 Prov.

980. The Chair proposed to read out the contents of document WO/PBC/21/21 Prov. containing the record of the decisions taken and recommendations made by the PBC during the present session. The Chair added that the full report of the 21st session, for approval in accordance with established practice, would be produced in due course. The Summary of Decisions and Recommendations would be presented to the Assemblies of the WIPO Member States. The Chair said that after he would have read out the text of all decisions (taken or proposed), delegations would comment on the decisions that they had any concerns about.

981. The Chair read out the decisions taken on items 1 and 2.

982. Before reading out the decision on item 3 (Report by the WIPO IAOC), the Chair noted that the decision had been worded by the Delegations of Australia and Egypt, with the same language added to it as in the decisions on items 5 and 6, i.e., the PBC requesting the Secretariat to continue to take appropriate action in response to the views expressed by the IAOC and requesting the IAOC to continue to review and oversee the actions by the Secretariat in accordance with its mandates and report to the PBC.

983. The Chair read the decision taken on item 4 (Report of the Selection Panel for the Appointment of the New Members of the WIPO IAOC) and the proposed text of decisions on items 5 (Report by the External Auditor) and 6 (Report by the Director of the IAOD).

984. On item 7 (Progress Report on the Implementation of the Joint Inspection Unit's (JIU) Recommendations), the Chair read the proposed decision as follows: *The Program and Budget Committee recommended to the WIPO General Assembly to consider this issue and take appropriate action.*

985. On item 8 (Governance at WIPO), the Chair read the proposed decision as follows: *The PBC recommended to the WIPO General Assembly to consider this issue and take appropriate action.*

986. The Chair proceeded to read decisions taken on items 9 (Annual Financial Statements 2012; Status of the Payment of Contributions as at June 30, 2013) and item 10 (Utilization of Reserves).

987. On item 11 (Annual Report on Human Resources), the proposed decision text read by the Chair was follows: *The PBC noted the contents of the Annual Report on Human Resources in the context of financial and resource implications and recommended to the General Assembly to request the Director General convey to the ICSC and the CEB Member States, concerns regarding the impact of rising staff costs on the financial sustainability of the Organization and the need to exercise greater vigilance and consider taking timely and effective measures, particularly in the context of ICSC's ongoing comprehensive review of these matters.*

988. On item 12 (Report on Implementation of Cost Efficiency Measures), the Chair read the proposed decision as follows: *The PBC recommended to the Assemblies of the Member States of WIPO to take note of the contents of the document and recommended that the Secretariat continue its cost efficiency efforts.*

989. The proposed decision on item 13 (Proposed Program and Budget for the 2014/15 Biennium) was read by the Chair as follows: *(1) The PBC recommend to the Assemblies of the member States of WIPO and of the Unions, each as far as it is concerned, the approval of the proposed Program and Budget for the 2014/15 biennium subject to the following: (i) The increase in the overall budgetary envelope to address the agreed implementation of the WIPO language policy in the amount of 793,000 Swiss francs in Program 27; (ii) Reinstatement of Program 30 to include SMEs and innovation, excluding content and resources for SMEs and innovation in Program 10; (iii) Agreement by Member States, in the course of the meeting of the Assemblies, on the issue of External Offices. (iv) Reflection of the agreed changes in respect of paragraph 44 of the Financial Overview and Programs 1, 3, 8, 9, 11, 15, 17, 23, 27, and 30. (2) Assemblies of the Member States of WIPO and of the Unions, each as far as it is concerned, (i) the decision on Program 18 to enable effective management of Member States in the design, monitoring and assessment of program results and activities and the committee to which it should report to; (ii) the target for Programs 2 and 4 in respect of Diplomatic Conferences.*

990. On the Capital Master Plan, the proposed decision text was read as follows: *The PBC: (i) endorsed the principles under which projects have been and will be included in the organizational Capital Master Plan, as set out in document WO/PBC/21/18; (ii) recommended to the Assemblies of the Member States of WIPO to approve the funding of the projects presented in the Annex to document WO/PBC/21/18 for a total estimated amount of 11.2 million Swiss francs from available reserves. (iia) requested, the Secretariat to provide additional information, in the course of the sessions of the Assemblies on savings generated from these projects together with details of the depreciation and capitalization of relevant expenditure; (iib) requested the Secretariat to target further savings under regular budget through inter alia full implementation of IAOD's recommendations on travel policy, and improved treasury management, with the aim of reducing the use of the reserves for purposes of funding the projects noted under (ii) above; (iic) request the Secretariat to report on progress in respect of (iia) and (iib) above at the next September session of PBC.*

991. On item 14 (Proposed Definition of Development Expenditure in the Context of the Program and Budget) the Chair read the proposed decision as follows: *The PBC decided to refer the decision to the WIPO General Assembly.*

992. The Chair read out the decision taken on item 15 (Progress Report on the Project of Safety and Security Standards for Existing WIPO Buildings)

993. The proposed decision on item 16 (Final Report on the Implementation of the WIPO Strategic Realignment Program) was read as follows: *Program and Budget Committee decided to refer the decision to the WIPO General Assembly.*

994. The Chair read the proposed decision on item 17 (Progress Report on the Construction Projects): *The PBC recommended to the Assemblies of the Member States of WIPO to take note of the contents of document WO/PBC/21/11 and requested the Secretariat to take all necessary measures with the aim of ensuring completion of the New Conference Hall Project within the approved budget.*

995. The Chair read out the decisions taken on items 18 (Progress Report on the Implementation of an Enterprise Resource Planning (ERP) System in WIPO) and 19 (ICT Capital Investment Project).

996. The proposed decision on item 20 (Progress Report on Implementation of WIPO Language Policy) was read by the Chair as follows: *The PBC: (i) took note of the information contained in document WO/PBC/21/15; (ii) recommended to the Assemblies of the Member states of WIPO the adoption of the proposals contained in paragraph 15 of document WO/PBC/21/15, amended as follows: "14. Based on the information contained in this document and the importance attached to ensuring the availability of documentation for the Working Groups in six languages, the following proposals are submitted for consideration of Member States: (a) the Secretariat will continue to apply the rationalization and control measures to further reduce the number and average length of working documents; (b) at the same time, the six-language coverage for the documentation for the Working Groups, will commence in a phase and cost-effective manner during the 2014/16 biennium and the additional cost of such coverage reflected in the Program and Budget; (c) the Secretariat will report to the next session of the PBC on the progress made and respect of (ii) above.*

997. The Delegation of Egypt thanked the Chair and the Secretariat for the preparation of that decision. The Delegation had several comments regarding items 7, 8, 13, 15 and 16.

998. The Chair suggested that delegations comment in the chronological order, starting at item 1.

999. There were no comments on decision regarding items 1, 2, 3, 4, 5 and 6.

1000. On item 7, the Delegation of Egypt preferred that the text of decision read: "The PBC recommended to the General Assembly to consider this issue and take appropriate action."

1001. There were no comments on decisions regarding items 8, 9, 10, 11 and 12.

1002. On the text of decision on item 13, the Delegation of Trinidad and Tobago wished to flag, as a matter of clarification, that paragraph 1(iv) referred to "agreed changes" even though they were not agreed in the plenary.

1003. The Delegation of the United States of America read a statement regarding Program 30 on SMEs and Innovation. The Delegation thought that considerable progress had been made. Many Member States had spoken up in favor of this very important program. The Delegation thanked the Secretariat for making most of the requested changes. The Delegation felt that the Committee was close to agreeing on the revised version of Program 30, with the following points being addressed. Essentially, the Delegation did not wish to see staff shifted around, as otherwise the Program would lose a great deal of momentum, waste time and money and would have to eventually be rebuilt. If the Program was augmented, ideally with more staff, the Delegation did not want to see any resources removed from any part of the PCT. The delegation suggested the following amendment to paragraph 30.4, the sixth line down, after the parenthetical (Program 11): insert a comma and "and to provide such training and capacity building activities in coordination with the regional bureaus". Full stop on that sentence. Regarding the table on page 100 and "the target of five technology transfer offices in Arab region, should be subject..."; add: "Should be subject to timely funding and availability of beneficiary countries as the phases proceed", or something along those lines. The exact wording could be worked out. Finally, the Delegation inquired where the target of 20 additional universities with established IP policies came from as there was nothing similar to that in the in the current biennium and the figure seemed high.

1004. The Delegation of Algeria wished to put it on record that it did not have the time consider the United States proposal on TTOs and wished to reserve the right to comment whenever it would be the time to do so.

1005. The Delegation of Hungary referred the targets for Programs 2 and 4 that, in accordance with the decision read by the Chair, were being submitted for decision to the GA. The Delegation wished to propose a compromise language. As already mentioned by the

Delegation of India, there should be a parallel treatment of the two issues. The Delegation suggested saying that, for the design treaty, the target was reaching the adoption of the design treaty. The same could be said regarding the Diplomatic Conference and IGC, the target would be the adoption of international legal instrument or instruments.

1006. The Chair commented that he could see at least three delegations indicating a negative response to that proposal.

1007. The Delegation of Sweden reiterated that it was still an open question whether there would be a Diplomatic Conference or not and on the legal nature of the instrument, i.e., if it would be legally binding or not. The Delegation added that diplomatic conferences were necessary if Member States were going to work towards a legally binding instrument. Therefore, the Delegation was quite concerned about how it saw this in the normative agenda that had been pushed in PBC. The Delegation thought that such discussion should be taking place in the IGC context. The Delegation recalled that it had raised concern about the language on page 47 and 48 under Planning Context and Implementation Strategies and added that it had proposed changes on that. With this in mind, the Delegation suggested that the entire Program 4 be forwarded to the GA since the PBC was unable to reach agreement on it.

1008. The Chair reminded the Delegation that Programs 2 and 4 had been sent to the GA for consideration as per the decision he had read.

1009. The Delegation of Sweden said that the current decision only sent the issue of the Targets to the GA. The Delegation clarified that it thought that Program 4 as a whole should be sent to the GA for the reasons that it had explained and because of its concerns about the language on pages 47 and 48 regarding the Planning Context and the Implementation Strategies. The Delegation repeated that it wished to see the entire paragraph on Program 4 further discussed at the GA, not only the Targets.

1010. The Chair asked the Delegation whether the same referred to Program 2.

1011. The Delegation answered that it did not have a strong opinion on Program 2.

1012. The Chair reminded delegations that the original idea was to equate Program 2 and 4. Therefore, if the entire Program 4 was referred to the GA, Program 2 would have to go as well.

1013. The Delegation of Sweden repeated that it only referred to Program 4.

1014. The Chair recalled that the outcome of the week's discussion was that there was no agreement on Programs 2 and 4 and that they would be treated equally. That was the whole point. Therefore, if any delegation wished to refer one Program to the GA for consideration that meant that the other Program would be sent to the GA as well. Therefore, either members leave the Targets for Programs 2 and 4 with respect to the Diplomatic Conference for the GA or they refer the entire Programs.

1015. The Delegation of India did not agree to the proposal put forward by the Delegation of Sweden and stressed that Programs 2 and 4 had to be treated equally.

1016. The Chair announced that therefore only the Targets for Programs 2 and 4 would be referred to the GA and not the entire Programs.

1017. Regarding the draft decision on Program 18, the Delegation of Brazil wished to amend paragraph 2 (i), changing the word order in the phrase: "to enable effective engagement of the Member States in design, monitoring and assessment of its activities and results, and the Committee to which it should report" to start with the word "activities".

1018. The Delegation of the United Kingdom, referring to paragraph 2(i) of decision on item 13, stated that the current language did not reflect the different positions expressed by the Groups. Therefore, the Delegation suggested that this paragraph read: "The decision on Program 18 implementation strategies." Full stop.

1019. The Delegation of Iran (Islamic Republic of) suggested simplifying the text of paragraph 2(i) to read: "Program 18". Full stop.

1020. The Delegation of Switzerland noted the proposal by the Delegation of Brazil and found it generally acceptable. However, the discussion that had taken place should be taken into account. Some Delegations, including Switzerland, believed that Member States already had the possibility for "effective engagement". Perhaps, the paragraph could say: "Program 18 concerning effective engagement", which would be neutral. The wording would not prejudice whether or not it had to be enabled or not. It would not say whether or not members needed to change anything. The Delegation thought that if the text said: "concerning effective engagement", that would be totally neutral. the Delegation added that it could accept the other proposed amendments from Brazil. It added that while trying to make things neutral it was also trying to highlight where exactly there was a difference of opinion on Program 18.

1021. The Chair asked whether delegation approved of paragraph 2(i) saying "Program 18", without any additional language.

1022. The Delegation of Switzerland thought that the discussion had been more targeted than that and reiterated that it could agree with the proposal from the Delegation of Brazil. In order to take into account the comment from the Delegation of the United Kingdom, instead of saying "to enable" it should say "concerning" i.e., "concerning effective engagement".

1023. The Delegation of Iran (Islamic Republic of Iran) stated that intervention made by the Delegation of Switzerland confirmed that there was no agreement on Program 18. Whatever language was used would confirm again that there was no agreement on Program 18. the best solution was to keep it: "Program 18", full stop, which would also confirm the position of Switzerland.

1024. The Delegation of the United Kingdom was concerned about the budget allocations that had not been disputed and wished to preserve those.

1025. The Delegation of Brazil asked what would happen if there was no agreement and whether Program 18 would be taken out in that case.

1026. The Chair replied in the affirmative.

1027. The Delegation of Brazil, speaking on behalf of the DAG, suggested to keep Program 18.

1028. The Delegation of the Russian Federation, referred to paragraph 1(ii) of the draft decision, and said that it did not accurately reflect the substance of the point at issue. The Delegation preferred that paragraph to say that reinstatement of Program 30 should take place without any detriment caused to Program 10. That was the idea that the Committee needed to get across.

1029. The Chair repeated that proposal; instead of saying "excluding content and resources in Program 10", it would say "with no change to the content and resources for SMEs in Program 10."

1030. The Delegation of Belarus said that the text was still causing concern but added that it might be because of the interpretation problem from/into English and Russian. The Delegation thanked the Chair for accepting the linguistic amendment made by the Russian Federation.

1031. The Delegation of Algeria, speaking on behalf of the African Group and in its national capacity, suggested deleting “in the course of the Member of Assemblies” in paragraph 1(iii) and leaving only the agreement by Member States on Program 20 on external offices.

1032. The Chair pointed out that Program 20 was not limited to external offices and suggested the wording of: “Program 20 related to External Offices”. The Chair asked why the delegation of Algeria requested deletion of “in the course of the meeting of the Assemblies”.

1033. The Delegation of Algeria answered that it did not understand what that phrase added to the decision.

1034. The Delegation of India remarked that the chapeau of the entire paragraph 1 (“the PBC Committee recommended...”) made it appear that that the Program and Budget would be approved. Regarding the amount allocated for Program 20, whatever the outcome of the the consultation and the Assemblies, the Delegation asked how the exact allocation would be reflected if there was a consensus on five or more offices. If the Committee was agreeing to the allocated budget as it was at present (for the 5 offices), the Delegation would understand. Therefore, there had to be some language in the decision text, e.g., subject to xx number that would be finally decided. The Delegation agreed to the African Group’s proposal for Program 20, but its understanding was that the meeting of the Assemblies would be deciding on it, so how could this part be removed?

1035. The Secretariat said that since Program 20 had not been approved by the PBC, the decision text read: “subject to the following”. Therefore, the items under (i), (ii), (iii), and (iv) were basically subject to the GA decision. The Secretariat would act upon the GA decision.

1036. The Delegation of Belarus expressed its preference for keeping the phrase” in the course of the meeting of Assemblies” as it made it easier for the membership to determine when this decision was supposed to be taken. The Delegation believed that it provided a deadline and gave impetus to the whole process. The Delegation added that it was in the Members’ interest to keep the phrase.

1037. The Delegation of Iran (Islamic Republic of) thought that “in the course of the meetings of the Assemblies” ought to be taken out. Coming back to the concerns raised by the Delegation of India, the Delegation thought that the budget allocated to Program 20 would be pending and be subject to the Member States’ decision. For the sake of transparency and clear language, the Delegation proposed the following language for point (iii): “agreement by Member States in the course of the meeting with Assemblies on the issue of external offices and its proposed Program and Budget for 2014/15 biennium”.

1038. The Chair requested delegations’ comments on the above proposal and asked the Secretariat the reasons for adding “in the course of the meeting with Assemblies” to the draft text.

1039. The Secretariat responded that the phrase was added for to lend clarity and to ensure that the issue would be addressed in the course of the Assemblies. There was no other reason.

1040. The Delegation of Egypt pointed out that the issues of external offices was contained within Program 20 and that context should be indicated in the text of the decision.

1041. The Delegation of Belarus said that it was flexible on that wording but as a Group Coordinator it would have to consult with other members of the group.

1042. The Delegation of the Republic of Korea shared the views expressed by the Delegation of Belarus on keeping the phrase in the decision.

1043. The Delegation of India also wished to keep the phrase "in the course of meeting of the Assemblies."

1044. The Delegation of Algeria stated it was not opposed to the decision of the GA on the issue. The item would be dealt with in the context of Program 20. However, the Delegation did not wish this to be a separate agenda item and stressed that the issue had to be discussed within Program 20.

1045. The Chair proposed: "agreement by Member States on Program 20 related to external offices in the course of the meeting of the Assemblies".

1046. The Delegation of India responded that its concern was not taken into account. Because the text, as read, meant that Program 20 could be taken up whenever in the course of the Assemblies. The Delegation wished to specify when members would deal with it.

1047. The Secretariat proposed: "Agreement by Member States in the course of the meeting of the Assemblies during the discussion on the proposed Program and Budget, on Program 20 related to the issue of external offices."

1048. The Delegation of Mexico preferred maintaining the text as initially worded. It added that although all members knew the context of the issue, it would prefer the text without a specific reference to Program 20 as other programs also referred to the issue of external offices. If Program 20 was specified then all other relevant programs would have to be referenced as well.

1049. The Delegation of Algeria stated that it could be flexible on mentioning all the programs linked to the external offices. But, first of all, it was Program 20. However, the Delegation was open to adding the reference to other related programs, if the Delegation of Mexico so wished.

1050. The Delegation of Mexico referring to the saying "the devil is in the detail", was not certain that it was the best time to begin seeking all references to external offices in the Program and Budget document. That was why the Delegation wished to repeat that it preferred to leave the text at: "external offices", by itself, because this was what members had been discussing the entire week (and in July).

1051. The Delegation of Chile, in line with what had been said by the Delegation of Mexico, believed that it was clear why the language should be as it had been originally proposed by the Secretariat, as looking at all the elements or programs where references were made to external offices would keep all delegations in the room for couple of hours longer.

1052. The Delegation of Algeria was intransigent in its position to reference Program 20. It added that the text could say: "on Program 20 and other programs related to external offices" without naming them.

1053. The Delegation of Mexico suggested: "Agreement by Member States in the course of meetings of the Assemblies on external offices including on Program 20".

1054. The Delegation of Spain supported the last suggestion made by the Delegation of Mexico and wished to warn the membership of two points: firstly, the time, and secondly, the danger of going to the Assemblies without a process of previous consultations.

1055. The Secretariat proposed the following wording: "...in the course of the meeting of the Assemblies, on the issue of external offices in general and Program 20 related to external offices in particular, in the context of Program and Budget for 2014/15."

1056. The Delegation of Mexico suggested amending this language to say: "Agreement by Member States in the course of the meetings of the Assemblies on the issue of external offices including on Program 20."

1057. The Delegation of Algeria asked what the phrase "on the issue of external offices" actually meant. The Delegation added that in its understanding Member States would be discussing Program 20 and how to amend it.

1058. The Secretariat suggested: "Agreement by Member States in the course of the meeting of the Assemblies on the issue of external offices during discussion on the proposed Program and Budget on Program 20 related to external offices".

1059. The Delegation of Mexico said that, given the late time and in the spirit of being constructive, it was not going to insist although it would have preferred its own wording. If the membership agreed so would the Delegation.

1060. The Delegation of the United Kingdom, referring to point 2 (ii) of the decision, was quite surprised to see Programs 2 and 4 in the same context. The Delegation believed they did not have much in common besides the fact that they belonged to the same Strategic Goal. Whatever the language was, the Delegation wished the two programs in two separate lines or sub-items.

1061. The Chair asked whether delegations accepted listing "(ii) the target for Program 2 in respect to the Diplomatic Conference; (iii), the target for Program 4 in respect to the Diplomatic Conference." There were no objections.

1062. The Delegation of Switzerland requested that Program 2 be added to the listing in paragraph 1(iv). The Delegation recalled that it had asked for correction of translation of the word "brands" and asked the Secretariat to confirm that the said correction would be made.

1063. The Delegation of Venezuela (Bolivarian Republic of) pointed out that in the Spanish version (in Program 2) there was the same difficulty with the difference between "marks" and "brands." The Delegation wished to have this issue resolved for the Spanish speakers as in Spanish there was no distinction between brand and trademark which existed in English. Wording would have to be found for defining "brand" and "marks".

1064. The Chair confirmed that remarks regarding "marks" and "brands" would be put on record and that the appropriate translation would be found.

1065. The Delegation of Hungary referred to the amendments to Program 30 (and the corresponding document in track-change mode distributed by the Secretariat) and the text suggested by the Delegation of the United States. In paragraph 30.4, sentence ending "training and capacity building activities will be based on the materials developed by this program.", the Delegation had some slight problems with the wording. It wished to either eliminate it, or work on the language that would convey the idea that Program 30 had to cooperate with the Program 10 and develop materials together.

1066. The Chair asked whether the Delegation of the United States of America would agree to deleting that final line.

1067. The Delegation of the United States of America responded that it would have to look into it and added that could not agree to it at that specific time.

1068. The Delegation of Italy stated that it would work with the Delegation of Hungary on this issue (Program 30). The Delegation suggested the following changes to paragraph 30.4., fourth line, where it said "being undertaken by the program itself" add "comma Program 10" and then

follow with the text. This was similar to the amendments made by United States and conveyed the same message. The Delegation also said that, in paragraph 30.5, third line, it had already signaled that the reference to Program 9 within the parentheses should be removed.

1069. The Chair returned discussion to the draft decision on item 13 and asked if the text was agreed by delegations. The Chair requested the Secretariat to read out the agreed text.

1070. The Secretariat read as follows: "1. The Program and Budget Committee recommended to the Assemblies of the Member States of WIPO and of the Unions, each as far as it is concerned the approval of the proposed Program and Budget for the 2014/15 biennium as contained in WO/PBC/21/8 subject to the following: (i) the increase of the overall budgetary envelope to address the agreed implementation of the WIPO language policy in the amount of 793,000 Swiss francs in Program 27; (ii) re-instatement of Program 30 to include SMEs and innovation with no change to the content and resources in Program 10; (iii) agreement by Member States, in the course of the meeting of the Assemblies, during discussions on the proposed Program and Budget, on Program 20 related to external offices; (iv) reflection of the agreed changes in respect of Paragraph 44 of the Financial Overview and Programs 1, 2, 3, 8, 9, 11, 15, 17, 23, 27, and 30. Point 2. The PBC referred to the Assemblies of the Member States of WIPO and of the Unions, each as far as it is concerned, to decide on: (i) Program 18; (ii) the target for Program 2 in respect of Diplomatic Conference; (iii) the target for Program 4 in respect of Diplomatic Conference."

1071. The Chair announced that the Delegations of Hungary and the United States of America agreed on the language in Program 30 and requested the Secretariat to read the agreed changes.

1072. The Secretariat listed that changes: in paragraph 30.4, fifth line, it was suggested to add the word "itself" after the word "program", so it would read "and other intermediaries being undertaken by the program itself, Program 10, certain countries in Europe and Asia and the distance learning programs in the WIPO Academy." The suggestion from the United States of America was to add after Program 11 (in that sentence) "and to provide such training and capacity building activities in cooperation with the regional bureaus." The last sentence of that paragraph would be deleted because it was contained in the suggestion by the United States of America. In paragraph 30.6 (starting with monitoring and assessment), third line, delete the reference to Program 9 in the parentheses.

1073. There were no objections to the above listed changes.

1074. There were no further comments. The decision adopted on item 13 is reproduced under that agenda item.

1075. The Chair recalled that decision on Capital Master Plan had been adopted the previous day.

1076. At the request of Delegations the Chair read out decision on item 14: "The Program and Budget Committee recommended to the WIPO General Assembly to consider this issue and take appropriate action". The Chair noted that the same formulation would apply to all items referred to the GA for decision.

1077. There were no comments regarding decisions on item 15, 16, 17, 18, 19 and 20.

1078. The Program and Budget Committee adopted the contents of document WO/PBC/21/21 Prov., as amended.

1079. The Delegation of Germany recalled that during the debate on the Working Group and the issue of discussing criteria for external offices earlier that evening, the Chair had said that he

would give delegations some extra time to come up with an agreement. However, that item had not been reopened. The Delegation added that it had undertaken consultations with many Groups and there seemed to be a lot of support for a proposal that had been reached. The Delegation wondered if the issue of the working group and external offices would be reopened, adding that since decision on item 13 said "subject to agreement by Member States", such agreement would be helped if a Working Group could meet the following week.

1080. The Chair pointed out that reopening discussion after the adoption of the final document was not a regular procedure but nevertheless invited the Delegation of Germany to read the proposal to see whether the Committee agreed on it.

1081. The Delegation of Germany recalled that, earlier that evening, it had the impression that there was indeed agreement among delegations on the four elements of a decision regarding the Working Group that it had outlined earlier. The only disagreement at that time had been on how delegations referred to the proposals to be taken up by the envisaged Working Group. Two Regional Groups had wanted complete parity of the proposals. Two other Regional Groups had insisted on differentiating between "the Chair", "made by the Chair", "in the draft budget" and those that came later during the debate. The Delegation proposed to balance the two differing views as follows: If a Working Group was set up, it shall base its work on: "the draft Program and Budget as submitted by the Secretariat, the proposals made during the sessions of the PBC, and those made during the Working Group." That would differentiate between the two sets of proposals without giving priority to either of them. That proposal had found a lot of support by Member States and the Delegation wondered whether it could still lead to constituting a Working Group.

1082. The Delegation of India sought clarification on the new proposal as it seemed to have the wording similar to that circulated earlier.

1083. The Delegation of Germany said proposals might be coming in the following week, which the Delegation had tried to cover in the last line of the text: "proposals made, and those proposals made during the session of the Working Group." The Delegation found it evident that when members held discussions new proposals could be made but if any delegation felt that there was a need to state it explicitly, the last line would cover that purpose.

1084. The Delegation of the Republic of Korea was supportive of the Delegation of Germany.

1085. The Delegation of Algeria asked the Chair whether he had closed the session.

1086. The Chair replied in the affirmative.

1087. The Delegation of Germany pointed out that it had raised a point of order.

1088. The Chair recalled that the proposal for the Working Group had been previously rejected by the Delegation of China. The Chair added that the session was closed and that he had only given the floor to the Delegation of Germany for the sake of flexibility. The Chair wondered how the Delegation could have had an impression that there had been support for the proposal when all avenues to agreement had been explored and there had always been an opposition.

1089. The Delegation of Ghana stated that, in fact, it was a point of order.

1090. The Delegation of France thanked the Delegation of Ghana for that remark. The Delegation said that there was a proposal on the table. It was true that the Summary of Decisions and Recommendations had just been adopted. However, all delegations wished to have an agreement at the forthcoming Assemblies on the issue of external offices. Certainly France very much wanted that. The Delegation's instructions from its capital stated that members had to find the ways and means of reaching that objective, reaching that agreement.

At present, a hand was being stretched out to all Members States by an honest broker, a diplomat who was offering to provide services to Member States, to assist them. The Delegation wished to put it on record that it supported that diplomatic endeavor. The Delegation repeated that the whole process had really been stolen from Member States. Members States had not had time to be involved in the discussion, had not even been invited to participate in the discussion thus far. Suddenly, at present, members were told that they had ten days to complete the discussion. The Delegation wished it to be indicated clearly that whether before, during or after the session of the Assemblies, it wanted to have a Working Group to try to reach an agreement. It wanted to reach an agreement at the Assemblies. If delegations were not in agreement with that, they had to state that loud and clear. The Delegation restated that it was under instructions to make headway on this issue, to move forward and to discuss it with all interested parties. The Delegation stated that it supported paragraph 1 (iii) under Item 13 and supported the proposal that had just been tabled.

1091. The Chair thought that the Legal Counsel's advice would be needed to determine whether an issue could be reopened after the adoption of the decisions, which would reopen all issues on the Program and Budget, or whether everything should be referred to the GA.

1092. The Delegation of Germany raised a point of order. The Delegation said that it did not see the need to escalate the matter. It had already been decided that the decision would be taken by the GA subject to agreement of Member States. None of the rest of the program was being challenged at all. The Delegation said that it had been under the impression during the last two hours that the matter would be taken up again, while all of a sudden the business was closed. If it was the opinion in the room that there should not be a Working Group, that was fine. Germany did not ask for an external office and the Delegation did not insist personally on a Working Group. It was an effort to bridge the gaps and have an informed debate. If the room decided that this was too late, the Delegation would gladly submit to the Chair's judgment.

1093. The Chair thanked the Delegation of Germany for the flexibility. He added, however, that it was a pity that the Delegation had not raised this issue during the just-finished discussion on the decision paragraph for item 13. Subsequently, the language of the decision was adopted. The Chair wondered as to the legality of reopening discussion on an adopted matter.

1094. The Delegation of Ghana thought that the issue of consultations in the Working Group was part of the package. It appeared that there had not been a common understanding of all the elements, nor had all the elements of the package been accepted. That was why the decision was referred to the GA. The Delegation continued to say that members could not have a consultative Working Group without coming to an understanding of what that Working Group was going to do and what the basis of the work was. The Delegation thought that the starting point was going to be the proposal that was already advanced by the Secretariat, on which there was no agreement. The Delegation did not believe there was a problem with the notion of a consultative Working Group. It was just that members had not agreed on all the elements that would go into the whole package. In the absence of agreement, the Committee decided to defer the issue to the GA. The Delegation stressed that either membership takes the whole package or the matter goes to the GA. The Delegation had no difficulties with the Working Group but the Committee had to be fair to those delegations which had expressed interest in having other parts of the package equally considered.

1095. The Delegation of China fully agreed with the statement made by the Delegation of Ghana. The Delegation thanked the Chair for the excellent conduct of the work, which was completely in accordance with the rules and procedures of the Organization and hoped that, at the end of the meeting, all delegations would show some decency and give everybody applause: especially to the Chair, but also to the Secretariat, and to yourselves because everybody had worked very hard.

1096. The Delegation of Belgium, speaking for the record, wished to restate as Group B that it attached high importance to fair treatment and principles of equality. Speaking in its national capacity, the Delegation agreed with the previous speakers from Group B who had highlighted that the German proposal had a lot of merit and regretted that it was no longer on the table, especially since the Delegation thought that some delegations from other Regional Groups also seemed to agree on this.

1097. The Delegation of Trinidad and Tobago, speaking in its national capacity, supported the comments made by the Delegation of Ghana, and wished to thank the Ambassador of Germany for offering his services to make headway with respect to the consultations on this issue. The Delegation added that the following week would be quite exhausting as there would be the coordination matters and the preparations for the Assemblies. The Delegation did not see how sufficient headway with any consultations could be made during that week. Procedurally, the document (WO/PBC/21/21) had been adopted and it would be irregular to reopen this matter.

1098. The Delegation of Spain believed that the proposal by the Delegation of Germany had been made in good faith and added that, as it had previously stated on many occasions, it was extremely dangerous not to have the opportunity to discuss this topic the following week. The Delegation said that it did not understand how the matter could be sorted out if it was resubmitted to the Assemblies the way it stood now, taking into account the divergent positions, with the Assemblies having very little time to consider it.

1099. The Delegation of India sought clarification on the following point. When it had been decided not to have any decision on the Working Group consultations, the Delegation did not understand that the idea the Working Group consultation process had been dropped altogether. The Delegation was under the impression that there would be consultations the following week and some outcome could be presented to the Assemblies. In the present situation it seemed that the process would be initiated after the GA. Therefore, postponing consultations for one week meant postponing them for maybe a year. The Delegation asked what the timeline was.

1100. The Delegation of Egypt wished to raise a legal point. The Delegation did not understand what agenda item was being discussed. All agenda items had been exhausted and closed. The Delegation added that it wished to thank all delegations for their good intentions to present ideas that could advance this issue. However, the Delegation asked why the present proposal had not been tabled and distributed earlier since the discussion on formulation of decision on external offices had been discussed for at least 30 minutes. At this stage, the Delegation did not have a written text and hence did not know its content. It seemed to the delegation that issues were being discussed in abstract.

1101. The Delegation of Italy thanked the Delegation of Germany for its offer, which it thought to be a genuine offer to continue the discussion on the issue the following week on the points of difference in order to prepare the discussion at the GA. The proposal, as clarified by the Delegation of Germany, was not putting in question what had already been decided. Therefore, the Delegation considered that it should not be thought about it in the strict legal terms.

1102. The Delegation of Algeria wished to thank all delegations who have committed themselves to seeking a solution by whatever means and also thanked the Chair for doing what the Delegation thought was a fantastic job on this issue. The Delegation added that the African Group stood ready to discuss all these matters with any delegations that needed further information for the GA. Having no Working Group did not mean that matters could not be discussed between delegations. It was absolutely clear that members could hold discussions among themselves.

1103. The Delegation of Sweden thanked the German Ambassador for his proposal, which was very constructive and genuine and regretted that it had not been possible to find consensus around it.

1104. The Delegation of Canada thanked the Ambassador of Germany for his offer. As the Delegation of Italy, it agreed that this offer did not need to be considered in a strict legal framework. The offer was for what can be considered informal discussions and consultations. It had offered a framework for delegations to come together and talk. The Delegation added that it would be pleased if all involved could consider it in that light.

1105. The Delegation of Venezuela (Bolivarian Republic of) remarked that in law and norms there was nothing immutable. The representative of the Legal Counsel was present to consult with. The Delegation stated that delegates, after a week-long discussion, could not be left with what had happened in the past and not create a bridge towards the future. To leave without discussing the topic would be a big mistake. The Delegation shared the views of the Delegation of Spain i.e., that members should not go to the Assemblies in the same position as they had been in these past days. In closing, the Delegation thanked the Delegation of Germany for the proposal they made.

1106. The Delegation of Mexico wished to thank all delegations which had made efforts to continue discussing the issue. It believed that members should continue discussing it and try to reach an agreement. The Delegation thanked the Ambassador of Germany for his efforts and the proposal he had made. The Delegation wished to assure the German Ambassador that it would continue working constructively with all delegations on this, and all the other topics regarding the Organization.

1107. The Delegation of Iran (Islamic Republic of) asked the Secretariat to request that documentation on external offices be updated (e.g., Iran's name had been not included in the document, as its request for an EO had been submitted after the document had been issued).

1108. The Delegation of the Russian Federation was grateful to the Ambassador of Germany for his proposal and for his attempt to get delegations back on a constructive track to seek arriving at decisions that could, in turn, help the GA to determine its position. Unfortunately, however, this proposal had not been able to overcome all of the disagreements. The Delegation reminded the membership of the fact that the Delegation of China had put forward a number of conditions, which the Delegation supported and agreed to. It supported the proposal that had been distributed "as it was", although it was not happy with certain elements of it. If the members started discussing the German proposal, then all other proposals tabled on that issue would have to be looked at in order to try to hammer out some common ground and common approach. The Delegation made a legal inquiry: could the Committee reopen a particular issue after the closing of a session and approval of the documents of that session.

1109. The Delegation of France agreed with what had been said by the Delegation of India and added that it found the Chair's working methods rather surprising. It stated that members found themselves where they were because there had been a lack of trust. They were there because the Secretariat had shown a lack of respect towards Member States and this evening the Chair had shown a lack of respect towards the membership. It had never been said that members would not go back to the proposal of having consultations between now and the Assemblies. What the Chair was doing at present was not going to allow many delegations to go back to their capitals and dispel the feeling of distrust and the feeling of a lack of respect that they now had. Members would actually need time now to improve matters. The Delegation was sorry to say that what the Chair was doing this evening was only making matters worse.

1110. The Chair responded by saying that he did not accept the comments made by the Delegation of France and found them disrespectful. The Chair added that the Committee reached a decision, as the records would show. The Delegation of France did not have to agree with it but the records would show what had been said i.e., that the Committee would put this matter to the GA. Delegations had agreed on that. The Chair said that he had allowed the Ambassador of Germany to take the floor after the adoption of all decisions, which had been irregular, out of respect and to give it one more chance although the decision had been

adopted. The Ambassador had made his proposal but unfortunately, there were disagreements on it. It was rejected by more than four or five delegations. Even at the present moment there was disagreement on it. Many delegations thanked the Delegation of Germany for the effort and the discussions could continue as members were free to do whatever they wanted, they were the Member States. Forgetting any legal aspects, the idea had been rejected in the Program and Budget and rejected again even after decision on item 13 had been adopted. The Chair said that he had given the floor to the Ambassador of Germany as courtesy, to hear his ideas. Whether delegations wanted to meet the following week and discuss matters informally was up to them.

1111. The Delegation of the Russian Federation wished to express its heartfelt thanks to the Chair for all the efforts that he had made in seeking to ensure that the Committee's work would conclude successfully. The Chair had done everything possible, shown tolerance and had made it possible for delegations to take the floor when they wished, allowed the Delegate of Germany to take the floor once this Committee's had been concluded and officially closed. Different Delegations might have different assessments but the Delegation, like many others, had also put in a great deal of effort in seeking compromise. However, the result was what it was and the Delegation would abide by the result achieved and abide by the report (Summary of Decisions and Recommendations) approved by the Committee.

1112. The Delegation of Algeria stated that it was a great pity and very sad to see the Chair being made responsible for a decision that Member States had taken. It had to be stated clearly that that was the case. Some delegations might seem frustrated, but the Chair was in no way responsible for a decision taken by Member States. One had to be very careful indeed about what one was saying when accusing a Chair of being responsible for a decision taken by Member States. The Delegation wished to have it clearly reflected -- the African Group had put forward conditions for a Working Group. It had been open to all options but certain things happened and "if you miss the train, you have missed the train". The African Group could not in any way associate itself with any possible idea that the Chair was in any way linked to a decision taken by Member States. The African Group wished to support the Chair and thanked him sincerely for all of the work done.

1113. The Delegation of India said that, having listened to the debate after the closure of agenda item 13, it was clear that there was disagreement on the Working Group. Therefore, the Delegation would fully and unconditionally respect the decision to refer to this issue to the GA.

1114. The Delegation of Egypt remarked that the Committee had been discussing good governance and added that the current situation was not good governance at all. This was the first time that a proposal was being presented on the agenda item after the closing of the session, which was not good governance at all. It was also showing disrespect to other delegations, which were being kept hostage in the room to listen to those out of the box ideas at such late hour. The Delegation stated that members should respect the manners in conducting business, respect other colleagues and the proper procedure for making proposals and recommendations.

1115. The Delegation of Iran (Islamic Republic of) thanked the Chair for his professionalism and said that all proceedings had been conducted in a very efficient manner, for which the Delegation was thankful to the Chair. The problem with the issue arose was because it was a highly policy oriented matter. That was why the Delegation, and other delegations, had enthusiastically stated their proposals. The Delegation was sure that all proposals, including the last one made by Germany, were made in a constructive spirit, with the intention to find a way out of the existing deadlock. The Delegation repeated that the discussion was managed in an excellent manner and thanked the Chair, the Secretariat and other delegations for their contributions. Having said that, the Delegation had added that it would appreciate it if the updated list of request for external offices would be published prior to the GA.

1116. The Delegation of Venezuela (Bolivarian Republic of) wished to thank the Chair for the good work he had done, his good mood and sympathetic attitude. The Delegation understood that the situation had arisen partly due to the fact that it was almost midnight and expressed its belief in the Chair's skills to handle it.

1117. The Delegation of Angola expressed its full support for the way the Chair had conducted the deliberations and recalled that the Chair had made several proposals on which there had not been an agreement amongst the members. The Delegation could not see how a lack of success was incumbent upon the Chair. Members should play fair when there was no possible way out, be able to question themselves and see how progress could be made in the future. The present situation was not the end of everything. The Delegation referred to the remarks made by the Delegation of France and stated that members should not go beyond certain threshold as it had incalculable consequences.

1118. The Delegation of China thanked the Chair for his contribution to the meeting. It added that the Chair had done his best and thanked him for very skillful conduct of the session. The Delegation noted that it was close to midnight now and, after the closure of the meeting, delegations continued to stay in the room and listen to each other's concerns, which demonstrates the good will of all delegations. The Delegation believed that all delegations should show respect to each other and to the Chair because everybody had done their best.

1119. The Chair thanked all delegation that took the floor for their support.

1120. The Delegation of France said that it did not wish to be misinterpreted. It expressed heartfelt thanks to the Chair for the efforts that he had undertaken. It was almost midnight, everybody was tired but the delegation wished to, once again, convey its thoughts. It said that if all delegations had been available physically in Geneva in the forthcoming ten days, delegations could have gone right to the substance, to the bottom of ideas and projects and the desire to achieve a result. The Delegation added that if the comments that it had made were misinterpreted it was because of the existing frustration. It was not up to the Chair to fulfill the PBC mandate, which had not been fulfilled. The Chair could not hold the membership by the hand until the Assembly in the attempt to reach agreement. The Delegation was certain that agreement would be reached at the GA and added that it would be present to help all respective ambassadors with the extra work that needed to be done. The Delegation was convinced that there would be a win-win situation at the end of the GA.

1121. The Chair thanked the Delegation of France for the intervention. The Chair also thanked the Secretariat who had provided guidance and background information on matters that the Chair was not fully cognizant of. He also thanked all Member States for their contribution and added that he was convinced that the situation was not at its end. The membership had done its best, however, sometimes matters turned to be that way. The Chair thought that lessons could be learned from that for the future. The Chair added that the Committee had been put in a predicament on the external offices, which was not of its own making. In closing the Chair said that it had been a pleasure working with the Committee, a lot of good things had been achieved and understandings reached. He wished to salute the delegations' ambassadors, thanking them for their support. He also thanked the interpreters for their work.

ITEM 22 CLOSING OF THE SESSION

1122. The session was closed.

[Annex follows]