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## **Program and Budget Committee**

**Thirty-Third Session**  
**Geneva, September 13 to 17, 2021**

DRAFT REPORT<sup>1</sup>

*prepared by the Secretariat*

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<sup>1</sup> Delegations represented at the session are invited to submit their comments, if any, to [controller.mail@wipo.int](mailto:controller.mail@wipo.int) by December 3, 2021.

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1. The 33<sup>rd</sup> session of the WIPO Program and Budget Committee (PBC) was held at the Headquarters of WIPO from September 13 to 17, 2021.

2. From October 2019 to October 2021, the Committee is being composed of the following Member States: Algeria, Angola, Azerbaijan, Bangladesh (2020-2021), Belarus, Brazil, Canada, Chile, China, Czech Republic, Dominican Republic, Egypt, El Salvador, France, Gabon, Germany, Greece, Guatemala, Hungary, India (2019-2020), Indonesia, Iran (Islamic Republic of) (2020-2021), Italy, Japan, Kazakhstan, Kenya, Latvia, Malaysia (2020-2021), Mexico, Morocco, Nepal, Nigeria, Oman (2019-2020), Pakistan, Panama, Peru, Philippines (2019-2020), Republic of Korea (2019-2020), Republic of Moldova, Romania, Russian Federation, Senegal, Serbia, Singapore (2019-2020), Slovakia, South Africa, Spain, Sweden, Switzerland (*ex officio*), Tajikistan, Thailand (2020-2021), Tunisia, Turkey, United Arab Emirates (2020-2021), United Kingdom, United States of America, Uruguay, Viet Nam (53).

3. Members of the Committee represented at this session were: Algeria, Azerbaijan, Bangladesh, Belarus, Brazil, Canada, Chile, China, Czech Republic, Egypt, El Salvador, France, Gabon, Germany, Guatemala, Hungary, Indonesia, Iran (Islamic Republic of), Italy, Japan, Kazakhstan, Kenya, Malaysia, Mexico, Morocco, Nepal, Nigeria, Pakistan, Panama, Peru, Republic of Moldova, Romania, Russian Federation, Senegal, Serbia, Slovakia, South Africa, Spain, Sweden, Switzerland, Thailand, Tunisia, Turkey, United Arab Emirates, United Kingdom, United States of America, Viet Nam (47).

4. In addition, the following States, members of WIPO but not members of the Committee, were represented as observers: Albania, Argentina, Armenia, Australia, Barbados, Burundi, Cambodia, Colombia, Côte d'Ivoire, Croatia, Cyprus, Democratic People's Republic of Korea, Djibouti, Finland, Georgia, India, Iraq, Israel, Jamaica, Jordan, Kuwait, Kyrgyzstan, Lebanon, Lesotho, Lithuania, Monaco, Mongolia, Namibia, North Macedonia, Oman, Paraguay, Philippines, Poland, Portugal, Republic of Korea, Saudi Arabia, Singapore, Slovenia, Syrian Arab Republic, Trinidad and Tobago, Ukraine, Uganda, Uzbekistan, Venezuela (Bolivarian Republic of), Zimbabwe (45).

## **ITEM 1 OPENING OF THE SESSION**

5. The Chair welcomed everyone to the 33<sup>rd</sup> session of the Program and Budget Committee (PBC). He took the opportunity to greet everybody in the room and extended a warm welcome to everybody who was following remotely, in different time zones. The Chair knew there were participants joining at different times of day, but the Chair was very glad that they had decided to be part of this very important meeting. The Chair offered the floor to the Director General so that he could make his opening remarks.

6. The Director General gave warm greetings to all who were joining the meeting from other parts of the world and stated that it was a pleasure to open the 33<sup>rd</sup> session of the PBC. The Director General thanked the PBC Chair and Vice-Chair for their continued guidance to the Secretariat as they prepared for the work of the session. He expressed his deep appreciation to the Regional Coordinators and Member States for their constructive engagement with him and his colleagues throughout the PBC process. At the 32<sup>nd</sup> PBC session, Member states undertook a comprehensive review of the Draft Proposed Program of Work and Budget for 2022/23, and provided the Secretariat with guidance and direction for further refinements. As agreed by the Committee, the revised draft featured further information on WIPO's response to the Covid-19 pandemic. This included additional details on the actions taken to support Member States to overcome the pandemic and rebuild, which would constitute several areas of work. First, WIPO would continue to support and facilitate the partnerships necessary to scale up global vaccine production and work towards the goal of vaccine equity. The first of the trilateral workshops, with the World Trade Organization and the World Health Organization,

which is part of the enhanced trilateral WHO-WTO-WIPO cooperation that was announced in June, would take place on September 27, 2021. The Director General hoped everyone would be joining this event. Second, WIPO would continue to help members build an enabling environment for healthcare innovation and especially through a package of support around technology transfer. Hand in hand with these, WIPO would continue to provide tailored technical assistance and capacity building support to Member States. Economies also need care and attention. WIPO would support Member States in their efforts to do so by working to increase IP knowledge and awareness, as well as by supporting more start-ups, small and medium sized enterprises (SMEs), entrepreneurs, and communities to use IP as a powerful tool for growth and sustainable development. The programs contains full details on the wide range of initiatives underway. They encompass all of the sectors and are incorporated into the work of strategic pillars.

7. To further support this whole of WIPO approach, there was an allocation of an additional three million Swiss francs to WIPO response measures. This was the only substantive change to the financial picture that had been presented to the 32<sup>nd</sup> PBC session. If there were any queries on any aspect of that response, Member States were invited to contact Mr. Sherif Saadallah, Executive Director of the WIPO Academy and focal point for WIPO's Covid-19 measures. As the Covid-19 crisis continued to be unpredictable, WIPO would remain agile and responsive to Member States' needs. Over the next few weeks and into autumn, the Secretariat would be reaching out at the regional and national levels so that Member States would be kept fully informed of WIPO's evolving package of support. In the course of the 33<sup>rd</sup> PBC session, Member States would consider audit and oversight reports, performance and financial reviews, planning and budget documents, and items relating to PBC3 2 and the 2020 Assemblies of WIPO Member States. Under audit and oversight, the Committee would consider reports from the WIPO Independent Advisory Oversight Committee (IAOC), the External Auditor, and the Director of the Internal Oversight Division (IOD). Governance, accountability and transparency are key focuses for the administration, and the Director General wished to thank everyone involved in each of these reports for the valuable work they did on behalf of WIPO. In this regard, the Director General announced the appointment of the new Chief Ethics Officer, Ms. Jovanie Philogene, who takes up a position on the September 15, 2021. Ms. Philogene would be having a handing over period with the interim Chief Ethics Officer, Mr. David Mitchels, and the Director General reaffirmed the administration's commitment to ensuring that WIPO's work is underpinned by strong ethical standards drawing on the best practices from across the United Nations (UN) system and beyond. The Secretariat was also seeking approval to update the selection process for IAOC members and the Internal Oversight Charter. The Director General was pleased to update members on the various areas where progress had been made in implementing the Joint Inspection Unit's (JIU) recommendations. Turning to finances and performance, WIPO's revenue and filings remained strong and consistent with the figures presented to members at the 32<sup>nd</sup> PBC session, and the continued strength of filings before WIPO and other services reflected a larger trend where innovative and creative sectors of the economy all over the world were continuing to show resilience. While WIPO's financial performance was in a good place, there was still much uncertainty in the world. WIPO would therefore continue to take a balanced approach to resource management, combining prudence with careful investments in WIPO's services, programs, and infrastructure. With that in mind, the Secretariat was pleased to table the Capital Master Plan (CMP) for the 2022-23 biennium, for which the Secretariat and the Director General were seeking the Member states support to set aside 19.97 million Swiss francs to invest in WIPO's future. The investments laid out in the CMP were centered on the need for continued digital transformation of WIPO, improvements to our wider infrastructure, and ensuring that the services and support that Member States relied on were improved. Many of the services had been available online, driving efficiency and improving effectiveness but there was still more work to be done by investing in the future of the WIPO IP Portal, upgrading the conference systems, transforming the system that underpinned the key administrative and financial functions, and upgrading the security of ICT environment amongst other measures. The CMP would ensure that WIPO remained fit for purpose in

2022/23 and beyond. The Director General would be remiss if he did not express his gratitude to the External Auditor for various recommendations on the CMP process in order to make it more strategic and meaningful for WIPO. Steps had been taken to implement some of the recommendations and the remaining ones would be implemented during the biennium 2022/23. In tandem with investments in WIPO's hardware, there was also a need to evolve WIPO's "heartware," the way individuals engage and collaborate together at WIPO had to be underpinned by an inclusive, collaborative and dynamic culture. Empowering people was a key priority for the Organization and the foundation of the Medium-Term Strategic Plan (MTSP) 2022-2026. There would be a presentation during the Annual Report on Human Resources and the new HR strategy to the Coordination Committee in October 2021. During the session, participants would be discussing various items following consultations at the PBC 32 and the 2020 Assemblies of WIPO Member States. The Secretariat had completed the diligence and research it requested to undertake on the issue of the United Nations Sustainable Development Group (UNSDG) membership. The UNSDG membership was presented for the Member States decision, and the Secretariat reiterated its full commitment to whichever course of action which would be decided upon by Member States. The Secretariat had also published the submissions it had received on the Terms of Reference for the Evaluation of WIPO External Offices. The Director General wished to thank all Member States who submitted their views. The Secretariat remained fully at the Member States disposal on the longstanding and challenging issue and he hoped that progress and convergence would be reached at some point of time. Items before Member States at the 33<sup>rd</sup> PBC session were impactful and strategic and would shape WIPO's growth. As the Director General emphasized at the 32<sup>nd</sup> PBC session, these were not only WIPO's plans, but the Member states plans as well. Together, they are a shared blueprint for meeting the challenges and opportunities and realizing collective aspiration of a world where innovation and creativity from anywhere is supported by IP for the good of everyone.

8. The Director General concluded by thanking the Member States for the considerate and constructive way they had engaged with him and his team and for their flexibility during the preparations for the 33<sup>rd</sup> PBC session. The Director General and the Secretariat stood ready to engage, facilitate, and support Member States in the work ahead and he wished the Chair, Vice-Chair and Member States the very best for a productive week.

9. The Chair thanked the Director General for his detailed and very clear statement. The Chair wished to personally underscore the way in which the Organization had reacted to the comments made and questions asked at the 32<sup>nd</sup> PBC session. It was good that the Secretariat took those comments into account and reacted to them extremely quickly in making modifications and providing additional information. The Chair noted with interest the increased resources allocated to the fight to control the impact of the Covid-19 pandemic within the purview of WIPO's remit, which was intellectual property and everything that it could contribute in terms of knowledge and skill in tackling and, with luck, ending the pandemic for the good of the entire world. The Chair then passed the floor to the Secretariat to make an administrative announcement.

10. The Secretariat reminded the delegations that a detailed document with administrative announcements was sent to all and was available under the PBC website, in the category Other Related Documents. The measures described in that document would help provide a safe environment for the PBC to take place. In order to maintain a safe environment inside the meeting rooms, participants would need to wear masks at all times. Participants could remove their mask when they took the floor to address the meeting for the time of the intervention. In addition, a distance of two meters must be maintained between people if they were spending more than a few minutes near each other. It was only with strict compliance with these measures by everyone that having to ask people to self-isolate and consequent disruptions to the meeting could be avoided in the unfortunate occurrence of a Covid-19 case on premise. The Secretariat thanked the delegations for their understanding. In addition, and effective as at September 13, 2021, following the host country announcement, some changes had been

introduced in respect of access to the WIPO cafeteria in the New Building. This applied to all people, staff and delegates. Those changes were also in line with the measures being applied by all United Nations agencies in Geneva. A security guard would request all entrants to the cafeteria to show a proof of a Covid-19 certificate, a UN-compatible digital certificate, such as a Swiss or British one containing proof of vaccination or immunization as a result of having contracted Covid-19 within the past six-month period. These digital certificates could also include the result of an antigen or PCR test taken in the last 48 or 72 hours, respectively. For people who had received vaccinations that were not available in Switzerland or the European Union, proof of vaccination from a national authority or a valid Covid-19 test result would be sufficient to gain access to the cafeteria. The measures had been introduced to ensure that people seated in the cafeteria were able to remove their masks to eat with a Covid-19 certificate. If someone was accessing the cafeteria only for a takeaway, they had to keep their mask on during the pickup and there was no need to present a Covid-19 certificate. In consideration of the hybrid meeting format and in order to provide the best interpretation during the session, it would be most helpful if delegations could send to the Secretariat written copies of their interventions prior to their interventions. The Secretariat also requested delegations to speak slowly and clearly when taking the floor to help the interpretation teams whose work was much more challenging in the online environment. To prepare the most accurate PBC report written interventions could be sent to the Secretariat after the intervention was completed. It could be used for preparing the report. Those could be sent to the controller mailbox. The Secretariat thanked the Member States for their understanding and stated that they were fully committed to making the 33<sup>rd</sup> session of the PBC a safe, efficient and successful meeting.

11. The President thanked the Secretariat and indicated that being still in the middle of the Covid-19 pandemic, it was essential to be extremely careful and extremely prudent in complying with the restrictions. The 33<sup>rd</sup> PBC session had a rather heavy agenda. Therefore, there was a need to cooperate in order to ensure to make progress as efficiently as possible and to take the appropriate decisions. The Chair hoped to be able to do productive work together during the course of the week.

## **ITEM 2 ADOPTION OF THE AGENDA**

12. Discussions were based on document WO/PBC/33/1.

13. The Chair introduced the draft agenda set out in document WO/PBC/33/1. He explained that in order to facilitate the consideration and discussion of the various items, the agenda had been structured in accordance with the following high-level groupings: 1) Audit and Oversight; 2) Performance and Financial Review; 3) Planning and Budgeting; and finally, 4) Items following Decisions of 2020 Assemblies of WIPO Member States and PBC 32. The Chair stated that with regards to the update on submissions by Member States for Item 14, the Secretariat had received some submissions from Member States after the August 27, 2021 deadline, and after the publication online of the document WO/PBC/33/13, Update on the status and progress of submissions by Member States on views on the preparations of the Terms of Reference of the 2021 Evaluation of WIPO External Offices. Therefore, the Secretariat had compiled recent submissions in an addendum to document WO/PBC/33/13, which was available under Item 14.

14. Before moving on to the first agenda item, the Chair made some general remarks. Firstly, he recalled that the Secretariat had already communicated the provisional timetable and he hoped that items would be dealt with efficiently. The Chair then explained that as indicated online for the PBC meeting, Regional Group Coordinators had three minutes for statements on behalf of their Group, and two minutes, as was customary for delegations of Member States and Observers. The Chair stated that the proposed schedule followed to a very large extent the order of the agenda items of the Draft Agenda. If the PBC made progress more quickly than anticipated, the next agenda item would follow. However, if discussions on a particular agenda item could not be completed within the allocated time, discussions on the next agenda item

would follow, and the outstanding discussions would be taken up at a later stage. The Chair proceeded to explain that the morning session would begin with general statements, followed by substantive consideration of the high-level sections of the Draft agenda. The following agenda items under consideration would be under the section Audit and Oversight with Item 4, Report by the WIPO Independent Advisory Oversight Committee (IAOC), then Item 5, Proposed Revision of the Selection Procedure for the Members of the WIPO Independent Advisory Oversight Committee (IAOC). In the afternoon the PBC would then consider Item 7, Report by the External Auditor, the External Auditor would present the report remotely. That would be followed by Item 6, Proposed Revisions to the WIPO Internal Oversight Charter (IOD) and then Item 8, Annual Report by the Director Internal Oversight Division (IOD). The following morning, on Tuesday, the consideration of items under the section Audit and Oversight would be concluded with the discussion of Item 9, Progress Report on the Implementation of the Joint Inspection Unit's (JIU) Recommendations, followed by the section on Performance and Financial Review, Item 10 (a) Annual Financial Report and Financial Statements 2020, Item 10 (c) Status of Payment of Contributions as at June 30, 2021, and then Item 11, Annual Report on Human Resources. In the afternoon, under the section on Planning and Budget, Item 12, Proposed Program of Work and Budget for 2022/23 would be reviewed and that would be continued on Wednesday morning. On Wednesday afternoon under the section, Performance and Financial Review, Item 10 (b), Update on Investments would be presented at 3pm by WIPO's Investment Advisor. The PBC would then move on to Item 12, Capital Master Plan for 2022-31 under the Section, Planning and Budgeting. On Thursday morning the items that would be considered under the section, Items following Decisions of 2020 Assemblies of WIPO Member States and PBC 32, Items 13 to 15, the first of which would be Item 13, United Nations Sustainable Development Group (UNSDG) Membership, followed by Item 14, Update of the Status and Progress of Submissions by Member States on Views on the Preparation of the Terms of Reference of the 2021 Evaluation of WIPO External Offices, and finally, Item 15, Methodology for Allocation of Income and Expenditure by Union. The Chair explained that Thursday afternoon and Friday morning would be for pending items prior to the closure of the session, which was scheduled for Friday afternoon. The Chair highlighted the importance of efficacy, and he encouraged only Regional Coordinators to make general statements. The Chair reiterated that all Member States and Observers would be able to take the floor on each of the agenda items during the session, and he emphasized the importance of efficiency for the work of the PBC and punctuality for all of the meetings. The morning meeting sessions would be from 10am to 1pm, daily, and the afternoon meetings would resume promptly at 3pm. As the PBC session was still being conducted in a hybrid format, participants were encouraged to be punctual and to speak slowly to facilitate the interpreters work. The Chair concluded by indicating that he would accommodate participation of those who had joined virtually from different time zones.

15. The Delegation of the United Kingdom, speaking on behalf of Group B, thanked the Chair and the Vice-Chair for leading the session and expressed its confidence in their leadership of the Committee to guide the discussions successfully. The Group thanked the Director General and the Secretariat for their hard work, and conveyed its appreciation for the draft documents and the Organization's engagement with Member States ahead of the PBC session. The Group also expressed its continued gratitude to the External Auditor, the Independent Advisory Oversight Committee and the Internal Oversight Division for their Reports to the Committee. The IOD, the IAOC and the External Auditor were essential audit mechanisms for the Organization. The Group indicated that since time was of the essence, its substantive remarks would be delivered under the relevant agenda items. The Group then took the opportunity to recognize again the efforts made by the Director General and his team to develop a new vision and approach for WIPO. The Group was certain that a focus on tangible impacts would enable the Organization to deliver concrete results with positive outcomes for Intellectual Property communities, all innovators and creators across the globe, including Intellectual Property intensive businesses and in particular Micro, Small and Medium

Enterprises (MSMEs). The Group stated its complete support for the new approach and appreciated the challenges ahead, and stated that it stood ready to advise and discuss adjustments that could be necessary to uphold the good programmatic and budgetary standing of the Organization. The Group then indicated that, as was done previously, it would review the PBC session documents closely to ensure sound financial management, and it would also look into how the Program of Work and Budget for 2022/23 could aid effective internal processes while meeting larger objectives. The Group expressed its confidence in the Chair's wise guidance of the PBC and that the Committee's collective efforts throughout the session would lead to positive outcomes. Lastly, the Group assured the Chair of its full support during the course of the PBC session.

16. The Delegation of Georgia, speaking on behalf of the Central European and Baltic States Group (CEBS), thanked the Chair and the Vice-Chair of the PBC and stated that it was honoured to deliver the opening statement on behalf of the CEBS Group. The Group thanked the Chair and the Vice-Chair for their leadership, and commitment and wished them a successful PBC. The Group then proceeded to thank the Secretariat for the excellent work done, especially for the preparation of all of the high quality documents, and for their engagement with Member States ahead of the PBC session. Similarly, the Group also thanked the Independent Advisory Oversight Committee, the Internal Oversight Division and the External Auditor for the Reports. The Group then stated that it looked forward to fruitful and constructive discussions on agenda items such as the Proposed Program of Work and Budget for 2022/23, which was also one of the Committee's priorities. Additionally, the Group looked forward to positive results on discussions of other agenda items. The Group also took the opportunity to thank the Director General, and his team for developing new approaches for the Organization, and expressed its pleasure in the Organization's effective and efficient COVID-19 pandemic response. The Group recalled its statements made at the 32<sup>nd</sup> PBC session and reiterated the importance that it attached to WIPO's staff geographical diversity, representation and adequate gender balance. With regards to the issue of the allocation methodology, the Group was of the strong belief that the existing methodology now applied for many years was the most rational and pragmatic solution and that it should be maintained. Finally, in light of the intensive week ahead, the Group reassured the Chair of its constructive engagement and support of the Committee's work.

17. The Delegation of China expressed its confidence in the Chair and Vice-Chair's wise leadership, and their ability to oversee a successful PBC session. The Delegation thanked the Secretariat and the Finance Division for preparing and publishing the revised Proposed Program of Work and Budget for 2022/23, and the other meeting documents. The Delegation stated that it attached great importance to all of the agenda items that would be under discussion throughout that week. The Delegation proceeded to thank the Independent Advisory Oversight Committee (IAOC) for its audit, supervision and oversight work, the Internal Oversight Division and the External Auditor for their substantial work accomplished over the past year, in addition to their Annual Reports for the PBC session. Additionally, the Delegation stated that it looked forward to the review of the Proposed Revisions to the WIPO Internal Oversight Charter, document WO/PBC/33/4, as well as the discussion on the Proposed Revision of the Selection Procedure for the Members of the WIPO Independent Advisory Oversight Committee (IAOC), document WO/PBC/33/3. The Delegation indicated that it would participate actively in the relevant discussions and provide constructive suggestions during the session. The Delegation noted that the Secretariat had already accepted and was implementing the recommendation by the Joint Inspection Unit (JIU) on multilingual policies. The Delegation expressed its hope that the Organization would continue its effort to increase awareness of all of the six official languages of the United Nations to be used at all of WIPO meetings, their dissemination, and their use in all other Intellectual Property systems. The Delegation expressed its satisfaction with the performance indicators, the financial review and the overall sound financial situation of WIPO. The Delegation thanked the Secretariat for the action taken thus far based on decisions



of the 32<sup>nd</sup> PBC session, notably, the Proposed Program of Work and Budget for 2022/23, and for the inclusion of the chapter on the COVID-19 pandemic. The Delegation also noted with satisfaction that suggestions from Member States and the External Auditor for the Capital Master Plan 2022-31 had already been taken into account by the Secretariat. With regards to pending issues from the 32<sup>nd</sup> PBC session, the Delegation stated that it had participated constructively in those discussions on various issues, particularly, the item on the Terms of Reference of the 2021 Evaluation of WIPO External Offices. The Delegation had taken note of the Secretariat's suggestion for WIPO to join the United Nations Sustainable Development Group (UNSDG). The Delegation hoped that pending issues from the 32<sup>nd</sup> PBC session would be addressed, with the leadership of the Chair, at that session and concluded by assuring the Committee of its preparedness and its willingness to contribute in an open and constructive manner to discussions that week.

18. The Delegation of South Africa, speaking on behalf of the African Group, was pleased to see the Chair presiding over the 33<sup>rd</sup> session of the PBC, and assured the Chair and Vice-Chair of the Group's full support for the week ahead. The Group also expressed its appreciation to the Secretariat for the preparation of the PBC session which would facilitate the achievement and the desired outcomes for the session. The Group noted that the 33<sup>rd</sup> PBC session was important for the consideration of the Proposed Program of Work and Budget for 2022/23. The Group stated that it was ready to engage constructively to ensure that the Committee accomplished its tasks successfully. The Group stated that it was encouraged by the cordial spirit shown by all delegations during the 32<sup>nd</sup> PBC session, and it was confident that the session would also be characterized by the same spirit of cooperation and flexibility. The Group also noted the significant progress made at the 32<sup>nd</sup> PBC session on the Proposed Program of Work and Budget for 2022/23 had laid a great foundation for the document to be finalized during that session, thus resulting in a positive recommendation to the General Assembly for its approval. The Group stated that it was grateful to the Secretariat for its diligent efforts to implement the decisions of the 32<sup>nd</sup> PBC session. Furthermore, the Group appreciated particularly the strength and focus that the Program of Work and Budget had placed on WIPO's COVID-19 pandemic response. The Group looked to see how the Organization could assist Member States with their post pandemic recovery efforts. The Group welcomed the Organization's increased resources allocated to various Expected Results to complement and to ensure the effective implementation of activities outlined in document WO/PBC/33/10. The Group recognized the importance of the audit and oversight elements of the Committee's work, which contributed to transparency and accountability and served to ensure that the Organization continuously improved its management and governance systems. The Group then expressed that it looked forward to the rest of the audit and oversight reports in addition to the Report by the WIPO Independent Advisory Oversight Committee (IAOC), its observations would be made under the agenda items. The Group attached great importance to the financial performance of the Organization, and the Group looked forward to the performance and financial review reports, including that the Annual Financial Report and Financial Statements 2020, as well as the Annual Report on Human Resources. The Group hoped that the 33<sup>rd</sup> PBC session would make progress on the following two important issues: the United Nations Sustainable Development Group (UNSDG) Membership, and the Update on the status and progress of submissions by Member States on the views on the preparation of the Terms of Reference of the 2021 Evaluation of WIPO External Offices. The Group noted and welcomed the additional information provided by the Secretariat on the UNSDG membership following its engagement with the United Nations Development Coordination Office (DCO). The Group also took note of inputs submitted by Member States on the Terms of Reference of the 2021 Evaluation of WIPO External Offices. The Group stated that it looked forward to discussions on those topics. The Group expressed its appreciation of the Chair facilitating and expediting discussions on the topic of Terms of Reference of the 2021 Evaluation of WIPO External Offices and for arranging informal sessions and consultations ahead of the 33<sup>rd</sup> PBC session. The Group concluded by reiterating its commitment to contributing positively to the Committee's deliberations.

19. The Delegation of Bangladesh, speaking on behalf of the Asia and the Pacific Group (APG), was pleased to see the Chair again, and expressed its confidence in the Chair's leadership capability to accomplish the desired results for the work of the 33<sup>rd</sup> session of the PBC. The Group thanked the Secretariat for the preparation of the meeting and the relevant documents. The Group took note of the various agenda items addressed in the documents and stated that it would make remarks under the relevant agenda items. The Group proceeded to note various recommendations, firstly by the WIPO Independent Advisory Oversight Committee with the Proposed Revision of the Selection Procedure for the Members of the WIPO Independent Advisory Oversight Committee (IAOC) in document WO/PBC/33/3. Secondly, the Group looked forward to constructive discussions on the findings of the External Auditor, and appreciated the Secretariat's ability to maintain high quality financial statements and sound systems of internal control despite the challenging circumstances presented by the Covid-19 pandemic. Thirdly, the Group thanked the Secretariat for the presentation of the Annual Financial Report and Financial Statements 2020. The Group was pleased to see that the Secretariat had taken the necessary measures to ensure the sound financial situation of the Organization. Fourthly, the Group took note of the Proposed Program of Work and Budget for 2022/23 as well as the Capital Master Plan for 2022-31. The Group concluded by stating that its members were ready to engage constructively in the deliberations during the course of the PBC session.

20. The Delegation of Paraguay, speaking on behalf of the Group of countries of Latin America and the Caribbean (GRULAC), was glad to see the Chair presiding over the PBC session, and assured the Committee of its full and constructive participation in the discussion of the various agenda items. The Group also took the opportunity to thank the Secretariat for the preparation of the PBC documentation and for holding the information briefings and for making the effort to present the documents in a more comprehensible form. The Group expressed its gratitude for the interpretation service provided and the Secretariat's support. The issues to be discussed during the session were of particular importance hence the need for an efficient and operationally effective Organization, since it was important to build on learnings and achievements from the past years. The Group stated that it would like to see the Organization operate in a fully transparent and accountable way. The Group stated that the Organization should make improvements to be more effective thus allowing the implementation of recommendations and the best possible use of its resources. The Group expressed that it was pleased with the documents that had been provided, notably the IAOC Report and the Proposed Revision of the Selection Procedure for the Members of the WIPO Independent Advisory Oversight Committee (IAOC). The Group was also pleased with the Proposed Revisions to the WIPO Internal Oversight Charter, and was grateful for the recommendations and happy with the External Auditor Report. The Group hoped that due diligence would be ensured to maintain the Organization's sound financial position. The Group noted the Progress Report on the Implementation of the Joint Inspection Unit's (JIU) Recommendations and hoped that the JIU would continue with its supervisory work to improve program implementation, risk management and financial accountability. With regards to the Proposed Program of Work and Budget for 2022/23, the Group congratulated the Director General for his constructive and energetic approach and for his cooperation and consultations for the Report. The Group then stated that geographical diversity and representation within the Organization needed improvement. The Group stated that it would support an increase in measures to support countries coping with the COVID-19 pandemic and its impact. The Group then proceeded to state the importance of Item 14, as well as the Member States contributions to that item. The Group stated that it would provide further comments regarding that item during the session. Concerning WIPO's United Nations Sustainable Development Group (UNSDG) membership, the Group expressed that it was grateful for the information provided by the Secretariat, and it would help with its assessment of the implications of WIPO's work nationally and regionally. The Group closed by stating that if it supported WIPO's UNSDG membership.

21. The Delegation of Belarus, speaking on behalf of the Group of Central Asia, Caucasus and Eastern European Countries (CACEEC), thanked the Chair and proceeded to express its gratitude to the Secretariat for the documents provided by the PBC session. The Group also offered its support to the Chair and Vice-Chair, and stated that it hoped and trusted that under their leadership positive outcomes would be achieved at the session. The Group noted that the PBC session documents had been organized according to the following four high-level groupings: 1) Audit and Oversight; 2) Performance and Financial Review; 3) Planning and Budgeting; and finally, 4) Items following Decisions of 2020 Assemblies of WIPO Member States and PBC 32. The Group thanked the Management team for consultations with Member States and the informal consultations prior to the PBC session, particularly with respect to the issue of the Terms of Reference of the External Offices and other issues. The Group explained that the formal and informal consultations provided the possibility of understanding the general position of countries, including CACEEC countries on issues to be discussed at the Committee, and the Group hoped that those discussions would continue, and lead to decisions based on a consensus at the PBC session. The Group concluded by reiterating its readiness and that of its Member States in their national capacity to participate and to work actively during the PBC session.

22. The Delegation of Tunisia aligned itself with the statement made by the Delegation of South Africa, speaking on behalf of the African Group. The Delegation was happy with the fact that the 33<sup>rd</sup> session of the Program and Budget Committee was being held in a hybrid format despite the Covid-19 pandemic. The Delegation wished for a successful PBC session, and took the opportunity to thank the Secretariat for its very laudable efforts to prepare for the session, the informal consultations and the excellent PBC documentation. The Delegation then confirmed its approval of the PBC session agenda items, which would be examined during the week. The Delegation noted that an important agenda item such as the Proposed Program of Work and Budget for 2022/23 would be discussed. The Delegation stated that it would like to see WIPO play a greater role in helping Member States cope with the impact of the COVID-19 pandemic, and hoped that the Organization would assist international communities' in their efforts to deal with the pandemic and its effects. The Delegation stated that it was ready to cooperate with proposals that would improve the working methods of the Organization, without forgetting its attachment to the principle of synergy between the various specialized agencies of the United Nations system, particularly those whose work was related to health, trade, and innovation. The Delegation indicated that it remained open to initiatives that would enable the Organization to play a leading role in global Intellectual Property ecosystem, which would be both balanced and inclusive. In that regard, the Proposed Program of Work and Budget for 2022/23, which emphasized action with specific results was important because development activities should remain a priority with clear links between sustainable-development related activities and goals, that would help Member States use Intellectual Property as a tool for creating jobs, particularly for young people, for achieving growth in business development, and for the promotion of economic growth. The Delegation also stated that it supported the issue of gender equality and the empowerment of women in WIPO's agenda, activities and the Organization's human resource management policies. Lastly, the Delegation hoped that the session would provide the Senior Management Team of the Organization and its new leadership with the required resources to achieve the ambitious goals that the Organization had set out for itself, for the benefit of creators and inventors around the world.

23. The Delegation of Indonesia aligned itself with the statement made by the Delegation of Bangladesh, speaking on behalf of the Asia and the Pacific Group. The Delegation thanked the Chair, the Director General, as well as the Secretariat for the Organization of the 33<sup>rd</sup> PBC session. The Delegation stated that it understood fully the challenges that the Covid-19 pandemic had created, hence its particular appreciation for all of the various documents and Reports that had been prepared for the week's session. The Delegation underlined the

importance of the session since it was the last PBC session before WIPO's Assemblies in October 2021, in addition, the PBC session provided the opportunity for various discussions and lessons to be drawn from discussions. The Delegation then thanked the Independent Advisory Oversight Committee, the Internal Oversight Division and the External Auditor for their Reports, and stated that it looked forward to discussions on audit and oversight matters during the PBC session. The Delegation also looked forward to the discussion on the Annual Report on Human Resources, document WO/PBC/33/INF/1, and the Annual Financial Report and Financial Statements 2020, document WO/PBC/33/8, as prepared by the Secretariat. The Delegation took note of the various decisions that had been taken at the previous PBC session, notably the decision regarding the Proposed Program of Work and Budget for 2022/23, the Capital Master Plan for 2022-31 and the Organization's United Nations Sustainable Development Group UNSDG membership. The Delegation closed by stating that with the Chair's guidance and the positive spirit of all Member States, the PBC session would conclude with positive recommendations to the General Assembly for all related matters and opening issues. Finally, the Delegation assured the Committee that it would continue to engage positively and constructively in the followings days.

24. The Delegation of Pakistan aligned itself with the statement delivered by the Delegation of Bangladesh on behalf of the Asia and the Pacific Group. The Delegation noted that the PBC was occurring during challenging times, and commended the PBC's leadership and acknowledged the efforts of the WIPO Secretariat to organize the PBC Session. The Delegation thanked WIPO's Independent Advisory Oversight Committee, the External Auditor, the Director of the Internal Oversight Division, and the Secretariat for the preparation of documents for the meeting. The Delegation took note of the positive financial performance, progress and the sound financial situation of the Organization. The Delegation hoped that in-person activities in particular those related to training and education would resume as soon as the prevailing health related situation improved. The Delegation thanked the Secretariat for providing the Program of Work and Budget for 2022/23. The Delegation also stated that it had some questions that would be raised under the relevant agenda items during the 33<sup>rd</sup> PBC session; its views had already been submitted for agenda Item 14, Update on the status and progress of submissions by Member States on the preparations of the Terms of Reference of the 2021 Evaluation of WIPO External Offices. The Delegation thanked the other Delegations and Regional Groups for providing their views on the agenda item and stated that it was reviewing the information provided in document WO/PBC/33/13, and further comments would be made under the relevant agenda item. The Delegation closed by assuring the Committee of its support during the session.

25. The Delegation of Iran (Islamic Republic of) was pleased to see the Chair and expressed its confidence in the Chair's ability to successfully preside over the 33<sup>rd</sup> session of the Program and Budget Committee. The Delegation assured the Chair of its full support and cooperation during the course of the Committee and during deliberations. The Delegation then associated itself with the statement delivered by the Delegation of Bangladesh on behalf of the Asia and the Pacific Group. The Delegation also expressed its appreciation to the Secretariat for the preparation of the session and for the provision of the relevant documentation. The Delegation was of the view that the work of the PBC, in particular discussions on WIPO's financial status was even more relevant in light of the diverse effects of the Covid-19 pandemic on the global economy which could also have a potential long-term effect on the Organization's resources. With regards to the foreseen topics on the agenda for the 33<sup>rd</sup> PBC session on audit and oversight, the Delegation appreciated the Reports by the External Auditor, the IAOC and the IOD to the Committee, especially under the Covid-19 pandemic situation. The Delegation then recalled the important responsibility of those bodies in ensuring the Organization's transparency, effectiveness and efficiency in its work. The Delegation took note of the Progress Report on the Implementation of the Joint Inspection Unit's (JIU) Recommendations, which contained valuable information needed for the comprehension of the Secretariat's work

processes, which was the first implementation of a JIU recommendation. The Delegation proceeded to thank the Secretariat for the presentation of the Annual Financial Report and Financial Statements 2020, and also expressed its pleasure in the Secretariat's proactive response that ensured the Organization's favorable financial situation. The Delegation took note of WIPO's Annual Report on Human Resources, and stressed that it attached great importance to the balance and equitable geographical representation of staff members at WIPO. Finally, the Delegation also thanked fellow Member States and Regional Groups for sharing their views and for their inputs for the Terms of Reference of the 2021 Evaluation of WIPO External Offices, and hoped that further progress would be made during the PBC session. The Delegation stated that it would share specific views on relevant agenda items over the course of the week.

26. The Chair inquired whether Delegations agreed to adopt the draft agenda. As there were no objections or comments, the decision was adopted.

27. The Program and Budget Committee (PBC) adopted the agenda (document WO/PBC/33/1).

### **ITEM 3 ELECTION OF AN ACTING VICE-CHAIR OF THE PROGRAM AND BUDGET COMMITTEE (PBC)**

28. The Chair indicated that there was one other matter left pending from the 32<sup>nd</sup> PBC session, which was Item 3, Election of an Acting Vice-Chair of the Program and Budget Committee (PBC). In accordance with the 32<sup>nd</sup> PBC decision, it was decided not to take a decision on this particular item at that time, and following the request sent to the Regional Group Coordinators on August 6, the Chair hoped to have a suitable candidate for the Acting Vice-Chair and reach a consensus. As the Chair of the Program and Budget Committee, it was his duty to end his term of office with a full team and he therefore wished to proceed to the election of an Acting Vice-Chair. While the Chair had the floor, he wished to thank the Vice-Chair José Antonio Gil Celedonio who took over the Chair duties at the 32<sup>nd</sup> PBC session as the Chair had to leave for family reasons. The Chair thanked the Vice-Chair for having conducted the work so well in his absence, which was due to reasons beyond his control. The Chair hoped that if participants would agree this time, they could have a suitable candidate to put forward for an Acting Vice-Chair. The Chair requested if any proposals were made. He hoped to have a candidate, a lady or gentleman and to promote the gender equality, a lady candidate would have been a good proposition without prejudice to the outcome of the decision. There were no requests for the floor or proposals for an Acting Vice-Chair. The Chair emphasized how valuable the support of the Vice-Chair was for him earlier that year and indicated that they would continue to work together. The Chair read decision paragraph which was adopted:

29. The Program and Budget Committee (PBC) decided not to take action on this agenda item.

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

30. Discussions were based on document WO/PBC/33/2/REV.

31. The Chair noted that, in accordance with its mandate, the IAOC was required to submit a written report of its activities to the PBC and he invited the Chair of the IAOC to present that report.

32. The Chair of the IAOC made the following Statement:

“Thank you very much, Chair. Excellencies, distinguished Delegates, I would like to introduce myself. My name is Tatiana Vasileva and I am the current elected Chair of the Independent Advisory Oversight Committee (IAOC). I am accompanied by the current Vice-Chair, Mr. Bert Keuppens. I would like to take this opportunity to thank Mr. Mukesh Arya, who chaired three of the five quarterly sessions we had during the reporting period from April 24, 2020, to July 9, 2021. During the period, the IAOC held virtual meetings and also internal consultations by email and other platforms, to be able to provide expert advice to WIPO, as needed. I shall now share with you a brief summary of the important activities of the IAOC, as contained in our annual report, document WO/PBC/33/2/REV.

“With regard to Internal Oversight, during the reporting period, the IAOC reviewed and provided comments on the draft annual report of the Director, Internal Oversight Division (IOD). Regarding the draft report for 2019, the IAOC noted that IOD had modified its annual reporting period to align with that of the Financial Statements and Statement on Internal Control, following the recommendation from the External Auditor. The IAOC reviewed the implementation of the approved 2020 Workplan of the IOD and was satisfied with the progress made, taking into account limitations imposed by the Covid-19 pandemic. The IAOC also reviewed the draft Oversight Annual Workplan for 2021, which was developed in line with good practices. The IAOC suggested that IOD be more proactive in discussions with other departments and encourage it to come up with possible suggestions to the Director General about potential areas for improvement, keeping in view his strategic plans for the Organization. The IAOC reviewed seven internal audit reports and six evaluation reports and provided its input and advice. The IAOC was constantly apprised of the status of investigation cases and caseload trends, complaints received, and complaints substantiated, by category of misconduct. In cases involving a potential conflict of interest on the part of IOD, the IAOC reviewed each case in detail and provided advice as needed. The IAOC reviewed the proposed changes to the WIPO Internal Oversight Charter, the draft Internal Audit Policy, the updated Internal Audit Manual and the revised Internal Oversight Division Publication Policy. The IAOC noted the results of the External Quality Assessments of internal audit and investigation functions conducted in 2020. All the recommendations from the two reports were discussed in detail, and the IAOC provided advice and offered suggestions for implementation.

“With regard to External Audit, the IAOC discussed with the representatives of the External Auditor the results of the audits of WIPO Financial Statements for the years 2019 and 2020. The IAOC was pleased to note the unqualified opinions. The IAOC noted the External Auditor’s conclusion that WIPO’s Financial Statements remain of high quality and were supported by sound systems of internal control and reporting.

“With regard to Financial Reporting, the IAOC confirmed that the Covid-19 pandemic did not have a negative impact on the financial status of WIPO in 2020. The IAOC obtained a reconfirmation from Management that no changes had been made in the investment policy, nor had there been any impact on WIPO’s Financial Management. The IAOC was briefed on accounting policy updates, describing the change in property capitalization thresholds and the accounting considerations relating to WIPO’s new products.

“With regard to Risk Management and Internal Controls, the IAOC reviewed the Annual Risk Management Reports for the years 2019 and 2020. The IAOC appreciated the proactive steps taken by Management in relation to embedding the best practices of Risk Management into WIPO’s activities. The IAOC suggested reviewing a mapping of risks aligned with the strategic goals, programs, expected results, performance indicators and programs. The IAOC was informed of a Management decision to include the Director, IOD, henceforward as an observer in the Risk Management Group meetings. The IAOC

noted the further strengthening of Internal Controls, with the use of data analytics. The IAOC appreciated the results of the Covid-19 Organizational review. Furthermore, the IAOC felt assured that WIPO's systems and processes relating to Security and Information Assurance, Human Resources Management, as well as Procurement, were well in place. The IAOC also appreciated the effectiveness of the Business Continuity Management, as implemented during the Covid-19 pandemic.

"With regard to the Ethics Office, during the reporting period, the IAOC reviewed the Annual Reports of the Ethics Office for the years 2019 and 2020, as well as the final Ethics Office Workplan for 2020 and implementation thereof. The IAOC discussed the accomplishments so far of the interim Chief Ethics Officer, who was engaged upon the retirement of the former Chief Ethics Officer on March 31, 2021.

"With regard to the Office of the Ombudsperson, the IAOC discussed with the Ombudsperson the Activity Report for 2019 and was pleased to see that the trend for preventive actions was rising, as compared to requests for resolution of open and consolidated conflicts. The IAOC advised that a peer review of the Ombudsperson function in WIPO might also prove helpful.

"Lastly, the IAOC discussed Other Matters such as the impact of Covid-19 and response of WIPO, projections/forecasting of WIPO's financial results, WIPO's investment reports and implementation of Joint Inspection Unit Recommendations.

"On behalf of the IAOC, I would like to express my appreciation to the Director General, the Assistant Director General for Administration, Finance and Management Sector, the Director, IOD, the Controller, the former and interim Chief Ethics Officers, the Ombudsperson, the Sector Leads, the External Auditor, and the IAOC Secretary for their availability, clarity and openness in their regular interactions with the IAOC, and for the information provided.

"Thank you very much. Questions are now welcomed."

33. The Vice-Chair of the IAOC was invited to say a few words, and made the following statement:

"Thank you, Mr. President, and thank you, Director General and distinguished delegates. It is a pleasure to be here. I have nothing further to add to this comprehensive report by our Chair, Ms. Tatiana Vasileva. I appreciate the opportunity to serve on this IAOC, which plays an important role in WIPO and, as you know, we do this on a voluntary basis, and considering the Covid-19 situation, we operated in a virtual mode. But I think we were able to discharge our duties and provide assurances to the Organization and to the distinguished delegates, that the oversight mechanisms are actually functioning well, and therefore we can contribute to this organization. Thank you, Mr. President. It's a pleasure to serve.

34. The Chair opened the floor for comments regarding agenda item 4.

35. The Delegation of the United Kingdom, speaking on behalf of Group B, thanked the IAOC for its report as contained in document WO/PBC/33 /2 REV., as well as the Chair of the IAOC for the presentation. The Group expressed its appreciation for the essential role of the IAOC in the audit and oversight mechanisms of WIPO, to maintain the effectiveness, efficiency and relevance of management and activities of the Organization, as well as its appreciation of the IAOC's interaction with Member States, which had been rendered more difficult during the pandemic. The Group congratulated the elected leaders of the IAOC, and thanked the former Chair for his service during the 57<sup>th</sup> to 59<sup>th</sup> sessions. Despite the ongoing pandemic situation,

the Group was pleased that the IAOC had continued to receive briefings on the impact of Covid-19 on the Organization, as well as other regular briefings, including with the Director General as he took up office, all of which allowed insightful and comprehensive overview of WIPO's functions and activities. The Group was pleased that the self-assessment exercise indicated that the IAOC functioned effectively during the unprecedented circumstances, and that the Covid-19 Organizational risk review indicated that all identified risks had been largely well managed, and that there was no major cause for concern. Similarly, the Security and Information Assurance assessment indicated that WIPO's systems and processes were well protected. The Group looked forward to having more clarity on the implementation of the Return to Office plans, as mentioned in paragraph 44 of the IAOC's report. Regarding specific matters reviewed and discussed, the concrete engagement with the IOD was welcomed, and the Group supported the future engagement between the IAOC and IOD, particularly in respect of the evaluation approach of the latter, and expressed its interest in understanding why there were still four pending investigation cases on hold, as reported at the IAOC's 61<sup>st</sup> session. The Group expressed its gratitude that the IAOC had reviewed cases where there were conflicts of interest with IOD and provided advice to the Director, IOD, and others. The Group appreciated the interaction of the IAOC with the External Auditor, which improved the follow-up process on recommendations and enhanced cooperation. Specifically on External Audit, the Group was pleased with the conclusion that WIPO's Financial Statements remained of high quality and were supported by sound system of internal control and reporting. As for the concerns noted by the IAOC in its report, the Group took note of the stark increase in the Organization's liability for After-Service Health Insurance (ASHI). As explained in the budget documents and in the External Auditor's report, the most significant factors that had impacted the valuation of the liability were the component elements related to actuarial assumptions, for example demographic trends or interest rates, which were in line with the principles adopted by international organizations. It was the Group's view that WIPO should focus on ensuring adequate funding for its ASHI liabilities, in consultations with Member States. Furthermore, the Group sought clarification from the Secretariat as to the measures being envisaged to ensure financial stability, in light of sharply increasing retirement benefits, and expressed interest in learning how the Secretariat planned to respond to the IAOC's suggestion in paragraph 39 of its report, that controls be put in place to mitigate the risks relating to retirement benefits. Additionally, the Group was pleased that the IAOC continued to actively oversee the Organization's Human Resources management, the Ethics functions and Ombudsperson, and thanked the Secretariat for facilitating the IAOC's virtual sessions and briefings to Member States during the pandemic. It also took note that the concerns of the Lesbian, Gay, Bisexual, Transgender, Queer and Intersex (LGBTQI) community should be considered in the formulation of WIPO Human Resources policy. Regarding Ethics and the recent onboarding a new Chief Ethics Officer, the Group looked forward to engaging with the incumbent and to following more closely the Ethics Office's work in a timely manner. In closing, the Group again thanked the IAOC for its work, and looked forward to the continued key and active role that the IAOC played in the advisory and oversight mechanisms of the Organization.

36. The Delegation of South Africa, speaking on behalf of the African Group, thanked the IAOC for its report and presentation. The Group valued the IAOC's work as part of the oversight mechanisms at WIPO, and took good note of the cooperation provided by different stakeholders within and outside WIPO to ensure that the IAOC delivered on its mandate. Noting that the IAOC was largely satisfied with the reports it had received from WIPO stakeholders, including on Risk Management and Internal Controls, which also included WIPO's Covid-19 Organizational risk review, the Group expressed its appreciation for the advice provided by the IAOC, where it saw fit, including suggesting that the IOD be proactive in discussions with other departments and in coming up with possible suggestions to the Director General, about potential areas for improvement, in alignment with the strategic plans. The Group noted there were areas in the report referring to the advice and recommendations provided by the IAOC, and wondered if it might not be useful to share with Member States the actual recommendations that were made. Citing the example that mentioned "...in all cases



involving a potential conflict of interest on the part of IOD, the IAOC reviewed each case in detail and provided advice to the Director, IOD accordingly”, the Group sought clarity as to the nature of advice given in such situations. The Group also noted the concerns raised by the Committed regarding the estimations for post-retirement employee benefits, which were mainly comprised of ASHI, and had resulted in an increase of 139.1 million Swiss francs in the liability, a matter which had also been raised with the External Auditor. The response provided by the latter was noted, and the Group queried if there had been any comment in response from the IAOC since none were noted. The Group closed by again thanking the IAOC for the report, and encouraged all concerned stakeholders to take into account the recommendations relating to their areas of work.

37. The Delegation of Mexico thanked the Director General and the Secretariat for the information provided, as well as the IAOC for its work and the presentation given. While agreeing with the IAOC’s concern on the matter regarding the recurring subject of ASHI, the Delegation echoed the question raised by the Delegation of the United Kingdom as to how it would be best to deal with the issue in the near future. With regards to the Ethics Office, the Delegation had listened very carefully to the address of the Director General and had taken note of the IAOC’s report, and observed that the relationship between the Ethics Office and the IAOC could be improved. As the workplan of the Ethics Office had been delayed, the Delegation asked both the Secretariat and the IAOC if the new Chief Ethics Officer would perhaps receive a revised workplan or was expected to continue with the workplan drafted by the former Chief Ethics Officer.

38. The Delegation of Paraguay, speaking on behalf of GRULAC, expressed its gratitude for the report, which provided a specific run-through of the various items to be dealt with, including financial reports, internal and external audit reports, professional ethics, the Ombudsman’s office and other matters. The Group commended the various departments involved in complying with the recommendations made to it at a time when efforts were being made to act upon lessons learned from the implementation of those and other recommendations, and to meet the IAOC’s request so that it could have a full view of the process and the results of the application of recommendations. The Group also shared the IAOC’s concern about the Organization’s medical insurance liabilities, and hoped that the Administration was keeping a close eye on the impact that might have on the finances.

39. The Delegation of China thanked the IAOC for the report. Having participated in all the briefings provided to Member States, the Delegation voiced its approval and affirmation of the diligent work of the IAOC and the achievements made in the last year. It was noted that in the period of one year, the IAOC had overcome the challenges brought on by the pandemic and had held regular sessions, virtual meetings and disclosed the reports of all the meetings. The IAOC and the IOD had conducted close activities and contact, and had made very good recommendations. They had achieved outstanding results in the oversight and the audit work, and it was hoped that the efficient communication would continue in the future and be further strengthened. The Delegation had always thought that the IAOC played a very important role in assuring WIPO’s oversight functions, efficiency, and independence, as well as evaluating the Organization’s financial situations. The Delegation hoped for close cooperation with the IAOC in the future to ensure continued improvements of the oversight mechanisms of the Organization.

40. The Delegation of Georgia, speaking on behalf of the Central European Baltic States (CEBS), thanked the IAOC for its report and its presentation, and for evaluating different audit and evaluation reports. The Group noted with pleasure the close cooperation between the IAOC and the IOD, as well as other areas of the Secretariat, and believed that it significantly improved the process of the implementation of issued recommendations. Remarking upon the implementation status of the 38 recommendations of the Joint Inspection Unit (JIU). The Group was also pleased to observe the IAOC’s satisfaction with the Covid-19 response and relevant

mitigation measures regarding crisis management undertaken by the Secretariat. As indicated in the report, the risks were addressed adequately and were largely well managed. The Group also took note of the Proposed Revision of the Selection Procedure for the members of the WIPO IAOC, and committed to make a substantive statement on that matter under the respective agenda item.

41. The Delegation of the United States of America supported the statement made by the Delegation of the United Kingdom on behalf of Group B, and thanked the IAOC for the informative report and for its work throughout the year, especially despite the challenges of Covid-19. The Delegation recognized the IAOC's valuable efforts to strengthen oversight of the Organization, and appreciated the support provided by the Secretariat toward the IAOC's important mission. The Delegation welcomed the positive results of the IAOC's quality assessments of the internal audit and investigation functions, along with IOD's progress on executing its 2020 workplan and working collaboratively in developing its 2021 workplan. The Delegation appreciated the review of caseload trends of current investigations, and as others had remarked, the Delegation noted that there appeared to be multiple case referrals to the IAOC for guidance, due to potential conflicts of interest on the part of IOD. Accepting that as an excellent practice, the Delegation asked if the IAOC understood there to be any systemic issues which caused the repeated concerns about IOD conflicts, and asked if the IAOC could also share any further information or insights on the situation, as well as the actual number of cases that required such referrals. The Delegation supported the IAOC's assertions on areas in which the Organization could improve its staff policies, including taking into account the concerns of the LGBTQI community, further clarifications for staff on appropriate points of contact for reporting misconduct, and the need for clear identification of a process for informal consultation prior to filing a formal complaint of sexual exploitation, abuse, or harassment. The Delegation asked if the Secretariat could share any staff policy updates that responded to those particular recommendations.

42. The Delegation of Iran (Islamic Republic of) referred to the document WO/PBC/32/2 REV. and recalled the important role played by the IAOC in ensuring good governance and preserving effectiveness and efficiency of the Organization through its constant effort to improve the oversight function. The Delegation expressed its gratitude for the positive interaction between the IAOC and Member States, through the regular information sessions and constant reporting to the PBC. Additionally, the Delegation was pleased to note that Management had identified and well-managed Covid-19 Organizational risks and, as a result, the pandemic had not had a negative impact on the financial status on the Organization in 2020 and that its financial performance had further improved. Regarding paragraph 43 of the report and the IAOC's suggestion that a that the concerns of a specific community be considered in the formulation of Human Resources policies, the Delegation expressed its reservations about with the first sentence of the paragraph, and stated it could not support the sentence. With regard to paragraph 48 of the report, which stated that the "IOD agreed with IAOC's assessment that there were no significant risk on governance and internal controls, but there were areas with gaps that needed improvement", the Delegation asked if the Secretariat could clarify those areas with gaps that required improvement.

43. The Delegation of the Russian Federation thanked the Chair and members of the IAOC for the very active work done, and for preparing the report, which demonstrated that the IAOC was working extremely productively and had done so throughout the last year, despite the restrictions and limitations caused by the Covid-19 pandemic. The Delegation expressed its satisfaction in noting that the IAOC had had given a positive report on the internal oversight plan on Financial Reporting, on Procurement, and on the Organization's Investment Strategy, and stated that it was important that the IAOC maintained a close dialogue with the IOD, with the External Auditor, with the Ombudsperson, and with the Ethics Office. The Delegation was convinced that the synergy of their combined efforts would contribute to further improving the quality of reporting and oversight measures, and believed it was important that the Internal

Auditor prepared an annual audit conclusion on Management, on Risk Management and on Internal Controls. That would make it possible to further improve the work of the reporting and accountability systems within the Organization. The Delegation voiced its support of what had already been done, particularly by the Risk Management Group. Additionally, it expressed particular interest in the analysis of the work on risk management carried out by the Secretariat during the pandemic. It was hoped that the monitoring of the situation continue appropriately, and that control continued to be exercised in managing related risks. The Delegation supported the proposal made to update the Risk Appetite Statement, taking into account the Covid-19 pandemic and its effects, and said it would also like to see a renewed plan of work adopted. It also looked forward to the discussion of the document at the next session of the PBC. Regarding the proposal to consider the concerns of certain categories of worker in the formulation of WIPO human resources policies, the Delegation believed that all employees of WIPO should have equal rights, and that singling out one or several categories seemed to be inappropriate. It continued to take an active part in the consideration of the Human Resources strategy, and would continue to do so over the forthcoming period. The Delegation also supported the proposal to carry out an inventory of existing recommendations, as WIPO had had considerable changes in the structure of its Program of Work and Budget, and it felt that a review of the existing recommendations would make it possible to improve the quality of the work done.

44. The Chair gave the floor to the Chair and Vice-Chair of the IAOC and to the Secretariat to address the various remarks and comments which had been made by Member States, and to provide further information or clarifications, accordingly.

45. The Chair of the IAOC welcomed the comments and observations of the different delegations. Noting that the issue regarding ASHI was not confined only to WIPO but was rather a general United Nations system accounting policy issue, as had been indicated in the IAOC's report, the Chair was confident that the Secretariat would work on that. Regarding Risk Management, it was confirmed that the Secretariat had worked effectively with the IAOC with regards all updates to Risk Management, and that the IAOC and Secretariat would continue to work together in order that the PBC would be kept updated with further progress in this area. In respect of investigations, for some cases which were pending, the IAOC was still awaiting the opportunity to meet with the Chairs of the WIPO General Assembly and of the Coordination Committee, as it needed to consult with them and to seek their guidance on issues before advising the IOD.

46. The Vice-Chair of the IAOC said he felt the Chair of the IAOC had addressed the key points that had been raised by the different delegations. Echoing the statement made regarding ASHI liability which had increased by 139 million Swiss francs, the IAOC felt the matter should have been highlighted in the opinion by the External Auditor, as it was rather consequential. The liabilities were indeed extremely sensitive to the actuarial assumptions, and it was therefore a very important matter to be discussed in the future how the funding would continue. Regarding the point raised by the Delegation of the United States of America concerning the conflict of interest issues, the IAOC played a role in investigations that involved Management, the Director General, the Director, IOD, and so on, and the matters would needed to be followed up by the IAOC, as had been mentioned. The Vice-Chair of the IAOC did not believe there were any systemic issues, but it was a necessary safeguard that if there was any actual or perceived conflict of interest, the matter would not be investigated by the IOD, but would be referred to the IAOC, who in turn would carry out a preliminary assessment and rely on its own roster of consultants to conduct an investigation, if necessary. There had been a question from the Delegation of Iran (Islamic Republic of) whether there were gaps in the internal controls. The IAOC believed that the internal controls functioned adequately but that, as always, there were areas where improvements could be made, some of which had been highlighted in the IAOC's report, such as Risk Management, but that the gaps were not of a nature that would compromise the quality of internal control which, overall, was very good and reliable in WIPO.

The Vice-Chair of the IAOC closed by thanking delegates for the support shown to the IAOC and for the appreciation of its work.

47. Regarding the issue of the ASHI, the Secretariat suggested that all questions relating to the topic should be gathered together, as it would be dealt with by the External Auditor in its report, as well as later in the presentation on the Financial Statements. Responding to the question raised by the Delegation of Mexico, the Secretariat stated that it would be pre-emptive to prejudge the work of the new Chief Ethics Officer who would assume functions that week within the Organization, as had been stated earlier by the Director General. It had been a year of transition, in particular for that office. Additionally, there was a new Administration in place, and a lot of focus had been put into creating an open, safe, positive, and inclusive working culture. One should allow the new Chief Ethics Officer, who would be present at the Coordination Committee Session, time to come in and to assess the work of the office in light of those developments. A number of delegates had also referred to the impact of Covid-19 on the Organization's systems, and the Secretariat continued to watch closely how that would affect the resulting economic stability. Regarding the question on "Return-to-Office" policy, like many Organizations within the United Nations system, the Secretariat, through its internal Crisis Management Team which was chaired by the Director General, had given careful thought over the summer to how the operational aspects could be carried out in an effective manner. A plan had been developed, on the basis of some core principles: how to safely bring colleagues back onsite, while principally prioritizing the health and safety of the employees. The Organization had been guided by the recommendations of the host country, and by the recommendations and the discussions within the Canton of Geneva, the broader United Nations system, including the United Nations Medical Doctors, and the advice of the World Health Organization. Not all employees would return immediately daily on premises, but the operation would be executed in a gradual manner, over several waves during the autumn season, starting from a fairly low base of about 15 per cent, some 100 to 200 colleagues would return with each wave cycle. Such controls would also better enable the Secretariat to provide the necessary internal corporate services to support staff upon their return. The measure was also being backed up with a series of other health precautions, some of which had been described during the introduction of the meeting, such as the implementation of Covid passes to access the WIPO cafeteria during the PBC session. It was hoped that such efforts would also give some reassurance to staff as they gradually returned to office, albeit the exercise would be dependent upon what was safe at the given moment, as the epidemiological situation continued to change almost daily. Administrative decisions would therefore be taken in accordance with how quickly and safely the situation permitted the execution of such measures.

48. The Chair thanked the Secretariat as well as the IAOC Chair and Vice-Chair for the clarifications and explanations given, remarking that the PBC would receive additional clarifications on the issue of the ASHI at a later stage, and sought to propose a decision by the PBC on the agenda item, which was projected on the screen.

49. Thanking the IAOC for the excellent job done and for replying to the questions raised, the Delegation of Iran (Islamic Republic of) stated that it had reservations with paragraph 43 of the IAOC's report, where it had suggested that the concerns of the LGBTQI community be considered, as it believed there should not be any discrimination or distinction whatsoever between different groups. The Delegation said that it could not agree with the first sentence of the paragraph, and would prefer a general sentence that included all groups, rather than one which specifically prioritised one group over others. In that respect, the Delegation said it could support the decision on the item until effort was made to find a solution.

50. The Delegation of the United Kingdom recalled that the plenary was actually deliberating over the report of the IAOC, which was not dependent on the Member States. As the PBC was neither being asked to adopt nor to agree or disagree with the report, the Delegation was in favour of following the Chair's suggestion to take note of it. Moreover, the Delegation cautioned

against trying to negotiate the contents of the report which, it was underscored, had been submitted by an independent body which was not contingent upon the views and wishes of Member States.

51. Endorsing the statement made earlier by the Delegation of the United Kingdom, the Delegation of Mexico took the opportunity to remind delegations that formerly, when a delegation was not in agreement with some particular part of a submitted report, the solution was to take note of the position taken by that dissenting delegation without causing delays to the work of the plenary. Expressing support of that suggestion, the Delegation was in favour of carrying on in that manner, to avoid getting tangled with specific issues, as had sometimes occurred in the past.

52. Addressing the Delegation of Iran (Islamic Republic of), the Chair emphasized that the issue on hand was the report of an independent, advisory body. Member States were free to express reservations, which would duly be recorded. However, it remained that the decision the PBC was being asked to make was simply to take note of the report. The Chair observed that the Delegation had expressed general satisfaction with a lot of the elements that was contained within the report, and suggest that the PBC proceed in noting the reservation accordingly.

53. The Delegation of Iran (Islamic Republic of) thanked the Delegations of the United Kingdom and Mexico for their respective comments and explanations, but suggested that the plenary move forward to the next item and take on the decision at a later moment.

54. Recognizing that there was no consensus on the discussion, the Chair agreed to defer conclusion of the item for a later stage.

55. Revisiting the open agenda item, the Vice-Chair of the PBC summarized that the remaining point to be dealt with was the report, which had been much discussed in several Informal sessions by Member States. The various expressions of the delegations had been taken into account, but had been unable to reach consensus on the point and therefore could not take a decision on the agenda item. In conjunction with the Secretariat, the Vice-Chair had proposed to close agenda item 4 without a point for decision as, despite the best efforts and display of flexibility, an agreement had not materialized. The list of decisions of the session would therefore not reflect a decision taken alongside agenda item 4.

56. The Delegation of the Iran (Islamic Republic of) took the opportunity to thank the Vice-Chair and the Secretariat for all the efforts exerted in brokering an agreement among Member States. The Delegation assured the Vice-Chair that it had shown flexibility, and that in the spirit of finding a compromise, several of the proposals made had been carefully assessed. However, the Delegation declared that it appeared that, owing to the one paragraph, some delegations would prefer not having a decision, and in that respect, the Delegation once again reiterated its serious reservation regarding the paragraph. Moreover, the Delegation added that that the IAOC should observe and take into account the values and principles that Member States and the Organization believed in, and not enter into controversial issues, such as the first sentence of paragraph 43. The Delegation concluded by thanking all the colleagues for working closely to find a compromise solution, and looked forward to having a discussion on the matter during the General Assembly.

57. The Delegation of Pakistan added its thanks to the Vice-Chair for the sincere efforts and generosity shown in allowing the Member States to state on record their respective positions. It was regrettable that the PBC could not take a decision on a very straightforward issue. During the course of the week, there were probably issues of a more sensitive nature. Utmost flexibility had been shown by the Delegation and many other delegations who had reservations with the first sentence of paragraph 43 of the IAOC report. There was a clear lack of consensus regarding paragraph 43, and it could have very simply be reflected in a decision, which the

Delegation would have preferred. The role of IAOC was very clearly articulated in Regulation 9.1 of the WIPO Financial Regulations and Rules, that it was an advisory body, and its role was to assist Member States on issues of governance, and that it would then be up to the Member States to take a decision, as they seemed appropriate. The Delegation closed its statement by again thanking the Vice-Chair for his efforts.

58. The Delegation of Bangladesh, speaking in its national capacity, thanked the Vice-Chair and Member States for the very constructive engagements and flexibility during the discussion under the agenda item, both in formal and informal sessions. It would have been better if a decision had been taken, as the Delegation and all other Member States would have preferred to have a consensual decision on the matter. However, in light of the situation that had evolved, the Delegation welcomed the approach to have no decision under the agenda item. Notwithstanding, the Delegation placed on record its concerns and reservation with the first line of paragraph 43 of IAOC's report, and that it should not have an impact on any WIPO policies until there was consensus in future.

59. Expressing its position with regard to agenda item 4, the Delegation of Mexico stated that it had been painfully aware that a decision was not taken which, as far as it was concerned, was a matter of not having had sufficient time to come to an agreement. It was hoped that in the coming days and weeks, an appropriate agreement would be reached among all the delegations who had participated in the discussion on what was a very important issue. On a final note, the Delegation recognized the importance of all delegations' opinions on what to discuss and each agenda item being taken into account; nevertheless, it believed it was the duty of the Organization to maintain and respect the independence of the IAOC, as it undertook its work.

60. The Delegation of the United Kingdom, speaking on behalf of Group B, reiterated the statement delivered under the item at the start of the session, when it had hoped the agenda item would have been closed with a standard decision. The Group renewed its view that the IAOC was an independent body with an advisory function, whose reports were submitted and heard by the PBC and by the General Assembly and, with that in mind, looked forward to engaging constructively to find a solution acceptable to all.

61. The Delegation of the Russian Federation expressed its appreciation to the Chair and the Vice-Chair for their constructive contributions to the discussion, and was grateful to all the delegations who took the floor and spoke on the point, proposing wording to try to help the PBC to reach an agreement. It was regrettable that progress had not been made, although it appeared that all parties had worked very hard to try to reach a compromise. The Delegation hoped that, in the future, for example during the General Assemblies, an agreement would be reached. The Delegation reiterated its gratitude to the IAOC for its report, its comments, and for the recommendations it had made. Above all, the Delegation was grateful to the IAOC for its very important role in carrying out supervision of WIPO's activities, and it was hoped that it would continue to work in strict compliance with its terms of reference, as that would make it possible in the future to avoid such disagreement between Member States. In closing, the Delegation again expressed its willingness to participate in the future in discussions on the question.

62. The Delegation of the United States of America stated that it was truly unfortunate that the PBC had been unable to recommend that the General Assembly merely take note of the IAOC's report because of opposition to one sentence of the entire report. The Delegations were reminded that the report had been issued by an independent body that had been entrusted to advise Member States on a myriad of issues, including how to address and rectify discrimination in all forms. To that end, the Delegation found it necessary to remind the PBC of the fundamental assertion of the United Nations Joint Inspection Unit, when reviewing United Nations system audit and oversight committees in 2019 that "...independence, impartiality, and

objectivity are prerequisites for the effective functioning and operation of any audit and oversight committee,” and that the safeguard was “...ensuring that all activity was associated with the discharge of duties and responsibilities, as set out in the committee's terms of reference or charter, are independent and free from any undue pressure and influence.” Therefore, it was essential for the external oversight process of the IAOC to have confidence that its objective recommendations would not be met with reprimand from the PBC, whom it was charged with independently advising. Without any prejudice to the content of the report itself, the Delegation felt compelled to state that it fully supported the IAOC's suggestion, as expressed in its report, to ensure diversity and inclusion in the workplace, including by considering the concerns of the LGBTQI community, in the formulation of WIPO Human Resources policies.

63. As there were no further requests for the floor, the Vice-Chair closed the agenda item 4 without an agreement.

#### **ITEM 5 PROPOSED REVISION OF THE SELECTION PROCEDURE FOR THE MEMBERS OF THE WIPO INDEPENDENT ADVISORY OVERSIGHT COMMITTEE (IAOC)**

64. Discussions were based on document WO/PBC/33/3.

65. The Chair introduced Item 5, Proposed Revision of the Selection Procedure for the Members of the WIPO Independent Advisory Oversight Committee (IAOC), adding that in 2010, the WIPO General Assembly approved the Selection Procedure for the Members of the IAOC, as set out in document WO/GA/39/13. For over a decade, the recruitment of new members of the IAOC had taken place in accordance with that framework. For reasons which would subsequently be explained, the time had come to review and provide a revision to the Selection Procedure, in order to better align it with best practices and in the interests of efficiency. The Chair invited the Secretariat to present the report.

66. The Secretariat recalled that the Independent Advisory Oversight Committee is composed of seven members representing each of the Regional Groups. Members of the IAOC are appointed for a term of three years, renewable once, with no member of the IAOC serving for more than six years in aggregate. When the term of an incumbent member expires, a selection process is launched by a Selection Panel composed of seven members representing the seven Regional Groups. This Selection Panel is assisted by a Secretary, who is a staff member of WIPO. For the previous two recruitment rounds, the Head of the Administrative Law Section of the Office of the Legal Counsel was appointed by the Director General as Secretary to the Selection Panel. By way of further background, document WO/GA/39/13 was produced in 2010, by a working group set up to focus on matters related to the WIPO Audit Committee, as it was then called. The document set out the selection procedure for members of the newly established IAOC in 2010, and specifically included a mechanism for the first round of recruitment, selection and rotation of IAOC members in 2010. That mechanism, in fact, became obsolete as soon as that first round of recruitment and rotation was completed. Having operated within the current framework since 2010, and as lessons were learned over time, it became increasingly apparent that the selection procedure for members of the IAOC would benefit from further refinement and enhanced efficiency. A review of the selection procedure was therefore undertaken with the aim of consolidating it within a stand-alone and self-contained document, to be annexed to the Financial Regulations and Rules. In undertaking this review, certain elements of the selection procedure were identified that could benefit from fine-tuning and streamlining. It is anticipated that this revised procedure would lead to greater efficiencies for the Selection Panel, the IAOC, and the Secretariat. The review process of the selection procedure also took into account the recommendations of the 2019 Report of the Joint Inspection Unit, entitled “Review of Audit and Oversight Committees in the United Nations System, in order to align the documents with current best practices.” Should the proposal to add an annex to the Financial Regulations and Rules be adopted, containing the revised selection procedure as described in Annex I of document WO/PBC/33/3, this would necessitate

changes to the Terms of Reference of the IAOC, as set out in Annex III of the Financial Regulations and Rules. In its current iteration, the Terms of Reference of the IAOC include a number of elements that refer to the tasks to be performed by the Selection Panel, thus overlapping with the Working Group document of 2010, setting out the selection procedure. It was considered desirable to eliminate this overlap in order to ensure that these elements were housed only in the documents setting out the selection procedure, rather than remain duplicated in the Terms of Reference of the IAOC. In line with the above, a number of consequential changes are proposed to the Terms of Reference of the IAOC, as explained in detail in Annex II of document WO/PBC/33/3. It had been anticipated that the proposed changes to the Terms of Reference would streamline the text contained therein, and rationalize Annex III and proposed Annex IV of the Financial Regulations and Rules, by ensuring a clear demarcation between them. In addition, some proposed changes had been made to reflect the contents of the 2019 Report of the Joint Inspection Unit, in respect of the professional requirements of the members of the IAOC. Ahead of the IAOC's 61st meeting in the week of July 5, 2021, the Secretariat shared with it both the proposed revised selection procedure for the Members of the IAOC, and the proposed consequential changes to the Terms of Reference of the IAOC. During a session of that 61st meeting, the Secretariat discussed the matters with the IAOC, which reviewed both documents and provided its comments thereon to the Secretariat. The IAOC's comments had been taken into account and incorporated in the versions of the documents presented here to the Program and Budget Committee.

67. The Delegation of Georgia, speaking on behalf of the CEBS Group, thanked the Secretariat for preparing document WO/PBC/33/3 and its annexes, which clearly illustrated the proposed changes, and for the presentation. The Group accepted that the purpose of the amendment was to further strengthen and streamline the Selection Procedure and to minimize any overlaps in the Terms of Reference. The Group also appreciated the effort to align both documents with current best practices, and that the recommendations of the 2019 Report of the JIU were taken into account. With that in mind, the Group supported the proposed amendments to the Selection Procedure and the Terms of Reference of the IAOC, in respect to the recommendation to the WIPO General Assembly.

68. The Delegation of the United Kingdom, speaking on behalf of Group B, thanked the Secretariat for preparing document WO/PBC/33/3, and for the presentation. The Group was grateful that the amendments to the Terms of Reference were shown to affect changes which facilitated the review, and appreciated that they had been made to make the Selection Procedure more efficient and to prevent duplication of work. Transparent amendments to WIPO procedures aimed at ensuring recruitment processes were kept up to date, strengthened, and streamlined were important. The Group was prepared to approve the proposed Revision of the Selection Procedure contained in Annex I of the document, along with the associated changes to Terms of Reference of the WIPO Independent Advisory Oversight Committee that were necessary to accommodate that revision and ensure full alignment of the documents.

69. The Delegation of China thanked the Secretariat for the proposed Revision of the Selection Procedure for the members of IAOC of WIPO, contained in document WO/PBC/33/3. The IAOC at WIPO had been established more than 11 years prior and the membership of the IAOC had also undergone several rounds of change. The Delegation felt the related selection procedures and Terms of Reference effectively needed to be revised, in light of the new situation, so that it could comply with the best practices and increase the efficiency with regard to the Terms of Reference included in the Annexes II and III. The Delegation believed that the Terms of Reference were very important for the selection of eligible IAOC members and for ensuring that they carry out their functions properly. The Delegation welcomed the efforts of the Secretariat, acting under the recommendations of the JIU Report (JIU/REP/2019/6) "Review of Audit and Oversight Committees in the United Nations System", to complement and update it on the conditions on the eligibility of IAOC members. IAOC needed to have values of integrity, independence, fairness, and objectivity, as well as, moral values. Those qualities would



contribute to them successfully executing their functions. The Delegation observed that the revision of the Terms of Reference required that any member of the IAOC must have at least 10 years experience working at a senior management level, and must have experience working in the private sector or in organizations of similar scale or complexity. The Delegation understood that the revision stemmed from the JIU Report, in particular paragraph 103 as well as Recommendation five. Nevertheless, the Delegation wished to point out that the aforementioned JIU report and notably its requirement was that Audit and Oversight Committees members of the United Nations system must have a balanced mix of public and private sector experience at the senior level. The Delegation further noted that the report did not require any candidate to possess senior management experience, nor did it specify a duration of experience at those positions. In that regard, the Delegation felt that the revision of the eligibility criteria of IAOC members needed to be approached with a cautious and balanced attitude. The JIU Report had been reviewed and approved by the UN General Assembly, and was also the most balanced way that Member States could achieve consensus. With that in mind, the Delegation wished the Secretariat would clarify two issues: firstly, as WIPO had fixed the duration of experience at 10 years or more, what were the criteria and grounds for that? Secondly, WIPO had modified the criteria "...at senior level", which had been in the JIU Report to read "...at senior management level." What were the reason and the criteria for that, as it was common knowledge there was a difference between "at senior level" and "at senior management level"?

70. The Delegation of South Africa, speaking on behalf of the African Group, expressed its appreciation of the presentation given, and thanked the Secretariat for compiling document WO/PBC/33/3, on the proposed Revision of the Selection Procedure for members of the IAOC. The Group took note that the proposed revision was in line with an approved decision by the WIPO General Assembly, adding that adoption of a revised Selection Procedure had an impact on the Terms of Reference of the IAOC, and therefore, both documents should be reviewed and amended simultaneously in order to ensure their full alignment. The Group acknowledged the thorough review that had been undertaken by the Secretariat, resulting in the proposed Revision of the Selection Procedure for the members of the IAOC, and that the amendments of the two are contained in Annexes I and II. Furthermore, the Group believed that the proposed changes were well thought out and would result in a more streamlined and efficient framework. The Group also appreciated that the process of revision of both the Selection procedures and its related Terms of Reference took into account the recommendations of the 2019 JIU Report in order to align both documents with current best practices. Regarding the assessment of candidates, the Group noted that paragraph 23 in Annex I of the document mentioned the Selection Panel might decide "to administer a written test or other forms of testing" and asked if a written test was to be included as part of the assessment of whether or not to exclude them, or an indication of the scenarios that would determine the Panel's decision to administer a test, written or otherwise. Overall, the Group was satisfied with the proposed revisions to both documents and stressed the importance of having suitable members of the IAOC to carry out the important responsibilities assigned to them. In closing, the Group also underscored the importance of always ensuring geographical balance in the composition of the IAOC members, in accordance with the official selection process.

71. The Delegation of Paraguay, speaking on behalf of GRULAC, expressed its gratitude to the Secretariat for the preparation and presentation of the document. Referring to its opening statement, the Group reiterated its support of any initiative whose goal was to build upon the experience accumulated over the years and to propose improvements to the transparency and smooth operation of the Organization. The Group welcomed the revision of the framework for the work of the IAOC in order to make more efficient use of resources, make the selection process more flexible, and comply more clearly with the mandate and Terms of Reference of the IAOC.

72. The Delegation of the United States of America thanked the Secretariat for the considerable time and effort dedicated to reviewing the Selection Procedure for the members of the IAOC, along with related and necessary amendments to WIPO's Financial Regulations and Rules, and the IAOC's Terms of Reference. The Delegation particularly appreciated the collaborative and comprehensive approach of the Secretariat to the exercise, which appropriately included consideration of views of the IAOC and recommendations of the JIU. The Delegation felt that the clarity and detail provided in the resulting documents would not only improve WIPO's Selection Panel and IAOC membership appointment processes, but might also serve as an example to other United Nations system organizations currently pursuing improvements to their respective Audit and Oversight Committee appointment procedures.

73. The Delegation of the Russian Federation thanked the Secretariat for having prepared the Proposed Revision of the Selection Procedure and the amendments to the relating Financial Regulations and Rules, and expressed its support to the revision which it deemed was intended to avoid duplication or overlap, and to enhance the efficiency and effectiveness of the Selection Procedure for members of the IAOC. In that regard, the Delegation sought clarification concerning the provisions within the Selection Procedure, notably as outlined in paragraphs 30 and 31 of the corresponding Annex I, which related to the circumstance of possibly appointing candidates with a higher rating that did not come from the particular Regional Group to fill a vacancy on the IAOC. In accordance with its mandate and Terms of Reference, the IAOC is composed of seven members from Regional Groups of WIPO. It was important to ensure that a balance was achieved in safeguarding proper representation of all Regional Groups within the membership of the Committee. Paragraph 4 of Annex II proposed that, "The IAOC shall, to the maximum extent possible, be composed of seven members, from each of the seven Regional Groups..." Therefore, it wouldn't be appropriate to blur the lines, as that was a clearly understood standard, safeguarding participation on an equal footing, and representation of all Regional Groups within the membership of the IAOC. Thus, the Delegation proposed that the wording be deleted from the proposed amendments, and stood ready to discuss the issue, specifically and separately.

74. Recognizing that some of the comments which had been made raised points of detail, the Chair observed that it would be worthwhile to accord the Secretariat a bit more time to look into the issues and to return with replies in the beginning of the afternoon.

75. Upon resuming, the Secretariat thanked the delegations for their engagement, comments, and questions relating to the item. On the question concerning the proposed requirement that members of the IAOC should have at least 10 years of relevant experience at the senior management level, the Secretariat first noted that the JIU Report recommended that the experience should be "at the senior level". Consistent with WIPO's recruitment standards for positions of this nature, the reference to "senior level" was interpreted as 10 years of experience, including at the managerial level. After all, the members of the IAOC were entrusted with the important function of performing oversight of the Organization, including the management thereof, and their professional experience should become commensurate with this task. It should further be added that the vacancy announcement that was published for the last recruitment round already stipulated as an essential requirement: "At least 10 years of relevant professional experience at the senior management level." As to the request for clarification regarding the testing procedure mentioned in paragraph 23 of Annex I, which could include a written test or other forms of testing, it was considered appropriate for the Selection Panel to have discretion as to what would be the most suitable means of testing the candidates, to ensure a rigorous and transparent recruitment process. Other forms of testing beyond a written test could include psychological tests and/or oral presentations, and it was pointed out that those examples were not exhaustive and that the Selection Panel should be left with some discretion in this regard. Furthermore, the vacancy announcement that had been published for the last recruitment round provided that "...additional testing/interviewing may be used as a form of screening." As such, the proposed selection procedure on the issue of screening reflected

existing best practice. Responding to the question regarding paragraphs 30 and 31 of Annex I, it should be underscored that regional representation was the fundamental underlying premise upon which the IAOC membership should be composed. The scenarios described in paragraphs 30 and 31 were exceptional circumstances in the event that a member of the Committee was unable either (i) to commence his or her mandate (after the PBC's decision to appoint him or her), or (ii) continue his or her mandate during their term in office. Examples were deaths or unexpected resignations. All best efforts would be made, in order to ensure geographical representation, that the departing member would be replaced by a member from the same Regional Group. It was only when such was not possible that a vacant seat would be filled by the highest-ranking candidate, irrespective of Regional Group. As to the question regarding the words "...to the maximum extent possible," in paragraph 4 of the Terms of Reference of the IAOC, the insertion of the phrase was proposed so as not to cast, as an absolute obligation, the fundamental and important premise that the IAOC should be composed of seven members. Without those words, paragraph 4 would clash with paragraph 5(b) of the Terms of Reference, which envisaged the unlikely scenario that, in some rare instances, no candidate might be available from the Regional Group for which the vacancy was opened. If the criterion of a seven-member IAOC coming from each Regional Group were to be cast as an absolute obligation, then there could be a challenge to the composition of the IAOC, in the unlikely event that no eligible candidates were received from the Regional Group to which the departing member belonged. In other words, it was a fallback position, necessary to ensure that the IAOC could continue to function with seven members, ensuring that it had sufficient members to complete its important work.

76. The Delegation of China thanked the Secretariat for the response to its question posed earlier, noting that the IAOC was very important in WIPO's Oversight Framework, as it helped Member States to better see over WIPO's operations. The Delegation had read the existing Terms of Office of the Audit and Oversight Committees of seven UN Organizations, namely the International Labour Organization (ILO), the International Civil Aviation Organization (ICAO), the International Telecommunication Union (ITU), the United Nations Education, Scientific and Cultural Organization (UNESCO), the United Nations High Commissioner for Refugees (UNHCR), the United Nations Industrial Development Organization (UNIDO), and the World Meteorological Organization (WMO), and had found that, among them, they did not require the members to have 10 years' experience of senior management. The Delegation further noted that Article 6 of the Terms of Reference of membership and mode of operation of the Audit and Oversight Committee stipulated that its members should have a balanced mix of public and private sector experience at a senior level, which it felt fully referred to the language of the JIU Report. In view of the above, the Delegation suggested that the relevant wording of paragraph 6 of Annex III of document WO/PBC/33/3 should be amended to use the expressions of the JIU report. At the same time, the Delegation observed that the composition of the IAOC should be based on the geographical balance and representation. Moreover, the Terms of Reference should be clear and strict to avoid any uncertainties.

77. The Delegation of the Russian Federation thanked the Secretariat for the additional clarification furnished during and after the initial presentation. Given that Regional Group representation was a key principle of the composition of the IAOC, the Delegation again suggested leaving unaltered paragraph 4 of Annex II, and paragraph 30 and 31 of Annex I as a situation whereby the Selection Panel was unable to find a candidate from the Regional Group was highly unlikely. The Delegation expressed its concern that the risk of not having a full Committee would be minimum. Moreover, the balanced nature of the IAOC would be preserved, allowing equal representation of all Regional Groups.

78. As there were no further requests for the floor, the Chair summarized that there were two proposals to make changes: one submitted by the Delegation of China and the other by the Delegation of the Russian Federation, with regard to the formulation of certain paragraphs, in particular, paragraphs 4, 6, 30 and 31. There was also the issue of a minimum requirement of

10 years of experience, with the wish that the terms used by the JIU be retained. The Chair asked the delegations if they had any additional comments to make on the matter, and whether the two proposals could be adopted or not.

79. The Delegation of South Africa, speaking on behalf of the African Group, requested that the texts be projected on the screens to better see the deletions and additions to the original text.

80. After a short break, the Chair requested that the document be projected on the screen to show the proposed changes. The Chair stated that there was a proposal to delete the last line of paragraph 30, which read "In case there is no such alternative candidate available, the highest ranking available candidate in the Panel's assessment will be appointment, irrespective of her or his regional representation." As there were no objections or comments to the text, the Chair then moved on to the next proposal to delete last sentences of paragraph 31: "If it is not possible, the vacant seat should be filled by the highest-ranking available candidate irrespective of her or his regional representation. The same methodology will be applied if a seat becomes vacant as a result of a member becoming unfit for office, or unable or unwilling to fulfill her or his duties."

81. Observing that the exercise illustrated the challenges and complexities of participating in a virtual conference, the Delegation of the United States of America expressed some concern as to what would happen if the selected candidate was no longer able to perform her or his functions, and therefore requested reviewing paragraph 30 once again, given that it was not clear whether the proposed changes went a bit too far. The Delegation suggested that the Secretariat transmit the draft to the Regional Coordinators who would in turn circulate it among the Group members so that it could be examined closer.

82. The Chair recalled that there were modifications that had been proposed by the Delegation of the Russian Federation to Section C, paragraph 4 to remove "...to the maximum extent possible..." from the first sentence. There was another change in to remove "...at least 10 years..." and "...management..." from the first sentence of Section C, paragraph 6.

83. The Delegation of South Africa, speaking on behalf of the African Group, thanked the delegations who had proposed amendments to the texts, and added, whereas the Group would be willing to support the proposals by the Delegation of the Russian Federation, it was still reviewing the text being proposed. Concerning 5(b), the Group believed that given the explanation that follows in the rest of that paragraph, the wording "in principle" in the first sentence could be done away with. It was clear that a departing member should be replaced by a candidate from the same Regional Group. The rest of the wording that came after that should be enough to render the wording principle, which was not necessary in that sentence.

84. The Chair agreed with allowing delegations more time to consider the proposals in detail, especially as there were some who were connected remotely.

85. Upon resuming the following day, the Chair requested the Secretariat to project the new draft of paragraph 30 of Annex I on the screen, which read: "If during the time that elapses between the PBC taking its final decision and the commencement of an appointed candidate's term, said candidate unexpectedly becomes unfit for office, or unable or unwilling to assume the responsibility, despite the confirmation received under Section F above, the next highest-ranking available candidate from that region based on the Panel's assessment will be appointed." Subsequently, paragraph 31 would read, "In the case of the resignation or demise of a member of the IAOC while serving her or his term, the vacant seat will be filled, to the extent possible, by the highest-ranking available candidate from the same Regional Group." As for Annex III of the document, the text in paragraph 4 would read, "The IAOC shall be composed of seven members, from each of the seven Regional Groups of WIPO Member

States. The seven members will be appointed by the Program and Budget Committee following a selection process carried out by a Selection Panel set up for this purpose, to be assisted by the current IAOC." In the following paragraph 5(b), the words "in principle" would be deleted from the first sentence, and the text would thus read "Each departing member of the IAOC shall be replaced by a candidate from the same Regional Group to which he or she belongs."

Paragraph 6 would read: "Members of the IAOC shall possess relevant qualifications and relevant and recent professional experience at the senior level, for example, in audit, evaluation, finance, accounting, risk management, investigations, legal affairs, information technology, ethics, human resources management and administration."

86. The Delegation of the United States of America thanked the Chair for according the extra time so that delegations could consult on the issue at hand, and expressed its concern regarding the practicality of enforcing a strict geographic scheme in the event that a situation arose in which a priority region lacked a candidate that met the mandatory qualifications. In that regard, the Delegation petitioned the proponents of the draft to reconsider the revisions to the text, keeping in mind the item's intent on improving the efficiency of the selection and appointment procedures.

87. The Delegation of Mexico recognized the logic and reasons behind the proposals that had been made, and felt the position behind the proposals for the text were quite understandable. Without wishing to further complicate the situation, the Delegation expressed its agreement with several delegations who felt that certain specificities in a selection process could unduly present potential challenges if the conditions the PBC aimed to reflect in such a specific text were not met. Moreover, the Delegation declared that it had the opportunity of participating in Selection Panels similar to the one being discussed and oftentimes the conditions were simply not achieved, as the candidates were not from all the Regional Groups, and that stating one absolutely had to choose a particular region when there were no candidates from that region could complicate matters for the selection process. Therefore, the Delegation advocated that more effort should be made in finding a solution for the proposal in paragraph 4, where it had been suggested to replace the wording "to the maximum extent possible," with "shall." The Delegation felt it would be helpful in future efforts, and particularly for those that have to select candidates by keeping the text "to the extent possible," instead of saying "shall" as, from a practical viewpoint, the latter could complicate rather than assist in the selection of candidates.

88. The Chair thanked the Delegation of Mexico and asked if there were any objections to the proposal being made. As there were none forthcoming from the floor, the attention was turned to the other proposed amendments, which seemed to enjoy a general consensus.

89. The Delegation of the Russian Federation expressed its gratitude to the Secretariat for its efforts in seeking to take into account all of the comments made by various delegations, and particularly the Delegation of Mexico for its attempt in proposing a more compromised wording to the text. Notwithstanding, the former felt that the new proposition would oblige the PBC to agree to diluting one of the key principles that underpinned the IAOC functions in opting for the language its membership had composed. In that regard, the Delegation found it extremely difficult to retract its initial proposal, which was to delete the wording "to the maximum extent possible" as had appeared in the Secretariat's initial report.

90. The Delegation of the United States of America expressed its full support for the proposal made by the Delegation of Mexico.

91. The Delegation of Iran (Islamic Republic of) supported the proposal made by the Delegation of the Russian Federation, as it was related to the one fundamental principle of geographical representation.

92. The Chair noted that some progress had been made as the focus had narrowed to the one area where there was a need for further discussion regarding the appropriate wording. However, the Committee would need more time to consider the arguments in connection with the item. All the discussions hitherto had been very important, as it reflected the willingness of all delegations to ensure that the IAOC would be able to operate correctly in all possible scenarios. Even so, any eventual decision would have to be reached by a common understanding among the members. The Regional Coordinators were thus invited to continue the discussions in the hope of reaching a consensus.

93. The Chair reopened the item the following day and stated that having consulted with the Office of the Legal Counsel regarding the composition of membership of the IAOC, a possible proposal would be to remove the words "to the maximum extent possible" from the first part of paragraph 4. The text would read, "The IAOC shall be composed of seven members, from each of the seven Regional Groups of WIPO Member States. The seven members will be appointed by the Program and Budget Committee following a selection process carried out by a Selection Panel set up for this purpose, to be assisted by the current IAOC. In the event that the IAOC cannot be composed of seven members from each of the seven Regional Groups, the Member States shall be consulted, and take a decision on the matter." The Chair further clarified that the proposal would enable Member States to reach a decision, in the event it was not possible, to find a seventh member from the targeted Regional Group to fill the vacancy. Moreover, the rationale behind the addition was that as an intergovernmental process, Member States normally have the right to be consulted and to take a decision on such questions. It was felt, therefore, that if for any particular reason a vacancy should arise, then a mechanism would be in place where a proposal would be submitted to the Member States, and it would be up to them to take a decision on the issue after consultations with the Regional Coordinators. The Chair underscored that all that would be carried out "to the maximum extent possible", as it was not clear if the initiative was fully understood by some Member States, and further noted that it hoped the delegations would be more comfortable with the clarity added to the process.

94. The Delegation of Mexico expressed its appreciation for the collaborative efforts that the Chair and the Secretariat had put into the proposal, as the initiative provided the Member States with a solution should there be an administrative problem that could occur if the IAOC could not be composed of seven members from each Regional Group. It was incumbent upon the Member States to ensure that the Selection Panel and the IAOC had a way out of the impasse. In that regard, the Delegation was supportive of the proposal being examined.

95. The Delegation of the Russian Federation also expressed its gratitude for the proposal which was being reviewed and was quite satisfied with the suggested wording. The Delegation thanked both the Secretariat for the option, which had taken into account the concerns expressed earlier by some delegations, as well as the other delegations who had shown a great flexibility in their approach to dealing with the issue.

96. The Delegation of South Africa, speaking on behalf of the African Group, also expressed its thanks to the Chair and the Secretariat for the text, stating that the new initiative would most likely receive the Group's support. Notwithstanding, the Group questioned if it were not prudent to apply the same procedure of consultation to paragraph 5(b), in the case where a candidate from the Regional Group concerned, who met the criteria established in the vacancy announcement, was not found. The Group felt that both paragraphs 4 and 5, were somewhat related through the consultation process being discussed.

97. The Delegation of Iran (Islamic Republic of) also shared its thanks and appreciation for the text which was hailed as an appropriate solution as it satisfactorily addressed the concerns of all.

98. The Chair invited the Secretariat to respond to the query raised by the Delegation of South Africa. The issue related to paragraph 5(b), and more precisely, the possibility of revising the last sentence of that paragraph as well.

99. The Secretariat responded that indeed, the last sentence of paragraph 5(b) could be removed. If a situation were to occur where no candidate was available from the Regional Group for which the vacancy arose, then the consultation mechanism of paragraph 4 would be applicable, meaning that the matter would be brought to the Member States for a decision.

100. The Chair stated the solution seemed logical, and again reminded the Member States that in general, the situation was unlikely to occur. Under normal circumstances, each group would be represented by a candidate; however, taking into account the comment made by the African Group, it was suggested to apply the same procedure, as had been outlined in paragraph 4, to paragraph 5(b). In so doing, it would present Member States with the same mechanism and opportunity to consider and take a decision on such matters if or when they arose. Furthermore, extending the wording to paragraph 5(b) offered greater clarity, transparency, and efficiency.

101. The Delegation of the Russian Federation supported the proposal made regarding paragraph 5(b), as it believed it would make the document more coherent, and give greater clarity to the process of deciding on the members of the IAOC, while aligning with the principles of work of the Organization.

102. The Chair thanked all delegations for their active participation, flexibility, and understanding, which reflected the constructive spirit of the Organization and the Member States, with the aim of having the discussions and decisions to provide needed clarity. There had been transparent consultations in which Member States had the final word on the whole process, which was important. The Chair again thanked the delegations for their constructive spirit which enabled the PBC to achieve consensus and gave clarity to the whole process. As there were no further requests for the floor, the Chair proceeded to read out the decision paragraph, which was adopted.

103. The Program and Budget Committee (PBC) recommended to the WIPO General Assembly:

(i) to approve the proposed revision of the selection procedure for the members of the WIPO Independent Advisory Oversight Committee (IAOC) (addition of Annex IV to the Financial Regulations and Rules), as amended during the 33rd session of the PBC and attached to this document; and

(ii) to approve the proposed amendments to the Terms of Reference of the WIPO Independent Advisory Oversight Committee (IAOC), as amended during the 33rd session of the PBC and attached to this document.

## **ITEM 6 PROPOSED REVISIONS TO THE WIPO INTERNAL OVERSIGHT CHARTER**

104. Discussions were based on document WO/PBC/33/4.

105. The Chair introduced agenda item 6, Proposed Revisions to the WIPO Internal Oversight Charter and invited the Secretariat, to present the document.

106. The Secretariat stated that the Internal Oversight Division (IOD) had reviewed and proposed several amendments to the Internal Oversight Charter. The proposed amendments had been shared for consultation with Member States, the WIPO Independent Advisory Oversight Committee (IAOC) and the Secretariat. The amendments had been included in

document WO/PBC/33/4. The aim of the proposed amendments was to firstly reflect recent recommendations from the 2020 Internal Audit Function External Quality Assessment, and to align the Charter with the evolving framework of International Standards for the Professional Practice of Internal Auditing. Secondly, to reflect amendments to the Staff Rule 11.4.1, which was related to the intake of complaints of workplace harassment and sexual harassment in the IOD, which was also supported by a Joint Inspection Unit (JIU) recommendation. Lastly, to align the Charter to the Vendor Sanctions Policy, reporting framework. The Secretariat explained that the proposed amended Internal Oversight Charter was attached to document WO/PBC/33/4 as Annex 1, whereas Annex 2 contained a table with the proposed changes in track change format. The Secretariat then indicated that subsequent to the publishing of the document, a minor edit had been noticed, and the edit was to be made in Annex 2, paragraph 16, and column 2 – in the table a comma and two words “personal grievances” should be deleted. The edit would bring the proposed text in Annex 2 in conformity with paragraph 16 of the Charter as presented in Annex 1. The Secretariat then stated that it would respond to any questions or comments from the delegates.

107. The Delegation of the United Kingdom, speaking on behalf of Group B, thanked the Secretariat for preparing document WO/PBC/33/4. The Group expressed its gratitude for the said amendments that had been shown in track changes thus facilitating its review. The Group also stated that it was pleased that the Independent Advisory Oversight Committee (IAOC) had reviewed and had no objections to the Internal Oversight Charter as revised, since it knew that those revisions brought the Internal Oversight Charter in line with the 2020 Internal Audit Function External Quality Assessment recommendations amendments to Staff Rule 11.4.1, and the WIPO Vendor Sanctions administrative procedures. The Group also welcomed revisions to procedures that ensured consistency and clarity. The Group concluded by stating its support of the PBC’s recommendation to the General Assembly that it approve the proposed amendments to the Internal Oversight Charter.

108. The Delegation of South Africa, speaking on behalf of the African Group, thanked the Chair and the Secretariat for the preparation of document WO/PBC/33/4, its presentation, and the proposed revisions of the WIPO Internal Oversight Charter. The Group said that it had examined the proposed changes and was convinced that the changes were indeed necessary to provide further clarity on the role and functions of the Director of the Internal Oversight Division, and to keep the Internal Oversight Charter updated. The Group further noted that the proposed amendments to the Charter were aimed at reflecting recent recommendations from the 2020 Internal Audit Function External Quality Assessment, and it also reflected amendments to the Staff Rule 11.4.1, and its alignment with the Vendor Sanctions Policy. The Group said it was ready to accept the proposed revisions to the Charter, and for the committee to recommend its approval to the General Assembly.

109. The Delegation of Paraguay, speaking on behalf of GRULAC, thanked the Secretariat for the preparation and presentation of document WO/PBC/33/4. The Group welcomed all initiatives that capitalized on experiences gathered over the years and modifications that would improve the work of the Organization. The Group welcomed the revisions based on recommendations formulated by the JIU, harmonization with Staff Regulations, Staff Rules and with the Vendor Sanctions Policy.

110. The Delegation of Pakistan thanked the Chair and requested a clarification, on page 4 of Annex II with track changes, in the second column for paragraph 46, in the first line it was indicated the following – “Shall submit on annual quarterly basis.” The Delegation wanted to understand if it was “annual”, “quarterly” or both, or was it an error.

111. The Delegation of Georgia, speaking on behalf of the Central European and Baltic States Group (CEBS), thanked the Chair of the PBC and the WIPO Secretariat for preparing document WO/PBC/33/4 and for the proposed amendments to the WIPO Internal Oversight Charter. The



Group expressed like others its appreciation of Annex II of the document which indicated the proposed amendments in track changes format. The Group also noted that the proposed amendments echoed and were in line with the 2020 Internal Audit Function External Quality Assessment recommendations, as well as with amendments to the Staff Rule 11.4.1 and the Vendor Sanctions Policy. Finally, the Group stated that it welcomed the amendments and it was ready to support the revision.

112. The Delegation of the United States of America thanked the Chair and the Secretariat, and expressed special thanks to the Internal Oversight Division (IOD) for its careful review of the Internal Oversight Charter and for having developed such astute proposed revisions. The Delegation noted its appreciation of the fact that the IOD had based the proposed changes to the Internal Oversight Charter on important recommendations from the 2020 Internal Audit Function External Quality Assessment and improvements to WIPO Staff Rules amongst other important considerations. The Delegation also believed that the proposed changes would strengthen further the Charter, provide the IOD with additional support for fulfilling its critical mission, and ensure that the Charter continued to serve as a bedrock of accountability, internal control and good corporate governance for the Organization as a whole.

113. The Secretariat thanked the distinguished Delegates for their comments and for supporting the efforts of the IOD to review the Charter and to make the necessary changes as it evolved. Regarding the issue pointed out by the distinguished Delegate of Pakistan, the Secretariat thanked the Delegate and proceeded to explain that the provision of submitting a quarterly report was already present and that there was an annual requirement. The Secretariat clarified further by stating that the Internal Advisory Oversight Committee met four times a year, and it was at that time that an update on recommendations and a follow-up on recommendations was made every quarter. Therefore, that would be four times a year that a report is submitted. The Secretariat suggested making a slight change to the wording to “annual and quarterly basis,” the word “and” would be added for further clarification. The Secretariat hoped that this would address the question from the delegation.

114. The Chair thanked the Secretariat for its clarifications, and said that he hoped that the Delegation of Pakistan was fine with the Secretariat’s responses to questions. The Chair then asked the Secretariat if it had any additional comments or clarifications. As there were no further comments the Chair concluded that the decision to accept the proposed revision of the Charter was a solid and unanimous one. The following decision was adopted:

115. The Program and Budget Committee (PBC) recommended to the WIPO General Assembly to approve the proposed amendments to the Internal Oversight Charter contained in Annexes I and II of Document WO/PBC/33/4.

## **ITEM 7     REPORT BY THE EXTERNAL AUDITOR**

116. Discussions were based on document WO/PBC/33/5.

117. The Chair opened Agenda item 7 and invited Mr. Damian Brewitt, Director, National Audit Office, United Kingdom, to present the report by the External Auditor.

118. The External Auditor (represented by Mr. Brewitt) delivered his report, as follows:

“Chairman, distinguished delegates, on behalf of the Comptroller and Auditor General of the United Kingdom, I am pleased to present the findings from our audit direct to you, the Program and Budget Committee. It continues to be important to us, that we engage you on the issues we highlight from our audit, which is undertaken to give you independent and objective insight in accordance with the terms of reference under which we are appointed.

“In my presentation, I will cover the three main areas of our work. Firstly, the audit of the Financial Statements and financial management, and then I will cover the two substantive topics which are contained in our report, namely governance and internal control, including continuity arrangements in light of the ongoing pandemic. And I will also focus on the management of projects financed from reserves or special projects. We identified this as an area of interest for Member States.

“Turning first to the results of our audit of the Financial Statements, I am again pleased to confirm that the External Auditor’s opinion was unqualified, and that the audit revealed no errors or weaknesses which we considered material to the accuracy, completeness, and validity of the Financial Statements as a whole. Our audit also focuses on whether the transactions have occurred in line with the Financial Regulations set by Member States. We have updated our audit opinion to more clearly describe the continued level of regularity assurance, which our opinion provides. WIPO’s Financial Statements and accompanying financial commentary remain of high quality, supported by sound systems of internal control and reporting. In the context of Covid-19 working practices, this had shown good organizational resilience.

“As a consequence of Covid-19, the 2020 audit was completed entirely remotely. While it was not without challenge, and resulted in additional effort by both Finance Division and the National Audit Office team, we have been able to obtain sufficient appropriate evidence to support our audit opinion. Overall, our audit results were positive and identified no significant errors or control weaknesses and we reported the detail of this work to the IAOC, with whom we have had a good productive engagement.

“On financial management, WIPO continues to enjoy a strong financial position and positive cash flows supported by a steady future revenue stream. Despite the pandemic, we have continued to see a strong pipeline of applications, and Management expect this to continue. Considering the healthy reserve and cash positions, the organization is well placed to respond to the continued global economic uncertainty. However, the differing financial performance and position for each Union demonstrates how reliant the organization is on the PCT and Madrid Unions, which especially with regard to PCT, compensate for the deficits reported by the Hague and Lisbon Unions.

“Our report this year highlights the continued growth of the employee benefits liabilities. These predominantly comprise the staff members after service health insurance, their repatriation entitlements, and accumulated leave liabilities. During 2020, the overall liability for these staff benefits increased by some 139 million Swiss francs, to 495.3 million Swiss francs. Assuming current assumptions remain consistent, WIPO forecasts that the liability for after service health insurance is projected to increase to 580.1 million Swiss francs by 2024, a further increase of 28.1 per cent. These benefits will consume a growing proportion of WIPO’s future revenues. We considered the impact of Covid-19 on the valuations of the liability, and we were content that appropriate disclosure of the impacts of the pandemic had been made. We also highlighted this impact and the future trends in our long-form audit report.

“Moving now to the first topic area of our performance reporting, which speaks to the issues of Governance and Internal Control, which help provide Member States with confidence and assurance over the management of resources. We have continued to be impressed by the proactive approach WIPO takes in developing its internal control framework, its second line of defense, and the approach to the quality of the Statement on Internal Control.

“WIPO’s Statement on Internal Control remains aligned to the seven components of its accountability framework, which provides Member States with a good degree of

confidence in the control processes. In compiling the Statement, the Director General took due regard to the interim assurance statement, provided by the former Director General. Important highlights in the 2020 Statement included details of the key risks faced during the year, and how these were mitigated, particularly the program delivery and the financial risk faced by WIPO and the developments in the control activities. The Director General has also highlighted that the business continuity arrangements have worked effectively with the Organization moving to virtual working during the pandemic. We note that the Statement could be further enhanced by highlighting the results of IOD's work. The involvement of IOD is, in our view, essential as they should be a prime source of assurance for the Director General over the effectiveness of the internal control processes.

"During the year, an external quality assessment was performed on IOD. This is good practice as required under the professional standards to which IOD subscribes. The evaluation found that they achieved high standards of proficiency. Overall, it was found to conform to the mandatory elements of the International Professional Practices Framework, and the Internal Oversight Charter and action plans have been established to address the minor gaps identified by the assessor. Included in this was the recommendation for an annual overall internal audit opinion, and IOD have committed to developing a roadmap to enable an annual overall audit opinion to be made by the end of 2025. While we support this, in our view, there is scope to advance this timetable.

"We considered WIPO's Organizational preparedness for the pandemic. In line with many other organizations, WIPO had a documented framework in place, bringing together the main components of its preparedness and resilience planning. In advance of the Covid-19 outbreak, WIPO's risk register showed it had identified the risk of significant business disruption caused by a disastrous event, external hazard, or pandemic. The corporate business continuity plan combined individual action plans for critical functions operating in headquarters. While business continuity plans for each critical function were at different stages of maturity immediately prior to the pandemic, WIPO's level of preparedness was strong in our opinion, and compared well to other UN and public bodies. WIPO expects to complete a comprehensive review of lessons learned from WIPO's business continuity response during 2021.

"Turning now to our observations on the projects financed from reserves. We examined the strategy for using reserves in the context of the Capital Master Plan, and how this links to wider strategy and the decision-making process for the selection and reporting of the projects which it comprises. We noted the Capital Master Plan had not been integrated with the overall strategic plan. Our review looked at the evolution of the Capital Master Plan, and overall governance, including project selection and oversight. I will highlight, if I may, our findings based on the previous iterations of the Capital Master Plan, before commending the positive engagement from management in respect to the recommendations we have made.

"Over time, the funds dedicated to the Capital Master Plan have been increasing, and the project portfolio has become increasingly ambitious. Unlike many other international organizations, WIPO does not have the same incentives or pressures to demonstrate the need for prioritization or cost efficiency. This makes it more important that the Capital Master Plan and the individual project business cases are transparent and robust, subject to effective challenge processes, and ensure the outcomes are evaluated to feedback into the Capital Master Plan and project management processes.

"We could not clearly determine how projects had been prioritized against other potential plans, or determine the relativity of need between the individual component projects within the previous Capital Master Plan. Investment decisions should be driven by need, and a

clear identification of opportunities linked to WIPO's objectives. It is important that WIPO considers the level of funds dedicated to projects alongside other investment opportunities, such as enhancing technical co-operation programs, minimizing financial risks of the organization by reducing its employee benefit liabilities, or reviewing its fee structures.

"Good governance is critical to the success of projects. The Capital Master Plan has comprised individual projects, each of which had a brief from Member States to consider as part of the approval process. We noted that, in an earlier definition, special projects had to be extraordinary, which stressed the importance of the uniqueness of the investment. Member States broadened this out to a wider more encompassing definition, and this meant that projects could be funded for more general purposes, such as estate maintenance. We found that in some cases, there was a strong rationale for proposed projects to be funded as part of the Capital Master Plan, but less so in others, especially projects to maintain facilities and systems which would normally be part of the regular funding strategy of an organization.

"A mix of strategic and routine maintenance projects within the Capital Master Plan risks losing strategic focus and challenges the concept of the Capital Master Plan being based upon a coherent portfolio of special and significant projects. We also noted that there was little differentiation between very large investments and those of a much smaller scale. Member States may wish to consider criteria which would require more information and data to inform decisions where projects exceed a certain threshold, and to require various elements of milestone reporting, or assurance, where they represent significant costs or reputational risk.

"The preparation of a business case is an important step in any project: to confirm alignment with organizational priorities and objectives; to quantify the amount and timing of resource; and to set expected outcomes. Good business plans enable decision makers to make informed judgements on whether projects should progress. The business case has been presented as project initiation documents, and we reviewed a selection of these, identifying key areas where the detail and analysis could have been strengthened to provide a stronger basis for the project approval. We felt that the consideration of options should have been more detailed, and that alternative ways to deliver the outcomes should have been more fully considered. Project initiation documents did not always have a clear baseline and the degree of measurable change attributed to each option was limited and not specific. Without detailed articulation of targets and management criteria, it has been difficult for WIPO to demonstrate that the overall project objectives have been achieved and value for money obtained.

"We found that project budgets were high-level with little granularity and limited information on the full lifecycle costs in the initial project initiation documents. As special projects sit outside the mainstream activities, they can be high profile and carry uncertainties and risks. We find that many risks were generic in nature and the documentation was not necessarily tailored to the individual project.

"The 2018/2019 performance report set out the progress of Capital Master Plan projects during the period January to December 2019, including the key milestones reached and the resource utilization rates for the 20 ongoing projects. These projects had total budgets of some 83.8 million Swiss francs, and associated expenses to that date of 44.2 million Swiss francs. Many of the features we identified in our critique of the project initiation documents we found replicated in the detailed project progress overviews. We noted some significant changes in risk and budgets from the initial proposals, and that the status reports lacked real impact measurement. In our view, whilst the status reports

clearly highlight project attributes, they could provide Member States with a greater measure of value added by the projects.

“Turning now to the fact that Management have responded well to the recommendations we have made, and they have sought to begin to address these issues in new proposals to Member States. We consider that Management’s responses will enable WIPO to better demonstrate the impact of the use of reserves, and how they meet the objectives of the Organization, increasing transparency and accountability over the use of funds. The Secretariat has reflected on our recommendations immediately, through the new Capital Master Plan proposals that have been discussed in document WO/PBC/33/11, which is presented to your meeting. We look forward to reviewing the outcomes of these changes in due course, and the consequential impact on the oversight of the Capital Master Plan.

“To conclude, I confirm that progress was made in closing and implementing six recommendations from previous years, with 13 recommendations remaining in progress. These mostly relate to our 2018 recommendations on human resources management and the recommendations we made last year on External Offices, which have future implementation dates. Human Resources have revised the implementation date for three recommendations, due to staffing constraints and the understandable impacts of the pandemic. Given the importance of HR management to the organization, it is our intention to perform a substantive follow-up in this area, and review the status of the WIPO people strategy during our 2021 audit, recognizing that Human Resources have been rightly focused on managing operational impacts arising from the pandemic.

“Finally, I would like to express my thanks to the Director General, and the former Director General, and the staff of WIPO for their support and cooperation in facilitating our audit. The 2020 audit was particularly challenging with the need to deliver it entirely remotely, and the efforts of WIPO staff to support the audit enabled us to ensure we can meet the expected timetable for WIPO’s Governing Bodies. Thank you very much for your kind attention, and I would be very happy to take any questions or provide further feedback to our audit.

“Thank you very much.”

119. The Chair thanked the External Auditor for his exhaustive and clear statement, which he said showed the good health of the financial management of the Organization and gave recommendations and orientations for the future.

120. The Delegation of Bangladesh, speaking on behalf of the Asia Pacific Group, acknowledged the achievements, hard work and efforts of the WIPO team and the National Audit Office of the UK, in successfully concluding the audit remotely through virtual means. It further commended WIPO’s efforts as raised by the External Auditor, for maintaining high quality Financial Statements, and with the challenges posed by the Covid-19, supported by sound systems of internal control and reporting. The Group requested the Secretariat to take due note of the following suggestions by the External Auditor for subsequent actions. First, to provide relevant insights and a more holistic view of what had been delivered with resources, such as including more key performance information on the outcomes from its operational activities. Second, to ensure constant focus on how future costs might be controlled in terms of continued growth of the employee benefits liabilities.

121. The Delegation of South Africa, speaking on behalf of the African Group, extended its appreciation to the External Auditor for the comprehensive audit report, as contained in document, WO/PBC/33/5. The importance of the External Auditor’s role could not be over emphasized, and the Group recognized that the audit process and results provides assurance to Member States about WIPO’s financial management and governance. The Group was

pleased that the External Auditor had concluded that the Financial Statements of WIPO presented fairly, in all material respects, the financial position of the Organization as at December 31, 2020. The Group appreciated that the audit was conducted remotely due to Covid-19 pandemic, but remained of high quality nonetheless. The Group welcomed the observation that WIPO is well placed to respond to the continued global economic uncertainty. At the same time, the Group noted some observations made by the External Auditor, such as on the continued growth of the employee benefits liabilities. The Group further noted the observation that there remained scope for WIPO to further complement existing communications to provide relevant insights and a more holistic view of what had been delivered with resources, such as including more key performance information on the outcomes from its operational activities, and to amplify the commentary on key financial risks. The Group was pleased that the External Auditor had found WIPO's level of preparedness in relation to the Covid-19 pandemic to be strong compared to other bodies. The Group further noted the various recommendations made by the External Auditor on various aspects of the Organization's operations. The Group believed that the recommendations were useful and could add value to the Organization, leading to key improvements in the governance and management systems. While the Group considered all recommendations important, it particularly appreciated the thorough observations and recommendations on the Capital Master Plan and the After Service Health Insurance (ASHI) liabilities. The Group agreed that options should be explored to increase efficiency, and for mitigating the potential future growth in ASHI liabilities. The Group had also noted the response of WIPO management to the recommendations and the commitment to implement at least those recommendations which do not require Member States approval. The Group acknowledged that some of the previous recommendations were in the process of being implemented, and it looked forward to their finalization.

122. The Delegation of China wished to thank the External Auditor for the report, and for compiling the audit on time once again. The Delegation also appreciated the Secretariat's cooperation with the External Auditor in this process. On the projects funded by the reserves, the Delegation thanked the External Auditor for the suggestions and for the comprehensive and meticulous audit in this important field. The Delegation had noticed that since 2013, WIPO's Capital Master Plan budget had increased from the initial 11.2 million Swiss francs to 83.8 million Swiss francs in 2020, and would continue to increase in the next 10 years. Considering the expansion of capital scale and the increase of a number of projects, it was necessary to strengthen the oversight and audit of Capital Master Plan projects funded by reserves. As pointed out by the External Auditor, the Delegation also had noticed that there were some problems in the previous Capital Master Plan projects, such as lack of participation of stakeholders, lack of comprehensive and clear information on the proposed projects provided to Member States, and insufficient consideration of all alternatives to achieve results. The Delegation thanked the External Auditor for providing the list of key questions to inform good project governance on page 40 of the English version of the document, which would not only help the Secretariat to improve the governance of the Capital Master Plan projects, but would also help Member States to better consider these projects.

123. The Delegation of the Russian Federation thanked the External Auditor for the preparation and presentation of his report. The Delegation wished to express that it was very pleased to see the conclusions of the External Auditor with regard to the high level of internal control, the good finances of the Organization and the fact that the Organization had solid reserves. The Delegation further thanked him for looking at the effectiveness of WIPO's work during the pandemic situation. The Delegation was pleased to see that WIPO was able to rapidly respond to the way that the Covid-19 pandemic unfolded, and it thanked the Secretariat for taking the necessary measures and providing ongoing work during the Covid-19 situation. The Delegation wished to note the high level of work of the Internal Oversight Division, as considered by the External Auditor, and the approach of WIPO to improving its internal oversight system. The Delegation supported the recommendation for IOD to provide an annual opinion over WIPO's

governance, risk management and control environment. With regard to the review of the Capital Master Plan, the Delegation was interested to note the recommendations on improving the Capital Master Plan financial reporting and also the identification of project risks. The Delegation noted that overall the format of achieving the projects within WIPO had shown its effectiveness. The Delegation believed that the proposed measures for improving reporting would help ensure that the Capital Master Plan project management would be strengthened for priority projects of WIPO. With regard to the recommendation of the External Auditor, the Delegation asked the Secretariat to look at the situation regarding the ASHI pension provisions. The Delegation believed that on this issue, the approach should take into account what is being done within the UN Common System. The Delegation requested comment from the Secretariat on project management of IT projects, which needed to ensure additional coordination and that the information was available for these initiatives. The Delegation believed that it would be extremely useful to have the External Auditor representative physically present at the PBC, together with representatives of the IAOC, to enable him to carry out his important mandate and to present his report. The Delegation believed that this would be possible even taking into account the current epidemiological situation. The Delegation noted that 30 per cent of the previous recommendations had been implemented, and that was a higher percentage than was the case with the previous External Auditor. The Delegation hoped that any outstanding recommendations would be implemented. The Delegation thanked the External Auditor for his report and for the recommendations. The Delegation also thanked the Secretariat for cooperating with the External Auditor, and for its comprehensive replies to the External Auditor's questions.

124. The Delegation of the United Kingdom, speaking on behalf of Group B, thanked the External Auditor for his report contained in document WO/PBC/33/5, and for the informative presentation delivered to the PBC. The Group noted the External Auditor had issued an unqualified opinion regarding the audit of WIPO's Financial Statements, and congratulated the Secretariat and the Finance Division for its result, noting the challenges in providing access to appropriate information in the circumstances of the Covid-19 pandemic. Regarding financial management, the Group was pleased that the External Auditor had assessed the financial health of WIPO, and concluded that the Organization was well placed to respond to the continued global uncertainty. In particular, the Group was pleased to see that the overall budget surplus each year is considerably higher than original expectations. The Group took note of the continued growth of employee benefits liabilities. The Group was concerned by the predicted further growth of the ASHI liabilities. In line with the External Auditor's financial management recommendation two, the Group was ready to engage with the Secretariat on the discussion of options for mitigating the potential future growth of ASHI liabilities. The Group welcomed the External Auditor's review of governance and internal control mechanisms and noted the positive assessment of many of these mechanisms. However, the Group noted that the WIPO Statement on Internal Control could be enhanced by focusing on the results of IOD's work, and it would be interested to hear if the Statement would be revised accordingly. The Group was pleased that the External Auditor had assessed WIPO's level of preparedness for a pandemic as strong, and it stood ready to support any review of lessons learned from WIPO's business continuity response in 2021. Regarding pending recommendations of previous years, the Group noted, with satisfaction, that six recommendations had been implemented and considered closed. However, that left 13 recommendations which remained in progress. While the Group noted that the External Auditor had advised that many of these recommendations could not be implemented within the previous year, it echoed the importance of Human Resource management to WIPO, and it supported the External Auditor's intention to perform a substantial follow-up on those recommendations and review the status of the WIPO people strategy during the 2021 audit. The Group thanked the External Auditor for his in depth review and assessment of projects financed from reserves. The Group noted with concern that expected future costs on buildings-related projects far outpaced other projects, and were expected to grow to a significant amount. Group B was ready to work with the Secretariat to understand the needs and costs and plan those projects carefully.

125. The Delegation of the Pakistan thanked the External Auditor for successfully conducting the evaluation remotely, and it also thanked him for the useful and comprehensive presentation that afternoon. The Delegation also wished to commend the Secretariat for maintaining the high quality of Financial Statements as highlighted in the report. The Delegation noted with concern, the potential future rise in ASHI liabilities of the Organization, an issue that had also been raised under Agenda Item 4. The Delegation invited the Secretariat to appraise the Committee on this issue, with the view to consider how future costs may be controlled. The Delegation noted with appreciation, the closure of six prior recommendations. The Delegation urged the Secretariat to commence work on recommendations related to WIPO External Offices, made in the previous report of the External Auditor concerning the need for a clear strategy and, measures to enhance the activity reports and plans produced by the External Offices, including reviewing the frequency of the formal reporting of External Office activities, establishing specific result areas and performance indicators. The Delegation understood that some of these recommendations would require consideration by the Member States. It would be imperative for the Secretariat to start implementing those recommendations and seek guidance by the Committee where required.

126. The Delegation of Georgia, speaking on behalf the CEBS Group, thanked the External Auditor for the report on the 2020 WIPO Financial Statements and the presentation of the audit results. The Group noted with satisfaction that for the year 2020, the Financial Statements were assessed to be of high quality. The Group was also pleased with the report indicating that the sound system of internal control and effective governance is an integral part of the Organization. At the same time, CEBS commended the Organization's healthy reserves and solid financial situation, as well as the high level of preparedness to address unpredictable challenges like the Covid-19 pandemic, and effective crisis management.

127. The Delegation of Spain supported the comments made by the spokesperson of Group B with regard to the report. Firstly, The Delegation wished to congratulate WIPO for the unqualified opinion of the External Auditor with regard to the financial results of the Organization to December 31, 2020. The Delegation was pleased to note that the financial situation remained good and the high quality results concerning internal control and reporting. Nevertheless, the Delegation wished to recommend, to the extent possible, that there would be an improvement in the way that the budget is organized, and with regard to the importance of studying the best way of using surpluses generated by WIPO to promote the objectives of the Organization and of Member States and to manage risks within a prudent financial framework. The Delegation was pleased to note in this report, as well as other reports, such as that of the IAOC, that the financial situation and the work of WIPO as a whole, had not been particularly badly impacted by Covid-19. The Delegation requested that the Secretariat studied carefully the recommendations made by the External Auditor in order to ensure that such excellent management continued.

128. The Delegation of the United States of America thanked the External Auditor for his report found in document WO/PBC/33/5, and wished to congratulate WIPO again on its unqualified audit opinion, quality Financial Statements, sound system of internal control and organizational resilience in the face of an international pandemic. The Delegation had long been concerned about the ASHI liability, which had grown exceptionally large and was inadequately funded. The Delegation said it was very positive to see that a contribution of 4.9 million Swiss francs was expected to be made in 2021. The Delegation looked forward to seeing the consultancy report, which was commissioned for 2022, and it supported either the establishment of a separate entity as was suggested by the External Auditor or the designation of planned assets to increase transparency surrounding this funding. The Delegation thanked the Secretariat for making adjustments to its Capital Master Plan presentation for 2022/2023, to conform to the recommendation of the External Auditor. The Delegation agreed that only special and non-recurring projects should be funded from the special projects reserve and recurring costs should be funded from the regular budget.



129. The Chair requested the representative of the External Auditor to provide any clarifications or comments on the remarks and observations that had been heard.

130. The External Auditor reassured Member States that he would be tracking both that year's recommendations and the prior years' recommendations, in some detail over the following year. In response to the Delegation of the Russian Federation, the External Auditor provided assurance that when travel restrictions allowed, including their own office restrictions, he intended to be present in person, notably at the WIPO General Assemblies later that month, as well as to ensure that the External Audit team were able to have onsite presence during the year if the circumstances of the pandemic allowed. The External Auditor thanked Member States for engaging in the recommendations that they had made. He reminded Member States that they remained at their disposal if there were issues that colleagues would like to refer to them from an External Audit perspective. The External Auditor concluded by remarking that he looked forward to the forthcoming year and the engagement of Member States.

131. The Chair suggested the Secretariat provide some clarifications and some explanations of an additional nature.

132. The Secretariat thanked the External Auditor for the report and for the engagement in the discussion. Regarding the Capital Master Plan, there were questions linked to IT and the future buildings work. Firstly, the Secretariat welcomed and agreed with the External Auditor's recommendations, on the Capital Master Plan. The Secretariat had responded to those recommendations in the Capital Master Plan proposal that would be discussed later that week, including: avoiding the proliferation of smaller projects; and trying to move regular maintenance projects into the regular budget, ensuring that Member States had been provided with information on the full lifecycle costs that would come into the regular budget after a capital project is completed. The Secretariat believed there was more that it could do, and it was committed to looking at some of the deeper questions from the External Auditor in the next regular Capital Master Plan that would be proposed. There was a question from Group B on future buildings spend, that was referenced in the External Auditor's report. The Secretariat believed that the figure in question came from the previous Capital Master Plan from two years ago, and thus it was something that the Secretariat would like to reflect further on to determine what the overall buildings capital strategy would look like. That was something the Secretariat was committed to come back to in due course. When looking at buildings, the AB Building was well into 'middle age', and so it would require some work at some point, which will be proposed in a future Capital Master Plan. Concerning the question from the Delegation of the Russian Federation on transparency of the project management of IT projects, that was planned for implementation. The Secretariat said that it had very strong application of project management techniques, principally, PRINCE2 and Managing Successful Projects, across IT projects. However, as the External Auditor had alluded, it was perhaps insufficiently tailored depending on the size of the project. The Secretariat believed that it could further mature its approach and develop it to ensure that, as it managed projects, there was sufficient focus on either the larger projects or those with particular strategic value or strategic risk. The Secretariat understood that there was a great deal of Member State interest in that area, and it was committed to continuing its transparency on those projects. Finally, with regards to ASHI, the Secretariat was taking good note of the various comments and questions on ASHI, and it would come back with a fuller view under the item on the annual report the following day. It was an issue that the Secretariat took very seriously, noting that it was a large amount already before the increase in the estimates in that year's accounts. In response to the question from Group B, the Secretariat stated that in accordance with the External Auditor's recommendation, it would include elements of the assessment of IOD on governance, risk and controls into the Statement on Internal Control and IOD was planning to implement this by 2025. As and when there were elements of IOD's assessment of internal controls, the Secretariat would be working very closely to incorporate those into the Statement on Internal Control. The Secretariat said the Statement on Internal Control was taken very seriously and that it was very grateful to the External Auditors

for their guidance and their recommendations in that regard. The Secretariat said that it had been improving the Statement on Internal Control every cycle based on the External Auditor's recommendations and its own initiative and assessment.

133. The Chair believed that the various delegations were satisfied with the clarifications provided by the External Auditor and the Secretariat. The Chair noted that the key words were 'good financial health and good financial management'. It was important that there were no errors in such management. On certain points, it was important for the Secretariat that the matters noted be taken into account. That would ensure better budgetary execution going forward in order to ensure the ongoing financial health of the Organization. It was looking all good for the future. The Chair said the item could now be concluded, since there were no objections or calls for the floor, with the following decision being adopted:

134. The Program and Budget Committee (PBC) recommended to the Assemblies of WIPO, each as far as it is concerned, to take note of the "Report by the External Auditor" (document WO/PBC/33/5).

## **ITEM 8 ANNUAL REPORT BY THE DIRECTOR OF THE INTERNAL OVERSIGHT DIVISION (IOD)**

135. Discussions were based on document WO/PBC/33/6.

136. The Chair introduced Agenda Item 8, the Annual Report by the Director of the Internal Oversight Division (IOD). He stated that in accordance with paragraph 47 of the Internal Oversight Charter (IOC), the Director, Internal Oversight Division (IOD), shall submit, on an annual basis, a summary report to the WIPO General Assembly through the PBC. The report shall give an overview on the internal oversight activities conducted during the reporting period January 1, 2020 to December 31, 2020. The Chair then invited the Secretariat to present the report.

137. The Secretariat reported that in line with the IOC, they were pleased to present an overview of oversight activities undertaken by the Internal Oversight Division (IOD) during the reporting period, January 1, 2020 through December 31, 2020. The Annual Report is included in document WO/PBC/33/6 for the PBC and WO/GA/54/3 for the Assemblies. The IOD welcomed the new Director General, Daren Tang, who took office on October 1, 2020. Early interactions with the Director General and Sector Leads pointed towards changes and enhancements in communication, collaboration, accountability and strategies to guide future oversight work and priorities. The IOD Oversight Plan for 2020 was prepared considering a number of factors including risk ratings, relevance, oversight cycle, and feedback received from WIPO Management, Member States, and available resources. In line with IOC paragraph 28(a), prior to its finalization, the draft Oversight Work Plan was also submitted to the Independent Advisory Oversight Committee (IAOC), for its review and advice. IOD started working with the new Director General and Sector Leads to take account of their feedback in oversight work and priorities. In 2020, the Covid-19 pandemic disrupted the way of life and work. IOD modified its work plan to better adjust to the pandemic, and its consequences on work interactions. At the reporting date, IOD has fully implemented the 2020 Oversight Plan and the implementation of the 2021 work plan was on track. During the reporting period, IOD audits, evaluations and investigations covered the following key operational areas: Staff Benefits and Entitlements, Assurance Mapping, IOD Annual Plan Development Cycle, Validation of the WIPO Performance Report 2018/2019, Regional Division for Africa, Building Respect for IP, the Lisbon System, Regional Bureau for Asia and the Pacific Framework for Technical Cooperation, Information transmitted to the United Nations Global Marketplace, and improving the Organization's efforts to deter invoice fraud by external entities against WIPO clients. The following engagements were started in 2020, and would be reported during the course of 2021: Evaluation of the Division for Arab Countries, Evaluation of IP Development

Matchmaking Database (WIPO Match), Evaluation of the use and Impact of IOD Evaluation Section Recommendations, and Review of WIPO Crisis Management during the Covid-19 pandemic. During the reporting period, 21 new cases were registered, which constituted a nine per cent decrease over 2019, and 21 were closed. As of December 31, 2020, 11 cases had been pending, including one at the preliminary evaluation stage, six at the full investigation stage and four on hold pending action by another entity. Of the pending cases, six were opened in 2020, four in 2019 and one in 2016. As of December 31, 2020, the average length of time it takes to complete an investigation was five and a half months, which was well within the target of six months. During the reporting period, the investigative activities conducted allowed IOD to draw some lessons. In particular, two Management Implication Reports were issued providing recommendations on information provided by WIPO to the United Nations Global Marketplace and the prevention of invoice fraud by external entities against WIPO clients. IOD continued to manage and report on recommendations using the TeamCentral system, which enabled interactive dialogue with Program Managers and their delegates for an effective follow-up of the implementation of open recommendations. At the date of the present report, there had been 103 open recommendations including 28 of high and 75 of medium priorities. IOD recommendations constituted 80 per cent of all open oversight recommendations. The Secretariat indicated that 48 IOD recommendations and 18 external audit recommendations were closed during the period, nine of which were part of the previous external auditors' recommendations being monitored by IOD. In addition to its planned oversight work, IOD continued to provide professional advice as requested on policy documents, evaluations, business processes or the regulatory framework. During the reporting period, IOD provided advice to the Division for Asia and the Pacific by conducting an *ex-ante* evaluation. This advisory work focused on the Division's framework for technical cooperation and self-evaluation system. The Evaluation Section of IOD advised management in the decision phase of WIPO Re:Search external evaluation. The advisory assignment consisted of providing technical quality assurance on the terms of reference for the external evaluation that WIPO Re:Search had planned to undertake. The Evaluation Section also advised management in the design phase of the WIPO Re: Search External Evaluation. In more detail, this advisory assignment consisted in providing technical quality assurance on the terms of reference for the external evaluation that WIPO Re:Search planned to undertake. The Evaluation Section had been engaged in two ongoing advisory assignments that started in 2020, and to be finalized in 2021. The first assignment provided advice on the process, quality and inputs for a technical tool that covers development sector activities in regard to benchmarking and self evaluation of National IP Strategies. The second aimed at streamlining and reviewing existing self-evaluation elements for the Division of Latin American Countries, to enhance effectiveness, decision making, and reporting on results. IOD provided advice on opportunities to improve the use of Office Instructions and other administrative issuances through discussions coordinated by the Office of the Controller and that work had been ongoing. IOD had regularly attended the sessions of the Independent Advisory Oversight Committee (IAOC), reporting on the implementation of the internal oversight plan, discussing oversight results and other aspects concerning the work and functioning of the Division, and seeking the IAOC's advice. In the period covered by this report, the 56<sup>th</sup> to 59<sup>th</sup> Sessions of the IAOC took place. IOD maintained good working relations with the External Auditor by having regular meetings on audit, internal control and risk management issues. The External Auditor and IOD shared strategies, annual plans and individual reports with a view to ensuring efficient oversight coverage while avoiding potential duplication and oversight fatigue. IOD engaged actively with the External Auditors during their 2020 audits and provided necessary inputs where required. IOD regularly met with the Ombudsperson and with the Chief Ethics Officer to ensure good coordination and complementary support. As part of its ongoing effort to better explain and advocate for the internal oversight function, IOD continued to reach out to colleagues within WIPO through presentations given to new staff in the induction training, the IOD Newsletter, the IOD Dashboard and presentations to Directors and Senior Managers as and when required. IOD continued to seek feedback from colleagues on the quality of its oversight work, through client

satisfaction surveys after each assignment. The analysis of consolidated survey results indicated an average satisfaction rate of 85 per cent for post assignment surveys and 78 per cent for after one-year surveys. The survey results gave the Secretariat the opportunity to assess the impact of IOD's work on improvements in systems, policies, procedures and processes. The additional comments sent by the audited, evaluated units through the surveys helped IOD identify opportunities for improvement. During the reporting period, IOD continued its active and useful collaboration and networking with other United Nations organizations and entities. In particular, IOD actively participated in several virtual meetings of the UN Representatives of Internal Audit Services (UN RIAS) and United Nations Representatives of Investigation Services (UN RIS), held between February and November 2020. Also, the UNEG Annual General Meeting 2020 and the Exchange Practice Seminar, held virtually between June 22-23, 2020, the UNEG network by performing duties as vice chair, and chairing a panel setup to conduct the Professional Peer Review of the International Organization for Migration, and Online training for United Nations system investigators on "cognitive aspects of interviewing", jointly organized by IOD and OIOS. IOD confirmed that during the reporting period, no instance or activity occurred that could be considered as jeopardizing the operational independence of IOD. To discharge its mandate, IOD was provided with a biennial budget of 5.283 million Swiss francs, which represents 0.69 per cent of WIPO's budget for the 2020/2021 biennium. Overall, the level of current human and financial resources had been adequate for IOD to cover the high priority areas as identified in its work plans effectively. Exchange of oversight plans and continuous coordination of oversight activities with the External Auditor as well as effective use of IT tools had also helped achieve more efficiency and effective coverage of risk areas. For continued professional development, IOD staff attended various training activities to acquire new knowledge, technical skills and other competencies to increase IOD's operational effectiveness and efficiency in undertaking oversight assignments. On average, each IOD staff attended 10 days of training, which included fraud prevention and detection, investigative research techniques, data analytics, digital innovation, information security and cyber security, ethics, Control Objectives for Information and Related Technology, anti-corruption and compliance, behavioral science, decision making, negotiation, and Behavioral Science ("Nudging"). Having concluded its remarks, the Secretariat thanked the delegations for their kind attention and was happy to answer any questions or receive any comments from the delegations.

138. The Delegation of the United Kingdom, speaking on behalf of Group B, appreciated the continuous efforts of the Internal Oversight Division, in cooperation with the IAOC and the External Auditor to achieve its crucial role of ensuring effective internal controls, and the efficient use of resources in WIPO. In this regard, the Group thanked the IOD for its annual report contained in document PBC/33/6 and the presentation made by the Director of the IOD. The report gave a comprehensive overview of the organization's functions and the Group considered it as a valuable source of information, as well as a point of reference throughout the year. The Group welcomed the work undertaken in 2021 by the Internal Oversight Division, and took note of the key findings and high-priority oversight recommendations. In particular, the Group was pleased to see the publication of the final report of the audit and integrity review of benefits and entitlements. The Group called on WIPO to take heed of the Internal Oversight Division assessment that there could be enhancement of the management of staff benefits and entitlements through enhancing internal controls for verifying benefits and entitlements that would be provided to staff members with spouses working within the United Nations common system and international organizations. The Group welcomed further details on the methodology WIPO planned to adopt to replace the basis for calculating home leave lump sum.

139. The Delegation of China thanked the Director of the IOD and his team for preparing the annual report. The Delegation highly values the internal oversight function of WIPO. An efficient and transparent internal oversight would help the organization to achieve its expected strategic goals and improve its management. The Delegation participated in the 2021 Member States briefing organized by the IOD at the end of 2020 and made its recommendations at that briefing. The Delegation welcomed the good cooperation among the IOD, the IAOC and the

External Auditor over the previous year. The Delegation acknowledged that the IOD, while developing its oversight plan and carrying out routine auditing, evaluation and investigation, followed professional criteria and principles. The Delegation then made specific comments on the report. First, the Delegation noted and welcomed the assurance mapping of WIPO carried out by the IOD. As stated in the report, there were still certain business areas with relatively high residual risks at a strategic level, for example, information security risks. The Delegation believed that despite the existence of such risks, WIPO could still take measures to mitigate and eliminate them through designing and implementing risk control for related strategies. That would require effective coordination and cooperation among assurance mechanisms at different levels of the organization, as well as extensive communication with Member States and stakeholders. Second, the Delegation had noted and carefully studied the *ex-ante* evaluation of the Regional Bureau for Asia and the Pacific Framework for Technical Cooperation offered by the IOD. The Delegation expressed its appreciation on the cooperation between the IOD and the Regional Bureau in carrying out the *ex-ante* evaluation before implementing relevant projects. In particular, the Delegation supported the recommendation in the report that the Division should agree on baselines and targets with national stakeholders inputs before setting up targets. Since Member States in its region differ in terms of IP development, a one-size-fits-all approach in implementing projects or carrying out its work should not be adopted. Lastly, the Delegation was pleased to note that the IOD had reviewed WIPO's crisis management during the pandemic as planned since late 2020. The Delegation was looking forward to the final report. During the 32<sup>nd</sup> PBC session, the Delegation had proposed that WIPO evaluate its remote working situation of the global IP service system, to use it as a reference for future normal operation of the organization and other special situations such as pandemics. The Delegation was unsure whether the current IOD review had included the Delegation's previous recommendation as the IP service system, including the PCT and the Madrid system is the main source of WIPO's income. The Delegation hoped that WIPO could consider positively its recommendation.

140. The Delegation of South Africa, speaking on behalf of the African Group, thanked the Director of the Internal Oversight Division for the presentation of the Division's annual report. The Group attached great importance to the work of the IOD, and emphasized the need for the IOD to be independent and impartial at all times. The Group was pleased to see that the Director of the IOD had continued to perform the key task of providing independent and effective internal oversight for WIPO and complied with reporting requirements in line with the provisions of their Internal Oversight Charter. The Group further noted with appreciation that IOD continued to support WIPO in strengthening controls, accountability, transparency, and learning by introducing innovative and fit for purpose tools and practices that would help move WIPO towards high standards in risk management, and program delivery among others. The Group also welcomed their cooperation with other oversight bodies, including the IAOC and the External Auditor. The Group had noted the key findings and recommendations made by the Internal Oversight Division as reflected in the report. The Group noted the evaluation of the Regional Bureau for Africa, and were pleased that the evidence collected during the evaluation revealed the satisfaction with the delivery of the Bureau's mandate. It had shown its role in bringing together a multitude of parties around essential issues and achieving results around capacity building, technical assistance, development of intellectual property, strategies, and public policy. The Group noted the recommendations made in relation to the Bureau and how it could improve its effectiveness, and hoped that the recommendations would be taken into account by the Bureau. The Group acknowledged with appreciation that no staff member refused to provide information or assist in an ongoing oversight process during the reporting period. The Group encouraged WIPO to look closely at the pending recommendations made in the past and ensure that those would be expedited. The Group concluded by thanking the Director of the IOD for the report.

141. The Delegation of Georgia, speaking on behalf of the CEBS Group thanked the Director of the Internal Oversight Division for the annual report contained in the document WO/PBC/33/6.

The Group highly valued the work of the Division and believed that it contributes toward the continuous improvement of the effectiveness and transparency of the Organization. The Group appreciated close cooperation between the IAOC and the IOD. The Group welcomed the results of the audit evaluation and investigative activities carried out, while acknowledging a reduction of pending recommendations made between 2013 and 2016, from 36 to 12, during the reporting period. At the same time, the Group encouraged the Secretariat and relevant stakeholders to implement the 103 open recommendations, particularly the 28 high priority recommendations, and expect the implementation of the recommendations in a timely manner.

142. The Delegation of Japan expressed its gratitude to the Chair of the Program and the Budget Committee, the Director General, the Sector Lead for the Administration, Finance and Management Sector, the Director of the Internal Oversight Division and the Secretariat for their dedication and efforts in organizing the 33<sup>rd</sup> PBC session. The Delegation aligned itself with the statement delivered by the Delegation of the United Kingdom on behalf of Group B. The Delegation thanked the Director of the Internal Oversight Division for the detailed report, which provides a comprehensive overview of the IOD's work. The Delegation believed that the importance of internal oversight should not be underestimated since this is essential to ensure that sound management practices are implemented within any organization. The Delegation hoped that the Secretariat would take appropriate steps to address the recommendations made by the IOD. Regarding the evaluation of Program 32, the Lisbon System, the Delegation was pleased that the general assessment was positive. However, the report also identified some aspects that could be strengthened, this included, number one, to redefine the program, prioritization and the implementation of promotion activities, two, to develop a more structures work plan and reassessment of budgetary and human resource requirements, three, to define working level performance indicators, and four, to develop a restructured IT system. The Delegation asked the Secretariat to explain its measures to respond to the IOD's suggestions.

143. The Delegation of the United States of America appreciated the work of the Internal Oversight Division during 2020, especially given the challenges posed by the Covid-19 pandemic. The Delegation thanked the IOD for the comprehensive report and thanked the Secretariat for its attention and addressing high priority IOD audit recommendations from prior years. The Delegation encouraged the Secretariat to implement remaining open IOD audit recommendations as soon as possible, especially the high priority recommendations from 2018 and 2019, which could expose the Organization to significant risk the longer those recommendations remained open. The Delegation requested more information from the Secretariat regarding the current efforts taken to implement the 14 pending medium priority recommendations made between 2013 and 2017. The Delegation noted that the program on human resources management and development made up 42 per cent of the 28 high priority recommendations. The Delegation welcomed more details on the progress of implementation of those recommendations, including any progress made since closure of the reporting period. The Delegation welcomed the information provided on the data analytics project and its focus on enabling continuing audit capacities. The Delegation understood that IOD intended to complete the project by the third quarter of 2021. The Delegation asked if the Director of the IOD could clarify the current status of that initiative. Finally, the Delegation noted the generally positive results of both the satisfaction survey and the self-assessment conducted by the internal audit and investigation functions. The Delegation asked if those exercises yielded any recommendations for improving IOD's work, aside from those provided by the Division's external assessment.

144. The Delegation of the Russian Federation thanked the Director of the IOD for preparing the report and for his presentation. The Delegation stated that it appreciated the important role of the IOD in strengthening accountability, transparency, and professional training for staff. The Delegation expressed its satisfaction with regard to the conclusion that the positive changes had been made. The Delegation hoped that the Secretariat would take into account the identified possibilities to further enhance transparency and improving mechanisms for

management focused on specific results. The Delegation acknowledged the work undertaken to assess the work of the IOD which was in line with the work of WIPO conducted throughout the entire world. The Delegation thanked the IOD for carefully studying the planning process and for the implementation of projects on the ground. The Delegation noted the conclusions and the relevance of the volume of work and the measures taken within the context of the Lisbon Registry of WIPO. The Delegation supported the use of the recommendations that had been within the context of the internal audit, as WIPO had undergone a restructure. The structure of the Program of Work and Budget had changed significantly and the Delegation felt that a revision of the current recommendations would allow the continuation of the work to improve the internal control systems. The Delegation drew attention to the importance of updating the WIPO Risk Appetite Statement taking into account the COVID-19 pandemic, and the developments within IOD, which would take into account the new realities. In the context of the work to further improve the accountability system, the Delegation support the recommendation of the External Auditor that suggested that there should be an annual internal auditor opinion and conclusions that would be prepared each year on risk management and on the internal control system. The Delegation supported the participation of IOD in the risk management group. The Delegation acknowledged the effective work conducted and the conclusion of the work on the indicators. The Delegation was delighted to note that there had been no violations. The Delegation looked forward to the implementation of the recommendations. The Delegation was in favor of the publication of all auditor reports of the IOD. This would ensure greater transparency in the functioning of the auditing system. The Delegation concluded by again thanking the Director of IOD for his effective work and for implementing this important mission for the organization.

145. The Secretariat thanked the delegations for their appreciation of the work being done by IOD as this encouraged the Division to go forward and fulfill its mandate effectively. Concerning the question from the Delegation of China on the assurance mapping high residual risks, especially information security risks, and the need to mitigate and eliminate these risks, the Secretariat clarified that the assurance mapping is a map at a given point of time and risks are of an evolving nature. The report had been taken note of and the mapping was developed in collaboration with all assurance providers, including the second line in the Controller's office and the Information Security Division. Those offices could assist with this issue and the appropriate measures being undertaken. However, risk could not be eliminated entirely. The Secretariat pointed out that in any scenario, some risks would remain and the Organization could only mitigate risks and bring them down to a certain acceptable level, which was reflected in WIPO's Risk Appetite Statement. The Secretariat stated that they appreciate the comment that inputs from the Member States or the national offices should be taken to decide on the baselines and the targets on the ex-ante evaluation of the Regional Bureau for Asia and the Pacific. On the crisis management consultancy review, which had been ongoing, the report would be out in the coming months. There had been extensive interaction with WIPO staff and the Member States through surveys. The Secretariat was grateful to the Member States for very positive and strong responses received on crisis management. The report on that review was at the draft stage. The Secretariat shared that there had been 22 lessons learned and the advantages of remote working had been captured in that report. The Secretariat stated that the issues raised by the Delegation of Japan would be clarified. On the request from Delegation of the United States of America on an update on the data analytics project, the Secretariat stated that at that moment, the project was at a very advanced stage of completion, as planned for in the third quarter of 2021. The IOD was testing the scripts, for the queries and there was a portfolio for about 50 queries, which was being developed. The IOD was testing that extensively to get the right results and did not want to rush into something, which was not useful. On the satisfaction surveys, the Secretariat explained that the organization had received comments from time to time from programs, which helped to put it in the feedback mechanism when finalizing the annual plan as well as each individual engagement. Those engagements factored in the comments received from those satisfaction surveys. On the Delegation of the Russian Federation's comment about publication of all IOD reports in all six United Nations official

languages, the Secretariat stated that as per the Internal Oversight Charter, all IOD reports are published on the WIPO public website. Wherever there is apprehension about the safety and security of the Organization, there is a discretion in consultation with the program managers to either redact or withhold those reports. Those reports are available to all the Member States upon request and the Secretariat would be happy to share any of the redacted or withheld reports.

146. The Secretariat thanked IOD for the evaluation report of the Lisbon System and its mention as part of the Annual IOD Report. The Secretariat recalled that the period covered by this report was right before the entry into force of the Geneva Act of the Lisbon Agreement. The evaluation process helped identify the challenges faced and solutions to be found either within the WIPO Secretariat or from extra-budgetary resources in the future. Since 2016, starting period of the evaluation report, and up to date, the Sector Lead assured the delegations that the situation in the Lisbon Union had changed significantly for the better. For more details of the situation, the Secretariat provided a status update.

147. The Secretariat stated that the Lisbon System had been developing rapidly since the evaluation report was issued with 10 contracting parties having adhered to the Geneva Act. The last accession to the Geneva Act took place just a few days before, at the end of August. With the accession of the European Union, the Geneva Act already covered 34 countries only six years after its adoption, which was more countries than those having adhered to the Lisbon Agreement over 60 years. In 2021, there had been a significant growth of applications for international registrations with a 500 per cent increase compared to the average in past years, as stated by the Director General in the opening of the *Worldwide Symposium on Geographical Indications*, and an even higher increase in other transactions under the Lisbon System. The resulting increased workload, although positively received by the Secretariat, also meant that those working in the Lisbon Registry Division were now working under very intensive working conditions. The staff members concerned were nevertheless fully committed to respond as best as they could to such an increase in the number of applications, as well as to the increasing number of requests for assistance by countries interested either in joining the Lisbon System or already in the post-accession phase. The Secretariat also explained that the Lisbon Registry was in the process of developing its IT system so that it could offer modern and efficient services similar to those offered by the other WIPO global IP services, to make it possible for users of the Lisbon System to undertake all transactions online in a near future, from the submission of an application for international registration to the central management of all transactions (centralized portfolio management). The new eLisbon services will be included in the WIPO Portal. The Secretariat concluded by saying that those automatized services would progressively be made available over the following year.

148. The Secretariat stated that he wanted to put on the record that the Organization had taken very good note of the comments by the Member States on the importance of accelerating or closing outstanding recommendations, particularly those long outstanding recommendations. On the question from the Delegation of the United States of America on the Human Resources recommendations, he stated that he would defer further comment on that matter to the Human Resources Annual Report which would be discussed under Item 11. On the Group B question of the methodology of the home leave lump sum, he explained that the previous benchmark set by the International Air Transport Association, which was the return economy class unrestricted fare, was discontinued a few years prior. A number of United Nations organizations used that as the basis for calculating their home leave lump sum and WIPO had been looking to identify a new methodology that would allow a fair calculation of the lump sum proportions. The Organization had been working on this during the course of the 2021 summer and had arrived at a new calculation methodology which is based on 80 per cent of the average prices of three suppliers at three particular points in the year. This was an average fare calculation that was done by Carlson Wagonlit Travel, WIPO's external provider. It was one of the benchmark fares that they prepare. This had been used by several United Nations agencies. This new



calculation would lead to an overall reduction in the lump sum amounts. WIPO proposed to implement this new lump sum calculation from January 2022. The Secretariat emphasized that the timings were not certain at that point since the Covid-19 pandemic had led to a fair bit of instability in airfares. Implementation would depend on exactly when Carlson Wagonlit Travel could provide a new reliable benchmark. Finally on the questions from Group B on the audit and integrity view of staff benefits and entitlement, particularly for WIPO staff with a spouse working at another United Nations Organization, he explained that WIPO had stepped up its systematic inquiries with other United Nations organizations to ensure that the benefits would not be paid twice. That was something where the Secretariat had enhanced its controls. WIPO continued to engage with other United Nations bodies on this matter to ensure that WIPO would only be paying, collectively, the same benefits.

149. The Secretariat explained that on the high information security residual risks as noted in the IOD Report in paragraph 23, the report states, "This is mainly explained by the inherent nature of these risks, and not by weaknesses in the design and/or implementation of relevant controls." The Secretariat clarified that the Director General and the Risk Management Group members reviewed on a constant and continuous basis any changes to that category of risks as well as all other categories of risks. The Secretariat pointed out that the Director of the Internal Oversight Division had been an observer of the Risk Management Group.

150. The Chair thanked the Director of the Internal Oversight Division for the very precise work carried out under the Division. It had been clear that there was a constant desire to make progress to improve and to find resolutions to implement the recommendations. There had been a number of recommendations which had been pending and delegations had raised the point to see greater implementation of those recommendations in order to improve the way that the Organization worked for all. On behalf of delegations, the Chair recommended to the Secretariat and to the IOD to take note of all of those comments in order to have constant improvement in terms of transparency and the other requirements. As there were no further requests for the floor, the Chair read out the decision paragraph, which was adopted.

151. The Program and Budget Committee (PBC) recommended to the WIPO General Assembly to take note of the "Annual Report by the Director of the Internal Oversight Division (IOD)" (document WO/PBC/33/6).

## **ITEM 9     PROGRESS REPORT ON THE IMPLEMENTATION OF THE JOINT INSPECTION UNIT'S (JIU) RECOMMENDATIONS**

152. Discussions were based on document WO/PBC/33/7.

153. The Chair introduced Agenda item 9, Progress Report on the Implementation of the Joint Inspection Unit's (JIU) Recommendations. The Chair stated that this report provided an update on the progress made on the implementation of recommendations of the Joint Inspection Unit (JIU). The document also provided an update of progress made with the implementation of the recommendations pending addressed to the Legislative Bodies of WIPO, resulting from the studies of the JIU between 2010 until the end of May 2021. This document also presented the Secretariat's assessment of the JIU benchmarks on risk management. The Chair passed the floor to the Secretariat to introduce the document.

154. The Secretariat introduced document WO/PBC/33/7 and explained that the purpose of this document was to present a review on the status of implementation of the JIU recommendations addressed to Legislative Bodies. The JIU had issued 17 recommendations from nine new reviews relevant to WIPO and recommendations currently outstanding and under implementation by WIPO had been from reviews issued in 2016 to 2020. The recommendation on fraud prevention, detection and response in United Nations systems had been implemented in 2020 and was now reflected as closed in this report. Subject to the endorsement of Member

States in respect of recommendations contained in Annex I of document WO/PBC/33/7, there would be nine recommendations addressed to WIPO's Legislative Bodies, which would remain outstanding, all other recommendations would be closed, meaning either implemented or considered as not relevant or not accepted. The JIU had also issued 22 recommendations addressed to the Executive Head. An overall 82 per cent of all the 393 recommendations made since 2010 and relevant to WIPO would have been implemented with a further 8 per cent closed, not relevant or not accepted and 10 per cent accepted and in the process of being implemented. In October 2020, the United Nations Joint Inspection Unit had issued a report on "Enterprise Risk Management: approaches and uses of the United Nations system organizations" (report JIU/REP2020/5). Recommendation 1 of this report proposed a comprehensive review of each organization's risk management implementation against the benchmarks 1 to 9 and the recommendation 4 pertained to the reporting of the outcomes of this review to the governing bodies. Annex II of the document WO/PBC/33/7 contained the outcomes of this review as of June 30, 2020. WIPO had been very active in implementing enterprise risk management and had been at the forefront within the United Nations system. The Secretariat indicated that it chaired a risk management task force set up by the HLCM alongside the World Food Program in that capacity and had engaged intensely with JIU during their review of enterprise risk management. The Secretariat had reported on the implementation of enterprise risk management, to its Risk Management Group (RMG), an internal body, established in 2014. This body had continued to be chaired by WIPO's Director General and WIPO had reported on the progress within the group and its observations and findings to the Independent Advisory Oversight Committee (IAOC) on a regular basis. The JIU had recognized WIPO as a leading organization in the United Nations system in terms of implementing its recommendations. At a recent meeting between the JIU and WIPO's Director General, the JIU had expressed appreciation to WIPO and staff members for the diligent work and follow-up on JIU matters. WIPO has worked on continually improving the implementation rate of the recommendations from the JIU. In this regard, the three outstanding recommendations to the Executive Head from 2016 on security had been practically implemented as of now and the status of these will be updated in the next report to the PBC. The recommendation on eliminating traveling first class for the Director General had been in practice and implemented since October 2020, when the new Director General started his tenure. Since his appointment, he had not used the entitlement and the status of this recommendation will be changed to implemented once the changes to the staff rules have been made and informed to the Coordination Committee. WIPO was making good progress in other recommendations whose due dates for implementation are end of 2021 and 2022. These included recommendations of review of multilingualism. The Secretariat reiterated on the fact that WIPO was very conscious of how multilingualism was important for many Member States. The recommendations had been addressed by the language taskforce and the languages policy that had been tabled in the Program and Budget Committee (PBC) session in July and had been recommended for adoption. Upon approval by the forthcoming assemblies of the language policy, the multilingualism related recommendations would be closed. The Secretariat pointed out that WIPO remained in the blockchain discussions and reminded the Member States about the event in September 2021, where WIPO would launch a blockchain White Paper for the IP ecosystems. The Secretariat shared that JIU reports touched upon a wide variety of topics and that all colleagues responsible stood ready to answer any questions, bearing in mind that WIPO assigned clear responsibility for the implementation of each recommendation.

155. The Delegation of the United Kingdom, speaking on behalf of Group B, welcomed the progress report on the implementation of the Joint Inspection Unit's recommendations contained in document WO/PBC/33/7. The Delegation was aware that as of May 2021 there were 25 JIU outstanding recommendations, and was expecting that the JIU recommendations relevant to WIPO would continue to be implemented as appropriate and in a timely manner. The Group was pleased to see the implementation of the review of mainstreaming environmental sustainability across the organization.

156. The Delegation of Georgia, speaking on behalf of the CEBS Group, thanked the Secretariat for preparing document WO/PBC/33/7 which enabled the Member States to monitor the implementation of the Joint Inspection Unit's recommendations. The Group was pleased to note that the Secretariat continued its work to facilitate and coordinate responses to the JIU's questions, surveys and interviews in relation to ongoing and new reviews. The Group was aware that the vast majority of recommendations made since 2010 had been either implemented or accepted. At the same time, the Group encouraged the Secretariat to continue to work on the remaining recommendations. The Group indicated its commitment to engage in the discussions of the implementation of the recommendations, which required actions by Member States.

157. The Delegation of South Africa, speaking on behalf of the African Group, thanked the Secretariat for preparing the progress report on the implementation of the Joint Inspection Unit's recommendations as contained in document WO/PBC/33/7. The Group commended WIPO for the consistent cooperation provided to the JIU, the United Nations Educational, Scientific and Cultural Organization (UNESCO) followed the work of the JIU which promoted efficiency, effectiveness and coordination in the United Nations system. The Group actively sought to implement these fully. In some cases, the recommendations of the JIU were similar to policies and systems already in existence with WIPO, which reflected well on WIPO's internal systems. The Group noted with appreciation that WIPO had accepted all the JIU reviews in 2020 with all but one either ready to be implemented or in progress. The Group noted that 82 per cent of the 393 JIU recommendations made since 2010, and which were relevant to WIPO, would have been implemented with a further 8 per cent closed, and 10 per cent accepted and in the process of being implemented. The Group indicated that it would be useful to know which recommendations were deemed to not be relevant to WIPO or not accepted. The Group was pleased to see that WIPO was doing well in the presentation of the enterprise risk management against the benchmarks set by the JIU, and appreciated that WIPO's risk management seems to be generally effective, as also confirmed by other oversight bodies, noting the areas for potential improvement. In conclusion, the Group pointed out that the reference in the document to the acronym AMC in page 2 of the document, did not seem to be anywhere written in full.

158. The Delegation of China thanked the Secretariat for updating the implementation of JIU recommendations once again and was pleased with the overall implementation of JIU recommendations. With the tireless efforts of the Secretariat, the majority of the recommendations of the JIU had been implemented. This had helped to improve WIPO's work, and helped the organization to be better integrated in the overall framework of the United Nations system. The Delegation was also of the view that WIPO was a leading organization in the implementation of the JIU report within the United Nations system. Therefore the organization, while paying attention to the related recommendations within the JIU reports, should also take due consideration of the overall content of JIU reports in its routine work and strategic designs. The Delegation of China noted that the Secretariat had conducted a self-assessment against the JIU benchmarks of risk management and welcomed the proposal by the Secretariat that in the future that in WIPO Performance Report, the risk evolution situation would be included for the discussion of the Member States. The Delegation encouraged WIPO to develop more risk control measures in different aspects including information security, information communication technology and human resources performance. The Delegation encouraged WIPO to use more data analysis and evidence documents in internal risk controls. The Delegation was happy to note that the Secretariat had accepted and was implementing the report on multilingualism in the United Nations system (JIU report JIU/REP/2020/6). During the 32<sup>nd</sup> session of the PBC in July, the Delegation had made its proposals during the discussion on the agenda item on the revised language policy. The Delegation hoped that WIPO could translate all formal legal and procedural documents concerning global IP service systems into all six United Nations official languages. The Delegation believed that measure would greatly boost the good implementation of this recommendation, and hoped that in the future, WIPO would positively consider this proposal made by China. The Delegation hoped that the

Secretariat could implement its administrative and operational guidelines in order to implement the amended language policy, and wished to stay in contact with WIPO in this regard. The Delegation highly valued and appreciated the positive role played by the Director of the Language Division as the multilingual coordinator. The Delegation re-emphasized that the organization should strengthen in its efforts to use all United Nations official languages in its conferences and meetings, communication, and IP global service system.

159. The Delegation of Spain supported the statement made by the Delegation of the United Kingdom on behalf of Group B. In this connection, the Delegation stressed the recommendations of Annex I intended for the Legislative Bodies of the organization participating in the JIU. More specifically, the Delegation highlighted the recommendation concerning the blockchain application in the United Nations system and asked if it was ready for operations. The Delegation recommended that WIPO study in greater depth how to make the applications more operational concerning blockchain applications in the United Nations system, in order to improve their implementation for the internal processes of Member States. The Delegation was aware that there had been an initiative underway and that currently action was being taken in the Committee on WIPO Standards in which the Delegation participated actively. There were other recommendations that had not been initiated and the Delegation wished that they would be initiated. The Delegation believed there could be clear improvements for the operational activities in WIPO, as this was of fundamental importance to meet the challenges of intellectual property in the immediate future. The second recommendation which the Delegation highlighted was the importance of multilingualism in the United Nations system. Despite the fact that there were several recommendations underway, the Delegation re-emphasized upon the need to continue with the good work of the organization in order to give greater potential to multilingualism, as the Delegation considered this as a key pillar within the United Nations system.

160. The Delegation of Belarus, speaking on behalf of the CACEEC Group, thanked the Secretariat for the document on the progress report and implementation of JIU recommendations. Generally speaking, the Group considered work on the implementation of the recommendations was going ahead effectively. Overall, around 80 per cent of the 320 recommendations had been implemented or were being implemented. The Group wished to draw attention to the issue of multilingualism within the United Nations system, which was addressed by other Member States and was happy to note many of the recommendations in this area were also being implemented.

161. The Delegation of the Russian Federation endorsed the statement made by the Delegation of Belarus on behalf of CACEEC Group and thanked the Secretariat for preparing the document. It was clear that, generally speaking, work on implementation of these recommendations was going forward successfully. The Delegation drew attention to the review by the JIU and its recommendations on multilingualism, which was important to be implemented throughout the United Nations system and in WIPO. The Delegation thought that was very important in order to ensure that everyone could participate on the same footing and therefore equal importance should be given to all of the six languages within WIPO. In the future, the Delegation wished to emphasize the importance to include in the WIPO documents on progress in implementation of JIU recommendations, detailed information on the implementation of recommendations, not just those addressed to the Legislative Bodies but also those addressed to the Executive Head. The Delegation indicated that having information on this was something that could be set forth in the document in the same way as the current document, as contained in Annex I of this report. The Delegation agreed that the information on recommendations addressed to the Executive Head would be useful and having the same kind of information available would give a fuller picture of how all of the recommendations from the JIU were being implemented. The Delegation approved the assessment of the Secretariat with the reference to the report and agreed that work needed to be done on those recommendations which had not been fully implemented.

162. The Delegation of the United States of America thanked the Secretariat for this report and for its efforts to implement the United Nations Joint Inspection Unit recommendations and recognized WIPO's achievement of implementing all outstanding recommendations of applicable JIU reviews, spanning the years 2010 to 2016, as well as implementing recommendations from the recent reviews. This included embedding recommendation 4 from JIU Report JIU/REP/2020/5 on carrying out a comprehensive review of the organization's implementation of enterprise risk management against certain JIU benchmarks, as further reported on in Annex II in the document. The Delegation also wished to recognize WIPO's commendable facilitation of Legislative Body implementation of key recommendations, especially those from the JIU's 2020 review of the state of the investigation function, document JIU/REP/2020/1. The Delegation noted that such progress included periodic reviews of WIPO's oversight charter for recommendation 1, establishment of term limits for its internal oversight for recommendation 5 and incorporation of rules of procedure for ending conflicts of interest when reviewing and investigating potential misconduct claims involving key organizational leadership positions for recommendation 7. The Delegation noted such progress had been achieved before the 2021 deadline, nevertheless, the Delegation encouraged WIPO to reassess and pursue or finalize implementation of outstanding recommendations including recommendation 3, from the investigation function review and those pertaining to reviews from 2016 to 2019.

163. The Secretariat took note of all of the interventions and thanked all the delegations for their engagement and encouragement. The Secretariat indicated that the Office of the Controller was the focal point for the JIU follow-ups and assured the delegations of its fullest commitment to continue to implement outstanding recommendations across the organization. The Secretariat had always taken this very seriously and it would continue to do so. On the question from the Delegation of South Africa speaking on behalf of the African Group on the acronym AMC, the Secretariat explained that it stood for the Arbitration and Mediation Centre. To respond to the question from the Delegation of Russia regarding the focus on the recommendations addressed to Legislative Bodies only, the Secretariat responded that it was very conscious of the delegations' time and efficiency, and hence had focused on the recommendations to Legislative bodies as the most important table to the PBC on a regular basis. The Secretariat indicated that the recommendations addressed to the Executive Head were of course a matter that the Director General was continuously monitoring. As mentioned earlier, the Secretariat had always had an efficient monitoring process inside the organization, furthermore, it had always reported on the Executive Head recommendations to the IAOC. The Secretariat had always shared with the IAOC a detailed status and this reporting mechanism had been in place for many years. However, the Secretariat expressed its flexibility should there be a decision to include in future reports, the status of the Executive Head recommendations, bearing in mind that this would increase significantly the length of the report, should there be another Annex added.

164. The Delegation of the Russian Federation thanked the Secretariat for the additional clarification given. The Delegation confirmed that the additional information on the recommendations addressed to the Executive Head would be useful for the work of the PBC as a whole. The Delegation admitted that no proposal to amend the decision had been planned. If necessary, in order for the next session of the PBC to get this additional information on recommendations addressed to the Executive Head, the Delegation agreed that the PBC could amend the draft decision or add to it to reflect this additional point in the decision paragraph.

165. The Secretariat thanked the delegations for their comments on multilingualism and thanked the Delegation of China for their kind words on the Director of Language Division. The Secretariat indicated it would be extremely committed to implementing these two recommendations on multilingualism. The Secretariat reminded the delegations that during the previous PBC session, the PBC had discussed the Secretariat's language policy. This item would go to the General Assemblies for the Member States' consideration and, subject to the

General Assemblies' views, the Secretariat indicated it would be in a position to close the two recommendations and report back to the PBC.

166. The Secretariat responded to a question from the Delegation of South Africa on behalf of the African Group on the three recommendations that were not relevant or not accepted. Two of the three recommendations were from JIU Report JIU/REP/2019/8 "Review of staff exchange and similar inter-agency mobility measures in United Nations system organizations": Recommendation 6 (considered as "not relevant") The Secretary-General, in coordination with other Executive Heads in the framework of the High-Level Committee on Management, as he considers appropriate, should, by the end of June 2022, articulate the business case for inter-agency mobility by setting out what it should accomplish for the organizations as well as how it contributes to human resources management objectives and to the delivery of programmatic results. Such a business case could usefully examine success stories, such as the impact on career trajectories; Recommendation 7 (considered as "not relevant") The Secretary-General, working with other Executive Heads, should assess the impact of the United Nations system leadership framework on the development of a common management culture supportive of a One United Nations mindset and report to the Economic and Social Council at its 2022 session in the context of his report on the work of CEB. They should also consider the possibility of using this framework to strengthen a common management culture in United Nations organizations through the inter-agency mobility of a pool of managers, as had been envisaged through a Senior Management Service that CEB had planned to implement in 2004. The third recommendation came from JIU Report JIU/REP/2018/6 "Enhancing accessibility for persons with disabilities to conferences and meetings of the United Nations system": Recommendation 9 (considered as "not accepted") The Executive Heads of United Nations system organizations should develop and implement through relevant inter-agency mechanisms, by December 2021, a common system-wide mandatory specialized training module on disability inclusion and accessibility for personnel involved directly or indirectly in the servicing of conferences and meetings, including, but not limited to, staff in conference management, facilities and services management, human resources management, and procurement, legal, ICT, medical, public information and safety and security services. WIPO's response to this recommendation was: "WIPO welcomes the opportunity to discuss, through relevant inter-agency mechanisms, the proposal for the development of core training material, which could be adapted and used by participating organizations in accordance with their respective business models and needs. However, WIPO does not support the 'mandatory' and inflexible/prescriptive nature of the training requirement." The two recommendations, as they were addressed to the Secretary-General under the work of the Chief Executive Board (CEB), were therefore not applicable to WIPO and WIPO welcomed the opportunity to discuss this matter with relevant interagency mechanisms. On the third WIPO assessed that to prescribe in a very binding manner, the same training modules to all agencies, may not be very appropriate, and WIPO would continue to engage in the interagency mechanisms to identify how WIPO could adapt, what the system is doing as a whole then tailor it to the WIPO needs and priorities. The Secretariat agreed to add the point in the decision paragraph with regard to the inclusion of a detailed report on the progress on implementation of recommendations addressed to the Executive Head.

167. As there were no further comments, the Chair read out the decision paragraph which was adopted:

168. The Program and Budget Committee (PBC):

- (i) took note of the present report (document WO/PBC/33/7);
- (ii) welcomed and endorsed the Secretariat's assessment of the status of the implementation of recommendations under:
  - JIU/REP/2020/8 (Recommendation 2);

- JIU/REP/2020/1 (Recommendations 1, 5, 6, 7, 8, 9 and 10);
  - JIU/REP/2019/6 (Recommendations 4 and 6); as set out in the present report;
- (iii) welcomed and took note of the Secretariat's assessment of the JIU benchmarks on risk management;
- (iv) called on the Secretariat to propose assessments for the open recommendations made by the Joint Inspection Unit (JIU) for Member States' consideration; and
- (v) requested the Secretariat to include detailed information on the implementation of JIU Recommendations addressed to the Executive Head in future progress reports.

## **ITEM 10 ANNUAL FINANCIAL STATEMENTS 2020; STATUS OF THE PAYMENT OF CONTRIBUTIONS AS AT JUNE 30, 2021**

### **(A) ANNUAL FINANCIAL REPORT AND FINANCIAL STATEMENTS 2020**

169. Discussions were based on document WO/PBC/33/8.

170. The Chair introduced Item 10(a), Annual Financial Report and Financial Statements 2020 and invited the Secretariat to present the report.

171. The Secretariat stated that the Annual Financial Statements for 2020 included the Annual Financial Report and the Financial Statements for the year end as at December 31, 2020. The Secretariat explained that the Financial Statements had been prepared according to the International Public Sector Accounting Standards (IPSAS) and had received an unqualified audit report. Additionally, the document included WIPO's Statement on Internal Control, which had previously been included with the Report by the External Auditor. The Secretariat indicated that the Annual Financial Report provided a discussion and analysis of the results for the year as well as details of the financial position of the Organization at the end of December 2020. The Organization's result for 2020 showed a surplus for the year of 135.9 million Swiss francs, with total revenue of 468.3 million Swiss francs, total expenses of 365.8 million Swiss francs, and investment gains of 33.4 million Swiss francs. That could be compared to a surplus of 97.7 million Swiss francs in 2019, with total revenue of 457 million Swiss francs, total expenses of 401.4 million Swiss francs, and investment gains of 42.1 million Swiss francs. Total revenue in 2020 was up by 2.5 percent on the 2019 figure. Total expenditure in 2020 was down by 8.9 percent, compared to 2019. The Secretariat stated that as at December 31, 2020, the Organization had net assets of 387.1 million Swiss francs, with total assets of 1.390.9 million Swiss francs and total liabilities of 1.003.8 million Swiss francs. During 2020, the Organization's net assets increased by 22.9 million Swiss francs. The surplus for the year of 135.9 million Swiss francs was largely offset by the increase in actuarial losses related to WIPO's liability for the After Service Health Insurance (ASHI), which totaled 114.9 million Swiss francs and was recognized through net assets.

172. The Secretariat then proceeded to answer questions raised regarding ASHI, not only those made in response to observations by the External Auditor but also questions related to a suggestion made by the Independent Advisory Oversight Committee (IAOC) in its Report that 'controls be established to mitigate the risks related to retirement benefits'. The Secretariat explained that with the increase of 139.1 million Swiss francs recorded in 2020, ASHI had become the largest liability on the Organization's Statement of Financial Position. Recognizing

the significance of such an item, it was important to ensure that adequate controls existed for such an item. The first of those controls concerned its calculation. The ASHI liability was calculated by an independent external expert and WIPO Finance together with WIPO's Human Resource colleagues provided data and were available to answer any questions on the provided data, which the expert actuary might have. The Secretariat indicated that the calculation was not prepared in house. The Secretariat proceeded to explain that the work of the actuary was reviewed by management, and it was subjected to extensive auditing by the External Auditor. In 2020, the External Auditor had engaged its own in-house actuarial experts. Across the United Nations (UN) system, although Organizations worked with different actuaries, the Secretariat explained that there were perhaps only four or five different firms involved, they worked closely in respect of the key assumptions which were used by the actuaries in their calculations and this ensured a consistent approach across the UN system. An example of this was that the same discount rate was used across all Organizations with liabilities falling due in Swiss francs when calculating such liabilities. Two years ago, WIPO had changed its actuary and the new actuary had prepared the studies used in 2019 and 2020. The new actuary had also modified certain assumptions, bringing WIPO more into line with sister Organizations. The main modification that had the most significant impact on the calculation concerned the inclusion of actual medical costs, as opposed to the insurance premium paid by the individual staff member or retiree and the Organization. That impact could be seen in the table at the top of page 38 of the English version of the Financial Statements, where it was described as "medical claims age grading." That assumption had added 106.5 million Swiss francs to the liability in 2020. Previously, that is to say up until the end of 2018, the calculation took into account the insurance premium only. On average older staff members and retirees were less healthy than younger staff, and the excess of their medical claims was effectively subsidized by younger staff members whose medical claims tended to be lower than the cost of the premium paid for them. That situation was standard for medical insurance. Unfortunately, to conform to the International Public Sector Accounting Standards (IPSAS), WIPO had to regard its staff population as a closed group. This meant that the actual actuarial calculations could not include any new members of staff which meant that the population covered by the study became older and less healthy. Hence, the fading away of any subsidy effect. The Secretariat stated that proceeding in such a manner was not realistic since WIPO kept recruiting new staff members but they were not allowed to be considered in the ASHI calculation. The Secretariat then noted the importance of managing the cost and risk of its Collective Medical Insurance Plan (CMIP). The Organization had secured an insurance contract that allowed a level per person premium to be paid for existing retirees and active staff, thus reducing the cash paid on behalf of older retirees relative to their incurred medical costs. For the second area of control, in accordance with the WIPO Policy on Investments, the Organization would, in the following year, commission an Asset and Liability Management study known as an ALM study. The results of the study would be used to determine the funding needs and any update to the strategic asset allocation required to adequately fund the ASHI liability. One of the big advantages of such a study was that the staff population was treated as an open group, thus taking into account new recruits and the subsidy effect, which was known to exist with regards to the provision of medical insurance to WIPO staff and retirees. The results of the ALM study would therefore be more realistic and could possibly indicate that there would be no need to fund the entire ASHI liability. Undertaking an ALM study on a regular basis - the policy on investments required WIPO to do a study every three years - was a key control with regards to ASHI. The Secretariat reiterated that work would be undertaken by an independent external Actuarial Expert, and the results would be reviewed by WIPO's external Investment Advisors. Their advice would then help to guide the Advisory Committee on Investments with regards to the investment of strategic cash, which had so far been set aside to finance the long-term employee benefits liabilities. With the results of the ALM study to be conducted in 2022, WIPO's Finance Division would put together a funding plan in respect of the long-term employee benefit liabilities, including ASHI. Additionally, the idea of creating a separate entity to house ASHI assets and liabilities as permitted by IPSAS would be reviewed again. The funding plan together with any



recommendations would also be submitted to Member States at the following Program and Budget Committee (PBC) session. Finally, the Secretariat stated that it was aware of the need to make efforts to contain the liability's growth. It was for that reason that the Organization had actively participated in the ASHI Working Group, which had existed for several years and involved the vast majority of UN organizations. The Working Group no longer existed, but ASHI related discussions had continued within the Finance and Budget Network, largely as a result of WIPO's efforts to retain the subject on the agenda. The Finance and Budget Network had agreed to discuss financial risks on an ongoing basis, and WIPO as Co-Chair was represented by the Secretariat. The Secretariat would take the opportunity as it had done previously to underscore the need to discuss risks related to growing employee benefit liabilities. WIPO monitored developments across the UN system with regards to measures to mitigate growth in the liability, particularly with regards to those measures proposed by the ASHI Working Group in its final Report to the UN General Assembly. The Secretariat hoped that it had responded to the questions raised in connection with the ASHI observations made by both the IAOC and the External Auditor, and said that it would be available to respond to further questions.

173. The Delegation of South Africa, speaking on behalf of the African Group, thanked the Secretariat for the preparation of the comprehensive Annual Financial Report and Financial Statements for the year 2020. The Group noted the overall healthy and stable financial position of WIPO, and took the opportunity to applaud the entire WIPO team for exercising prudence with the Organization's resources. The Group stated that WIPO had finally established itself in the United Nations system as an Organization with an impressive financial track record and it was important that the track record be maintained. The Group then expressed the importance of strengthening internal controls, even if they were already strong as observed by the External Auditor. The Group appreciated the explanatory nature of the Financial Report that accompanied the Financial Statements, which was useful in providing context to the numbers in the Financial Statements. The Group welcomed the Organization's financial results for 2020, which showed an increase in revenue, surplus and investment gains, whilst recording a decrease in expenditure. The Group was aware that part of the decrease in expenditure was as a result of the COVID-19 pandemic which had eliminated costs like travel. The Group also noted that the PCT System continued to be the largest source of revenue with the system's fees accounting for 76.6 percent of total revenue. The Group stated that the continued efficient operation of the PCT and other registration systems was critical, and it encouraged WIPO to ensure that systems operated at an optimal level. The Group called on WIPO to also ensure that developmental activities were sufficiently funded from WIPO's financial resources, as the Group believed that this would result in greater participation in the Intellectual Property ecosystem, thus contributing to its inclusiveness and consequently providing more users for WIPO's registration services. Even though the Group expressed its satisfaction with the overall financial position of WIPO, it reiterated its concerns with employee benefit liabilities which represented a significant risk for the Organization. The Group however indicated that it appreciated the additional information that had been shared on ASHI, as well as the proposed funding plan. The Group concluded by thanking once again the Secretariat for the Annual Financial Report and the Financial Statements.

174. The Delegation of the United Kingdom, speaking on behalf of Group B, thanked the Secretariat for preparing and presenting document WO/PBC/33/8. The Group noted that the Financial Statements had been prepared according to the International Public Sector Accounting Standards and commended the Organization for obtaining a clean audit opinion. The Group welcomed the Organization's positive financial results and its revenue growth in 2020. The Group noted the decreased use of the Madrid System, however as a counterweight. The Organization's total expenses had also decreased as indicated in the previous statements. The Group concluded by noting as set out in previous statements its growing concern about ASHI liabilities.

175. The Delegation of China, thanked the Secretariat for the preparation of the Annual Financial Report which had abided strictly by the International Public Sector Accounting Standards (IPSAS) for its preparation, which also reflected completely again the Organization's open, transparent and meticulous financial management style. The Delegation also expressed its satisfaction with the long-term healthy financial situation and the continuous growth of the Organization's surplus and net assets. The Organization's stable financial situation was also one of the main benefits for global users and the increased trust and demand in the PCT System and other international Intellectual Property services. The Delegation noted that the Organization's financial surplus was unprecedented in 2020, reaching 136 million Swiss francs. The Delegation hoped that WIPO would make good use of its funds and that it would devote more resources to the general improvement of WIPO's Intellectual Property services system and Intellectual Property for development.

176. The Delegation of Georgia, speaking on behalf of the Central European and Baltic States Group (CEBS), thanked the Chair of the PBC and the WIPO Secretariat for preparing and introducing the Annual Financial Report and Financial Statements for the year 2020 as outlined in document WO/PBC/33/8. The Group expressed its satisfaction with the Organization's recorded positive financial performance and surplus despite the pandemic. The Group appreciated the responsible management of the Organization's financial resources and it believed that WIPO would continue to remain on that path.

177. The Delegation of Pakistan thanked the Chair, and took note of the positive financial performance and programs progress, and the Organization's sound financial situation. The Delegation commended the Director General and the Secretariat for adapting WIPO's work processes during the pandemic to ensure the continued delivery of its Intellectual Property services. The Delegation expressed its awareness of the fact that the decline in expenses related to travel and training was by possibly 90 percent, which was a direct consequence of the effects of the COVID-19 pandemic. The Delegation closed by stating that it looked forward to traditional in-person capacity building and support services for National Intellectual Property Offices and Intellectual Property users in the upcoming year.

178. The Delegation of the United States of America thanked the Chair and then proceeded to congratulate WIPO for a successful year despite the rather challenging circumstances. The Delegation noted that the business continuity plan appeared to have worked well and the favorable results by the Organization were to be commended. The Delegation also expressed that it was very pleased with the increase in contributions for the ASHI fund for the last three years. Despite that, the fund remained a liability of concern and the Delegation expressed its support for more to be done to address the issue moving forward. The Delegation then concluded by noting that it was unfortunate that the Hague and Lisbon Unions were still not self-sufficient, the PCT Union was still assuming the financing of their deficits.

179. The Delegation of Mexico thanked the PBC Chair and aligned itself with previous words of thanks to the Secretariat for its work and for keeping the Organization in a sound and healthy state despite the current circumstances. The Delegation also expressed its gratitude for the information shared regarding ASHI, and said that it was aware that the entire United Nations System faced the same challenge. The Delegation then stated that it was glad that the Organization was well represented by the Secretariat in discussions on ASHI. The Delegation proceeded to request further in-depth explanations on what the Organization was working on and if a new entity had been created to mitigate risks associated with ASHI.

180. The Delegation of the Russian Federation thanked the Chair and thanked the Secretariat for the preparation of the Annual Financial Report and Financial Statements for the past year (2020). The Delegation noted that there was an increase in the Organization's reserves despite the pandemic, and despite the additional expenditure required to ensure the continued work of the Secretariat without interruptions. The Delegation said that from a general perspective,

WIPO's financial resilience was clear and that was also the case for all of the registration systems that it administered. The Delegation hoped that WIPO's global service would remain in demand and attractive to users despite the particular situation in the market and in the labor sphere.

181. The Delegation of Spain aligned itself with the statement by Group B as it also welcomed the Organization's positive financial results and its revenue growth in 2020, despite the particularly difficult year. The results were an indication of the strength of Intellectual Property globally. However, the Delegation expressed its concern for the Madrid System's decrease in expected income which it understood was a result of the health crisis (pandemic). Nevertheless, the Delegation emphasized the importance of still promoting the advantages of the Madrid System. With regards to trademarks, the Delegation noted that the Sector was particularly dynamic and sensitive to changes in an economic cycle. The Delegation therefore requested that the Organization continue to ensure that services provided by the Organization be more attractive. Furthermore, the Delegation stated that the Organization had to be aware of the need for additional financial and human resources investments. For staff costs and WIPO's liabilities for ASHI, the Delegation was of the opinion that WIPO was based on the management of human talent, therefore the necessary expenditure was also required. However, the Delegation also recalled the importance of working in a financially prudent context, and for that reason, it congratulated the Organization's Arbitration and Mediation Centre for its 5 percent increase in comparison to its result in 2019, and the continuation of its work during the budget cycle which had been difficult. That indicated to the Delegation that not only did the Organization's new activities provide added value for users, they were also new sources of income for the Organization.

182. The Delegation of Italy associated itself with the statement by the Delegation of the United Kingdom, speaking on behalf of Group B. The Delegation then proceeded to highlight its concern with the increase in ASHI liabilities, and thanked the Secretariat for providing clarifications via the Questions and Answers document. The Delegation requested that the Secretariat provide the exact discount rate used thus far for calculations, since a different discount rate overtime had a significant impact on the result of the Organization's liabilities. The Delegation also took the opportunity to commend the Organization for its achievements despite the difficult year of 2020, and said that it was pleased with the Organization's sound financial situation. Finally, the Delegation expressed its delight with the interest in Intellectual Property despite the difficult economic and financial circumstances globally.

183. The Delegation of Japan thanked the Chair and aligned itself with the statement delivered by the distinguished Delegation of the United Kingdom, speaking on behalf of Group B. The Delegation was pleased with the Organization's positive financial situation in 2020, which was a result of the increase in paid filings for international applications and WIPOs' effective administration of the international filing system. The Delegation concluded by stating that it hoped that the Secretariat would continue with its efforts in that regard.

184. The Secretariat thanked the Delegations for their questions and comments. In response to the question from the Delegation of Mexico, regarding what the Organization was working on and if a separate entity would be created for ASHI liabilities, the Secretariat explained that in the following year, in tandem with the preparation of the funding plan, the question of establishing a separate entity to house the ASHI liabilities and its assets would be analyzed again. The Secretariat also said that the idea of creating a separate entity for ASHI had already been suggested previously, however, at that time Member States were not in favor of the idea. The idea would be analyzed again and included as a proposal in the following year's Report. Additionally, the Secretariat said that it connected regularly with sister Organizations to learn more about how they were addressing the issue of ASHI and how they planned to contain the growth of its liability. The Secretariat also reiterated that it was following up on the main recommendation made by the ASHI Working Group to the United Nations General Assembly to

see if it had been implemented by other Organizations. The most recent update that the Secretariat had received was that the recommendation was still being analyzed. Nonetheless, the Secretariat continued to maintain regular contact with sister Organizations on the subject.

185. In response to the Delegate from Spain, the Secretariat indicated that the discount rates were on page 37 of the English version of the Financial Statements. The Secretariat explained that the discount rates that were used for the calculation for ASHI, repatriation grants and travel, and accumulated annual leave were also on the same page, and it was to be noted that the three discount rates concerned had all declined in 2020.

186. The Chair thanked the Secretariat for its clarifications. As there were no further comments and requests the Chair read out the decision paragraph which was adopted:

187. The Program and Budget Committee (PBC) recommended to the Assemblies of WIPO, each as far as it is concerned, to approve the “Annual Financial Report and Financial Statements 2020” (document WO/PBC/33/8).

#### (B) UPDATE ON INVESTMENTS

188. Discussions were based on document WO/PBC/33/Update on Investments.

189. The Vice-Chair opened agenda item 10(B) which concerned an update on investments. He gave the floor to the Secretariat for an introduction.

190. The Secretariat said that over the previous biennia WIPO's income had exceeded expenditure and this had allowed the accumulation of an asset portfolio. In parallel, the Organization's liabilities to fund future post-retirement health care had increased. The Secretariat envisaged a future capital expenditure to maintain the Organization's physical estate, to enhance IT systems, and, in the context of an uncertain global economic environment, in case the demand for the global IP systems were to unexpectedly decline. WIPO's core and strategic cash investment portfolios were implemented in February 2018, and were designed to ensure that the Organization's assets were managed in a manner which reflected the nature of those future liabilities and expenditure patterns. The portfolios had been invested exclusively in assets that generated income, such as equities, bonds, and real estate. The investment assets held were diversified across asset classes, thereby dispersing risks or reducing the overall risk profile of the Organization. In that regard, the core cash investment portfolio, which targeted a positive rate of return in Swiss francs over a five-year period, comprised global bonds and real estate assets. The strategic cash investment portfolio was invested with a 20-year time horizon to match the time horizon of WIPO's long-term employee benefit liabilities. That portfolio comprised the same asset classes as core cash, but with the addition of global equities. The allocation to each asset class in the portfolios had been defined in accordance with both the required long-term investment return targets and the permitted risk as required by WIPO's Policy on Investments. In order to provide an in-depth view of the portfolios and in line with the External Auditor's recommendation, the Secretariat had asked its investment advisors to prepare a detailed update on WIPO's investment performance for the attention of the Program and Budget Committee. Delegations following the discussions remotely were invited to consult the PDF documents, which were available on the PBC website. The Secretariat said that investments were made for the medium to long-term to match the time horizon of the Organization's liabilities and future expenditures. In some years, investments would do well and in other years, investments might fall. What mattered was over the projected time horizon that the expected average return was secured. Despite a positive investment return in 2020, and up to that point in 2021, the conditions for managing investments remained extremely challenging. Macro-economic and political uncertainties on the back of an evolving Covid-19 pandemic situation were expected to sustain current volatility for investment return performances. Concurrently, continued low interest yields coupled with high asset valuations

recorded were likely to be headwinds with regards to future investment return performances. In view of that, WIPO's Advisory Committee on Investments, with the support of the Investment Advisor, continued to monitor developments in order to manage the investment portfolios to achieve the long-term targets.

191. The Vice-Chair then handed the floor to the Investment Advisor, MBS Capital Advice SA represented by Mr. Mohamed Nadjafi.

192. The Investment Advisor recalled that the main drivers for an investment portfolio for the long run were the income that various assets held in the portfolio could generate. 'Income' referred to interest income from lending, rental income from investments in real estate, and earnings income from corporations in which portfolios invest in the form of equities. Those elements explained the fluctuation and the entire progress of financial markets. In the shorter term, some other elements became relevant, in order to have a key understanding on how to conduct a long-term approach to investment portfolios. The Investment Advisor would cover some of those topics since they were relevant in the circumstances at that time. Investment returns had been extremely good over the previous three or four years in line with the general trends in financial markets. Those exceptional returns had been achieved during a period when economies had not been doing so well, due to the Covid situation. Thus, the combination of those two elements was that it was mainly generally higher valuations that had supported those high returns, rather than the fundamentals of those various investments.

193. In some equity markets, valuations were being observed that were in the very upper range of historical observations. A similar situation was observed in real estate. On the other hand, interest rates on low risk or no risk assets remained extremely low, and even negative in the case of Swiss franc and Euro assets. This increased the short to medium risks to the portfolios and displaced some return from the future to the past. Thus, it could be seen that equity returns had been very buoyant, for example, 13 per cent in Switzerland, 15 per cent in North America and very positive in other areas. Government bonds had had positive returns, even though yields had been very low. Credit had had very good returns and real estate had had stellar returns over the previous three years. All of those returns had been achieved while the underlying economics of those assets had not necessarily improved. That was a reflection of the fact that most of those assets had become essentially more expensive than they used to be. As a consequence of that, yields had fallen. A simple example to illustrate that point was that if someone owned a building that was worth 10 million Swiss francs and that attracted one million Swiss francs in rent, they were getting a very nice 10 per cent rent on the building. If the price of that building increased from 10 million Swiss francs to 50 million Swiss francs, they were no longer getting 10 per cent, but rather two per cent, and that would change the return profile going forward. Thus, those extreme price gains that had been experienced in the previous few years had created a situation where yields on all of the assets that could be invested in, be it dividends on equities, interest on various types of bonds, or rent on buildings, were near the lower end of their historical range.

194. The Investment Advisor used a chart in the presentation to illustrate equities. The chart depicted the evolution of the historical valuation of the US and non-US equity markets. The blue line on the chart depicted the price of the US equity market divided by the average earnings of US corporations and was at a relatively elevated level. In fact, it was at a level that had been observed only between 1998 and 2000. The data depicted on that chart actually only started in 1990, however, even taking into account data since 1900, the level observed at that time was very high. When looking at the effect of that ratio on future returns, another chart was used to illustrate the point. What was observed was that the return of the market after periods where that ratio was relatively low, was that when the market was cheap, future returns were very high. Conversely, when the market had an elevated valuation as was the case at that time, the returns tended to be lower. A similar situation was observed in real estate. The focus was on Swiss real estate, which was a part of WIPO's portfolio. Over the previous three years, the

expansion of valuation had generated more than half of the total return achieved on these assets.

195. Interest rates remained at historically very low levels. A further chart in the presentation showed interest rates from 1985 to 2021. Rates that were being experienced at that time were exceptionally low. With interest rates, it was self-evident that if less interest was received, those investments would return less. Given the low level of interest rates and given the higher valuation in various markets, the expectation for future returns should be modest, while periods of higher volatility should also be expected owing to high level of uncertainties. The portfolios had participated in the strong investment gains achieved over the previous few years and thus had benefited from that to create a buffer that would be helpful in amortizing future volatility. Investors starting to invest cash at that time would not have the benefit of such buffer which would make their job more complicated. While those periods of volatility were likely to occur and it could not be accurately predicted when or why, the allocations and the strategies that were in place remained well suited to achieve the long-term targets of the Organization. This alignment was reviewed on an ongoing basis by the Advisory Committee on Investments with the support of the Investment Advisor. The key in the following few years, would be 'discipline' as investment returns may be somewhat lower than what had been experienced previously, and possibly volatility would be higher. The disciplined approach of maintaining the investment portfolios and the systematic rebalancing that had been applied to the portfolios, while also keeping in mind the longer-term target were going to be extremely important to the achievement of the Organization's longer-term goals.

196. The Investment Advisor then turned to the actual results of WIPO's portfolios. Concerning the core cash portfolio, it had returned greater than three per cent per year over the last three years since the portfolio's inception and 2.2 per cent that year. While those returns were modest in absolute terms, it may be noted that the targets that the Organization had set for itself, was to achieve better than cash return, which was -0.75 per cent annualized return. He explained that the return realized was nearly 4.5 per cent better than the return of cash over this period of time. While that may not be representative of how the portfolio would behave in the long run, it was, nevertheless good to have a buffer to help during future potential difficult periods of time. The Investment Advisor stated that one of the fundamental aspects that was pursued in the implementation of the portfolio was very high diversification. The fixed income portion of the portfolio was lending money to many hundreds of corporate borrowers and greater than 70 sovereign borrowers across the world. The real estate portfolios invested in more than 2000 different buildings across Switzerland. One of the goals in the construction of the portfolio was to never expose the Organization to any single specific risk of a single asset, borrower, or company. The effect of a single borrower having difficulties or a single building being very difficult to rent was minute on the overall portfolio results. Turning to the strategic portfolio, which had somewhat more ambitious targets with an allocation to the equity markets, the returns were somewhat higher than for core cash at nearly 4.5 per cent. This was also well above the two per cent target rate of return that was initially set. Again, those buffers would be useful to have in case of more difficult times, should they occur. Similarly, diversification was again pursued. The 45 million Swiss francs invested in equities was spread across more than 2000 different companies across the globe in every sector and every country. Diversification was key to maintain a portfolio that did not expose the Organization to any idiosyncratic risk. The portfolios remained well aligned to achieve their long-term targets. The Investment Advisor referred to a chart titled 'Characteristics of investment strategies', that showed estimates of how much earning over the very long term each of those portfolios was expected to generate. The strategic portfolio was aiming at two per cent income and return over the very long run while the more conservative core portfolio was aiming for a little over one per cent return in the long run.

197. The Delegation of the United Kingdom, speaking on behalf of Group B, said it was promising to know that periods of higher market volatility and reduction in long-term return expectations due to low interest rates and higher valuations in equities and real estate would be

buffered by strong investment gains. The Group noted with satisfaction that WIPO together with the investment advisors had been able to find a good balance between positive returns and higher risk investments and the Group appreciated the ongoing reporting on this strategy. The established reporting mechanisms would be crucial for monitoring the impact of the global pandemic on WIPO investments in the future. The Group emphasized the importance of those reporting mechanisms, and it would be watching carefully to ensure that those reporting mechanisms were adhered to going forward.

198. The Delegation of Georgia, speaking on behalf of the CEBS Group, was pleased to note that the expected volatility and reduction of long-term returns would be mitigated by the existing buffer created through good management and substantial investment gains in previous years. The Group also welcomed the strategic approach in this direction.

199. The Delegation of South Africa, speaking on behalf of the Africa Group, took note of the clear presentation. The Group noted that the investments were spread globally and requested in the future to share the regional percentages in terms of investments. The Group noted that the investments ranged in length, most of them were long-term investments, but it asked if there were also short to medium term investments. Furthermore, the Group asked whether there had been instances where investments had to be switched or cease mid-way for whatever reason.

200. The Delegation of the United States of America asked for the rates of return on the core cash versus the strategic cash in 2020 to be clarified. It further queried how the rates of return for strategic cash would be affected following the recommendation by the External Auditor that the strategic cash designated for After-Service-Health-Insurance costs should be designated as plan assets or in a separate legal entity.

201. The Investment Advisor began by responding to the question from the African Group on the matter of the distribution of the portfolio. He said it was very diversified across the globe, but he did not have the regional percentages available to hand. He said that those figures could be provided to the Secretariat, in order that they could be circulated to delegations. Regarding the question about short or medium-term return, he had stressed the fact that the portfolio was very diversified within each asset class. In addition, it was also very much diversified across different asset categories. In order to manage the portfolio risk there were a variety of investments in the portfolio, some of which were shorter term in nature, particularly in the bond side of the portfolio. There were investments in shorter-term bonds with very safe borrowers which guaranteed the stability of the portfolio in terms of mark-to-market fluctuation. Some portions of the portfolio were invested in more volatile investment categories where the aim was to achieve higher rates of return in the longer run while experiencing more fluctuations in the short term. Thus, in principle, the portfolios were also diversified across time horizons. The core portfolio had by nature, a shorter time horizon hence the absence of equities, for example, from that portfolio, since equities were much longer-term investments and the core portfolio was more focused on the short and medium term. In response to the question raised by the Delegation of the United States of America, about the core versus strategic return in 2020, the Investment Advisor did not have the exact number immediately accessible at that time. The 2021 return year to date was in the presentation. As for the External Auditor's recommendations about the evaluation of ASHI liabilities, that was a topic that would be taken up by the Investment Advisor and the Advisory Committee on Investments during the course of the year to analyze whether it was necessary to make any amendments to the investment strategy in order to comply with the liability profile. The Investment Advisor then received the information on the returns of 2020, and he stated that core cash had a return of 5.1 per cent and strategic cash had a return of 5.9 per cent.

202. The Vice-Chair then opened the floor again for either requests for additional clarification, or any other matters delegations may wish to bring up for that Agenda item. There were no

further requests for the floor. The Vice-Chair thanked the Investment Advisor for the presentation and responses to questions, and concluded the agenda item.

**(C) STATUS OF THE PAYMENT OF CONTRIBUTIONS AS AT JUNE 30, 2021**

203. Discussions were based on document WO/PBC/33/9.

204. The Vice-Chair stated that the Committee would move to Agenda Item 10 (c) and he gave the floor to the Secretariat.

205. The Secretariat explained that since the preparation of the Status of Payment of Contributions document which took into account contributions up to the end of June 2021, various contributions had been received after June 30, 2021. The Secretariat then proceeded to indicate the following contributions: Myanmar had contributed 1,424 Swiss francs for 2021. Guatemala had contributed 305 Swiss francs toward its 2021 balance. Côte d'Ivoire had contributed 116 Swiss francs, a partial payment for 2021 in July and an additional partial payment of 201 Swiss francs for 2021 in August. Gabon had contributed 284 Swiss francs, a partial payment of 2020 in July and 67 Swiss francs as an additional partial payment in August. Mali had contributed 74 Swiss francs, a partial payment for 2020. Niger had contributed 25 Swiss francs and 74 Swiss francs, partial payments of the Paris Union contribution of 1991. Qatar had contributed 11,395 Swiss francs for 2020 and 11,395 Swiss francs for 2021. India, 91,158 Swiss francs, for its 2021 contribution. Lithuania, 11,395 Swiss francs, for its 2021 contribution. Vanuatu 7,193 Swiss francs, the balance of 2017, 2018, 2019 and 2020 contributions, in addition to a partial payment for 2021. Greece had contributed 34,183 Swiss francs, the partial payment for 2021. The Republic of Korea, had contributed 341,842 Swiss francs, for 2021. Timor-Leste had contributed 1,424 Swiss francs towards 2019's contribution. Saudi Arabia had contributed 45,579 Swiss francs, thereby clearing its 2021 contribution. Kenya had contributed 5,696 Swiss francs, the balance for its 2021 contribution. Jamaica had contributed 2,698 Swiss francs, a partial payment for 2021. The Lao People's Democratic Republic had contributed 2,848 Swiss francs for 2020 and 2021. Indonesia had contributed 45,579 Swiss francs, for 2021. Nicaragua had contributed 2,849 Swiss francs, for 2021. Iraq had contributed 23,377 Swiss francs, the balance of contribution for 2018 and contributions for 2019 and 2020. Bangladesh had contributed 1,424 Swiss francs for 2021. Trinidad and Tobago had contributed 5,697 Swiss francs, a 2021 contribution. With those payments, the total amount of arrears then stood at 3,869,225 Swiss francs, as of September 13, 2021.

206. The Vice-Chair thanked the Secretariat for the presentation and opened the floor for comments. As there were no comments or requests for the floor, the following decision was adopted:

207. The Program and Budget Committee (PBC) took note of the "Status of the Payment of Contributions as at June 30, 2021" (document WO/PBC/33/9).

**ITEM 11 ANNUAL REPORT ON HUMAN RESOURCES**

208. Discussions were based on document WO/PBC/33/INF/1.

209. The Chair introduced agenda item 11, the Annual Report on Human Resources and invited the Secretariat to present the report.

210. The Secretariat stated that the Annual Report on Human Resources, document WO/PBC/33/INF/1 was an information document to the PBC and would be submitted to the WIPO Coordination Committee later during the Assemblies of WIPO Member States in October 2021. The Secretariat mentioned the annual report covered the 12-month period from July 2020 to June 2021 and was structured into five parts as follows: (i) A snapshot of key workforce



trends; (ii) Staff matters to be reported to the WIPO Coordination Committee such as terminations of appointments; implementation of WIPO's Policy on Gender Equality; rewards and recognition; and extensions of temporary appointments beyond their time limits; (iii) The changes at WIPO during the challenging period of the Covid-19 pandemic; (iv) Overall progress made and developments over the previous year; and (v) An outlook with respect to Human Resources objectives for the next biennium and beyond. The annual report was supplemented by an online Human Resources brochure, which provided a broad range of workforce statistics and information. The Secretariat mentioned that it was the first time the Brochure was available entirely online, and that it would be updated every six months. Both the Annual Report on Human Resources and the brochure were available on the WIPO website in all official UN languages.

211. The Secretariat provided a number of highlights of the annual report. WIPO's workforce remained stable in terms of numbers and continued to be characterized by flexibility with approximately 70 per cent of the total workforce being core workforce, meaning fixed term, continuing, and permanent staff, and 30 per cent flexible workforce, meaning temporary staff and non-staff resources. Regarding geographical diversity, there were 121 Member States represented among WIPO staff as at June 30, 2021. Regarding overall gender balance, women constituted 54 per cent of WIPO's staff and men constituted 46 per cent. At the senior levels, the Organization had achieved its targets at the D1 and P4 grades, whilst it continued to seek to improve gender balance at the D2 and P5 grades.

212. The Secretariat stated that the previous reporting year had been a challenging period for WIPO and its staff, due to the Covid-19 pandemic. The mandatory teleworking and social isolation related to lockdown had impacted the health and wellbeing of employees and in response, the Secretariat had initiated a number of initiatives including sessions on wellbeing, mindfulness, and burnout prevention. It was also a year of transition and change with the arrival of the new Director General in October 2020, the selection and the appointment of the new senior leadership team in January 2021, and the realignment of the organizational structure that was implemented in March that year. During the reporting period, the 'new normal' highlighted the need for adaptability and resilience in WIPO's workforce and compelled the reassessment of its working practices. The Secretariat not only needed to manage a remote workforce, but also a hybrid workforce and had to embrace an agile work culture, enabling employees to adapt and respond to challenges as they arose, as well as keeping them engaged in their work, irrespective of their physical location. Despite the pandemic, and as much as the circumstances permitted, the Secretariat mentioned that it strived to attract and recruit diverse and qualified staff via its outreach efforts and that its efforts and engagement with unrepresented Member States had shown positive results. As a result of some of those initiatives, the Secretariat received a higher number of job applications from unrepresented Member States. The Secretariat also continued and accelerated its implementation of new human resources tools, processes, and procedures through a digital transformation process. To improve Organizational agility, the Secretariat was developing workforce planning with more flexibility to allow a redeployment of the workforce on a more dynamic basis to navigate change and accommodate new ways of working. Furthermore, its entire recruitment process, from planning and talent sourcing to assessing, selecting, and hiring, was now conducted virtually. The Secretariat had also embarked on strengthening its diversity and inclusion initiatives and a Young Experts Program would be launched in the last quarter of 2021. The Young Experts Program was a program of excellence to build a capacity of global youth, in particular from developing countries, least developed countries, and countries in transition.

213. The Secretariat also informed the Committee that the Internal Oversight Division had recently completed a review of the Secretariat's performance and staff development framework. The Secretariat expected that that review would lead to the streamlining of its existing Performance Management and Staff Development System to ensure that it better supported organizational performance and staff development. The Secretariat further mentioned that it

would align learning and development with new talent management strategic priorities, whilst also engaging with the UN System-wide framework on learning to ensure coordination and convergence with the system.

214. The Secretariat stated that a new Human Resources Strategy covering the period from 2022-26 would be submitted to the Coordination Committee for its consideration at the 2021 Assemblies of WIPO Member States. The Secretariat added that the basis for the Human Resources strategy was WIPO's new Medium-Term Strategic Plan for the same period and that human resources would play a key role in providing WIPO with the right resources and training to work effectively, collaboratively and innovatively, tailored to meet the evolving needs of the Organization, as well as of its staff. Finally, the Secretariat mentioned that changing WIPO's culture was a key priority of the new administration and that would have a significant impact on WIPO's Human Resources management. In order to hear the voice of WIPO's employees, the Secretariat would be conducting an engagement survey in the last quarter of 2021 focusing on the pulse, culture, and values of the Organization, also including some detailed focus at the sectoral level.

215. In response to a question raised the previous day by the Delegation of the United States of America on outstanding Audit Recommendations from 2013, and in particular on performance management and the staff development system, together with learning and training, the Secretariat mentioned that these were included as priorities in the new Human Resources Strategy.

216. The Delegation of Georgia speaking on behalf of the CEBS Group, thanked the Secretariat for preparing and introducing the Annual Report on Human Resources as outlined in the document PBC/33/INF/1. The Group noted WIPO's improved compliance rate with the UN System-Wide Action Plan on Gender Equality and the Empowerment of Women, UN SWAP, by six per cent between 2019 and 2020. Moreover, the Group welcomed gender balance targets for the 2022/23 Biennium. Regrettably, the Group noted a decrease in the representation of women in managerial positions and looked forward to achieving the targets in the following two years. The Group supported activities to strengthen the capacities of gender focal points, to support gender mainstreaming, in both program as well as organizational functions. A series of webinars with key officials and potential applicants, and close interaction with focal points were conducted by the Secretariat, and as a result, the number of applications, as well as their quality, increased significantly. The Group also attached great significance to the geographical diversity of staff and adequate gender balance - it strongly encouraged efforts to attract qualified candidates from unrepresented Member States and less represented regions. The Group believed that digitalization was becoming more critical in the world, and keeping pace with changing trends was important, therefore, the Group welcomed efforts in that direction. The Group acknowledged the efficient Covid-19 response. The Group thanked the Secretariat for preparing the Human Resources Strategy for 2022-26 and for the opportunity to discuss the document at the forthcoming General Assemblies, and understood that the new strategy would be critical in achieving the vision articulated in the Medium-Term Strategic Plan.

217. The Delegation of Belarus, speaking on behalf the CACEEC Group, thanked the Secretariat for having submitted the detailed report. The Group noted that the Secretariat programs and strategy focused on ensuring that there would be equitable geographical distribution within the Secretariat, and the Group would encourage the Secretariat to continue the work in that direction. What was important was not only more countries being represented, but also at a more equal level at which they were represented. Unfortunately, the Group did not have representation at a high level within the Secretariat, and the Group would like to have a statistical breakdown by Regional Groups to indicate exactly where people have certain posts. The Group believed that would provide a clearer picture if that statistical information was provided, and it appreciated that there was a circular letter that was sent out by the Secretariat with some information about the first steps in that direction. The Group would like to see a more

detailed breakdown of the figures. The Group believed it was important to base the Organization's work in future on the successful operation of National Patent Offices. People in National Offices gained many skills and much experience, and that experience could be of benefit to the Organization if harnessed at WIPO's level.

218. The Delegation of South Africa, speaking on behalf the Africa Group, thanked the Secretariat for the compilation and presentation of the Annual Report on Human Resources. The Group thanked WIPO Management for its efforts to ensure that key Human Resources targets were achieved. In particular, those related to geographical and gender balance. In that regard, the Group noted that 121 Member States were now represented at all levels and categories of staff, whereas 109 Member States were represented on posts subject to geographical distribution. The Group noted, however, that that was a decrease from the number of represented Member States in 2020, which was 112. The Group was also concerned that 84 Member States remained unrepresented in all posts subject to geographical distribution. The Group further noted that staff regional representation varied considerably and that there were significant imbalances. The Group appealed to the Secretariat to look at ways to rectify that. Furthermore, the Group noted that women represented over 50 per cent of WIPO's workforce. While that was to be welcomed, the Group were concerned that women continued to be underrepresented in managerial positions. The Group recognized the steps taken by WIPO in promoting gender mainstreaming in accordance with WIPO's Policy on Gender Equity. The Group noted that between 2019 and 2020, WIPO's compliance rate with UN System-Wide Action Plan on Gender Equality and the Empowerment of Women, UN SWAP, improved by six per cent resulting in WIPO meeting or exceeding requirements for 47 per cent of ratings or eight indicators. The Group welcomed that improvement, but also acknowledged that there continued to be room for further improvement. The Group also took note of WIPO's efforts to improve gender balance among its staff through targeted outreach programs. Beyond that, the Group was generally pleased with how WIPO and its workforce have responded and adapted to the new ways of working, necessitated by the Covid-19 pandemic. The Group appreciated that WIPO had paid due attention to the challenges that longer term remote working placed on the mental health of its employees. The Group looked forward to seeing the new Human Resources Strategy for the 2022-2026 period.

219. The Delegation of United Kingdom, speaking on behalf of Group B, thanked the Secretariat for preparing the document, PBC/33/INF/1 and the useful presentation. The Group considered the commitment to gender equality as important, and it was pleased that in 2020, WIPO continued to implement the UN System-Wide Action Plan on Gender Equality and the Empowerment of Women, UN SWAP. That was an important accountability mechanism, and the Group were pleased to see WIPO's compliance rate improved by six per cent. While that positive performance by WIPO on UN System-wide initiatives was welcomed within the Organization, the Group noted there was still a way to go in Organizational gender balance and ensuring that women were represented in managerial positions. For example, the percentage of women in D2 positions had fallen significantly since June 30, 2017, with a drop of eight per cent showing a clear decreasing trend. The Group welcomed the efforts to improve gender balance and would welcome more information on the use of executive search firms to ensure a solid pool of qualified female candidates. The Group would also welcome more information about the campaign to target female professionals and how its impact was assessed. The Group was pleased to see a thorough assessment of the challenge, impact, and management of Covid-19, as well as the appointment and on-boarding of the new administration in those unprecedented circumstances, including the realignment of Organization priorities and restructuring. The Group was pleased to see that the WIPO mental health and wellbeing strategy and other aspects to support the work-life balance of staff had been implemented. The changes to the policy on parental leave were also welcomed. Overall, effective Human Resources were critical to achieving the mandate and objectives of the Organization. Personnel costs accounted for the most significant portion of the Organization's expenditure and therefore, staff and talent were its most valuable assets. Therefore, appropriate administration

of Human Resources was critical. The Group would encourage the Secretariat to continue its commitment to geographical diversity of its staff and improve gender balance. However, with respect to recruitment, it would like to reiterate the importance that it should be conducted based on merit and on the highest standards of efficiency, competence, and integrity, taking into account the very technical nature of WIPO and the reality of the services that WIPO provides. The Group looked forward to the new Human Resources Strategy covering the period 2022-2026 and the discussion on it, which it hoped would take forward many lessons learned during the Covid-19 pandemic and support the flexible and resilient workforce ready for the post-pandemic work model. Similarly, the Group looked forward to WIPO welcoming the first cohort of the WIPO Young Expert Program with its aim to build capacity and democratize Intellectual Property.

220. The Delegation of China thanked the Secretariat for preparing the annual report, which was rich in content and informative. The Delegation appreciated the fact that WIPO achieved positive results in Human Resources management in the previous year. The Delegation believed that WIPO continued to face challenges in meeting the increasing needs of global users for Intellectual Property services, and that required the Organization to adopt innovative thinking and effective methods to have a strategic Human Resources structure with diversity. The Delegation appreciated the effective response to the pandemic carried out by various WIPO departments. Despite the unprecedented challenges, which coincided with the change of the leadership of the Organization and the adjustment of its Organizational structure, WIPO ensured that the core global Intellectual Property services and the staff productivity of the Organization were not significantly affected by measures such as teleworking. The Delegation wished to pay tribute to the WIPO staff who have worked hard in that process. The Delegation was pleased to note that the positive results achieved by WIPO in implementing the UN System-Wide Action Plan on Gender Equality and the Empowerment of Women, UN SWAP. The Delegation also welcomed and encouraged WIPO's new initiatives, such as guaranteeing the benefits for fellows, the Young Experts Program, overtime, compensatory leave, and a buddy system for newcomers. All those initiatives would further improve the workforce's structure, hence, improve the image of the Organization as a good employer in the UN system.

221. The Delegation of the United States of America appreciated the informative report, and it thanked the Secretariat, especially the Human Resources Management Department for its efforts to pursue WIPO's Human Resources Strategy 2017-2021 despite the extraordinary difficulties of the Covid-19 pandemic. The Delegation noted WIPO's continued pursuit of initiatives aimed at improving geographical representation and gender parity at the Organization. The Delegation appreciated the detailed information provided on outreach to unrepresented Member States, and the Delegation welcomed the appointment of three highly qualified women to serve as WIPO Deputy Directors General. The Delegation also thanked the Organization for its continuous efforts to implement the WIPO Policy on Gender Equality and the UN System-Wide Action Plan on Gender Equality and the Empowerment of Women, UN SWAP. The Delegation welcomed WIPO's progress on achieving gender parity targets particularly at the D1 and P4 levels. However, as other delegations had pointed out, it noted that women's representation decreased for D2 and P5 grades for a second biennium, which had required revisions to WIPO's gender parity target for those grades. The Delegation requested information on how WIPO was working to reverse those specific trends. The Delegation thanked the Secretariat for the ways it demonstrated its commitment to addressing Member State concerns during the reporting period, including its decision to remove the Organizational Performance Award for the 2020 Rewards and Recognition Program, as Member States had requested. The Delegation understood the pandemic had heavily affected the delivery of training and the Organization responded swiftly with transitioning to online and self-paced tools with extended offerings. However, it was unclear from both that report and the WIPO Workforce 2021 report if and how WIPO was requiring and tracking completion rates of trainings, specifically designed to sensitize the workforce to key staff policies, including on whistle-blower protection, and preventing and addressing sexual harassment. The Delegation requested

clarification from the Secretariat on how it was implementing such trainings in the new remote environment. Finally, the Delegation also looked forward to the opportunity to review and discuss the draft Human Resources strategy for 2022-2026 at the 2021 Assemblies.

222. The Delegation of Iran (Islamic Republic of) thanked the Secretariat for preparation and presentation of the Annual Report on Human Resources, which included information on progress made towards the staffing goals and an overview of Human Resources related policies, initiatives and activities of the Organization. The Delegation welcomed the continuous improvement of that report which had established its role as a key source of information on Human Resources for Member States. Like any organization, WIPO's Human Resources constitute the backbone of the Organization, and it was a key element for effective function of the Organization. The Delegation attached great importance to the proper administration of Human Resources, as it was directly related to organizational efficiency and service orientation, as well as resilience to adapt to the new situation promptly and appropriately. The Delegation welcomed the values and initiatives that WIPO Management had put in place for the workplace during the Covid-19 pandemic. The Delegation particularly noted the regular and close cooperation with other Geneva-based International Organizations to share information resources and lessons learned in combating the pandemic in the workplace. With regard to the geographical distribution of WIPO staff, despite the achievement, the Delegation was of the view that there were gaps in the geographical representation within the WIPO Secretariat. Accordingly, while welcoming and recognizing the efforts made by the Secretariat to narrow the existing gap, however, the Delegation was of the view that there was a need for further actions to ensure balanced geographical representation.

223. The Delegation of Mexico was grateful for the information provided on Human Resources. Generally speaking, the Delegation welcomed all of the efforts to implement the new approach of the Director General with new contributions which would make it possible to improve the mindset in WIPO. The Delegation welcomed all of the efforts being carried out and it definitely supported them. However, the Delegation realized that the Annual Report on Human Resources had not made reference to priority issues, which were important. For instance, zero tolerance of sexual and workplace harassment, and particularly in connection with persons with disabilities. The Delegation realized that there was not always specific information provided on those matters, but nevertheless requested if a line could be added on those two matters. Such an approach would send a positive message concerning the values adopted in the Organization.

224. The Delegation of Spain associated itself with the comments made by the representative of Group B, and the Delegation thanked the Secretariat for drafting the Annual Report on Human Resources. A good Human Resources policy was absolutely a priority in any organization, but even more so, in an organization such as WIPO, which was based above all on talent and on the skills of its staff, as can be seen clearly from the analysis of the budget. The Delegation was grateful that that report contained more documentation, which enabled it to look more closely at specific elements. Despite the good assessments given in the report, the Delegation believed that the Organization should make more of an effort to reflect geographical diversity and gender balance in its ranks at the various levels, given that an inadequate management of diversity leads to a sub-optimum situation. The Delegation stated that the Secretariat must maximize internal talent and recruit the best possible external talent. For that reason, the Delegation would like to say how surprised it was to see the affirmation contained in paragraph 64 of the document, which considers that WIPO would need to externalize its services. In the Delegation's opinion, externalizing tasks should be done only when it was not possible to carry them out with internal staff and not as a general rule, since that can presuppose a very serious problem for maintaining the Organization's know how. For that reason, the Delegation requested the Secretariat to clarify that aspect in the document. The Delegation wished to highlight its gratitude for the rapid management of teleworking in the face of the Covid-19 pandemic, from which valuable lessons could be learnt which would make it

possible for the Organization to devise hybrid work systems, which in turn would enable flexible working methods. The Delegation noted that such approaches had been implemented by many National Offices, including the Spanish Patent and Trademark Office, combining measures, which reconciled the needs and interest of staff and the public service. Finally, the Delegation was ready to cooperate, with the lead team of the Organization on that Human Resources Strategy 2022-2026. That was because between National Offices and WIPO, there could be synergies for good work practices and the Delegation believed that the success of WIPO would be a success for all.

225. The Delegation of the Russian Federation endorsed the statement made by Belarus on behalf of the CACEEC Group. The Delegation thanked the Secretariat for having prepared the Annual Report on Human Resources and for introducing it. The Delegation welcomed the progress made in implementing a UN Common System plan on the issue of gender equality and extending the rights and possibilities of women. The Delegation also noted the achievement of considerable statistics in terms of women's representation at certain levels within the system. The Delegation was grateful for the information on staff management in the circumstances of the Covid-19 pandemic. The Delegation requested clarification on how the Secretariat managed to adapt its system of control for performance to workers who were working remotely, and how did it motivate them to maintain productivity levels when working remotely. Furthermore, the Delegation requested information on the Human Resources reserves that WIPO had, in particular the approximate number of candidates on the reserve list, and which regions they represented. The Delegation certainly supported efforts to support young people, in particular, the development of the Fellowship Program and the launch of the Young Experts Program. The Delegation requested clarification on that program and whether it was a program that gave possibilities for temporary or permanent employment. The Delegation asked how the Young Experts would be selected and in which sectors they would work. The Delegation remained convinced that it needed to encourage young specialists and to promote their careers. The Delegation believed that was a very important step forward in order to ensure that WIPO structured effective management of Human Resources at that point and thereafter. The Delegation noted the programs and the initiatives that were focused on ensuring equitable geographical representation. The Delegation requested information as to what measures the new management team was considering in order to uphold the principle of equitable geographical representation. The Delegation believed that the Annual Report on Human Resources should include information on the level at which each country was represented, and each Regional Group was represented within the Secretariat. The Delegation believed it was some time, perhaps 2012, since that kind of information had been included in the Human Resources report. Having that kind of information provided the Delegation with a clear picture of the Human Resources situation. It allowed Member States to see the level of national and regional representation, which allowed countries to be clearer in determining the status of representation that they wished to see.

226. The Delegation of Pakistan appreciated the efforts taken by the Secretariat to ensure geographical diversity and gender balance and thanked the Secretariat for its support. However, the Delegation believed that more work needed to be done, to balance the asymmetries that existed between Member States when it came to the distribution of the workforce. The Delegation commended the recent announcement of Young Experts Program and believed that that program could be very fruitful when it came to mainstreaming IP as it had been placed by the Director General, and it looked forward to the inclusion of experts, particularly from developing, and least developed countries in the Program.

227. With respect to gender distribution and the decrease of representation of women at the D2 level, the Secretariat explained that it was primarily due to the retirement of one D2 colleague and added that the Organization had very few posts at the D2 grade, so the impact was more visible when a staff member left. The Secretariat was, however, working very much on that aspect and would likely have new possibilities in the future and efforts would continue in the

context of ongoing and upcoming competitions. Regarding geographical diversity, the Secretariat took note of all the comments and observations. The Secretariat would continue its efforts and welcomed some success related with the Focal Points Initiative, as was noted. The Secretariat reiterated the importance of the engagement of Member States in partnering with the Secretariat to increase outreach in countries.

228. In response to the request for additional data, the Secretariat thanked the Delegation of Belarus for noting the integration of Regional Group information in the geographical distribution statistics. The Secretariat would liaise with the Regional Groups to agree on adjustments to the reports in order to provide delegations with greater granularity and precision in the figures presented.

229. With respect to the question raised by the Delegation of the United States of America on the lower gender targets, the Secretariat mentioned that it had not taken into account forward-looking recruitment plans when setting the previous targets. The new targets that the Secretariat was putting in place were more operational. The Secretariat reiterated that concerning the reduction in representation of women at the D2 level, given the very low number of D2 posts in the Organization, it was more challenging to achieve targets. In line with the success on meeting the P4 and D1 targets, the Secretariat would be focusing efforts on the career development of colleagues, as well as outreach including the use of Executive Search firms.

230. In response to the question by the Delegation of Spain, the Secretariat said that paragraph 64 made reference to the externalization of services that were not core to the work of the Organization, to ensure that the Organization was in a position to bring critical skills within the staff population while not increasing the overall number of positions.

231. Concerning the question raised by the Delegation of the Russian Federation, the Secretariat mentioned that, as reflected in the External Auditor's report and in the absence of a decision from Member States on geographical distribution as reflected in the 1975 Accord, it would continue its efforts to broaden geographical representation with a focus on unrepresented Member States and a better spread within regions. The Secretariat reiterated that it would work with Group Coordinators to ensure that Member States had all the data that they would like to have on this issue.

232. Finally, in response to a query by the Delegation of the United States of America on training, the Secretariat responded that the new Human Resources Strategy recommends the development of a strategic training framework encompassing the issues raised by the delegation.

233. The Chair thanked the Secretariat and opened the floor for additional questions or clarifications. Since there were none, the Chair reminded the Committee that the item did not require a decision as such, and the Annual Report on Human Resources had been provided to inform the Committee of the Organization's Human Resources policy. Overall, delegations had welcomed the efforts made, particularly at a time of the Covid pandemic. The Committee focused on resilience and flexibility, and he believed that the Organization had responded rapidly to that challenge, which was a global challenge. Delegations would hear more about the Human Resources strategy 2022-26, which would make it possible for the Organization to respond to the Member States' wishes and expectations for an even better management with more equity and equality, better geographical balance as well as balance between men and women, since that would be a sign of the sort of good management desired in Human Resources management. The Organization's calling was futuristic, and definitely modern. The Organization expected to make the most of digital tools, all the more so, since it dealt with Intellectual Property, it was perhaps best-placed to help creators to persevere along that path

and to help the human race make use of the best possible tools available. Naturally, digital tools would be amongst the main ones.

## **ITEM 12 PROPOSED PROGRAM OF WORK AND BUDGET FOR 2022/23**

234. Discussions were based on documents WO/PBC/33/10 and WO/PBC/33/11.

235. The Chair opened discussions on Agenda Item 12, Proposed Program of Work and Budget for 2022/23. On the first document under the Item, the Proposed Program of Work and Budget for 2022/23, the Chair stated that the Secretariat had provided a revised document based on the discussions that had been held and the decision taken at the 32nd PBC session. The Chair emphasized that it was important that progress be made on potential outstanding issues. He then read out the decision from the 32nd PBC session on the Draft Proposed Program of Work and Budget for 2022/23. The Chair thanked the Vice-Chair, Mr. José A. Gil Celedonio, and the delegations for the excellent progress made on the topic during the 32nd PBC session. He stated that the Secretariat had worked hard to address all requests in the updated document. In the interest of efficiency and reaching agreement, he strongly encouraged the delegations to focus on the changes the Secretariat had made following the requests from the delegations. He hoped that those clarifications would allow the PBC to make progress on the outstanding issues in the course of the week. He counted on the delegations' constructive engagement so that a clear recommendation could be made to the Assemblies of WIPO in October. The Chair then invited the Secretariat to present the report.

236. The Secretariat recalled that following the first comprehensive review by the Member States of the Draft Proposed Program of Work and Budget for the 2022/23 biennium during the 32nd PBC session and pursuant to the decisions of the Committee, the revised Proposed Program of Work and Budget for 2022/23 had been submitted to the 33rd PBC session for its consideration. The Secretariat summarized the revisions. SDGs had been added by Strategic Pillar to the Results Framework Chart on page 8. The document reference for the definition of development expenditure in the footnote on page 8 under the Results Framework had been changed to A/55/4. Table 6 and the Resources by Cost Category table for the Brands and Designs Sector on pages 21 and 32, respectively, had been updated to reflect the correction in the "Publishing" and "Contractual Services" cost-categories related to the promotion of the Hague System. The cross-organizational Key Performance Indicator (KPI): "No. of national, sub-regional, and regional projects, including those implemented through partnership frameworks, that had achieve their expected benefits or completed important milestones" had been added under Expected Result 4.1 in the Patents and Technology and Copyright and Creative Industries Sectors. The two cross-organizational KPIs: (i) No. of matches between green technology seekers and providers via the WIPO GREEN platform and through Accelerated Projects, and (ii) No. of WIPO Re:Search R&D collaborations advancing through clinical R&D phases, had been added under Expected Result 3.3 in the Regional and National Development Sector. The insert on WIPO's response to COVID-19 on pages 16 to 19 had been updated and it elaborated the key implementation strategies that would be adopted by the Organization, in particular under Expected Results 1.1, 2.2, 2.4, 3.1, 3.3, 4.3 and 4.4. In view of the cross-sectoral nature of the response and its implementation, and to avoid duplication, these strategies were not repeated in the implementation strategies by Sector. For the funding of WIPO's response to COVID-19, the Secretariat had proposed to increase resources under Expected Results 2.2, 2.4, 3.1, 3.3, 4.3 and 4.4, by a total of 3.015 million Swiss francs. The total proposed expenditure under the Proposed Program of Work and Budget for 2022/23 had accordingly increased from 790.8 to 793.8 million Swiss francs. The following KPIs: (i) percentage of WIPO Flagship Publications for which the Executive Summary had been translated into all official United Nations languages, target 100 per cent (ii) percentage of WIPO global publications on substantive IP topics published in 2022/2023 and translated into all official languages, target 100 per cent, and (iii) implementation of pilots within the framework of



the Revised Language Policy roadmap, Phase 1, had been added under Expected Result 1.1 in the Administration, Finance and Management Sector / Office of the Director General. A breakdown of the resources associated with Expected Result 3.1 for promotion of the Global IP Systems had been provided in Annex X. A comparison of development expenditure by Expected Result and Sector had been provided in Annex XI. The Secretariat concluded that the Proposed Program of Work and Budget for 2022/23 was submitted to Member States for their consideration.

237. The Delegation of the United Kingdom, speaking on behalf of Group B, thanked the Secretariat for preparing document WO/PBC/33/10, which incorporated revisions following the comprehensive review of document WO/PBC/32/4. The Group thanked all Member States for the detailed contributions to discussions of the Draft Proposed Program of Work and Budget for 2022/23 at the 32<sup>nd</sup> session of the PBC, and considered that the revised document reflected those discussions. On the modifications to the document, the Group emphasized the importance of the first Program of Work and Budget under the new administration. It sets out a vision for the Organization, which keeps transparency, ownership, and accountability at the forefront. The focus on sectors rather than programs had streamlined the document, which allowed Member States to more easily identify where the Organization could have the most tangible impact. The Group recalled its statement to PBC 32, which set out its general reflections on the work of the sectors. The Group was grateful that the draft had been revised taking into account Member States' comments, especially in areas the Group considered to be of key priority for WIPO, that is the COVID-19 response by WIPO and diversity and inclusivity in the field of intellectual property, specifically gender balance within the Organization. The Group welcomed the insert on WIPO's response to COVID-19, in particular, the implementation strategies in the Global Challenges and Partnerships Sector in collaboration with other sectors. The Group welcomed WIPO's commitment to vaccine equity, and its support for measures that enable IP to deliver such equity. The Group welcomed the crosscutting nature of this work and supported the Organization in having a core team that would meet regularly and coordinate the work to avoid duplication and ensure silos are broken down. In terms of specific activities, the Group was grateful that they had been set out under each expected result, and considered that they provide a comprehensive list of the activities to be completed by sector, which was reflected in bullet 2 under Expected Result 2.2. The Group supported the role of WIPO in providing legislative and policy advice as it enabled members to understand IP frameworks with built-in options to serve policy needs. The Group understood the role of the Patent and Technology Law Division was to support the Standing Committee on the Law of Patents in its discussions. However, the Group considered an enumerated list of areas where the Patent and Technology Law Division would provide advice as overly prescriptive. The Group did not think the PBC was the right body to advise other bodies of WIPO on their agendas. To that end, the Group suggested deleting the itemized list of the Standing Committee on the Law of Patents agenda items at the end of that bullet. The Group was grateful that the impact of COVID-19 on women and SMEs had been recognized. Assistance on the development of trademarks and collective brands would no doubt add value and support economic recovery. The Group looked forward to watching closely how this work would develop and how lessons learned could be applied to other IP rights. The Group was similarly pleased to see the ways in which IP could support women creators and entrepreneurs, including through the DA project on increasing the role of women in innovation, and entrepreneurship, and copyright development programs, projects and tools to empower women creators. The Group supported the addition of the cross-organizational KPI that looked at the number of matches between green technology seekers and providers via the WIPO Green platform. Ensuring that IP could support global environmentally sustainable recovery was crucial in enhancing and delivering the full potential of WIPO Green was one way to do this. The Group considered the new IP and Innovation Ecosystems Sector as a welcome addition to WIPO. The Group stated that it had a strong interest in developing WIPO's capacity in this area and stood ready to support its work. As a result, the Group was pleased to see the inclusion of a KPI that looked specifically at the globally well-respected WIPO flagship publications, such as the Global Innovation Index, WIPO

technology trends, and/or WIPO IP indicators. Ensuring the translation of those documents into all official United Nations languages would be a significant way to ensure the impact of those publications on both policymakers and stakeholder decision makers. The Group thanked the Secretariat for the preparation of the document and looked forward to discussions on this document.

238. The Delegation of China thanked the Secretariat for the Proposed Program of Work and Budget for 2022/23 in accordance with the decision of the 32<sup>nd</sup> PBC session. The Delegation noted that the revised total expenditure had increased from 790.8 million Swiss francs to 793.8 million Swiss francs to strengthen WIPO's commitment to COVID-19 response. The Delegation welcomed the measures taken by WIPO to implement this decision of the 32<sup>nd</sup> PBC session, and noted that the revised budget explained this under the section on WIPO's Covid-19 response. This expanded section explained the measures taken by WIPO to respond to COVID-19 would involve all sectors. The Delegation noted that the newly added budget would be mainly allocated to the Global Challenges and Partnerships Sector and the IP and Innovation Ecosystems Sector. The growth rates of non-personnel resources compared to the previous biennium of those two sectors had increased from 9 per cent and 37.4 per cent, to 24.1 per cent and 48.8 per cent, respectively. This increase mainly reflected the increase of individual contractual services and other contractual services. The Delegation hoped that those sectors together with other sectors would make joint efforts to optimize the use of the budget resources so that WIPO could play a greater role in the global response to COVID-19-related challenges. The Expected Result 3.1 on page 18 of the English version mentioned implementing time limit flexibilities under the Madrid and Hague Systems to offer some relief to users, but no reference was made to the PCT system on whether or not similar measures would be implemented as well. The Delegation asked the Secretariat to provide further explanation on that matter.

239. The Delegation of South Africa, speaking on behalf of the African Group, thanked the Secretariat for the revision of the Proposed Program of Work and Budget for 2022/23. The Group acknowledged that was not an easy task and appreciated the work that had gone into producing the revised version. The Group was satisfied with the revised document and knew that the decisions of the 32<sup>nd</sup> PBC session had been implemented while also noting that some of the requested revisions were not specific and left room for the Secretariat to propose relevant additions or amendments. The Group was particularly pleased with the strengthening of the section on WIPO's COVID-19 response, including the addition of resources. The Group noted that whereas the decision of the 32<sup>nd</sup> PBC session requested WIPO to strengthen its COVID-19 response by increasing the resources allocated to Expected Results 2.2, 2.4, 3.3, and 4.4, the Secretariat had also allocated additional financial resources to Expected Results 3.1 and 4.3. The Group stated that it was not against the addition of Expected Results 3.1 and 4.3, but would be interested to know the reasons behind including them. The Group was happy to see that the Secretariat had been committed to strengthening cross-organizational coordination across the initiatives and ensure full and timely engagement with Member States, while also making sure that indicators would be developed to facilitate performance monitoring and reporting. The Group would be interested to see those indicators. The Group stressed that an effective and sustainable way to address the COVID-19 challenge, as well as future pandemics, would be to have in place a truly balanced and effective international IP system, which would allow Member States to respond to various challenges, including through the use of relevant flexibilities. The Group was of the view that Expected Result 2.1 was key and deserved additional focus. The Group believed that under Expected Result 3.3 on knowledge transfer and technology adaptation, WIPO could do more to ensure that technology transfer would be strengthened to meet global challenges, especially through the establishment of new collaborations and initiatives, including patent disclosure mechanisms, TRIPS flexibilities, and advice and sharing of best practices and know how. The Group thanked the Secretariat for its efforts in preparing the document and would respond to any proposals for additions or deletions on the COVID-19 section of the document.

240. The Delegation of Paraguay, speaking on behalf of GRULAC, was pleased to see the presentation of the Proposed Program of Work and Budget for 2022/23. The Group congratulated the Director General and his team for their efforts in revising and presenting this document and the presentation of the Medium-Term Strategic Plan for 2022-26 at the 32<sup>nd</sup> PBC session. The Group was pleased to see the incorporation of comments by the Member States, particularly those supporting the Member States in their efforts to face the COVID-19 pandemic. The Group appreciated the inclusion of gender diversity and non-discrimination as crosscutting issues. Along those lines, the Group was pleased to see that 3.015 million Swiss francs had been allocated to WIPO's response to COVID-19. It was important to have the necessary tools for WIPO to maintain its lead role in IP. The Group expressed that it had great faith in the Director General and his team.

241. The Delegation of Georgia, speaking on behalf of the CEBS Group, thanked the Secretariat for preparing the Proposed Program of Work and Budget for 2022/23 as contained in document WO/PBC/33/10, which reflected the discussions and proposals at the 32<sup>nd</sup> PBC session. The Group thanked the Member States for their inputs. As emphasized in its statements at the previous session, the Group welcomed the Draft Proposed Program of Work and Budget for 2022/23, which reflected the vision and mission of the Medium-Term Strategic Plan for 2022-26. Despite worldwide efforts, the COVID-19 pandemic would shape lives for the foreseeable future. In light of that, the Group especially welcomed the inclusion of WIPO's response to COVID-19 in the document. While the supply of vaccines remained below the global demands, the Group welcomed WIPO's commitment to vaccine equity. The Group welcomed WIPO's commitment to supporting Member States to overcome the challenges and support them in post-pandemic recovery. Actions like assisting and advising the Member States on the specific and systemic measures available, including implementing international treaties in their laws, and other legislative materials, for example, using TRIPS flexibilities, would play a significant role in achieving the best possible result. Without analyzing the COVID-19 pandemic and all the difficulties connected, the preparation for the next pandemic or other health crises would not be possible. The Group was pleased to note WIPO's plans in that regard. The Group thanked the Secretariat for the preparation of the document and looked forward to a fruitful discussions.

242. The Delegation of Belarus, speaking on behalf of the CACEEC Group, thanked the Secretariat for the work that had been done to put together the document that took into account the comments of the CACEEC Group especially when it came to the issue of multilingualism. The Group supported the document and stated that it did not have any substantive comments to make at that stage.

243. The Delegation of the United States of America welcomed the Proposed Program of Work and Budget for 2022/23 and appreciated the Secretariat's hard work in making the requested changes since the 32<sup>nd</sup> PBC session. The Delegation reiterated that it strongly supported the important work that WIPO did and valued the contribution that the PBC made to the governance of the Organization by providing an opportunity for Member States to agree upon priorities for work for future years and performance metrics for the proposed work. The Delegation appreciated the Secretariat addressing its concerns with the lack of transparency related to promotional activities of the registration systems under Expected Result 3.1. The Delegation believed that Annex X provided the necessary level of clarity on that point. Regarding the COVID-19 insert starting on page 16 of the English version, the Delegation supported the statement made by the Delegation of the United Kingdom on behalf of Group B insofar as it considered enumerated list of areas where the Patent and Technology Law Division would provide advice to the Standing Committee on the Law of Patents as overly prescriptive. The Delegation supported Group B's proposed deletion of the itemized list of the Standing Committee on the Law of Patents agenda items. The Delegation recognized that the Standing Committee on the Law of Patents is also a forum for Member States to discuss relevant topics. Those topics would be determined based on internal deliberations and established WIPO

procedures. The topics reflected on the Standing Committee on the Law of Patents agenda informed the contributions of the Patent and Technology Law Division to the Committee. The COVID-19 pandemic affected all Member States and was a topic that warranted attention in the Standing Committee on the Law of Patents as well as other committees. It was certainly a topic in the minds of WIPO and many of the delegations at the PBC, if not all. In the same spirit of not being overly prescriptive towards a separate WIPO Committee, the Delegation noted that any future work discussions in the Standing Committee on the Law of Patents should be presented, deliberated, and agreed upon by Member States according to established procedures. Once the process of presenting new topics had been undertaken, the Patent and Technology Law Division's contribution would be greatly appreciated. Turning to another issue of importance, the Delegation was unable to locate any reference to WIPO Match in the Proposed Program of Work and Budget for 2020/23 and was curious as to its status and future operational plans. The Delegation supported WIPO Match and participated through the United States Patent and Trademark Office as an IP support provider. The Delegation noted the importance of transparency around IP capacity building and activities conducted by WIPO by Member States and the private sector, and noted that WIPO Match enabled that transparency. The Delegation also noted that the recent evaluation of WIPO Match had found that the program was under-resourced but in line with WIPO priorities. The Delegation looked forward to the Secretariat's explanation on this. Finally, the Delegation hoped that when in-person meetings resumed, discussions on the union allocation methodology would be put back on track. The Delegation did not plan to make a separate intervention under Item 15. The Delegation maintained that each of the fee-funded unions must abide by its treaty obligations and collect income sufficient to cover that union's expenses, including its fair share of the Organization's common expenses.

244. The Delegation of Spain supported the statement made the Delegation of the United Kingdom on behalf of Group B. The Delegation valued very much the effort of the Secretariat allocating 3.015 million Swiss francs to fight COVID-19 through the various different sectors and projects. That demonstrated a solid commitment of the Organization and the Delegation understood that the good financial health of the Organization and excellent management was what enabled resources to be put forth addressing new needs. The Delegation supported the inclusion of the translations of the flagship publications of the Organization into all United Nations official languages because multilingualism is essential to guarantee the effectiveness of the Organization. The Delegation would be working with the Secretariat to help progress translation of other documents, which, although not entering the category of flagship, were still relevant. Beyond the figures on cost, the Delegation shared the vision of the Secretariat in the crosscutting principles of actions such as gender equality in the area of intellectual and industrial property, diversity and non-discrimination and a clear move towards new technologies which promote fighting climate change. The Secretariat and Member States needed to demonstrate through its own actions that intellectual and industrial property were not a part of the problem, but part of the solutions that were needed in order to confront the society's challenges. The Delegation believed that this first Program of Work and Budget of the new Director General and his team reflected that and therefore the Delegation could be counted on to successfully implement this plan.

245. The Delegation of Chile supported the statement made by the Delegation of Paraguay on behalf of GRULAC. The Delegation thanked the Secretariat, as well for the excellent preparation of the document. The Delegation lent its support to the decisions set forth in the document. It allowed the vision of the Director General and his program of work in the long run to be strengthened by making WIPO the key actor in the field of intellectual property as a tool for development. The Delegation stated that it would need more time to analyze the proposal by Group B on Expected Result 2.2.

246. The Delegation of the Russian Federation endorsed the statement made by the Delegation of Belarus on behalf of the CACEEC Group. The Delegation thanked the Secretariat

for preparing the document based on the discussions during the 32<sup>nd</sup> session of the PBC. The Delegation noted that its comments made at that session were reflected in the document, including the comments on the promotion of multilingualism. In the second block of proposals made by the Delegation, there was the idea of including indicators on the work of the IP and Innovation Ecosystems Sector. The Delegation thanked the Secretariat and the IP and Innovation Ecosystems Sector for the consultations that had been held, and for the preparation of the answers in the Questions & Answers document. The Delegation deemed it very important that the Sector planned to conduct work which would be focused on the needs of Member States. Of particular interest was the project on supporting SMEs to enhance management matters in intellectual property, assessment of intellectual property and commercialization. The Delegation expected that based on the implementation of those projects going forward, those important elements would find reflection in the studies and research that would be conducted and in WIPO's recommendations as well, which could be used by intellectual property agencies, SMEs, universities, and all potential users of intellectual property systems. The Delegation thanked the Secretariat for the constructive dialogue and for their fruitful work.

247. The Delegation of Oman thanked the Secretariat for the document and the Member States who had contributed to improving the document, especially in the present difficult times. In the context of the COVID-19 pandemic, the Delegation supported the work conducted by WIPO and its efforts. The Delegation hoped that the Member States would come up with constructive solutions in all of the important areas in order to achieve all of the Sustainable Development Goals.

248. The Chair thanked the delegations for their questions and statements and proposed a short break for the Secretariat to respond. After the short break, the Chair passed the floor to the Secretariat to respond to the delegations.

249. The Secretariat thanked the delegations for their interventions and indicated that they would respond to two of the questions and then pass the floor to other colleagues to answer the remaining questions. On the two questions from the Delegation of South Africa on behalf of the African Group on the new resources under Expected Results 3.1 and 4.3, the Secretariat explained that proposal arose from an exercise during the course of the summer where the Director General tasked each Sector Lead to rethink how their Sector could contribute to the whole of WIPO's response to COVID-19. After the Sector Leads consulted with their teams, those two further ideas were added to those expected results that were identified by the Member States in the 32<sup>nd</sup> PBC session. In particular, under Expected Result 3.1: "Wider and more effective use of WIPO's Global IP systems, services, knowledge and data", the Organization saw an opportunity under the Arbitration and Mediation Center. Expected Result 4.3: "Increased IP knowledge and skills in all Member States", was also an Expected Result that was found to be particularly important in the COVID-19 response. A number of Member States had highlighted that skills and knowledge in many ways underpinned the outcomes sought in some of the other expected results. On the questions on KPIs on the COVID-19 response, the Secretariat explained that the Secretariat attached great importance to that and affirmed that KPIs were needed and the Secretariat would work on those during the course of the autumn. The Secretariat proposed to put that information on the WIPO website for Member States.

250. The Secretariat thanked the Delegation of China for the question on why the PCT was not mentioned in Expected Result 3.1. The Secretariat explained that the COVID-19 pandemic was related to PCT rule 82quater.1 due to natural calamity or other like reason. With that said, the International Bureau did not currently have the authority on its own to extend PCT time limits. The Secretariat did not want to get ahead of the WIPO Assemblies as a new rule amendment agreed by the PCT Working Group in June 2021 would be reviewed by the PCT Assembly in October 2021. This would explicitly allow for PCT offices, authorities, and the International Bureau to extend PCT time limits when experiencing a general disruption caused

by a *force majeure* event which affects office operations. The Secretariat announced suspension back in March of 2020 of sending PCT documents on paper since many of the postal services were not functioning and transmitting them only *via* email or in ePCT.

251. Responding to the question from the Delegation of the United States of America on WIPO Match, the Secretariat explained that, as reflected in the IOD evaluation report, there had been modest outcomes achieved by WIPO Match over its life. The original evaluation of the WIPO Match project submitted to the Committee on Development and Intellectual Property in 2012 noted the infrequent use of the database. The recent IOD evaluation had reported a total of six matches, covering three biennia from 2014 until 2019. The Secretariat noted that from 2016 to 2020, WIPO Match had costed WIPO 1.41 million Swiss francs. The Secretariat emphasized that it remained fully committed to the objective of facilitating cooperation between IP stakeholders, connecting them, and helping them meet technical assistance needs. This was also in line with the vision originally articulated by the Committee on Development and Intellectual Property in 2008. Concerning the issue of how best to achieve this in a cost-effective, efficient, and impactful way, the Secretariat was looking at how to strengthen WIPO Match. The Secretariat intended to carefully weigh the findings of the IOD report with a view to revising WIPO Match and deciding how best to situate it to maximize its benefit. WIPO Match was, in essence, a tool to facilitate south-south and triangular cooperation. The Secretariat elaborated that although reference to WIPO Match was not included in the document, it was going to be the core of the south-south and triangular cooperation. WIPO had been focusing on cooperation, including the matchings of countries, not only among developing countries, but also between developed and developing countries.

252. The Chair thanked the Secretariat for providing clarification and additional information to the delegations and hoped that information was well received. The Chair stated that it would seem that a little bit more discussion on that would be necessary among the Regional Groups. The Chair then opened the floor to the delegations for further comments.

253. The Delegation of Pakistan thanked the Secretariat for the documents and the clarifications provided. The Delegation had thought that the approach for the discussion on that item would be as it was at the 32<sup>nd</sup> PBC session where the PBC would look at each sector but understood that delegations could ask questions or make comment regarding any sectors under the Item. The Delegation asked how the regional bureaus functioned under the Regional and National Development Sector and if there were any specific allocations for the regional bureaus within the Sector. The Delegation asked if the budget had a Sector-wide allocation and if the further subsequent allocations were based on requirements by the relevant bureaus or if there were any specific country allocations. The Delegation reiterated its point made at the 32<sup>nd</sup> PBC session on the Global Innovation Index under the IP and Innovation Ecosystems Sector. The Delegation pointed out that it had some issues with the data sets, and that it had apprised the PBC at the previous session about the missing and outdated data against a number of sub-indicators in Pakistan's ranking. While the Delegation had been working with its national stakeholders to provide the required data to the concerned international agencies, there was a lack of coordination between the Secretariat and the concerned countries on that issue. The Delegation stated that it was mindful that WIPO did not directly collect the data but better coordination between the Member States and the Secretariat was needed during the data collection phase. Instead of the Index being published with incomplete or missing information, the Member States should have the opportunity to provide the missing or outdated data sets before the issuance of the Index each year. The Delegation looked forward to the issuance of the 2021 Global Innovation Index and the possibility of a briefing session by WIPO on the methodology, data collection, dissemination, and ways to improve on missing and outdated data sets should be explored. The Delegation also requested more information about the entire process in the publication of the Index, including the selection criteria for the 80 sub-indicators, or 81, as was the case in the next Index, and allocation of value to each of these sub-indicators. The Delegation also noted changes in partner institutions for the Index for 2021. The

Delegation would appreciate if the Secretariat could shed some light on the process for selecting partner institutions, as well as the methodology applied in the selection of sub-indicators and their associated value in the Index.

254. In response to the question from the Delegation of Pakistan regarding the Regional and National Development Sector, the Secretariat explained that the Program of Work and Budget was built up in a combination of a top-down and a bottom-up approach. That meant that each of the specific areas in a particular sector come up with their plans based on the results to be achieved and afterwards the resources required in order to achieve the results were being determined. The Regional and National Development Sector was comprised of many Organizational entities, in addition to the regional divisions it includes all the WIPO External Offices and the WIPO Academy, which had various sections and divisions as well. The Regional and National Development Sector was a large Sector with a multitude of organizational entities which each had their specific results to be achieved, which was shown in the indicators, baselines and targets, and then the associated resources were being calculated.

255. The Secretariat thanked the Delegation of Pakistan for his comments regarding the Global Innovation Index. The Secretariat elaborated on the positive perspective of how the Global Innovation Index had helped Member States in improving the collection of data at the national level. Through the work of the Secretariat and the national members of different governments, WIPO had been working in identifying data that was relevant to be collected and in the identification of responsible units for the collection of this data at the national level. In that regard, the Index had been a mobilizing force for collection of data on innovation at the national level. However, it was clear that on some occasions there was missing data. When data was missing, there were two activities the Organization undertook to facilitate improvement in collecting that data. First, it made available information on missing or un-updated data when Member States let the Secretariat know about the existence of that data after the Global Innovation Index was launched. Secondly, the Secretariat facilitated the submission of national data to relevant international agencies, like UNIDO, ITU, UNESCO and the World Bank. Those two mechanics allowed WIPO to help countries collect those data and put in place mechanisms to improve both the collection and communication of that data before or after launching the report. The Secretariat remained available to actively engage with the Delegation of Pakistan and with authorities in their capital in order to find out what could be done to both improve the collection of data and most importantly, to improve the position of the country in the rankings. A number of positive improvements had been done for Pakistan in previous years and was going to be the case in the 2021 Global Innovation Index.

256. The Delegation of Pakistan commended and appreciated the efforts made by the Secretariat to improve the collection of data. The Delegation noted that in the 2020 Global Innovation Index, data against 17 out of a total 80 indicators was either missing or outdated. The Delegation appreciated the Global Innovation Index as a whole as it provides a holistic picture of a country's situation which could lead to improvements in innovation. The Delegation was ready to engage with the Secretariat, as in addition to the data sets, the Delegation wanted to know the methodologies and criteria that were being employed in the selection of certain sub indicators in 2021.

257. The Secretariat reiterated that it could provide Member States information to help them to identify how to communicate that data to the relevant organizations that source the information at the international level. Those organizations provided inputs in order to feed the 82 different indicators that were used as an input or output in the Global Innovation Index. The Secretariat proposed having a bilateral conversation with the Delegation of Pakistan and the authorities in capital to find out what specific measures should be put in place to improve data collection, improve data sharing with the relevant organizations and identify what could be done to improve the performance of the country on innovation. The Secretariat would be happy to provide the assistance.

258. The Delegation of South Africa, speaking on behalf of the African Group, expressed its appreciation for the responses to the questions it had raised earlier. The Group reiterated its earlier point that Expected Result 3.3 could be strengthened and asked if the Secretariat could look into that. The Group offered to provide suggested language to the Secretariat that could be shared with the other delegations. On Expected Result 4.3, the Group was encouraged to see that WIPO would be exploring the implications of COVID-19 on startups and SMEs. The Group believe that was a positive step and asked whether WIPO could extend such exploration of the impact of the pandemic to indigenous and local communities under the relevant expected result.

259. The Delegation of the United Kingdom, speaking on behalf of Group B, asked to see the specific textual suggestion so that it could be circulated to the Group members for consultation. The Group noted that it had been mentioned that would be under the lead of a different Sector. The Group stated that it would be useful to have that information to facilitate further discussions on that matter.

260. The Chair thanked the delegations for their remarks and requested that the proposals by the Delegation of the United Kingdom on behalf of Group B and the Delegation of South Africa on behalf of the African Group be circulated to allow consultation. The Chair proposed that discussions on the Proposed Program of Work and Budget for 2022/23 be taken up later in the meeting. The Chair proceeded to open the discussion on document WO/PBC/33/11, the Capital Master Plan for 2022-31. He stated that the Organization required continued capital investments in the areas of premises, safety and security, and ICT to maintain, and as necessary, enhance this infrastructure with the aim of remaining fit for purpose. The Chair passed the floor to the Secretariat to introduce the document.

261. The Secretariat stated that the Capital Master for 2022-23 concerned a number of high priority ICT projects to continue the digitization of WIPO services and internal processes in a secure environment. The proposal was made within the context of the External Auditor's performance audit of projects financed from the reserves conducted in 2020 in which a number of recommendations were presented to enhance the strategic focus and governance of projects and project planning. The Secretariat fully embraced the External Auditor's recommendations. In the current proposal, many of the recommendations had been addressed, in particular those pertaining to Strategic Focus and Project Planning. Individual projects had been mapped to the Medium-Term Strategic Plan for 2022-26 and the Expected Results, and the expected benefits of the projects had been more clearly articulated with clear baselines and targets. The information regarding the full life cycle costs of the projects had also been improved with the indication of the expected costs of other WIPO personnel pertaining to project governance, which had been included in the detailed descriptions of each proposed project in Annex I. The remainder of the recommendations would be implemented in subsequent CMP proposals. The proposal should therefore be seen as a transitional proposal and was limited to the biennium 2022-23 rather than constituting a longer term Capital Master Plan. The budget for the proposed projects amounted to 19.971 million Swiss francs. The Secretariat stood ready to answer any questions from the delegations.

262. The Delegation of the United Kingdom, speaking on behalf of Group B, thanked the Secretariat for preparing document WO/PBC/33/11. The Group welcomed the Capital Master Plan as an important means to ensure WIPO remained a modern, efficient and secure service provider and employer. The Group took note of the adaption of the Capital Master Plan and its projects to the needs and changes brought on by the COVID-19 pandemic. The Group thanked the Secretariat for the presentation and was pleased to see that the Secretariat had fully taken into account the recommendations made by the External Auditor on projects financed from the reserves and considered the CMP 2022-23 a transitional proposal toward fully implementing the recommendations from the External Auditor. The Group recognized the Secretariat's



commitment to embed the External Auditor's recommendations on project planning, including appraisal analysis and risk management in the project initiation documentation. The Group also welcomed the update on the project for the provision of daycare services. The Group cautioned against linking remote working to daycare services. The Group looked forward to a further update on this project at the 34<sup>th</sup> PBC session. The Group agreed with the decision paragraph of the document.

263. The Delegation of the United States of America supported the Capital Master Plan for 2022-23 given the healthy reserves available and the expected benefits and efficiencies resulting from the projects. However, the Delegation noted that certain projects such as the WIPO Portal seemed to have endless phases and ever-increasing costs. For example, when the project was first presented in 2017, it consisted of just two phases. The Delegation noted that the delegations were now being asked to approve a third phase and asked if there would be more phases. The costs associated with phases had grown. The Delegation stated that one would think that the first phase would be the most expensive phase. Phase one had been proposed at roughly 4.5 million Swiss francs, phase two at 6.9 million Swiss francs, and phase three had grown to 7.5 million Swiss francs. The Delegation asked for the costs of more phases.

264. The Delegation of Georgia, speaking on behalf of the CEBS Group, thanked the Secretariat for preparing the document WO/PBC/33/11. The importance of information and communication technologies that enabled remote work was evident. The Group believed that any investment in ICT would be beneficial for the users of WIPO services and the work of the WIPO Secretariat. Therefore, the Group supported the activities laid down in the Capital Master Plan linked to ICT and safety and security, as they were all relevant for the Organization's future work. The Group also appreciated the information on the data management project and reiterated its support for this initiative. The Group was ready to support the decision to recommend to the Assemblies of WIPO the approval from the reserves, the funding of the projects presented in the Capital Master Plan for 2022-23.

265. The Delegation of Spain endorsed the statements made by the Delegation of the United Kingdom on behalf of Group B. The Delegation supported the efforts of the Organization to make sure that it had ICT tools available, which are increasingly flexible and powerful, and at the same time, user friendly. Digital transformation was important for modernizing the industrial and intellectual property sector. Investment in ICT needed to be undertaken in a strategic manner. The Delegation appreciated the concern for data protection and data security. The transition to the cloud needed to be carried out with maximum levels of security and caution. The Delegation stated that the United Nations system did have a specialized ICT service provider, the United Nations International Computing Centre. The Delegation felt that WIPO could and should build close ties with that body to achieve its goals, as indeed, the PBC Secretary had explained at the 32<sup>nd</sup> PBC session.

266. The Delegation of China thanked the Secretariat for preparing the Capital Master Plan for 2022-31 in document WO/PBC/33/11. The Delegation noted that this agenda item had been rescheduled for discussion from the 32<sup>nd</sup> PBC session to the 33<sup>rd</sup> PBC session and it had been modified from the original ten-year master plan to a two-year plan. The Delegation noted that due to the growth in the number of applications in the WIPO Global IP services system, including PCT, the Organization's total available cash and reserves would be sufficient to support both the past and proposed budgets for Capital Master Plan projects. The Delegation welcomed the performance audit and the audit recommendations made by the External Auditor on projects funded from the reserves. The Delegation was pleased to note that the Secretariat had been actively implementing the relevant recommendations and hoped that WIPO, when planning future Capital Master Plan projects, would pay attention to the key points regarding good project governance on page 40 of the External Auditor's report in document WO/PBC/33/5 in particular, with regard to strengthening stakeholders engagement. On the proposal regarding

a transition phase for the PCT resilient and secure platform project, the Delegation was pleased that WIPO had suspended the cloud component of the project and established a transition phase to enable other work streams of the project to continue, such as software transformation and other PCT infrastructure. The Delegation commended this pragmatic approach by the Secretariat, but hoped that the current component of the project, as well as other CMP projects involving a cloud first policy would be implemented through a more open and transparent global procurement process. The Delegation welcomed the Secretariat's commitment to ensuring users' data security and reiterated that in implementing the cloud first policy, important interests such as the data security of users of WIPO's global IP systems should be considered first before other factors such as cost and lead time were taken into account. The Delegation stood ready to continue discussions on those issues with the Secretariat and the interested countries to jointly explore and find an appropriate solution in that regard.

267. The Delegation of the Russian Federation thanked the Secretariat for presenting the Capital Master Plan for 2022-23, concentrating above all on improving the IP Portal's computer system, the ERP technology used in WIPO for managing administrative data, systems to increase levels of security and the improvement of data management systems. The Delegation emphasized the need to strictly follow the recommendations of the External Auditor, particularly in respect of implementation and planning of Capital Master Plan projects. Complying with those recommendations would guarantee transparency of the Capital Master Plan. The Delegation believed that it would be useful in the future when the Secretariat would be providing information relating to the improvement of the project management system, that some projected financial information be provided on, for example, expected savings and administrative expenditure. That approach would help achieve the strategic goals of the Organization and enhance the reliability of the functioning of the system. Increasing expenditure on IT infrastructure was something which was necessary to improve the effectiveness of the Organization's work and particularly taking into account the fact that many procedures had become virtual and online with an increase in remote working. The Delegation thanked the Secretariat for holding a series of consultations on questions relating to information security, protecting the confidentiality of data and on PCT filings. The Delegation appreciated the very constructive spirit and the focus of the Secretariat and the desire to achieve the highest possible level of security for confidential information. That would make it possible to maintain a high level of trust in the international registration systems and help demand for WIPO's global services to be maintained. Taking into account the conclusions regarding the available cash reserves for covering the proposed expenditure, the Delegation supported the financing of the Capital Master Plan projects at the figure of 19.971 million Swiss francs.

268. The Delegation of Switzerland thanked the Secretariat for the preparation of the clear and detailed document Capital Master Plan for 2022-23. The projects described in the document related to information and communication technologies as well as safety and security, areas that were crucial for WIPO to continue to modernize. The Delegation welcomed and supported the Plan being financed from the Organization's reserves. The Delegation was of the opinion that the projects relating to information and communication technologies were particularly important in order for WIPO to remain a secure and attractive Organization in the eyes of all those involved in intellectual property. In particular, the Delegation welcomed the implementation of the third phase of the IP Portal. This new phase would make it possible to improve the services of the one-stop shop so that it could offer its users services that made it possible to effectively and easily protect their intellectual property rights. Investments related to the Resilient and Secure PCT platform project were very important for the PCT system to continue to be improved and modernized. The Delegation noted the temporary suspension of the "cloud" component of this project. Given the importance of responding to the risks of cyber-attacks, the Delegation hoped that Member States would once again find a solution for securing unpublished PCT information in the cloud environment. More generally, the Delegation welcomed the efforts of the Secretariat to address infrastructure, safety and security issues through a proactive, short, medium and long-term approach.

269. The Secretariat thanked the delegations for their remarks. On the question from the Delegation of the United Kingdom on behalf of Group B on the crèche project and reference made to virtual working, the Secretariat stated that like many organizations, WIPO had been moving towards more flexible working arrangements. Previously colleagues would be coming into the office five days a week and had preferred childcare closer to the office. With flexible working arrangements those colleagues would prefer childcare that is closer to their place of residence on the basis that they might be working from home several days a week. That was the aim behind linking virtual working and childcare. The Secretariat would be happy to provide more information on that at the 34th PBC session, as there would be a clearer idea of what those patterns of demand for childcare services would look like. Regarding the question from the Delegation of the United States of America on the IP Portal, the Secretariat explained that the scope of what the IP Portal could do had changed since the first IP Portal project. The IP Portal had been one of WIPO's foremost series of projects on digitizing the architecture of the Organization. The Secretariat stated that it would defer from providing the number of IP Portal phases expected as that linked also to the comment from the Delegation of China on future Capital Master Plans. The Secretariat reiterated that the Capital Master Plan proposal was for two years and that was very conscious because the new administration wanted to do proper due diligence on what the likely future capital outlays of looked like in the areas of buildings and digitization of IT security. The new administration had not had a chance to do that level of due diligence at that time. The Secretariat would provide much clearer explanations and a clearer path of what the medium term time horizon looked like in terms of the expected capital outflows under the digital projects, the physical buildings and the physical environment when the full Capital Master Plan would be presented. The Secretariat stated that the question from the Delegation of the United States of America on the future phases of the IP Portal was a very important question as the Organization would be looking at the 10-year time horizon but needed further work as it links to the recommendations by the External Auditors. The Secretariat stated that the transitional proposal gave the Organization the capital resources that it needed over the following two years to ensure that WIPO's infrastructure would be fit for purpose. It also gave the Secretariat time to think about what the medium term projection looked like. Concerning the comments from the Delegation of Spain on the United Nations International Computing Centre, the Secretariat underlined that WIPO had a close working partnership with the United Nations International Computing Centre. The Secretariat noted that the Delegations of China and the Russian Federation had made reference to recommendations by the External Auditor on project management and stakeholder engagement. The Secretariat stressed that WIPO was committed to embracing all of the External Auditor recommendations on that matter. Those recommendations that had not been implemented in the Capital Master Plan for 2022-23 would be implemented in the following regular Capital Master Plan. The Secretariat took good note of the comments from the Delegation of China on WIPO's cloud strategy and on the importance of data security. The Secretariat confirmed the Delegation of China's statement that the implementation of the cloud component Resilient and Secure Platform remained on hold. As the Organization rolled forward to future Capital Master Plans, it needed to do better at mapping out the expected savings on some of the projects, which were sometimes financial savings. The Organization continued to evolve and mature its project management approach and could do a better job of both understanding the projected savings and holding itself to account for delivering them. As recommended by the External Auditor, that could be achieved through a more robust approach to project management and a more case-by-case approach depending on the nature of the project, the risks of the project and so on. That was something that the Organization was working on.

270. On the intervention from the Delegation of the United States of America on the phases of the IP Portal, the Secretariat explained that for the proposed phase three of the IP portal there were some new capabilities foreseen around Customer Relationship Management. Customer Relationship Management was not being managed in WIPO at an enterprise level. The Secretariat had identified a very strong need to bring that in. The IP Portal phase three foresaw the introduction of a corporate level customer relationship management capability that would be

the introduction of that capability, but it would not be the full implementation. Concerning customer experience there was quite a lot of complicated work foreseen around a richer user experience for WIPO accounts. Currently, the account system was working just for individuals. There had been a very strong feedback requesting richer functionality at the entity level for example to share and collaborate amongst teams, and phase three would address these needs. A further new capability being introduced was Application Program Interface (API) management. There had been some progress in phase two in terms of establishing and validating an architecture. The Secretariat expected to have that exercise concluded by the end of 2021. In phase three there would be an implementation of a corporate level solution for API management which would introduce a developer portal for developers from various stakeholders to have the ability to discover and collaborate with WIPO experts to integrate automation. This could be with IP office officials, applicants, and third party software vendors. Secondly, in the API management space, the Secretariat was proposing to introduce a more scaled and granular degree of security and controls around the functionality that the Organization was externalizing to third parties. Last, the Secretariat planned to bring in a common and converged approach to the design and implementation of APIs in the Organization. The developer community producing the WIPO APIs would be using a common set of techniques, processes, and environment that directly contribute into that developer portal. With respect to data science and data analytics, the Secretariat highlighted that there had been significant progress. It was underpinned with an enterprise level solution, rather than the silo-oriented approaches that had been seen in small pockets around the Organization up to that point. The common analytics platform was being adopted across the Organization, including for internal analytics. It was a single data platform environment as well so it did mean greater ability to perform data science operations across all kinds of data sets. This would also offer the ability to have greater organizational agility thanks to using this common environment. The adoption of this platform had been seen across quite a lot of business areas within the Organization. The Secretariat further highlighted software development in which WIPO was fully engaged, for example automation and artificial intelligence. The Secretariat had established a common DevOps environment for all developers. The platform had Continuous Integration and Continuous Deployment (CI/CD) capabilities that had been converged. The idea was to operationalize this and to continue to enforce much stricter convergence across the software developer population that services WIPO in this area. On the question referring to the increasing costs over the phases in the budget, the Secretariat confirmed that was indeed the case. The Secretariat stated that at the end of phase one, approx. 900,000 Swiss francs had been returned to the reserves. The IP Portal was a cross-sector horizontal exercise involving many foundational capabilities for the Organization. The Secretariat was proceeding incrementally and with caution because when dealing with digital transformation the temptation to go quickly could be irresistible. The Secretariat felt that it should really think about the future reaching capabilities in a more conservative fashion. The Organization had started more conservatively and wanted to build up momentum, which it had managed to do. This could be seen in the rate of consumption of the budget which was closely aligned with planning commitments since phase one. The Organization had been on two-year cycles and had a lot of momentum coming out of each phase, and that was why the Organization felt it had been reasonably conservative yet forward thinking to increase little by little over each phase.

271. The Chair thanked the Secretariat for its helpful explanations. Discussions and explanations with the Secretariat involved would continue as necessary. As there were no further requests for the floor, the Chair read out the decision paragraph for the Capital Master Plan for 2022-23 which was adopted:

272. The Program and Budget Committee (PBC), noting that this proposal constitutes a transitional proposal towards fully implementing the recommendations from the External Auditor, recommended to the Assemblies of WIPO, each as far as it is concerned, to approve, from the WIPO Reserves, the funding of the projects presented in the CMP 2022-23 for the biennium 2022/23, amounting to a total of 19.971 million Swiss francs.

273. To accommodate some delegations request for more time to consider the Proposed Program of Work and Budget for 2022/23, the Chair suggested resuming discussions on this agenda item later in plenary. He thanked the delegations for their hard work all day and to the colleagues who had been participating remotely.

274. The following day, the Chair reopened Item 12, Proposed Program of Work and Budget for 2022/23. He reminded the delegations that there had been proposals and comments by Group B and the African Group for their consideration. The Chair passed the floor to the Secretariat to explain the two proposals.

275. The Secretariat explained the two proposals received from Group B and the African Group on WIPO's Response to COVID-19 in the Proposed Program of Work and Budget for 2022/23. Group B's proposal was to delete part of the end of the third sentence in the second bullet point under Expected Result 2.2 "...including the exceptions and limitations to patent rights, quality of patents including opposition systems, patents and health as well as technology transfer." The proposal from the African Group was to add the sentence under Expected Result 3.3 "WIPO commits to accelerate technology transfer and technology adaptation through strengthening patent information services, innovation support programs and tools, as well as by implementing projects and activities on technology transfer agreed by WIPO Committees, in line with Recommendation 29 of the Development Agenda. Special focus will also be given to facilitating better access to publicly available patent information and enhancing cooperation and exchange between research and development institutions in Member States." The African Group also proposed to add an additional bullet point under Expected Result 4.4, which read, "In the 2022/23 biennium, WIPO will also explore the implications of COVID-19 on indigenous and local communities to inform the design and implementation of appropriate initiatives." Those were the only pending items remaining from the previous day's discussions on the Proposed Program of Work and Budget for 2022/23.

276. The Chair stated that the PBC would first look at Group B's proposal to remove "...including the exceptions and limitations to patent rights, quality of patents including opposition systems, patents and health as well as technology transfer." The Chair opened the floor for the delegations for comments.

277. The Delegation of Belarus, speaking on behalf of the CACEEC Group, thanked Group B and the African Group for the proposals and the Secretariat for sending them to the Regional Coordinators. The Group stated that it had had the necessary time for consultation within its Group and in the spirit of constructiveness, it was ready to support the Group B proposal and the African Group proposal. The Group felt that they were rational in the parts of the document where the Secretariat had chosen to place them.

278. The Delegation of Georgia, speaking on behalf of the CEBS Group, thanked and supported Group B's proposal.

279. The Delegation of South Africa, speaking on behalf of the African Group, thanked Group B for its proposal and personally thanked the Regional Coordinator of Group B who had reached out to him before the proposal was made early in the PBC. The Group believed that reference to those elements in that paragraph was well warranted and the Group did not believe that it would be necessary to remove those elements. The Group would be comfortable with having the whole paragraph as it was without any deletions.

280. The Delegation of Paraguay, speaking on behalf of GRULAC, thanked Group B for its proposal and the African Group for opening up the discussion on this. The Group suggested to add "... and including under agenda items as agreed by Member States" to see whether the proposal of the African Group would come closer to acceptance with those changes.

281. The Chair asked the Delegation of Paraguay on behalf of GRULAC to clarify if GRULAC had a proposal and if so, whether it could provide the proposal.

282. The Delegation of Chile, speaking on behalf of GRULAC since the Delegation of Paraguay had technical issues connecting to the meeting at that moment, requested that the following be added to the third sentence in the second bullet point under Expected Result 2.2 "...and including under agenda items as agreed by Member States."

283. The Delegation of Nigeria thanked the Chair for his resilience in ensuring that meaningful progress would be made in the session and the Secretariat and interpreters for ensuring that everyone understood the discussion. The Delegation proposed that the following be added to the third bullet point under Expected Result 4.3 "...with special consideration given to the female gender." The Delegation believed that the male gender might have an interest in availing themselves of similar opportunities and would want to key into that opportunity. The Delegation did not want the opportunity to be conscribed for just the female gender with no prejudice to any gender. Clarification on how to move forward on that particular matter could be provided.

284. The Chair thanked the delegations for their proposals. The Chair recapped that the CACEEC and CEBS Groups supported Group B's proposal to delete the last part of the third sentence under Expected Result 2.2. GRULAC proposed to add wording at the end of the third sentence in the second bullet point under Expected Result 2.2. There was also a proposal from the Delegation of Nigeria on the third bullet point under Expected Result 4.3 for the delegations' consideration. The Chair proposed that the Secretariat would circulate the proposals to the Regional Group Coordinators for their consultations to come back with some wording that would be acceptable to all delegations. The Chair then opened the floor for comments.

285. The Delegation of the United Kingdom, speaking on behalf of Group B, reiterated that it had provided reasoning behind the Group B suggestion the previous day as well as in writing to all Regional Group Coordinators before the item was opened. The Group would need more time to consider the African Group proposals. The Group pointed out that while the Group B suggestion was a clarification of an existing concept, both African Group proposals were additional new concepts that needed further thought and discussion. As mentioned by other delegations, the Group B Coordinator had reached out to several Groups the previous week to inform them about the Group B proposal well in advance. The African Group proposals were adding new concepts and were presented only the day before while the Proposed Program of Work and Budget for 2022/23 document had been available since August 16. Therefore, the Group would need to consult within its Group and with capitals, and engage with the proponents, if needed, to better understand the new proposals, including the proposal made by the Delegation of Nigeria at that morning's session.

286. The Delegation of South Africa, speaking on behalf of the African Group, thanked GRULAC for its proposal on alternative wording to the Group B proposal. The Group would consider that proposal. The Group appreciated that Group B and others needed time to look into its proposal. The Group clarified that the amendment it requested to WIPO's response to COVID-19 would be to replace the word "technology" with "knowledge" transfer so that the sentence read "WIPO commits to accelerate knowledge transfer and technology adaptation through strengthened patent information services...." That mistake was made when transferring the text to correlate with the expected result itself, which spoke to knowledge transfer and technology adaptation. The Group requested that it be amended accordingly.

287. The Delegation of Paraguay reiterated that GRULAC was flexible and its proposal was to try to accommodate the concerns expressed by the Group and other Groups.

288. The Chair thanked the delegations for their remarks. He thanked the Delegation of Paraguay, speaking on behalf of GRULAC, for the flexibility and proposed that time be given to the delegations to examine the proposals made that day so that due consideration would be given to the proposals in the hope that the PBC would be able to reach consensus as soon as possible.

289. The following day, the Chair addressed pending Item 12, Proposed Program of Work and Budget for 2022/23 and stated that plenary had started later that day, as it was necessary for different Groups to be able to continue their consultations on the important agenda items that were outstanding. The aim of the PBC was to strengthen consultations and discussions and the Chair welcomed the fruitful discussions that had happened during the previous day's session which allowed the PBC to adopt a number of important decisions and to speed through the agenda and concentrate on the pending agenda items. The Chair noted that there had been ongoing consultations on the proposals. Updated proposals on WIPO's response to COVID-19 had been sent to the Regional Group Coordinators later that day.

290. The Chair reopened Item 12, Proposed Program of Work and Budget for 2022/23 the following day. He thanked all delegations participating remotely and in-person and particularly the Regional Group Coordinators who had done a colossal job. They had given the best possible texts that could be agreed upon, and those had met with approval because the very spirit of the PBC was to be as consensual as possible. He thanked the wonderful team of interpreters. He recalled that there had been extensive exchanges of views which had made it possible to focus on the points that were subject of discussion. The Chair requested the Secretariat to put the text of the proposals that had been sent to the Regional Group Coordinators the day before on the screen.

291. The Secretariat went through the amendments to WIPO's response to COVID-19 in the Proposed Program of Work and Budget for 2022/23. The first amendment pertained to the third sentence in the second bullet point under Expected Result 2.2 which read, "The PTLTD will support the Standing Committee on the Law of Patents (SCP), including in its discussions on issues relevant to COVID-19 under agenda items as agreed by Member States." The lead sector would be Patents and Technology. The second amendment pertained to additional text under Expected Result 3.3 which read, "WIPO will engage with relevant stakeholders to accelerate knowledge transfer and technology adaptation and will strengthen patent information services, innovation support programs and tools, including by implementing projects and activities on technology transfer agreed by WIPO Committees within their mandate, in line with Recommendation 29 of the Development Agenda. Special focus will also be given to facilitating better access to publicly available patent information and enhancing cooperation and exchange between research and development institutions in Member States." The lead sectors would be Global Challenges and Partnerships, and IP and Innovation Ecosystems. The third amendment pertained to the third bullet point under Expected Result 4.4 which read, "WIPO will expand its current cooperation with the International Training Centre's (ITC) eLearning Academy to integrate instructionally designed IP content on trade related topics for exporters, in particular female exporters." The Secretariat pointed out that a typo had been corrected as acronym ITC incorrectly had referred to the International Training Centre instead of the International Trade Centre. The fourth amendment was to add a new bullet point under Expected Result 4.4 which read, "In the 2022/23 biennium, WIPO will also explore the implications of COVID-19 on local communities, including indigenous communities, to inform the design and implementation of appropriate initiatives." The lead lead sector would be Global Challenges and Partnerships.

292. The Chair stated that those amendments had been the subject of the compromise reached. He thanked the delegations and noted a sense of euphoria in reaching a decision as the core of the PBC's work was the Program of Work and Budget. He thanked the delegations for all of the efforts they had made in order to come up with a decision. As there were no further requests for the floor, the Chair read out the decision paragraph which was adopted:

293. The Program and Budget Committee recommended to the Assemblies of WIPO, each as far as it is concerned, the approval of the Proposed Program of Work and Budget for 2022/23 (document WO/PBC/33/10) with WIPO's Response to COVID-19, pages 16-19 (English version), as amended during the 33<sup>rd</sup> session of the PBC.

### **ITEM 13 UNITED NATIONS SUSTAINABLE DEVELOPMENT GROUP (UNSDG) MEMBERSHIP**

294. Discussions were based on document WO/PBC/33/12.

295. The Chair introduced agenda Item 13, United Nations Sustainable Development Group (UNSDG) Membership, and reminded the Committee that discussions regarding the item had already begun at the 32nd PBC session, in July 2021, as set out in document WO/PBC/32/5. The PBC would continue its consideration of the topic as set out in document WO/PBC/33/12. The Chair recalled that the following decision had been adopted at the 32nd PBC session:

“The Program and Budget Committee (PBC):

(i) requests the Secretariat to continue to engage with the Development Coordination Office to obtain additional clarifications on the impact of UNSDG membership on WIPO's work.

(ii) requests the Secretariat to submit a report of the Secretariat's further consultations referred to in paragraph (i) above in order to facilitate the discussion on the decision on UNSDG membership at the 33rd session of the Program and Budget Committee.”

The Chair said that in line with that decision the Secretariat had been working to comply with the mandate given at the 32nd PBC session. The Chair explained that the Secretariat would proceed with the presentation of the document which would then be followed by a debate on the Organization's UNSDG membership. The Chair invited the Secretariat to present document WO/PBC/33/12.

296. The Secretariat introduced document WO/PBC/33/12, United Nations Sustainable Development Group (UNSDG) Membership, and explained that given the cross-cutting nature of the item, other Secretariat colleagues would also be present for the document's presentation. The Secretariat recalled that at the 32<sup>nd</sup> session of the PBC, the Committee requested that the Secretariat engage further with the United Nations Development Coordination Office (UNDCO) with a view of obtaining additional clarifications on the impact of the United Nations Sustainable Development Group (UNSDG) membership on WIPO's work, and to submit a report at the 33rd session of the PBC to facilitate the Committee's consideration and decision on that agenda item. Pursuant to that mandate, the Secretariat had held consultations with the UNDCO and document WO/PBC/33/12 that was before the Committee reported on the information obtained, and attempted to assess the impact of UNSDG membership on the delivery of the Organization's development work. The report recalled the current *modus operandi* of WIPO's development activities and it highlighted shifts in the delivery of technical assistance should WIPO decide to join the UNSDG; and assessed the prospective opportunities and possible challenges. In addition to document WO/PBC/33/12, the Secretariat had circulated on September 13, 2021, a Questions and Answers document WO/PBC/33/Q&A that provided additional information in response to specific queries by Member States. The Secretariat concluded its presentation of document WO/PBC/33/12 by stating that the decision paragraph 17 of the document called on the PBC to consider, and take a decision on the invitation for WIPO to become a member of the UNSDG.

297. The Delegation of the United Kingdom, speaking on behalf of Group B, thanked the Chair and proceeded to thank the Secretariat for preparing document WO/PBC/33/12, United Nations



Sustainable Development Group (UNSDG) Membership, and for its presentation, following the request at the 32<sup>nd</sup> PBC for a report on further consultations with the UNDCO to obtain additional clarifications on the impact of the UNSDG membership on WIPO's work. The UNDCO had provided the requested additional information and a detailed analysis that informed the Group on its decision on the topic that day. While the item was being considered the Group stated that it was important to emphasize the future of the system wide reform which was for enhanced coordination among United Nations entities at the global level. That was an important objective for Group B, but there still remained some questions regarding policy, development, and dissemination. In the Group's view, joining the UNSDG could enable WIPO to improve multi-national cooperation and stimulate new thinking on how to better integrate Intellectual Property in the implementation of the Sustainable Development Goals (SDGs). As a member of the UNSDG, WIPO could rely on the coordinating function of the Resident Coordinators (RC) at the country level, and achieve better visibility and impact even without its own presence on the ground. The Group concluded by expressing its support for WIPO's acceptance of the UNSDG Membership invitation with the understanding that the Secretariat would provide annual reporting to the PBC on the implementation, achievements, challenges, and policy development impacts of WIPO's UNSDG membership.

298. The Delegation of Bangladesh, speaking on behalf of the Asia and the Pacific Group (APG), thanked the Secretariat for the presentation and reiterated that WIPO's UNSDG Membership had been discussed at previous PBC sessions. The Sustainable Development Goals (SDGs) record concerned reports and policy coherence from all relevant district holders in an enabling environment for sustainable development to ensure that no one was left behind. The Group recalled that the UNSDG was established to support efforts amongst entities in the United Nations system. Hence, the importance of WIPO's full engagement as a specialized agency of the UN in the UN's system-wide effort to achieve the SDGs. The Group took note of the additional information provided by the Secretariat in document WO/PBC/33/12. The Group closed by stating that its members were willing to hear from other Member States, as well as the Regional Groups, and it looked forward to a positive consideration by the Committee of the UNSDG membership invitation.

299. The Delegation of South Africa, speaking on behalf of the African Group thanked the Vice-Chair and expressed its gratitude to the Secretariat for its role under the UNSDG, document WO/PBC/33/12 and for the presentation of the agenda item. The Group expressed its appreciation for the Secretariat's active engagement with the UNSDG Secretariat, and UNDCO, in order to obtain sufficient information to enable the Committee to make an informed decision on WIPO's UNSDG membership. The Group after having evaluated the information provided during the 32<sup>nd</sup> PBC session, and that session, it believed that the Committee was in a position to make a positive recommendation to the General Assembly for WIPO to accept the UNSDG membership invitation. The Group stated that the potential of Intellectual Property's contribution to growth and development in Member States, as well as to the Sustainable Development Goals broadly, was still not sufficiently appreciated or even understood. Moreover, the partnership that WIPO could build and leverage with other United Nations agencies through the Resident Coordinator (RC) system could provide an important platform to promote the inclusion of Intellectual Property strategies in Member State's developmental plans. Joining the UNSDG would also be in line with the Strategic Pillars as articulated in the Medium-Term Strategic Plan (MTSP) for 2022-2026, in particular Strategic Pillar 1 - Reach out worldwide to explain the potential for Intellectual Property to improve the lives of everyone, everywhere; as well as Strategic Pillar 4 - Support governments, enterprises, communities and individuals to use Intellectual Property as a tool for growth and sustainable development. The Group then expressed that in its opinion the benefits of WIPO joining the UNSDG outweighed the financial costs that had been indicated. The Delegation referred to the observation by the Secretariat in the report that indicated that by joining the UNSDG, new partnerships opportunities could be generated with UN entities in areas of projects of mutual interest to ensure complementarity in action, and possibly an increased impact in program delivery. In such a context, WIPO would

further assert its position within the UN family, and with national authorities as the lead agency on questions pertaining to Intellectual Property and consolidate its standing in the Intellectual Property policy space (And agreed with that observation). The Group would support WIPO's UNSDG membership, and WIPO could bring its unique know-how to that system whilst also benefiting from the expertise of other UN agencies. The Group concluded by thanking the Secretariat again for its efforts and for the report.

300. The Delegation of China was pleased that the Vice-Chair was presiding over the meeting once again. The Delegation thanked the Secretariat for the report pursuant to the decision of the 32nd PBC session, and for continuing to engage with the UNDCO. The Delegation thanked the Secretariat for the presentation of document PBC/WO/33/12 and was grateful for the additional information provided on September 13, 2021 in the Questions and Answer document PBC/WO/33/Q&A. The Delegation believed that joining the UNSDG would not only promote the better implementation of SDGs by WIPO, within the UN framework, but also it would help to enhance the visibility of the Organization and Intellectual Property work among more Member States, and within the overall United Nations system. Joining the UNSDG would further strengthen the Organization's status as a principal UN agency in charge of Intellectual Property affairs in the UN family, making it more authoritative in formulating a global Intellectual Property policy. That was consistent with the vision and mission of the Medium-Term Strategic Plan (MTSP), 2022-2026, in particular its Strategic Pillars 1.1, 2.4, 3.3, 4.1, and 4.2, therefore, the Delegation supported WIPO's UNSDG membership. The Delegation then said that after WIPO joins the UNSDG, the Organization would carry out a large number of development assistant activities and projects that were relevant to patent, trademarks, industrial designs, geographical indications, within the UN cooperation framework for sustainable development. The Delegation suggested that the Organization expand further its development expenditure and ensure the reasonable allocation of funds amongst the various departments of WIPO. The allocation of funds should be according to specific activities and projects, to promote the successful implementation of those projects in beneficiary countries and regions.

301. The Delegation of Georgia, speaking on behalf of the Central European and Baltic States Group (CEBS), thanked the Secretariat for preparing document WO/PBC/33/12, United Nations Sustainable Development Group (UNSDG) Membership, as requested at the 32nd PBC session and for the presentation. The Group said that the document provided further information on WIPO's UNSDG membership, and the impact of WIPO's development work opportunities and challenges. As indicated document WO/PBC/33/12, joining the UNSDG could result in an increased understanding of the importance of Intellectual Property. Additionally, UNSDG membership could bring more visibility to WIPO's work across the UN system and to a broader range national authorities. The Group closed by stating that it was ready to support the consensus on the initiative for WIPO to become a UNSDG member.

302. The Delegation of the United States of America thanked the Vice-Chair and stated that it supported the statement from the Delegation of the United Kingdom, speaking on behalf of Group B. The Delegation then thanked the Secretariat for the update regarding discussions with the UNSDG, and the potential impact of WIPO joining the UNSDG, and expressed its gratitude for the introduction of the documents. The Delegation said that it continued to have concerns regarding how WIPO's development of Intellectual Property policy would be impacted by UNSDG membership. If there were divergences between views of Intellectual Property policy, how would those be handled? Nevertheless, the Delegation indicated that it could support WIPO's UNSDG membership only if certain reporting requirements could be put in place to ensure that the impact of WIPO's membership in the UNSDG could be fully understood. As mentioned by the Regional Coordinator for Group B, WIPO was requested to provide annual reporting to the PBC on the implementation, achievements, challenges, and policy development impacts of WIPO's UNSDG membership.

303. The Delegation of Japan thanked the Vice-Chair and aligned itself with the statement delivered by the distinguished Delegation of the United Kingdom, speaking on behalf of Group B. The Delegation thanked the Secretariat for the explanation and commended the Secretariat for its hard work in the preparation of the working document WO/PBC/33/12, and for providing detailed answers to many questions, which had been included in the working document WO/PBC/33/Q&A. Those documents had provided a clear explanation of the impact of the UNSDG membership on WIPO's development work. The Delegation also believed that it was important for WIPO to contribute more to the achievement of the Sustainable Development Goals (SDGs), and to further cooperation with other United Nations agencies. Therefore, the Delegation expressed its support for WIPO's acceptance of the invitation to become a member of the UNSDG. The Delegation concluded by stating that it hoped that WIPO would proactively utilize the Resident Coordinator (RC) system to make development activities more effective and collaborative.

304. The Delegation of Indonesia aligned itself with the statement made by the Delegation of Bangladesh, speaking on behalf of the Asia and the Pacific Group (APG). The Delegation welcomed the report in which the Secretariat had continued its engagement with the United Nations Development Coordination Office (UNDCO), as requested by members at the 32nd PBC session, to further assess the impact of UNSDG membership on WIPO's work. The Delegation took note of the fact that although WIPO was not yet a member of the United Nations Sustainable Development Group (UNSDG), as a United Nations specialized agency, WIPO had collaborated with other United Nations system entities on areas of common interest, including the United Nations Sustainable Development Cooperation Framework Guidance (UNSDCF) in Algeria, which was the main development assistance planning tool for the UNSDG. The Delegation had also taken note of the fact that joining the UNSDG did not mean that WIPO would automatically become a member of all its units or UN Country Teams (UNCTs) in countries and territories. WIPO would still have the flexibility to decide which UNCTs to join based on the Organization's program of work and priorities. Bearing that in mind, the Delegation was of the view that joining the UNSDG would further WIPO's works in the general UN family, towards the attainment of the 2030 agenda for sustainable development. Additionally, the Delegation shared that it was of the opinion that WIPO's work would also gain more visibility across the UN system and with a wider range of national authorities. The Delegation concluded by urging WIPO again to become a member of the UNSDG as soon as possible, starting with a positive deliberation at the PBC session.

305. The Delegation of the Russian Federation thanked the Vice-Chair and expressed its gratitude to the Secretariat for the documentation prepared concerning the issue of WIPO's UNSDG membership and for the consultations held prior to the PBC session. The Delegation was particularly thankful for the Secretariat's presentation of document WO/PBC/33/12, United Nations Sustainable Development Group (UNSDG) membership. The Delegation confirmed that it was committed to the SDGs being reached. The Delegation said that it was also ready to cooperate in a constructive manner with its partners and with organizations within the United Nations system to that end. The aim was to find a specific set of decisions to make, in the interest of the entire international community, which would move the community towards achieving the 2030 agenda. The Delegation then indicated that it had studied carefully the information provided in document WO/PBC/33/12 and into the Questions and Answers document WO/PBC/33/Q&A. The Delegation had some questions, notably: I) How did the Secretariat perceive the prospects of WIPO working in the UNSDG? II) What would the cooperation format with Resident Coordinators (RC) be? How would that be taken into account considering the limited presence of WIPO in the field whilst remembering the Organization's mandate which was based on specialized legal questions. The Delegation noted that in paragraph 16 of document WO/PBC/33/12 there was an indication that stated that joining the UNSDG would require quite a considerable amount of coordination work and that that would include planning of activities, and the provision of reports. The Delegation requested that the Secretariat explain how it planned to manage the volume of work. For example, would new

offices or sections be created to handle WIPO's UNSDG membership? From the Delegation's understanding of document WO/PBC/33/Q&A currently in practice, there was one for coordination, perhaps that would depend on the specific agency of the United Nations system, and it would also depend on the amount of donor funds, and on the format in which the funds were actually administered. The Group requested further clarifications of whether WIPO had complete financial conditions and information required for WIPO's UNSDG membership and if there would be financial consequences for donor states funds.

306. The Delegation of Mexico thanked the Vice-Chair of the PBC and took the opportunity to express its gratitude to the Secretariat for the information provided in the presentation of WIPO's UNSDG membership that afternoon. The Delegation also took the opportunity to reiterate that WIPO joining the United Nations Sustainable Development Group was a natural and justified move. Sustainable development, after all, was one of the major political goals and agendas within the United Nations system then and with implications for the future. The Delegation noted that there would be some obvious technical implications for the work of the Organization. The Delegation closed by stating that it supported the decision, and it wished to receive updates regarding WIPO joining the UNSDG.

307. The Secretariat thanked the distinguished Delegations for their interest in WIPO's submission of the document on its United Nations Sustainable Development Group (UNSDG) membership. The Secretariat had noted that there was a unanimous agreement to move forward with the decision of WIPO's UNSDG membership. However, some Member States had some conditions attached to their agreement to accept the UNSDG invitation, with that in mind the Secretariat noted that the following Delegations had provided their comments: the Delegation of the United Kingdom, speaking on behalf of Group B, the Delegation of South Africa speaking on behalf of the African Group, the Delegation of Bangladesh speaking on behalf of the Asia Pacific Group, the Delegation of Georgia speaking on behalf of the CEBS Group, and the Delegations of China, Indonesia, Japan, Mexico, the Russian Federation and the United States of America. The Secretariat said that it did not need to reiterate the various positions of the Member States however, it appreciated their endorsement of WIPO's UNSDG membership. The Secretariat then raised the fact that three Member States had specific issues or conditions attached to WIPO's UNSDG membership, and the Secretariat proceeded to respond to the first condition from the Delegation of the United Kingdom speaking on behalf of Group B. The Group B had stated that it endorsed WIPO joining the UNSDG but it wanted to ensure that the Secretariat would provide annual reports to the Program and Budget Committee on experiences gained, challenges faced, and issues that arose from WIPO's UNSDG membership. That condition was also endorsed by the Delegation of the United States of America who had also requested annual reporting information to the PBC, which would allow the PBC to understand how WIPO's membership was going. The Delegation of Mexico shared the same opinion.

308. In response to the question from the Delegation of the Russian Federation on paragraph 16 of the document that was submitted to the PBC, the Secretariat explained that WIPO had had experience working across the United Nations Common System on various matters including for example, those related to the High-Level Committee on Management and its related networks. In addition, WIPO had been reporting on various activities to the United Nations Chief Executives Board through the United Nations data cube. Based on those experiences, the Secretariat believed there would be coordination work involved as WIPO adjusted to working and reporting requirements that could come up as a result of being a member of the UNSDG. The full impact of UNSDG membership would only be known once WIPO had actually joined and begin to acquire some experience. The Secretariat recalled that the UNSDG itself was a relatively new entity, that had been established recently, and it was still work in progress. However, the Secretariat believed in the Member States understanding that if WIPO were to join, the Organization would get additional information and experience out of the system. That would however happen based on the conditions imposed for WIPO joining the

UNSDG, which was the provision of annual reports to the PBC. The Secretariat expressed that WIPO was happy to comply with all the conditions since being a member from the inside also facilitated the extent to which the Secretariat could get information to report back to the Member States. Then Member States could decide if and how the Organization's membership was helping it to fulfil its functions. With regards to how reporting would be conducted the Secretariat stated that it would come up with more specific methods for reporting obligations, it could be directly through the PBC or through other mechanisms that the Secretariat would explain to Member States.

309. With regards to the question on WIPO's engagement in a specific country, the Secretariat explained that would depend on Member States expressed interest in including Intellectual Property issues in the United Nations Sustainable Development Cooperation Framework (UNSDCF). The Secretariat explained that WIPO would not be making requests, it would be Member States that would have to state that they were interested in WIPO working with Member States on specific Intellectual Property issues related to development. The Secretariat believed that it would be premature at that stage for it to be able to provide concrete information as to exactly what membership of UNSDG would entail to Member States. Ballpark indications had been provided as per the report. The Secretariat then assured Member States that based on the reporting obligations that would be setup, it would provide Member States the necessary indications of how the UNSDG experience was annually, biannually, based on what would be agreed with Member States. The latter would enable Member States to take any additional decisions that would be required at that time.

310. Concerning the request for annual reporting, the Secretariat explained that it had already spent a considerable amount of time streamlining its report to the Committee. For some of the Committee members who had been present for a while, the information had been integrated in the financial and performance reporting in the WIPO Performance Report (WPR). The Secretariat proposed to the Committee that annual reporting be integrated through an annex or a dedicated section in the WPR, so that it remained within the overall WIPO Performance Report.

311. In response to the comment on the 1 percent levy and its practical implications from the Delegation of the Russian Federation, the Secretariat explained that from a previous experience of actually implementing the 1 percent levy at one of the largest UN agencies, it believed that the Committee had all the needed information on the levy's impact and how to assess the 1 percent levy. The Secretariat explained that it was a heavily consultative process, which would be done during the negotiations of agreements. There was a detailed checklist, which was very transparent. Therefore, Member States who were negotiating those agreements would have the occasion to see what was being assessed, and there would be a discussion regarding that. Additionally, the Memorandum of Understanding could not be concluded without an agreement on the 1 percent levy. Furthermore, in the Questions and Answers document WO/PBC/33/Q&A there were two options: 1) the agency administered option, or 2) the direct option, at source, where Member States would have discussions with the United Nations Development Coordination Office (DCO). With regards to the agency administered option, the Secretariat believed that it had the right guidance from the DCO on how to apply the levy and the exceptions. There would also be a consultative process with Member States to ensure a transparent process for the actual application of the 1 percent levy. The Secretariat assured Member States that the process was and would be very transparent and consultative.

312. The Vice-Chair thanked the Secretariat for its explanation and opened the floor for further comments.

313. The Delegation of the Russian Federation thanked the Vice-Chair and then thanked the Secretariat for the clarifications regarding WIPO's United Nations Sustainable Development Group (UNSDG) Membership. The Delegation then requested a response to the question

regarding the personnel consequences of WIPO's UNSDG membership and the human resources responsibilities that could occur as a result of the Organization joining the UNSDG.

314. The Secretariat responded to the Delegation of the Russian Federation by stating that at that stage they had not identified any additional human resources implications of joining the UNSDG membership. It would be a gradual process once membership was decided and the Secretariat would understand with time how things worked. The Secretariat also explained that it was in consultation with other United Nations agencies however, to its knowledge HR implications had not been identified yet. The Secretariat then recalled that the Member State's contribution had already been addressed at the 32nd PBC, the bi-annual contribution would be of 400,000 Swiss francs, which would be from non-personnel resources.

315. The Delegation of China thanked the Vice-Chair for the floor and expressed its gratitude to the Secretariat for the clarifications provided on agenda item 13, United Nations Sustainable Development Group (UNSDG) Membership. The Delegation then took the opportunity to emphasize that as was stated before since WIPO was a United Nations agency specialized in Intellectual Property, when it joined the UNSDG the Organization should carry out work based on Intellectual Property. The Delegation concluded by stating that the Organization should continue its Intellectual Property mandate at the UNSDG.

316. The Secretariat said that it would supplement its initial response to the Delegation of the Russian Federation's question. The Secretariat explained that WIPO's UNSDG membership would be addressed within the Organization's existing resources, which was within the Program of Work and Budget that was at that time in the process of being approved and recommended to the General Assembly. The Secretariat then indicated that given the cross-sectoral nature of WIPO's UNSDG membership, if needed at a later stage, the Secretariat would be happy to set up a cross-sectoral team that would clearly entail just about every Sector in the Organization. That team could subsequently go back to the Member States and inform them of the need or not of additional resources. The point was that through reporting obligations that the Member States had set up as a condition to WIPO joining the UNSDG, the Secretariat would always be able to come back to the Member States and indicate what would likely happen in the future in terms of resources.

317. The Delegation of the United States of America aligned itself with statement from the Delegation of the United Kingdom, speaking on behalf of Group B. The Delegation stated that the issue of the format of the report was not as important as the content of the report, which would provide the necessary information with a sufficient level of detail for the Delegation to base its decision on whether to continue with the UNSDG membership. The Delegation preferred a separate report, but deferred to the Secretariat to proceed as it deemed adequate.

318. The Vice-Chair thanked the Delegation of the United States of America for its comments. The Vice-Chair had noted that the Delegation of the United States had deferred to the Secretariat to choose the adequate format for UNSDG report, the most important thing was receiving a report in some form. Before reading the decision paragraph for the agenda item the Vice-Chair opened the floor for further requests.

319. The Delegation of South Africa, speaking on behalf of the African Group said that it did not intend to delay the discussion further, and expressed its confidence in the General Assembly's endorsement of the PBC recommendation for WIPO's UNSDG membership. In the event that the General Assembly endorsed the recommendation, the WIPO Secretariat would provide an annual report. The Group concluded by stating that it was confident that the Secretariat would come up with the right language for the recommendation to the General Assembly.

320. The Vice-Chair said that the Secretariat had taken note of the proposed amendment to the decision paragraph for agenda item 13. Instead of stating "...and requested..." the change

was "...to request..." The Vice-Chair then inquired whether there were any requests for the floor, since there were no requests for the floor for the adoption of the decision paragraph under agenda item 13, it was considered as adopted and the item was closed.

321. The Program and Budget Committee (PBC) adopted the agenda (document WO/PBC/33/12):

322. The Program and Budget Committee (PBC) recommended to the WIPO General Assembly to accept the invitation to become a member of the UNSDG and to request the Secretariat to provide annual reporting in the WIPO Performance Report (WPR) on the implementation, achievements, challenges and policy development impacts of WIPO's UNSDG membership.

#### **ITEM 14 UPDATE ON THE STATUS AND PROGRESS OF SUBMISSIONS BY MEMBER STATES ON VIEWS ON THE PREPARATIONS OF THE TERMS OF REFERENCE OF THE 2021 EVALUATION OF WIPO EXTERNAL OFFICES**

323. Discussions were based on documents WO/PBC/33/13 and WO/PBC/33/13 Add.

324. The Chair opened discussions on Agenda Item 14, Update on the status and progress of submissions by Member States on views on the preparations of the Terms of Reference of the 2021 Evaluation of WIPO External Offices. Following the discussions on Agenda Item 10, "Terms of Reference of the 2021 Evaluation of WIPO External Offices" during the 32nd PBC session, the PBC took note of the interventions with the aim to develop the Terms of Reference for the Evaluation of WIPO External Offices, requested the Secretariat to invite all interested Member States to send their views in writing on the preparations of the Terms of Reference; and to provide an update on the status and progress of submissions by Member States at the 33rd PBC session for further discussion and consideration. The Chair recalled that the Secretariat had sent Circular Note 4078 on July 30, 2021, inviting all interested Member States to send their respective views in writing on the preparations of the Terms of Reference. The Secretariat had received proposals from the following countries by August 27: Chile, Brazil, Republic of Korea, Japan, Pakistan, Group B, Slovenia and the Russian Federation. These had been compiled as an Annex to document WO/PBC/33/13. Some Member States had submitted their proposals after the deadline of August 27 and these had been compiled in an Addendum to document WO/PBC/33/13. The Chair recalled that there were informal consultations on the subject and it was very important to take stock of the different points of view. The PBC would have the opportunity to look at those contributions in greater detail. He thanked the delegations that had participated in the informal consultation that took place the Friday before plenary. Those informal consultations were very useful in order to brainstorm ideas and facilitate the work on the Item. The Chair then passed the floor to the Sector Lead for the Regional and National Development Sector.

325. The Secretariat stated that the issue of WIPO External Offices had been discussed by the Member States for several years. The specific question before the 33rd PBC session concerns the preparation of the dimensions of the Terms of Reference. The submissions from the Member States was a very positive indication that discussions were needed among Member States on the details of the Terms of References, which had since commenced. The Secretariat noted that the preparations of the Terms of Reference was a Member State-driven exercise. While the Member States' submissions had different formats, the main questions which they addressed were as follows: What could be the process for the preparation of the Terms of Reference? Which entity could conduct the evaluations? What could the Terms of Reference for the evaluation look like? What could be the timeline for the preparation of the Terms of Reference and the conduct of the evaluation? What is the purpose of evaluations? The Secretariat stated that it was clear that the submissions identified some areas where there appeared to be convergence, but in the other aspects, the Member States proposed different

views and answers to the above-mentioned questions. These areas of convergence and divergence were clearly reflected in the submissions. The Secretariat reiterated that this issue had been in the hands of Member States for several years. The Secretariat stood ready to continue to support and facilitate this discussion in whichever way the Member States deemed appropriate.

326. The Delegation of Belarus, speaking on behalf of the CACEEC Group, thanked the Secretariat for its statement and stated that it would respond to the issues that the Secretariat had raised. The Group thanked the Member States for presenting their comments on the Terms of Reference of the WIPO External Offices and thanked the Secretariat for the document summarizing the positions of the countries. The Group deemed it wise to develop a balanced draft Terms of Reference which would take into account the proposals made by Member States and the positions of countries who had a WIPO External Office. The Group understood and noted that a flexible approach was needed which would take into account the needs of the offices and the activities of the countries and their priorities and regional ones. As a basis for preparing the Terms of Reference, the Group deemed it possible to use the principles which had already been outlined in the Guiding Principles Regarding WIPO External Offices, the Medium-Term Strategic Plan 2022-2026 and the Program of Work and Budget for 2022/23. Those documents had been approved by the delegations and they contained indicators and goals agreed by countries. The Group deemed it wise to conduct the assessment. The Group stated that the United Nations Evaluation Group is an independent group and its activities had been highly received by the External Auditor and Member States. The Group was ready to engage with the Secretariat to further work on the draft.

327. The Delegation of the United Kingdom, speaking on behalf of Group B, thanked the Secretariat and those Member States who had submitted their views which provided valuable inputs to this process. The Group emphasized that the evaluation of the WIPO External Offices should be based on the general principles and objectives of independence and transparency. The Group acknowledged the norms and standards for evaluation by the United Nations Evaluation Group would be a logical starting point for developing the Terms of Reference. The assessment should be unbiased, uniform and transparent to provide an accountable, effective and informative evaluation to Member States. To that end, the Group deemed it extremely important that the evaluation be conducted in a fully independent manner. In terms of the next steps, the Group believed that the best way forward would be for Member States to request the Secretariat to submit the draft Terms of Reference at least four months ahead of a future session of the PBC to allow Member States' full consideration and to take an informed decision at that PBC session. The Group believed that the WIPO Internal Oversight Division would be best placed to draft the Terms of Reference.

328. The Delegation of Bangladesh, speaking on behalf of the Asia and the Pacific Group, thanked the Secretariat for introducing the Item. The Group had always stressed that the preparation of the Terms of Reference of the 2021 evaluation of WIPO External Offices was a Member State-driven process. The Group thanked the Member States for their agreement in the 32nd PBC session to begin the preparation, and appreciated that the Secretariat initiated the process by seeking inputs from the Member States. The Group took note of the views and inputs provided and the Group stood ready to engage in a constructive discussion on the matter.

329. The Delegation of Paraguay, speaking on behalf of GRULAC, thanked the Member States that had expressed their opinions concerning the preparation of the Terms of Reference for WIPO External Offices, and thanked the Secretariat for the compilation and presentation thereof. The Group reiterated its statement at the closing of the 32nd PBC session that the good functioning of those offices was of fundamental importance as also their effective and coordinated handling in line with a Medium-Term Strategic Plan 2022-2026 and the Program of Work and Budget for 2022/23. In that context, the Group saw that exercise as an opportunity to



improve and strengthen the role of those offices based on an evaluation following the principles: that it be carried out by an entity independent of WIPO; that it is carried out in participation with the offices and the host states of those offices; that it contains parameters that are common evaluation indicators for all the offices; that the results contained suggestions and recommendations for forthcoming evaluation; and follow-up indicators and results of the activities underway.

330. The Delegation of South Africa, speaking on behalf of the African Group, thanked the Secretariat for the compilation of Member States' inputs on the preparation of the Terms of Reference for the 2021 evaluation of WIPO External Offices and for introducing the Item. The Group appreciated the Member States and Group that had submitted their inputs as those inputs would certainly assist the PBC in moving forward on this important topic. The Group attached great importance to WIPO External Offices, as Africa hosts two such offices in Algeria and Nigeria. In that regard, the Group had consistently stated that the process for the preparation of the Terms of Reference and the subsequent evaluation of External Offices should be Member State-driven with the Secretariat playing a technical supporting role. In that respect, the Group was pleased that the first step on the submission of inputs had indeed been Member State-driven. The Group reiterated that the Terms of Reference for the evaluation of the WIPO External Offices should be balanced, transparent, and fair, and that the evaluation should be conducted in consultation with host countries. Consequently, the unique characteristics of the External Offices, which were spread across different regions at different levels of development, did not have the same resources and length of operation. That should be taken into consideration when developing the Terms of Reference and when conducting the evaluation. The Group had highlighted those points in its previous interventions. Of importance to the Group was that the actual process of developing the Terms of Reference commenced as soon as possible to allow Member States to have the zero draft of the Terms of Reference, for consideration sufficiently in advance of the 34th session of the PBC. The Group recalled that the evaluation of the Terms of Reference was envisaged for 2021. Although the Covid-19 pandemic disrupted the agreed-upon timelines, the PBC should avoid any further unnecessary delays. The Group stood ready to work closely with all parties to move this issue forward.

331. The Delegation of Georgia, speaking on behalf of the CEBS Group, thanked the Secretariat for preparing the update on the status and progress of submissions by the Member States on the preparation of the Terms of Reference of the 2021 evaluation of WIPO External Offices. The Group thanked the Member States and Group B for their contributions. The Group thanked the Secretariat for the introduction of the Item. The opening of new WIPO External Offices had been on the Organization's agenda for several years and had been the subject of lengthy negotiations between the Member States. The Group believed that the WIPO External Offices evaluation must be done in a highly transparent, independent and objective manner. The Secretariat with its experience and expertise, needed to have a vital role in drafting the Terms of Reference. The Group looked forward to concrete new initiatives in that direction. The Group stated that it could be counted on to support the Secretariat during the process and looked forward to fruitful and constructive engagement.

332. The Delegation of China thanked the Secretariat for introducing the Item. The Delegation attached high importance to the evaluation of WIPO External Offices. The process of evaluation had been delayed due to the unprecedented impact of Covid-19. This would require stronger cooperation of the Secretariat and the Member States for the smooth running of this work together. The Delegation thanked the delegations who had submitted written comments on the Terms of Reference. The Delegation thanked the Delegation of the Russian Federation for leading the drafting of the documents of discussion on the evaluation and widely consulting with the Member States, including China. The Delegation stood ready to participate constructively and keep in contact with various parties on that issue. The evaluation of the External Offices was not only an internal WIPO matter, it concerned many Member States. The Delegation stressed that the evaluation should consider the Member States' comments and

proposals, including the External Offices' host countries. The evaluation indicators and the future performance indicators for the evaluation should not only have commonality, but also take into full account the specificities of the host countries which should be targeted to avoid a one-size-fits-all approach.

333. The Delegation of Brazil referred to their submission on the preparation of the Terms of Reference of the 2021 evaluation of WIPO external offices. In general terms, the Delegation was of the view that a well-conducted evaluation of the WIPO External Office network could add value to the offices' operation and further improve the services provided by them. On the more practical aspects of the Terms of Reference, the Delegation believed the Secretariat had the necessary expertise to provide a first draft of the document based on the comments and views shared by the Member States. In terms of who should conduct the evaluation, the Delegation saw merit in having both internal and external evaluations. Both exercises could complement each other and offer a broader perspective of the issues to Member States. In such evaluations, it was of utmost importance that the existing External Offices were given a voice and an opportunity to contribute and offer suggestions on how they could further improve their work and eventually enhance their scope of activities. This would be with a view to increasing efficiency and effectiveness of WIPO's Program of Work and Budget in a coordinated and complimentary way with the operations in WIPO's headquarters. Although the Delegation saw merit in a standardized set of objective criteria for the evaluation, the Delegation understood that indicators should be used in support of a broader qualitative assessment of each EO. Consideration should be given to their specificities such as different mandates, contexts, and circumstances, and the level of development of host countries and local IP ecosystems. The Delegation looked forward to a fruitful discussion on this Item.

334. The Delegation of Japan aligned itself with the statement delivered by the distinguished Delegation of the United Kingdom on behalf of Group B. At the outset, the Delegation expressed sincere appreciation to the Secretariat for preparing document WO/PBC/33/13 and its view was described in the document. The Delegation presented an outline thereof. First, it was important that an evaluation of the entire network of WIPO External Offices be conducted in accordance with an unbiased, fair, and highly transparent procedure. Second, the WIPO General Assembly adopted the Guiding Principles Regarding WIPO External Offices for opening new External Offices. The Delegation considered that several key points in the Guiding Principles would also be very useful for evaluating the existing network of External Offices. Third, in order to appropriately reflect the current state of operating procedures at all External Offices, it would be appropriate to arrange an opportunity for the External Offices themselves to participate in the evaluation process, and to provide replies or opinions to the criteria used for the evaluations. In addition, the Delegation's view was also reflected in the views compiled by the Delegation of the United Kingdom on behalf of Group B. The Delegation intended to be actively involved in the discussion of the Terms of Reference of the 2021 Evaluation of WIPO External Offices.

335. The Delegation of Germany thanked the Secretariat for compiling the views of Member States and thanked the Member States for submitting valuable input. The Delegation fully supported the statement made by the Delegation of the United Kingdom on behalf of Group B and stressed the need of an independent evaluation. The Delegation preferred an external evaluation of WIPO's External Offices be conducted by an entity outside of WIPO. This would ensure the highest possible degree of objectivity, and therefore help to achieve a high degree of acceptance among Member States.

336. The Delegation of Chile thanked the Secretariat for introducing the Item and thanked the Member States that had submitted proposals and ideas on this matter. The process should be considered as a positive one, and an opportunity to improve the work of the WIPO External Offices network as a whole, aligning it to the Medium-Term Strategic Plan 2022-2026 to create greater transparency on the work in each one of those External Offices. The Delegation's

submission on its views was along those lines. It was essential for the evaluation to be carried out by an independent body outside of WIPO that ensured an objective assessment. The Delegation stated that it could be counted on to participate in coming up with the positive results on this subject.

337. The Delegation of Pakistan aligned itself with the statement delivered by the Delegation of Bangladesh on behalf of the Asia and the Pacific Group. The Delegation thanked the Delegations of Chile, Brazil, Republic of Korea, Japan, Group B, Slovenia, Russian Federation and Iran (Islamic Republic of) for their submissions under the Item and noted that its Delegation had provided input as well. The Delegation recalled that in the Secretariat's introduction of the Item, it was stated that there could be some common elements in the submissions, but there were still some fundamental questions to be addressed such as who will draft the Terms of Reference, which entity would be entrusted to conduct the evaluation and what would be the scope, mandate and purpose of the evaluation. The Delegation stated that its consistent position on the issue had been guided by the principles of neutrality, objectivity, inclusiveness, transparency, and independence, as well as the Guiding Principles Regarding WIPO External Offices agreed by the WIPO General Assembly in 2015 and the recommendations contained in the External Auditor's report submitted to the 31st session of the PBC. Those Guiding Principles and recommendations of the External Auditor offered important insights into the development of the Terms of Reference and the subsequent evaluation. Those important questions were derived from paragraph 22 of the Guiding Principles which stated, "The size and performance of the entire EO network shall be evaluated every five years by the PBC, which may request the support of WIPO External Auditors or independent external evaluators, with due regard to the different mandates and functions performed by the EOs. The terms of reference of such evaluation shall be decided by the PBC." The Guiding Principles had very clearly articulated the centrality of the PBC and its Member States in the evaluation process. It had also articulated the role of the External Auditor or an independent external evaluator on the request of the PBC. In addition to measuring the performance of External Offices, the evaluation would also prove to be extremely valuable in guiding the future decisions by the PBC in respect of new applications to host WIPO External Offices. The External Auditor Report to the 31st PBC session highlighted some very serious issues on the existing network of External Offices. The External Auditor Report also made useful commentary and recommendations concerning the process of opening new External Offices, such as the absence of a standard template and the subsequent inability of the Secretariat to present a factual and technical report against each new application. Without prejudging the outcome of the evaluation, it would be essential to examine this important issue as well. The Delegation remained ready to engage with other delegations to find a solution agreeable to all.

338. The Delegation of India thanked the Chair for his continued engagement with Member States through informal consultations which helped evolve a way forward on this critical matter. The Delegation thanked the Secretariat for providing an update on the status of submissions by Member States on the Terms of Reference and for introducing the Item. The Delegation supported the proposal submitted by the Russian Federation on the Terms of Reference as it provided a good starting point to constructively take forward the discussions on delineating the Terms of Reference. The Delegation supported the submissions by Member States which called for the evaluation to be conducted in a transparent and unbiased way. There was a need to find synergy between the role of the Member States and the technical expertise which the Secretariat could bring to the process of evaluation. While the overall process of evaluation ought to remain Member State guided, only the technical evaluation anchored by the Secretariat would provide an objective template to move forward. In that context, the Delegation did not support the proposals calling for the evaluation to be done by an independent external auditor as that would dilute the role of the Member States in the process, and duplicate the Secretariat's expertise. The Delegation noted with concern the proposal submitted by Member States calling for an intergovernmental process or a working group to be set up within the PBC to develop the Terms of Reference. The Delegation emphasized that the PBC, itself, is an intergovernmental

body made up of Member States. Adding further layers to the process of drafting the Terms of Reference would only result in prolonging a process that had already faced inordinate delays. The lack of progress on this critical issue was not in the interest of Member States. In fact, it harmed the interests of Member States who would benefit from the activities of WIPO External Offices. The Delegation reiterated its view that the proposal to conduct the evaluation of WIPO External Offices should not have been linked with the proposals to open new External Offices. The Terms of Reference should emphasize quantitative and qualitative parameters with concrete timelines. Technical and merit-based approaches, as well as geographical representation should also be taken into account in assessing the service delivery and efficiency of External Offices. The Delegation reiterated its readiness to remain constructively engaged in the discussions on this important issue and work with all Member States to finalize the Terms of Reference expeditiously.

339. The Delegation of the United Arab Emirates thanked the Chair for the progress made for the session, and trusted his ability to guide the delegations through the session successfully. The Delegation commended the Secretariat for the preparation of documents, and organizing the session. The Delegation welcomed the Member States' valuable inputs and views reflecting the essential role of the WIPO External Offices to the Member States and its contribution to the objectives of the Organization. The Delegation's position had always been consistent on this matter towards a positive, progressive and solution-oriented approach. The Delegation was supportive of the Secretariat drafting the Terms of References for the evaluation of the existing WIPO External Offices. The Delegation trusted the expertise in the Organization to provide a Terms of Reference with a consideration of the submissions by Member States. The Delegation echoed the other delegations in emphasizing that the process should be fair, objective, unbiased and highly transparent. The Delegation believed that the Terms of Reference should be designed to avoid a one-size-fits-all methodology and consider each country's specificity. However, it should focus on the efficiency and effectiveness of its program delivery for all existing WIPO External Offices. The Delegation agreed with the notion to recommend the current network of WIPO External Offices to work in line with the Medium-Term Strategic Plan 2022-2026. The Organization should continue making use of the WIPO External Offices to raise awareness of Intellectual Property, deliver projects, services, and support and assist in the use of Intellectual Property as a tool for the growth and development at the national level and, where appropriate, regional level. The Delegation stated that an independent entity could be reliable to conduct the evaluation objectively, simply with the assistance of WIPO's Internal Oversight Division, reassuring the conformity of this evaluation with the existing evaluation scheme of all divisions in WIPO and maintaining a sustainable methodology of this practice. The Delegation referred to paragraph 22 of the Guiding Principles Regarding External Offices which stated that the size and performance of the entire WIPO External Office network should be evaluated every five years by the PBC. The Delegation stood ready to engage constructively to discuss the subject matter with the aim to move forward with a clear and less complicated process.

340. The Delegation of the Russian Federation noted with satisfaction the effective functioning of the network of WIPO External Offices as they are an important instrument to achieve the growth of the Organization to advance global services in different corners of the world. The expansion of the network is a logical step in improving the architecture of the Organization. The Delegation thanked the Member States for presenting their views and thanked the Secretariat for preparing the document WO/PBC/33/13. The analysis of these proposals suggested that all parties referred to the Guiding Principles Regarding External Offices. A number of delegations had noted the importance of the Medium-Term Strategic Plan 2022-2026 and the Program of Work and Budget for 2022/23. These documents were guiding instruments for all Member States. Therefore, the Delegation felt that the principles and the indicators that had been outlined in those documents were an important part of preparing the mandate of the evaluation. The Terms of Reference could include results which were not initially provided for accordingly in the assessment. The Delegation stated that those indicators, which had already been

mentioned, needed to be included and were already included in the documents mentioned that were previously approved by the Member States. It was also important to take into account the specific needs and the length of work of the country and regional priorities. The Delegation believed that compiling the Terms of Reference would take into account the views of the Member States who already had WIPO External Offices. The Delegation felt that the optimum decision would be to have an external evaluation. The WIPO Internal Oversight Division is an independent body. At the same time, it was important to look at what had been done on the ground, including during the normal conditions and in the context of the Covid-19 pandemic. The Delegation believed that the Internal Oversight Division could conduct the evaluation of the WIPO External Offices in a professional manner. The Delegation hoped that its proposal enjoyed a great deal of support from like-minded delegations. The Delegation thanked the Chair for holding informal consultations on this matter. The Delegation called upon delegations, in further discussions, to refrain from any politicization and to focus on the substantive work of the mandate of conducting the WIPO External Office evaluation. The Delegation deemed it important that the Member States send their proposals in a timely fashion in order to allow them to be analyzed properly. It would be ideal to have the proposals in a timely fashion so that Member States had sufficient time before the following PBC session to analyze them and work on them during the informal consultations, if necessary. This allowed the delegations to have an idea of the expectations of Member States at the following PBC session. The Delegation hoped this would facilitate its work going forward. The Delegation stood ready to take part in the discussions to achieve consensus on this matter.

341. The Delegation of Iran (Islamic Republic of) thanked the Chair for the informal session held on the Item before the 33rd PBC session. The Delegation also thanked the Secretariat for the presentation of the Item. The Delegation believed that in preparation of the Terms of Reference for the evaluation of WIPO External Offices, the Guiding Principles Regarding WIPO External Offices should be the main document considered. The Delegation believed that the process should be Member-State driven. In the Guiding Principles, reference had been made to the role of the PBC. The PBC could request support of the External Auditors or an independent external evaluator. The Delegation believed that evaluation by an independent external evaluator would be the appropriate option. The Delegation proposed setting up a committee comprising the three or five independent external evaluators, for instance, one from United Nation Evaluation Group and others from similar institutions for evaluation. The Delegation looked forward to constructive discussion in that regard.

342. The Chair thanked the delegations for their comments. He had listened and to and noted all interventions from the delegations. The delegations had done important work, which was very much welcome. The Chair stated that the Covid-19 pandemic prevented all delegates from being physically present for these discussions but hoped that consultations could be done in greater detail on this matter going forward. Remote working had made it complicated as there had been difficulties in having normal consultations, which are the bread and butter of multilateralism on certain issues. The Chair was positive that the majority of the interventions and the contributions submitted by the delegations would enable the PBC to make great progress. Those contributions allowed the PBC to deal with this delicate topic. Given that the topic had been on the PBC agenda for a number of years, the PBC needed to remain in a constructive but realistic momentum. There seemed to be some convergence amongst the majority of Member States on the principles that must underpin this evaluation work for the Terms of Reference. The Chair noted the comments on the importance of transparency and efficacy and that the Guiding Principles Regarding WIPO External Offices would have a legal basis that we must be guided by. Those principles were adopted in October 2015 at the WIPO General Assembly. The Chair stressed the importance of evaluating the instruments that are offered by the multilateral system that could enrich the PBC's work going forward. The interventions made helped underscore elements which could form the basis of some convergence. Consensus was important in order to make progress going forward but perfection was not expected. The Chair reiterated that the Covid-19 pandemic had put a number of

constraints that must be borne in mind. The Chair invited the Regional Coordinators and interested delegations, not just those who had submitted their written views, to informal consultations. He hoped that a decision could be reached on the Item at the end of the session. The decision would hopefully form the common basis that could guide the PBC's work going forward over the following months. The Chair asked the Secretariat to organize a room for the informal session.

343. The Secretariat requested a few minutes to consult with the Conference staff to work out the logistical arrangements for the informal consultation.

344. After a quick break, the Chair informed the delegations that due to the constraints of the Covid-19 pandemic, there were no rooms available to accommodate all participants.

345. The Russian Federation thanked the Chair for his wonderful initiative to organize the informal consultation as it was important and necessary. The Delegation suggested using the WIPO Conference Hall as it had been used for the informal conversations held on the Item prior to the 33rd PBC session. Interprefy was turned on and plugged in and the interested delegations would be able to remain in their seats.

346. The Delegation of China supported the proposal from the Delegation of the Russian Federation to hold the informal consultation in the WIPO Conference Hall.

347. The Chair thanked the Russian Federation for their suggestion to have the informal consultation in the WIPO Conference Hall and had no objections to their proposal.

348. The following afternoon, the Chair reopened Agenda Item 14 following the informal consultations held in the late morning and early afternoon session. The Chair stated that the text that had been agreed in the informal consultation be proposed in the formal session. The Chair opened the floor for comments.

349. The Delegation of the United States of America stated on the record that its understanding is that the reference to the Secretariat in the chapeau of this decision includes the Internal Oversight Division.

350. The Delegation of Pakistan reiterated its position made in the informal consultations. The Delegation welcomed the proposed decision. The Delegation believed that the preliminary draft would include different options, particularly for areas where there was still a divergence of views as highlighted in the submissions by the Member States. Those different approaches and options would be reflected in the preliminary draft.

351. The Delegation of Iran (Islamic Republic of) reiterated its position in the informal consultation that the preliminary draft of the Terms of Reference would have an informal status.

352. The Delegation of the Russian Federation thanked the Chair for the excellent way in which he had organized and led the informal session which enabled the PBC, after long discussions, to come to a text which satisfied the delegations. The Delegation welcomed the decision and drew attention to the fact that it was the product of the flexibility from many delegations including its own. The Delegation supported the comment that the preliminary draft would be an informal document. The Delegation underlined that although the Internal Oversight Division is an independent body with a specific mandate, it is independent in the legality of its undertakings with regard to WIPO.

353. The Chair thanked the delegations for their extraordinary efforts made in order to coordinate and work together which was what made the PBC an excellent example of diplomacy, in general. As there were no further requests for the floor, the following decision was adopted:

354. The Program and Budget Committee (PBC) took note of the update on the status and progress of submissions made by Member States on views on the preparations of the Terms of Reference (ToR) of the 2021 Evaluation of WIPO External Offices and requested the Secretariat:

- to develop a preliminary draft of the ToR taking into account the above-mentioned submissions by Member States reflecting all views contained therein and all relevant documents, including but not limited to the Guiding Principles regarding WIPO External Offices (document A/55/INF/11) and the Report of the External Auditor (document WO/PBC/31/3); and
- to provide a preliminary draft to Member States at least 6 months before the 34th session of the PBC with the aim of discussing and further developing common understanding about the ToR's content and taking a decision on the ToR at the 34th session of the PBC.

## **ITEM 15    METHODOLOGY FOR ALLOCATION OF INCOME AND EXPENDITURE BY UNION**

355. Discussions were based on documents A/59/10, A/59/11 and A/59/INF/6.

356. The Vice-Chair introduced agenda item 15, Methodology for Allocation of Income and Expenditure by Union. He recalled that during the 32<sup>nd</sup> session of the Program and Budget Committee which had taken place in July 2021, based on documents A/59/10, A/59/11 and A/59/INF/6, the Program and Budget Committee had taken note of the statements made by the various delegations and had decided to continue with the discussion on the methodology for the allocation of income and expenditure by Union at the 33<sup>rd</sup> session of the committee.

357. The Vice-Chair then opened the floor for comments.

358. In the absence of any requests for the floor, the Vice-Chair stated that the item had been discussed in several meetings already and noted the will of the delegations to continue with these debates when it was possible to have more delegations present in Geneva. The Chair asked the Secretariat to propose a decision paragraph.

359. After reading the following decision paragraph, there were no objections or requests for the floor, thus it was adopted:

360. The Program and Budget Committee (PBC) decided to continue the discussion on the methodology for the allocation of income and expenditure by Union at the 34<sup>th</sup> session of the PBC.

## **ITEM 16    CLOSING OF THE SESSION**

361. The Vice-Chair opened agenda item 16, the Closing of the Session. The Vice-Chair asked that the "List of Decisions Adopted by the Program and Budget Committee" be projected on the screen, pointing out the fact that there was no decision for item 4. The Vice-Chair congratulated all participants for their flexibility, and added that it would be communicated eventually to the delegations via the Regional Coordinators. The Vice-Chair then gave the floor to the delegations.

362. The Delegation of the United Kingdom, speaking on behalf of Group B, thanked the Chair and the Vice-Chair for their dedicated guidance and excellent work which facilitated the discussions and the decisions. The Group extended its appreciation to the Secretariat for its support and to the Director General during that PBC. The Group admired the dedication and

contribution of WIPO staff and found it truly admirable. The Group also thanked the conference staff and the skilled interpreters, without whom that PBC would not have been possible. The Group also thanked the Regional Coordinators and Member States for their tireless efforts and was pleased to note that the PBC managed to make real progress on important issues, in particular the positive and clean recommendation to the General Assemblies on the Program of Work and Budget for 2022/23. The Group stated that the PBC had also deliberated on items crucial for Member States, such as oversight by audit, financial internal and external reports, as well as numerous recommendations and actioned on them. The Group hoped that the deliberations would continue in a similar positive spirit at the following PBC session and beyond, to which Group B committed to contribute towards that end.

363. The Delegation of South Africa, speaking on behalf of the African Group, thanked the Director General for joining the PBC at the closing of that important session. The Group thanked the Chair *in absentia* for his impressive leadership skills, which had contributed largely to the success of that session. The Group also thanked the Vice-Chair for once again being ready to step in when required and chair the session with ability. The Group expressed its confidence at the beginning of the session that the 33<sup>rd</sup> session would be characterized by a spirit of cooperation and flexibility, which had been confirmed in that session, even though there was a decision missing on one of the agenda items. The Group was pleased that the Committee had been able to recommend to the WIPO General Assembly the adoption of the Program of Work and Budget for 2022/23 and was delighted with that fact, given that the Program of Work and Budget for 2022/23 contained important programs and activities that would be geared towards realizing the vision of WIPO's Medium Strategic Plan, which was a world where innovation and creativity from anywhere was supported by intellectual property for the good of everyone. The Group thanked the Director General and the Secretariat at large for heeding the Committee's request for WIPO to strengthen its response to Covid-19. The Group was pleased that WIPO had committed to step up its effort to be part of an effective and global response to the pandemic, and looked forward to receiving updates on the implementation of the measures which were outlined in the document. The Group was delighted that the 33<sup>rd</sup> session had made a positive recommendation to the General Assembly for WIPO to join the United Nations Sustainable Development Group (UNSDG) and was convinced that WIPO's membership would be of benefit to the organization, and would enhance cooperation with other UN agencies. The Group once again welcomed the healthy financial status of the Organization, and noted with appreciation the various positive audit and oversight reports presented in that session. The Group encouraged WIPO to pay close attention to the areas identified for improvement by the audit and oversight bodies. The Group stated that the WIPO External Offices remained important vehicles for WIPO to reach out to different stakeholders across different regions, and their optimal functioning was a matter of great interest to the African Group. The Group expressed its happiness that the session had taken yet another step towards the realization of the General Assembly decision on the evaluation of WIPO's network of External Offices. The Group thanked all delegations for their cooperative spirit on that issue. The Group concluded by expressing its gratitude to the PBC Secretariat under the leadership of the Assistant Director General of the Administration, Finance and Management Sector. The Group admired the hard work and was grateful for all the support provided to Member States. The Group also thanked conference services, the interpreters, and the technical team without whom the session would not have run smoothly.

364. The Delegation of Bangladesh, speaking on behalf of the Asia and the Pacific Group, stated that the session had been very successful and productive, under the Chair and Vice-Chair's able leadership, as well as with the Member States' spirit of flexibility and mutual understanding, which had allowed the session to conclude with a number of constructive decisions. The Group thanked the Member States, the Secretariat, conference services and the interpreters for their excellent work in supporting the PBC.



365. The Delegation of China thanked the Chair and the Vice-Chair for chairing the PBC meeting again with great efficiency. The Delegation stated that the session had successfully discussed numerous agenda items, including the Proposed Program of Work and Budget for 2022/23, the Capital Master Plan for 2022/23, the UNSDG Membership, and the proposed revision of the selection procedure for the members of the WIPO IAOC, which would lay a sound foundation for the forthcoming General Assembly. The Delegation congratulated WIPO on that and extended its appreciation to all delegations for their constructive attitude in the meetings. The Delegation thanked the Director General, as well as the Secretariat for the large amount of information and clarification, which had been provided, both before and during the meeting, which had efficiently advanced the understanding of Member States of these issues, and the consultation progress. The Delegation also wished to thank conference services for all assistance when there had been technical issues. The Delegation thanked the interpreters, despite the extreme pressure brought about by the hybrid mode, who had been able to provide good interpretation service. The Delegation informed the Vice-Chair that in a few days, China would celebrate the traditional mid-Autumn festival, which was marked by the family reunion in the Chinese culture. The Delegation shared a Chinese proverb: "As the bright moon rises and shines over the sea from afar, we all share the same moment". The Delegation believed that some delegations, especially some colleagues in Geneva could not reunite with the family, but believed that soon the pandemic would be in the past. The Delegation concluded by wishing all a good healthy life, good progress at work, best wishes and hoped to see all Member States next year.

366. The Delegation of Georgia, speaking on behalf of the CEBS Group, thanked the Chair and the Vice-Chair for their skillful guidance and leadership during the work of the 33<sup>rd</sup> session of the PBC. The Group stated that the Chair and the Vice-Chair's dedication had enabled the Member States to achieve significant progress during the week. The Group extended its appreciation to the Secretariat for its excellent work, and efficient efforts invested in the preparation and advancement of the Committee. The Group thanked the Director General for joining the session, and thanked the interpreters, conference services who had ensured excellent working conditions for the Committee. The Group appreciated the constructive engagement of all the parties involved which had enabled all to reach consensus on many agenda items, and had made relevant recommendations to the General Assemblies, including on the Proposed Program of Work and Budget for 2022/23. The Group thanked all the Regional Coordinators and Member States for their cooperation, flexibility and constructive spirit, which would be maintained in the future. The Group concluded by reiterating the full support of the CEBS Group Member States in future work of that Committee.

367. The Delegation of Belarus, speaking on behalf of the CACEEC Group, thanked the Chair and the Vice-Chair for their able leadership of the meeting over the week. The Group also thanked delegations for their constructive approach, which had enabled all to make progress. The Group congratulated its colleagues for the productive session, as an agreement could be reached on important documents, including on the Proposed Program of Work and Budget for 2022/23. Progress was also made on further work to assess the External Offices. The Group noted the importance of the new practices of cooperation with countries and Regional Coordinators in informal consultations, which the Secretariat had organized before holding the 32<sup>nd</sup> and the 33<sup>rd</sup> sessions of the PBC. The Group concluded by thanking the Secretariat, the Director General, the assistance of the Assistant Director General of the Administration, Finance and Management Sector, his team, the whole Secretariat, the technical staff who had enabled all to have a successful meeting over the course of the week. The Group committed to stand ready to engage in constructive cooperation going forward and to contribute to the development of the activities of WIPO.

368. The Delegation of Paraguay, speaking on behalf of GRULAC, thanked the Chair and the Vice-Chair for doing an excellent job of chairing the session. The Group was grateful to the Secretariat for its constant support and backup, particularly during the discussions on the

various documents. The Group welcomed the debates held and the work done during the week, and was particularly impressed by the constructive spirit shown by all delegations. Regarding the IAOC, the JIU and the External Auditor's reports, the Group stated that it had received very useful information and was grateful for that, as well as for the case for the presentations made by the Secretariat on various items on finance. The Group was grateful that the PBC could manage to reach agreement on the Proposed Program of Work and Budget for 2022/23, taking into account the priority areas identified by WIPO and the Member States. The Group was also appreciative for the World Health Organization (WHO)'s and WIPO's efforts to provide with a backup in managing the Covid-19 pandemic, and urged WIPO to continue working with Member States to prevent discrimination, and ensuring equality within WIPO. The Group welcomed WIPO joining UNSDG and thought that was an important decision and an excellent step forward for WIPO in general, and for the wider United Nations system in terms of achieving the sustainable development agenda. The Group indicated that the PBC had made headway on the terms of reference for the evaluation of WIPO's External Offices, and thought that it would be to the benefit of everyone. The Group hoped that the principles which were set forth and which would be reflected in the document would be considered at the next session of the PBC. The Group extended its gratitude to the sound technicians, the interpreters, and the room officials, all of whom had made an excellent and important contribution to the successful outcome of that session.

369. The Delegation of Spain endorsed the statement made by the Delegation of the United Kingdom, who spoke on behalf of Group B. The Delegation highlighted the efficient work which was done by the Chair and the Vice-Chair in chairing the meeting, as well as the Secretariat, which made the work easier. The Secretariat responded to any request for assistance and information in a very positive manner throughout the meeting. The Delegation pointed out the very constructive spirit shown by delegations at the Committee, which helped to make progress in the discussions for reaching agreement on many issues in the course of the PBC, which is very important for multilateral work. The Delegation was equally grateful for the work achieved by the interpreters and translators. The Delegation recognized the work done by the PBC and other bodies on supervision and on managing the Organization's finances. Despite the very difficult circumstances due to the pandemic, all went through in that budgetary period and the financial situation was positive. In its statements on the various agenda items, the Delegation highlighted specific aspects which were important, and generally speaking, the Delegation welcomed the balanced budget which WIPO and its officials showed, and due diligence as it should be. The Delegation was grateful to the Director General and his team for their efforts to cope with the Covid-19 pandemic and to assist Member States in doing the same, and moving from crisis management to crisis recovery. The Delegation specified that developing a balanced and effective intellectual property ecosystem worldwide would be a very important step forward. The Delegation assured the Organization that it could rely on Spain to help with the implementation of the Proposed Program of Work and Budget for 2022/23, once approved. The Delegation hoped approval would take place during the Assemblies, believing that would help to provide the worldwide intellectual property community with what it needed, and emphasize WIPO's leading role in that area. The Delegation welcomed the fact that multilingualism was taking a central role in discussions at WIPO and urged that WIPO, including its Member States, continue to take advantage of international protection systems and acting cohesively, in order to promote the use of the systems, which would enable the enhancement of a high quality and useful tool for users. That would also help industrial and intellectual property to better contribute to economic and social development. The Delegation believed that this reliably worked when there was effective management based on financial prudence and sustainability as was the case at WIPO.

370. The Delegation of the Russian Federation thanked the Chair and the Vice-Chair for the leadership demonstrated, and the act of cooperation in holding consultations within the PBC. Within a week, it was possible to look at and adopt a number of decisions on key aspects of the work of WIPO. Above all, the Proposed Program of Work and Budget for 2022/23 was adopted,

which determined the main directions of development of WIPO for the following two years and reflected the approaches and proposals of Member States. The Delegation deemed that the development of multilingualism within WIPO should remain one of the key areas of the work of the Organization. In addition, the PBC adopted important decisions on internal and external oversight activities; it attached great importance also to the work of the External Auditor and the Joint Inspection Unit. The Delegation considered as a positive step that the terms of reference of the IAOC could strengthen the core principles for the formation of the independent committee in accordance with the principle of regional representation. The Delegation noted the productive and useful work of the IAOC, and underscored its independent nature. The Delegation hoped that the Committee's work could be based on the principles adopted and reaffirmed in its terms of reference. WIPO had worked hand in hand with the UNSDG, and the Delegation looked forward to further cooperation along these lines. The Delegation thanked the Director General, the whole team, the interpreters, the technical staff, and conference services, without their high professional work and their commitment, it could not be possible to achieve the work during the PBC. The Delegation concluded by thanking all of the Delegates who had worked during that session of the PBC.

371. The Vice-Chair gave the floor to the Director General for his closing statement.

372. The Director General declared that the very first presentation of the Program and Budget by a new administration was always of special interest for Member States, as they expressed curiosity and interest about what the new administration could present. The philosophy, the strategy, outcomes that WIPO wished to drive, were presented to the Member States for their approval and the Director General was very grateful that the Member States had been very engaged throughout the entire process. On the administrative side, the Director General shared that it was a very intense process for the Secretariat, as although he had taken office on October 1, 2020, and the majority of Sector Leads took up their duties on January 1, 2021. The Director General indicated that the time was short to prepare all the documents, which could chart for Member States' consideration, the future direction of WIPO. The Director General thanked colleagues during the very extensive round of internal and external consultation review, despite the fact that the Medium-Term Strategic Plan, the Proposed Program of Work and Budget for 2022/23 and other documents were being prepared. The Director General expressed his gratitude towards the Member States' engagement and support, and was pleased to observe that the Member States were enthusiastic to take note of the Medium-Term Strategic Plan. The Director General conveyed his appreciation to the Member States for having approved the Program of Work and Budget for 2022/23, the Capital Master Plan and other documents, which confirmed the Member States' support, encouragement and affirmation. The Director General reiterated that these were not just the administration's plans, these were the Member States' plans as well. The Director General confirmed that the plans would be collectively implemented over the next biennium.

373. The Director General restated that efforts were made to reach out to many of the Member States in an opened and transparent manner, with the intent to make an even stronger effort to share with the Member States what the plans were ahead of time. The Director General was pleased that many of the Regional Coordinators and their Members had reacted in a positive manner and confirmed WIPO's intention to remain open and transparent, and to continue working together with the Member States. The spirit of cooperation, flexibility and warmth had contributed to successful proceedings. The Director General, on behalf of his colleagues and the Secretariat, warmly thanked the Chair and the Vice-Chair for shepherding and guiding these important discussions during the busy week of the PBC. The Director General secondly thanked the Regional Coordinators who had been present in the last few weeks, in different parts of the Organization, for their attention and energy. The Director General said that he would continue making demands of the Member States' time and attention, and asked them to forgive the Secretariat in advance for calling on them very often. The Director General continued by thanking the Member States who had paid a lot of attention to

WIPO's work and was thankful for the support provided. The Director General in turn thanked the Secretariat for having been instrumental in the proceedings over the PBC week and in all the documentation put together over months, particularly the Assistant Director General, the Secretariat of the PBC and Finance Division for their guidance. The Director General also thanked conference services, the interpreters, the technical staff and teams and colleagues who worked behind the scenes, who really made the PBC's week proceedings run smoothly from a logistics and administrative angle. The Director General continued his closing statement by acknowledging the Member States for their support and approval to bringing the documents to the General Assemblies. He reiterated that the administration would stand ready to bring to life together, the vision of a world where innovation and creativity from anywhere, supported by the information technology, for the good of everyone. The Director General concluded his closing statement by wishing all good health until the General Assemblies.

374. The Vice-Chair thanked the Director General for his kind words. The Vice-Chair associated himself with the statement made by the Director General and thanked the Chair for the lengthy work done to achieve the results obtained during the session. The Vice-Chair was honored to lead the debates and to participate in that way of working. The Vice-Chair continued by thanking the Secretariat of the PBC and the colleagues present in the room for the work achieved, which had helped him to chair the Committee and to respond to all of the questions. The Vice-Chair thanked the distinguished Member States and the Regional Coordinators. While the delegations worked a great deal, the Regional Coordinators needed to do double, which allowed the PBC to agree on the decisions. The Vice-Chair thanked conference services and the interpreters, which had enabled them to plug any linguistic gaps. Before closing the 33rd session of the PBC, the Vice-Chair shared a personal experience which thought would help the Member States to understand the nature of the Committee. The Vice-Chair was particularly proud to have the opportunity of working on the first Proposed Program of Work and Budget for 2022/23, together with the Director General, the Assistant Director General of the Administration, Finance and Management Sector, the other Deputy Director General and Assistant Director General and their teams, together with the Delegates, for the magnificent work achieved.

375. The Vice-Chair indicated that when something did not work well, when there were problems or disagreements, the Vice-Chair always came up with a sentence, which was that international organizations were as good or as bad as their Member States. Consequently, the work achieved during the PBC was very good, and it had been seen throughout the week. The Vice-Chair continued by indicating that there were not agreements on every single point, but on most of the very important points, which allowed the Committee to move forward with the rest of the agenda. The Vice-Chair concluded the session, bearing in mind that Covid-19 was still raging in the society, and that the best was being done in all of different countries, and urged all to be careful, and to stay safe until the Assemblies.

376. The Vice Chair brought the 33<sup>rd</sup> session of the PBC to a close.

[Annex follows]

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