

Program and Budget Committee

Thirty-Fourth Session
Geneva, June 27 to July 1, 2022

ANNUAL FINANCIAL REPORT AND FINANCIAL STATEMENTS 2021

prepared by the Secretariat

1. The Financial Statements of the World Intellectual Property Organization (WIPO) for the year ended December 31, 2021, are transmitted to the Program and Budget Committee (PBC) in accordance with Regulation 8.11 of the Financial Regulations and Rules which requires that the PBC examines the financial statements and the audit reports thereon and forwards them to the General Assembly with comments and recommendations, as appropriate.
2. The 2021 Financial Statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS).
3. This document also includes WIPO's Statement on Internal Control signed by the Director General.
4. The report of the External Auditor on the audit of the 2021 Financial Statements, together with his recommendations and the Secretariat's response thereto, are contained in document WO/PBC/34/4.
5. *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 2021" (document WO/PBC/34/9).*

[Annual Financial Report and Financial Statements 2021 follow]

World Intellectual Property Organization

Annual Financial Report and Financial Statements

Year to December 31, 2021

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ANNUAL FINANCIAL REPORT

INTRODUCTION

The financial statements of the World Intellectual Property Organization (WIPO) for the year ended December 31, 2021, are submitted to the Assemblies of the Member States of WIPO (“WIPO Assemblies”) as required by Regulation 6.7 of the WIPO Financial Regulations and Rules (FRR). The financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS), as developed and approved by the International Public Sector Accounting Standards Board (IPSASB).

The report of the External Auditor on the audit of the 2021 financial statements, together with his opinion on the financial statements, are also submitted to the WIPO Assemblies as prescribed under Regulation 8.11 and Annex II of the FRR.

The annual financial report, including financial statement discussion and analysis, is presented in this document alongside the financial statements and the annual statement on internal control.

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

The following financial statement discussion and analysis includes an overview of the Organization’s operations and environment, financial objectives and strategies, risk management strategy, financial performance and financial position during the year ended December 31, 2021. Due to the continued global impact of the COVID-19 pandemic, a separate overview of its effects on the Organization’s operations and financial results has again been included. The discussion and analysis has been prepared in accordance with IPSASB Recommended Practice Guideline 2, and is intended to provide an explanation of the significant items, transactions, and events presented in the financial statements and the factors that influenced them. This discussion and analysis is not part of WIPO’s financial statements; however it should be read together with WIPO’s financial statements.

Operations and Environment

WIPO is the global forum for intellectual property services, policy, information and cooperation. It is an intergovernmental organization and specialized agency of the United Nations, with 193 Member States. The Organization’s mission is to lead the development of a balanced and effective global intellectual property ecosystem to promote innovation and creativity for a better and more sustainable future. The Organization’s mandate, governing bodies and procedures are set out in the WIPO Convention of 1967, which established WIPO.

WIPO’s Member States determine the direction, budget and activities of the Organization through the decision-making bodies. The main policy and decision-making bodies of WIPO are the General Assembly, the Conference and the Coordination Committee. The General Assembly consists of States party to the WIPO Convention which are members of any of the Unions administered by WIPO. The General Assembly constituted the Program and Budget Committee to consider matters relating to program, budget, premises and finance. The Conference is composed of the States party to the WIPO Convention whether or not they are members of any of the Unions, and is, *inter alia*, the competent body for adopting amendments to the Convention. The Coordination Committee consists of elected members of the Executive Committees of the Paris or the Berne Unions, or both, one-fourth of the States party to the WIPO Convention which are not members of any of the Unions, and Switzerland, as the State on whose territory the Organization has its headquarters.

The General Assembly appoints the WIPO Director General upon nomination by the Coordination Committee. The current Director General, Mr. Daren Tang, was appointed on May 8, 2020, and began his six-year term on October 1, 2020. The Director General is the chief executive of the Organization. The Director General is assisted by the Sector Leads (consisting of the Deputy Directors General and the Assistant Directors General) in providing the strategic direction of WIPO’s programs and in managing their respective Sectors to ensure the delivery of results in line with the Organization’s strategic goals and the Program and Budget.

WIPO generates most of its revenue from fees that are paid by users of its intellectual property services for patents, trademarks and industrial designs. These services are provided through the Patent Cooperation Treaty (PCT), Madrid and Hague systems. In 2021, fees from these activities represented 94.8 per cent of the Organization’s total revenue, with PCT system fees alone representing 76.2 per cent. The driver for revenue from these fee-based services is the international demand for intellectual property titles. Other external factors that may influence the Organization’s revenue from its fee-based services include research and development investment levels, technological confidence levels, and exchange rate fluctuations.

Financial Objectives and Strategies

The financial activities of WIPO are governed by its Financial Regulations, which are approved by the General Assembly. Financial Rules are established by the Director General in accordance with the provisions of the Financial Regulations. WIPO's Member States are informed of any modification of the Financial Rules. The Financial Rules govern all the financial management activities of the Organization. Authority and responsibility for the implementation of the Financial Regulations and Rules is delegated by the Director General to the Controller.

Every two years, the Director General presents a Program and Budget to Member States for approval. It details expected results, performance measures and budgetary planning for all proposed activities. The Program and Budget for the 2020/21 biennium was approved by the Assemblies of the Member States of WIPO in October 2019. The Program and Budget provides the planning for the biennium within the overall strategic context of the Medium-Term Strategic Plan.

The Organization uses a Results-Based Management system to ensure that resources are budgeted and utilized in line with organizational results and priorities. Organizational performance is measured and analyzed on a regular basis through performance indicators, targets and baselines. The WIPO Performance Report provides full programmatic reporting, including detailed performance indicator evaluations, for the year or biennium. Under this system, both the Program and Budget and the Medium-Term Strategic Plan form part of WIPO's planning framework, along with annual work plans and individual staff objectives.

The Organization manages the levels of its reserves in accordance with its Policy on Reserves. WIPO's reserves are accounted for as the net assets of the Organization, and serve to minimize the impact of income shortfalls and maximize the probability that the Organization can meet its obligations in the short term and maintain financial stability. One core element of the policy is the mechanism for establishing the required level of reserves as a percentage of the estimated biennial expenditure of the Unions administered by the Organization. The policy also establishes the principles and approval mechanism for the use of reserves for one-time projects for capital improvements and exceptional circumstances.

The Organization manages its investments in accordance with its Policy on Investments. The policy states that the primary objectives of the Organization's investment management, in order of importance, shall be: (i) preservation of capital; (ii) liquidity, and (iii) within the constraints of (i) and (ii), the rate of return. The Organization aims to achieve a market rate of return whenever appropriate and possible for both operating and core cash. Strategic cash is to be invested over the long-term in order to achieve capital growth and thus an overall positive return over time.

Risk Management

WIPO's Risk Management Policy sets out the Organization's approach to managing risks and internal controls in a consistent and business-oriented manner, in order to support the achievement of its strategic goals and expected results. It is complemented by WIPO's Risk and Internal Control Management Manual, which covers the day-to-day operational details of risk and internal control management. The policy and the manual, together with the organizational arrangements, the establishment of roles and responsibilities, processes and activities for the management of risks and internal controls represent WIPO's Risk Management Framework.

Under the guiding principles of WIPO's Risk Management Policy, risk management is considered an organization-wide responsibility. Organizational level risks are identified and reviewed by WIPO's Risk Management Group, which is chaired by the Director General. Risk management is performed as an integral part of the Organization's Results-Based Management cycle. WIPO's Risk Management Framework is guided by the risk appetite noted by its Member States in WIPO's Risk Appetite Statement.

Environmental, Social and Governance

WIPO has continued to actively contribute to the implementation of United Nations Sustainable Development Goals 6, 7, 11, 12 and 13 under the framework of the WIPO Strategic Goal addressing environmental responsibility.

WIPO ensures the preservation of biodiversity on its campus, which is considered a landmark park, with a number of species of trees and various plantations. An environment criterion has been introduced and systematically applied as one of several criteria for assessing and implementing renovations and maintenance of premises and technical facilities on the WIPO campus. This is clearly illustrated by a number of projects which are an integral part of the annual program of work: 100 per cent local hydroelectricity provision, LED light fixtures and presence detection to reduce electricity consumption, cooling using the Lake Geneva water system, waste management system with sorting and recycling of various materials, and water consumption management.

As part of its procurement processes, WIPO asks potential suppliers to confirm their significant commitment to sustainability. In addition, evaluation teams are strongly encouraged to include sustainability as one of the criteria for assessing tenders. WIPO has continued its active participation in the 2050Today initiative aimed at achieving zero emissions in the Canton of Geneva by 2050. The initiative operates under the auspices of the host country at the federal and cantonal levels, and includes a number of international intergovernmental organizations, local public and private sectors, and non-governmental organizations.

It is recalled that, since 2010, WIPO has been actively participating in the Greening the Blue initiative of the United Nations Environment Programme (UNEP). Through this, WIPO participates in the collection of carbon and other emissions data along with over fifty UN agencies and programs. Since 2014 WIPO has compensated its remaining unavoidable emissions by purchasing credits through the UN-wide mechanism managed by the United Nations Framework Convention on Climate Change (UNFCCC).

COVID-19 Pandemic

The COVID-19 pandemic continued to affect WIPO's operations significantly throughout 2021. The outbreak of the COVID-19 coronavirus was first declared a public health emergency of international concern (PHEIC) by the World Health Organization on January 30, 2020, and was subsequently declared a pandemic on March 11, 2020. In its 2019 financial statements, WIPO disclosed the outbreak as a non-adjusting event after the reporting date, in accordance with IPSAS 14. In its 2020 financial statements, the Organization provided an overview of the effects of the pandemic on its operations and financial results as part of the financial statement discussion and analysis. Given the ongoing impacts of the pandemic during 2021, a summary of these effects is again provided with the 2021 financial statements. While the impact on the way WIPO conducted its business in 2021 was again profound, the direct, visible and measurable impact on the financial performance for 2021 and the financial position at the end of the year was more limited. Although there can be no objective or exact method of determining the complete impact of the COVID-19 pandemic on these financial statements, certain broad trends can be identified and are reflected in the following summary.

As of November 2, 2020, all WIPO personnel, except those required to be on-site, had resumed teleworking as a result of a second wave of the COVID-19 pandemic. In January 2021, the Swiss Federal Council announced a tightening of measures to prevent the spread of COVID-19, including mandatory teleworking as far as possible. In May 2021, a number of COVID-19-related restrictions in Switzerland were gradually eased, and the rule on mandatory teleworking was converted into a recommendation. WIPO, aligning itself with other UN agencies, maintained a prudent approach of teleworking for non-premises-dependent positions. As the epidemiological situation continued to improve in Switzerland, the Organization began planning the process of returning to the office. This started with small groups at the end of June, to pilot and test the approach, followed by larger waves beginning in September and ending in mid-November. By the time all staff were back to the office a new measure was applied, which required anyone entering WIPO premises to be in possession of a valid COVID certificate or equivalent. Unfortunately, the epidemiological situation in Switzerland then began to deteriorate, with COVID-19 infections reaching a new high. On December 17, 2021, the Swiss Government re-introduced the requirement to work from home, and WIPO reinstated mandatory teleworking.

The Organization continued to monitor its directly related COVID-19 expenditure during 2021. This expenditure totaled approximately 2.2 million Swiss francs, and was lower than the 2020 figure of 3.6 million Swiss francs. The largest element of the 2021 expenditure was 1.0 million Swiss francs for IT equipment and IT services to meet remote working and virtual or hybrid meeting requirements. Other expenditure considered directly related to the impacts of COVID-19 on the Organization's operations included cleaning and disinfection products, furniture and equipment for new layout requirements, medical supplies and additional medical staff. Travel bans and restrictions during both 2020 and 2021 had a significant impact on WIPO's activities involving traditional, in-person implementation modalities, especially in the areas of capacity building and support services. During 2021, the Organization continued to adapt its delivery methods in order to respond to the constraints caused by the pandemic. In financial terms, the cost of missions for staff and consultants fell from 5.7 million Swiss francs in 2019, to 0.5 million Swiss francs in 2020 and 0.1 million Swiss francs in 2021. Official meetings and conferences continued to be held in hybrid and virtual modes during 2021. The Organization's third party travel costs, including participants and lecturers, fell from 10.5 million Swiss francs in 2019 to 0.5 million Swiss francs in 2020 and 0.7 million Swiss francs in 2021.

Demand for WIPO's fee-based services under its intellectual property systems was strong in 2021, with innovative activity overcoming the disruption of the COVID-19 pandemic. PCT application filings in 2021 reached an estimated 277,500 applications, a new record figure. This was 0.9 per cent higher than applications in 2020, and 4.6 per cent higher than the 2019 number. Use of the Madrid system had declined at the height of the pandemic in 2020, but rebounded in 2021. International trademark applications in 2021 totaled an estimated 73,100, up by 14.4 per cent on the 2020 number and by 13.9 per cent on the 2019 number. In 2020, the economic fallout from the pandemic had hit demand for the protection of industrial designs via the Hague system, however this also rebounded in 2021. Compared to 2020, applications increased by 15.7 per cent, and designs in those applications rose by 20.8 per cent. WIPO's revenue from fees charged for applications under the PCT, Madrid and Hague systems is recognized

at the date of publication of the application, in accordance with the requirements of IPSAS. WIPO's fee revenue on this basis has continued to grow over the last two years, reaching 450.5 million Swiss francs in 2021, compared to 441.5 million Swiss francs in 2020, and 420.2 million Swiss francs in 2019.

Concerning the Organization's assets, as at each year end and in accordance with the requirements of IPSAS, WIPO performed its annual impairment reviews to ensure that assets were recorded at an appropriate value in the financial statements. This exercise did not indicate any impairment attributable to the impacts of the COVID-19 pandemic. The review of financial instruments including accounts receivable, revealed no impact on payment patterns that would require recognition of credit loss. Although the Organization's buildings were utilized to a much lower extent in 2021 and 2020 than in 2019, no impairment was considered necessary for these long-term assets. For the Organization's liabilities, the most noticeable consequence of the pandemic was an increase of 5.8 million Swiss francs in the accumulated annual leave liability at the end of 2020, largely due to the impact of staff not taking their planned leave entitlements in 2020 as a result of travel limitations. Due to these limitations, as an exceptional measure as at December 31, 2020, the Organization increased the maximum annual accrual and carry-forward balance for annual leave. This measure was reversed as at December 31, 2021, and the accumulated annual leave liability at the end of 2021 remained comparatively stable against the prior year balance.

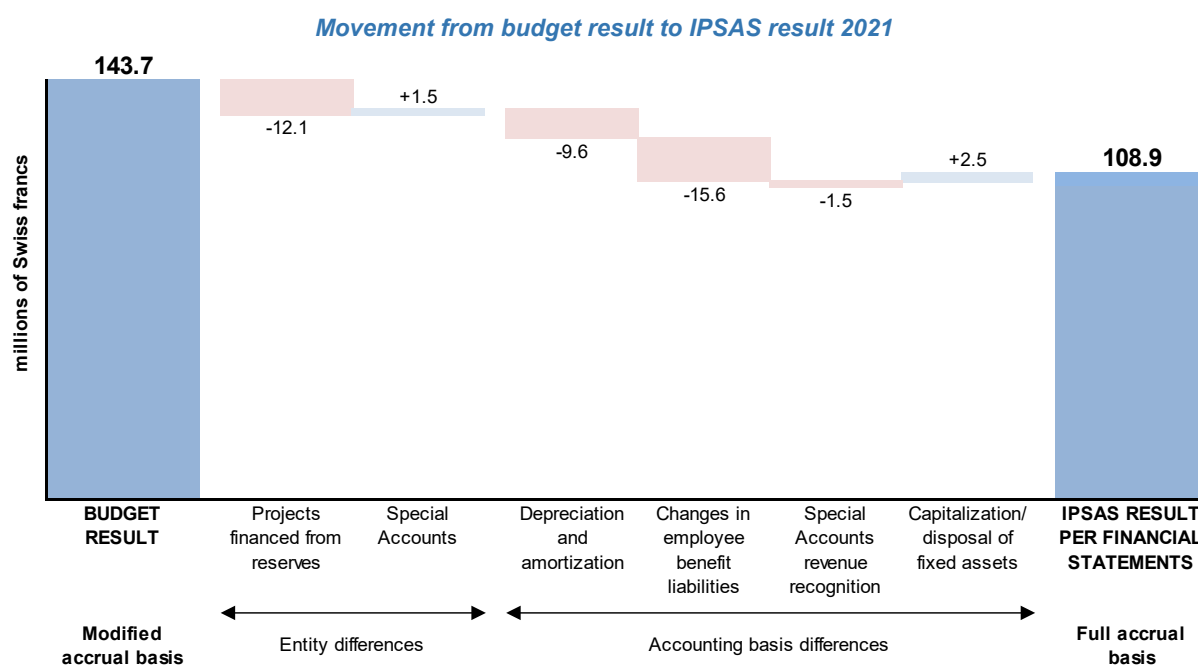
During 2021, the Organization achieved investment gains of 22.7 million Swiss francs, with investments performing in line with or above targeted benchmarks. In the prior year, most investment categories also ended the year with positive returns and WIPO recorded investment gains of 33.4 million Swiss francs. In February and March 2020 global financial markets had reacted strongly to the onset of the COVID-19 pandemic, however the recovery was equally quick, following the swift and substantial response to the crisis from governments and monetary authorities. Markets had mostly normalized when the potential rollout of a vaccine in 2021 was announced in November 2020, which ignited a strong rally in asset prices. It is important to note that WIPO's investment strategy for its core cash and strategic cash portfolios is a passive strategy, based on long-term fundamentals and is designed to resist periods of financial turbulence.

Financial Performance 2021

The Organization's results for 2021 showed a surplus for the year of 108.9 million Swiss francs, with total revenue of 475.1 million Swiss francs, total expenses of 388.9 million Swiss francs, and investment gains of 22.7 million Swiss francs. This can be compared to a surplus of 135.9 million Swiss francs in 2020, 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. The Program and Budget result for 2021 prepared on a modified accrual basis (i.e. not including all IPSAS adjustments) was a surplus of 143.7 million Swiss francs. The 2021 result for the Organization under IPSAS includes Special Accounts, Projects financed from reserves, and the impact of adjustments related to full accrual accounting in accordance with IPSAS:

	Program and Budget	Special Accounts	Projects Financed from Reserves	IPSAS Adjustments	Total	Total
	2021	2021	2021	2021	2021	2020
<i>(in millions of Swiss francs)</i>						
Total revenue	469.1	8.1	-	-2.1	475.1	468.3
Total expenses	-348.1	-6.6	-12.1	-22.1	-388.9	-365.8
Investment gains/(losses)	22.7	-	-	-	22.7	33.4
Net surplus/(deficit)	143.7	1.5	-12.1	-24.2	108.9	135.9

The chart below summarizes the principal differences between the Program and Budget surplus of 143.7 million Swiss francs, and the surplus for the whole Organization prepared on an IPSAS basis of 108.9 million Swiss francs:

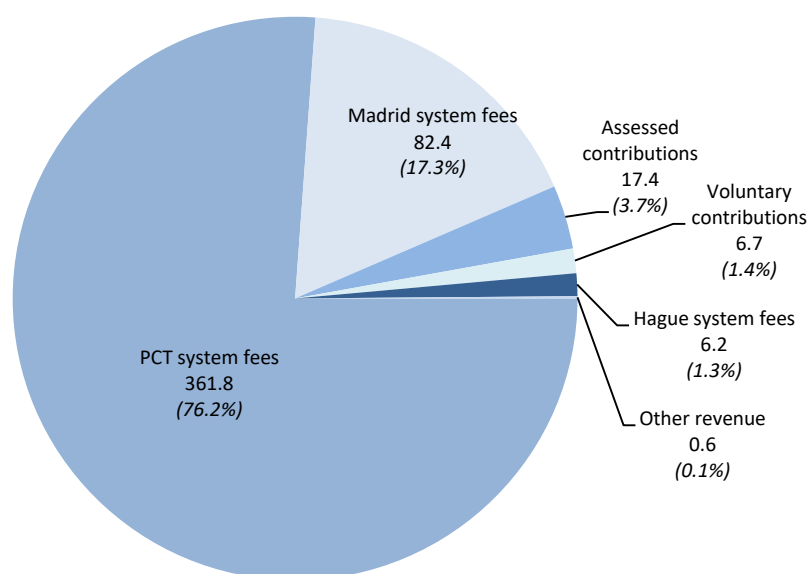


The WIPO financial statements as prepared in accordance with IPSAS include all areas and activities of the whole Organization. The inclusion of the results before IPSAS adjustments of Projects financed from reserves (deficit of 12.1 million Swiss francs) and Special Accounts (surplus of 1.5 million Swiss francs) represent 'entity differences' between the budget result and the surplus per the IPSAS financial statements. The application of full accrual basis accounting in accordance with IPSAS leads to a number of 'accounting basis differences' which impact the result for the year. The net impact of these adjustments is a 24.2 million Swiss francs reduction in the surplus. The principal accounting differences include:

- the depreciation expense of buildings and equipment and the amortization expense of intangible assets as the cost of these assets is spread over their useful lives;
- adjustments to reflect movements in employee benefit liabilities based on IPSAS compliant calculations, including those prepared by external actuaries;
- the capitalization of costs relating to the improvement or acquisition of fixed assets, along with losses from the disposal or write-off of fixed assets.

Revenue

Composition of 2021 revenue on an IPSAS basis
(in millions of Swiss francs)



Total revenue of the Organization for 2021 was 475.1 million Swiss francs, representing an increase of 1.5 per cent compared to the 2020 total revenue of 468.3 million Swiss francs. The largest source of revenue during 2021 was PCT system fees, accounting for 76.2 per cent of total revenue. Revenue from PCT system fees rose by 0.9 per cent compared to 2020.

Madrid system fees were the second largest source of revenue during the year 2021, representing 17.3 per cent of total revenue. Revenue from Madrid system fees increased by 8.1 per cent compared to 2020. Hague system fees, Lisbon system fees, assessed contributions, voluntary contributions (contributions by donors to Special Accounts) and other revenue (publications, arbitration and mediation and other/miscellaneous revenue) comprise the remaining 6.5 per cent of the Organization's total revenue. The following table provides a summary of the changes by revenue type compared to the prior year:

Revenue variance 2020-2021

	2021	2020	Net Change	Net Change
	(in millions of Swiss francs)			%
Revenue				
Assessed contributions	17.4	17.6	-0.2	-1.1
Voluntary contributions	6.7	5.8	0.9	15.5
Publications revenue	0.4	0.5	-0.1	-20.0
Fees				
PCT system	361.8	358.6	3.2	0.9
Madrid system	82.4	76.2	6.2	8.1
Hague system	6.2	6.7	-0.5	-7.5
Lisbon system	0.1	-	0.1	N/A
Sub-total fees	450.5	441.5	9.0	2.0
Arbitration and Mediation	2.5	2.1	0.4	19.0
Other/miscellaneous revenue	-2.4	0.8	-3.2	-400.0
Total revenue	475.1	468.3	6.8	1.5

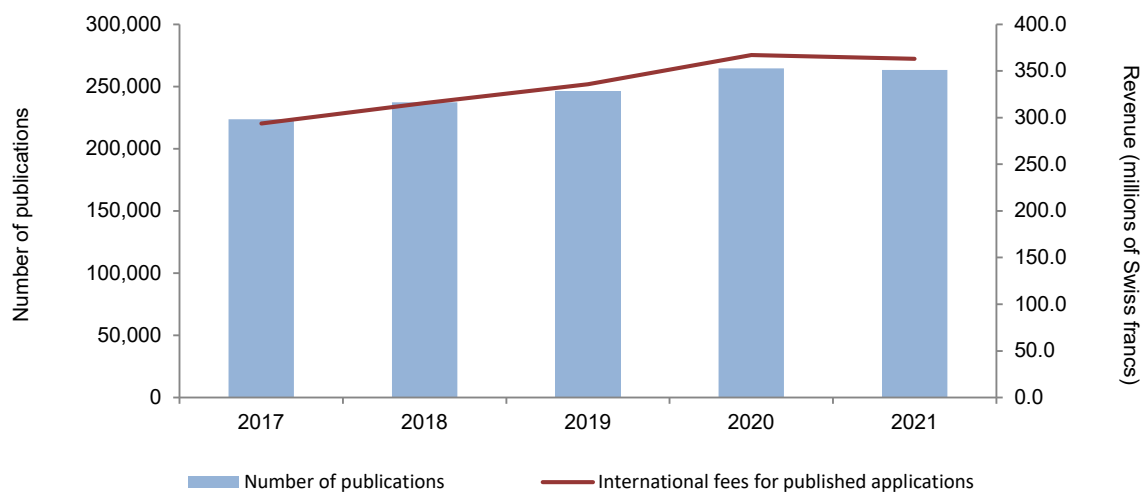
PCT revenue is principally comprised of international filing fees (the basic fee, plus supplementary page fees, less reductions for e-filings and least developed countries). The total PCT system fees revenue figure also comprises other fees (including handling and transfer fees) and foreign exchange gains and losses:

Detail of PCT system fees – 2017-2021

	2021	2020	2019	2018	2017
	<i>(in millions of Swiss francs)</i>				
International filing fees	363.1	366.9	335.6	315.4	293.6
Other fees	3.1	3.2	3.4	3.6	3.6
Exchange gain/(loss) on fees received	-3.3	-8.6	-2.6	1.7	0.4
Other exchange gain/(loss)	-1.1	-2.9	1.7	0.7	-1.2
Total PCT system fees	361.8	358.6	338.1	321.4	296.4

Revenue from PCT system fees on an IPSAS basis increased by 0.9 per cent compared to 2020. This overall increase in revenue was achieved despite slightly lower publications compared to 2020, and was due to lower exchange losses on fees than seen in the prior year. In the financial statements prepared under IPSAS, revenue for international filing fees from PCT applications is recognized only on publication of the application. In 2021 there were 263,280 publications compared to 264,584 in 2020. Lower publications in 2021, despite increasing PCT applications, was essentially an issue of timing as in 2020 there were fifty-three weeks of publications instead of the usual fifty-two. When looking at revenue from PCT international filing fees as recognized in accordance with IPSAS, the following graph shows how annual revenue has moved in line with the number of published applications in the year:

PCT - International filing fees and publications 2017-2021



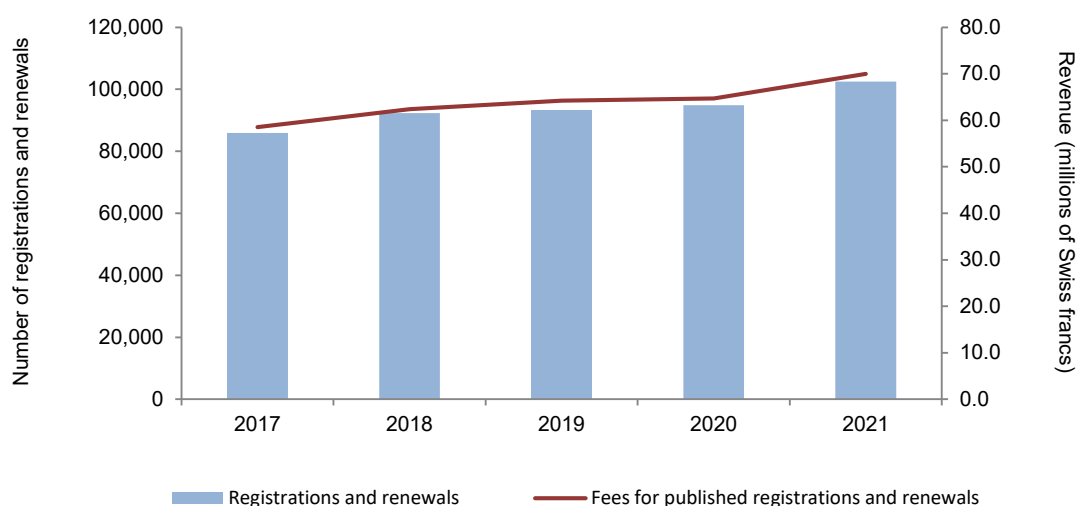
Madrid system fees principally comprise basic fees received from applications for registrations or renewals and fees for subsequent designations:

Detail of Madrid system fees – 2017-2021

	2021	2020	2019	2018	2017
<i>(in millions of Swiss francs)</i>					
Basic fees (registrations and renewals)	70.0	64.7	64.2	62.4	58.5
Subsequent designations	6.3	6.0	6.4	5.8	5.5
Other fees	6.1	5.5	6.2	6.1	5.9
Total Madrid system fees	82.4	76.2	76.8	74.3	69.9

In accordance with IPSAS, revenue from Madrid fees for registrations, renewals and subsequent designations is recognized in the financial statements upon publication. Revenue from registrations and renewals as recognized in accordance with IPSAS has moved in line with the number of registrations and renewals in the year. Between 2020 and 2021, the number of registrations increased from 62,062 to 68,265. In the same period the number of renewals also rose from 32,831 to 34,218:

Madrid - Basic fees and registrations/renewals 2017-2021



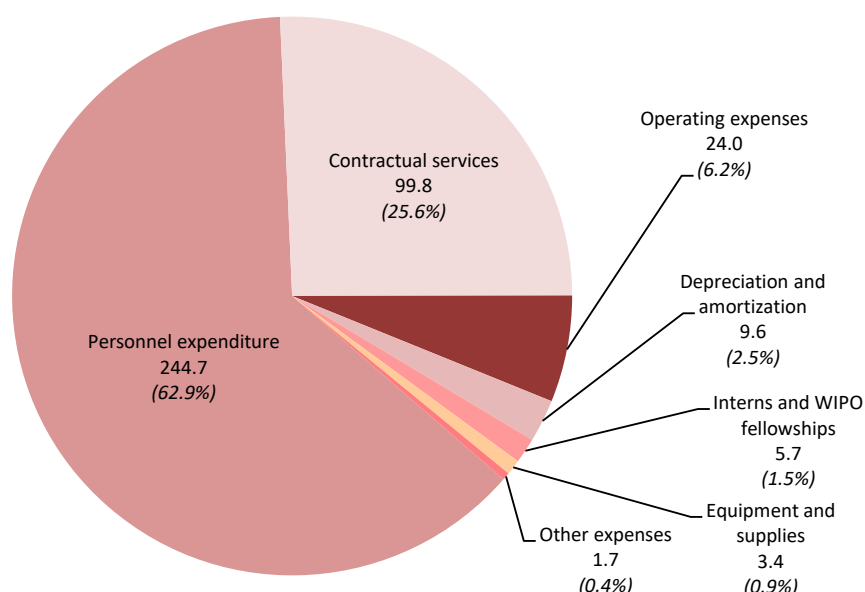
Revenue from Hague system fees totaled 6.2 million Swiss francs for 2021, representing a decrease of 7.5 per cent compared to the 2020 figure of 6.7 million Swiss francs. Registrations under the Hague system fell from 6,795 in 2020 to 6,106 in 2021. Lisbon system fees totaled 71,000 Swiss francs in 2021, compared to 7,000 Swiss francs in 2020. This increase is due to individual fees payable to Cambodia and Samoa following their accession to the Geneva Act of the Lisbon Agreement.

Revenue from assessed contributions of 17.4 million Swiss francs in 2021 represents 3.7 per cent of total revenue, while revenue from voluntary contributions of 6.7 million Swiss francs in 2021 represents 1.4 per cent of total revenue. Although revenue from voluntary contributions increased by 15.5 per cent compared to the prior year, it is still significantly down on the 2019 figure of 10.9 million Swiss francs. Revenue from voluntary contributions is recognized as work is performed and expense incurred in line with the relevant agreement. Due to the impacts of the COVID-19 pandemic, lower than anticipated expenses have been incurred which in turn has reduced the recognition of revenue in 2020 and 2021. The actual receipt of voluntary contributions in 2021 was 8.1 million Swiss francs, compared to 9.4 million Swiss francs in 2020 and 10.1 million Swiss francs in 2019.

Arbitration and mediation revenue of 2.5 million Swiss francs was up by 0.4 million Swiss francs on the prior year, while publications revenue of 0.4 million Swiss francs was 0.1 million Swiss francs lower than in 2020. Other/miscellaneous revenue totaled -2.4 million Swiss francs in 2021, compared to 0.8 million Swiss francs in 2020. The Organization includes exchange gains/losses as part of other/miscellaneous revenue, and in 2021 recognized net losses of 3.8 million Swiss francs, compared to net losses of 0.6 million Swiss francs in 2020. These exchange losses correspond to the revaluation of bank accounts and operating cash short-term investments held in currencies other than Swiss franc.

Expenses

Composition of 2021 expenses on an IPSAS basis
(in millions of Swiss francs)



Detailed breakdown of 2021 expenses
(in millions of Swiss francs)

Personnel expenditure 244.7	Posts	235.3	Depreciation and amortization 9.6	Buildings depreciation	8.5
	Temporary staff	8.9		Equipment depreciation	0.5
	Other staff costs	0.5		Intangible assets amortization	0.6
Contractual services 99.8	Conferences	2.3	Interns and WIPO fellowships 5.7	Internships	0.4
	Individual contractual services	16.2		WIPO fellowships	5.3
	Other contractual services	81.3	Equipment and supplies 3.4	Supplies and materials	3.2
Operating expenses 24.0	Premises and maintenance	21.3		Furniture and equipment	0.2
	Communication	1.1	Other expenses 1.7	Travel, training and grants	1.5
	Representation & other operating expenses	1.1		Finance costs	0.2
	United Nations joint services	0.5			

Total expenses of the Organization for 2021 were 388.9 million Swiss francs, representing an increase of 6.3 per cent compared to 2020 total expenses of 365.8 million Swiss francs. The largest expense for the Organization was personnel expenditure of 244.7 million Swiss francs, representing 62.9 per cent of total expenses. Contractual services of 99.8 million Swiss francs were the second largest expense for the Organization, followed by operating expenses of 24.0 million Swiss francs. The following table provides a summary of the changes by expense type compared to the prior year:

Expenses variance 2020-2021

	2021	2020	Net Change	Net Change
	(in millions of Swiss francs)			%
Expenses				
Personnel expenditure	244.7	233.7	11.0	4.7
Internships and WIPO fellowships	5.7	5.5	0.2	3.6
Travel, training and grants	1.5	1.8	-0.3	-16.7
Contractual services	99.8	88.6	11.2	12.6
Operating expenses	24.0	20.9	3.1	14.8
Equipment and supplies	3.4	5.3	-1.9	-35.8
Depreciation and amortization	9.6	9.8	-0.2	-2.0
Finance costs	0.2	0.2	-	-
Total expenses	388.9	365.8	23.1	6.3

Although the Organization's expenses increased in 2021 compared to 2020, they were still lower than the 2019 figure of 401.4 million Swiss francs. Non-personnel expenditure for the 2020-21 biennium was significantly reduced due to the COVID-19 pandemic, with Program and Budget expenditure on a comparable basis ending at 54.2 million Swiss francs below the approved budgeted figure in the biennium. This was the net result of lower expenditure on travel, contractual services, and operating expenses, partially offset by additional exceptional COVID-19 related expenditure. The most significant reduction across 2020 and 2021 was for travel, training and grants, which fell from 17.5 million Swiss francs in 2019 to 1.8 million Swiss francs in 2020 and 1.5 million Swiss francs in 2021. This decrease was a direct consequence of the effects of the COVID-19 pandemic on the Organization's activities, with restrictions over movement and mass gatherings significantly impacting travel for missions and physical participation in conferences and meetings.

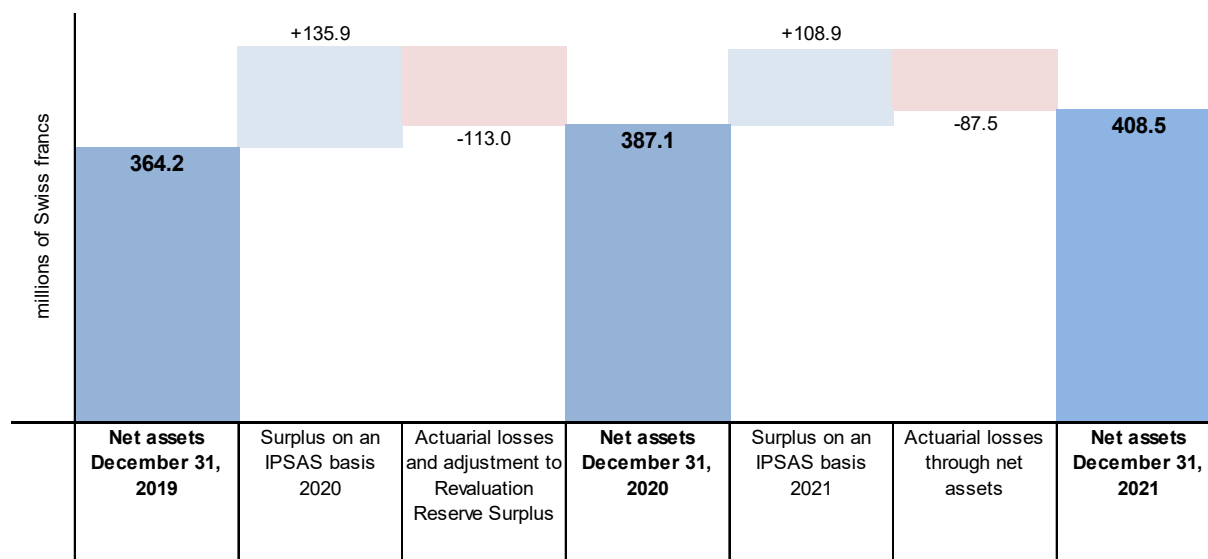
In 2021 there was, however, clearly some catch-up on contractual services and operating expenses compared to the first year of the biennium. Contractual services in 2021 totaled 99.8 million Swiss francs. These expenses increased by 11.2 million Swiss francs compared to the 2020 figure, and were also higher than the 2019 figure of 96.1 million Swiss francs. Compared to 2020, expenses rose for individual contractual services by 4.0 million Swiss francs, other commercial service providers by 3.5 million Swiss francs, and IT commercial service providers by 2.5 million Swiss francs. Operating expenses in 2021 totaled 24.0 million Swiss francs, an increase of 14.8 per cent compared to the 2020 total of 20.9 million Swiss francs. The 2021 figure was also higher than 2019 operating expenses of 22.5 million Swiss francs. Compared to 2020, the main area of increase concerned premises and maintenance costs, which rose by 2.8 million Swiss francs. Expenses for equipment and supplies fell from 5.3 million Swiss francs in 2020 to 3.4 million Swiss francs in 2021, and depreciation and amortization of capitalized fixed assets were also lower than in the prior year, totaling 9.6 million Swiss francs, compared to a charge of 9.8 million Swiss francs in 2020.

The Organization's personnel expenditure comprises principally net base salary and post adjustments for staff in posts or temporary positions. Combined these represent 145.8 million Swiss francs, 59.6 per cent of total personnel expenditure for 2021. Total personnel expenditure in 2021 of 244.7 million Swiss francs has increased by 4.7 per cent compared to total personnel expenditure of 233.7 million Swiss francs in 2020. This increase is primarily due to the impacts of movements in long-term employee benefit liabilities recognized through personnel expenditure. The cost of internships and WIPO fellowships, which is not included as part of personnel expenditure, increased slightly compared to 2020, rising by 3.6 per cent to 5.7 million Swiss francs.

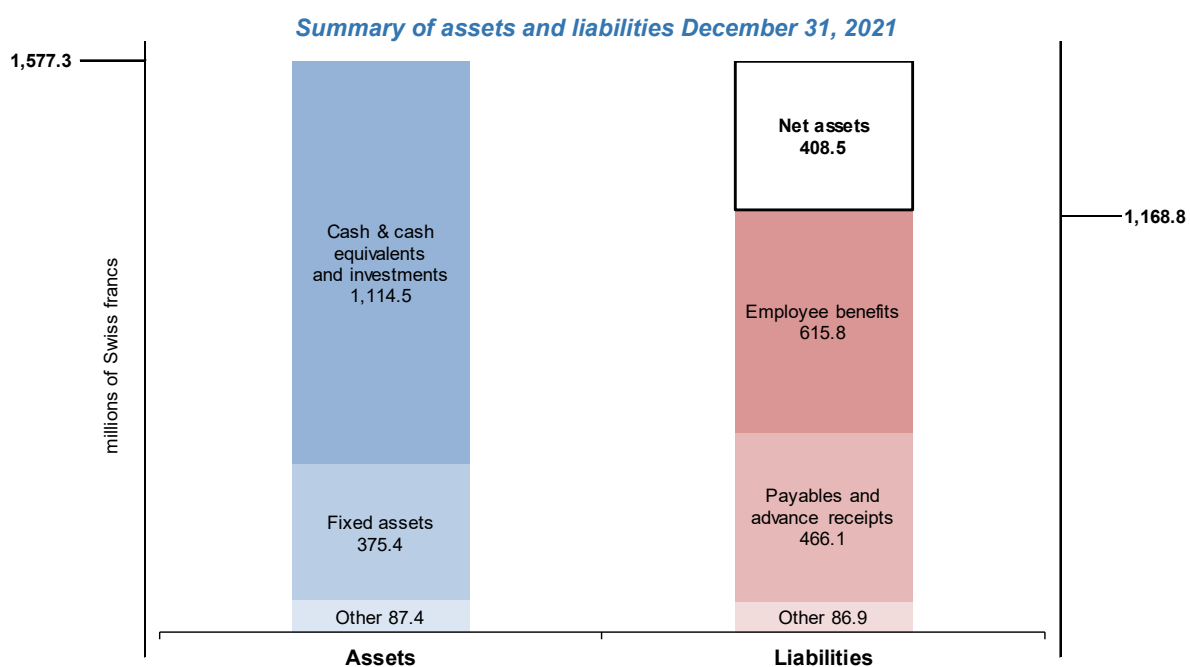
Financial Position 2021

As at December 31, 2021, the Organization had net assets of 408.5 million Swiss francs, with total assets of 1,577.3 million Swiss francs and total liabilities of 1,168.8 million Swiss francs. During 2021, the Organization's net assets increased by 21.4 million Swiss francs. The surplus for the year of 108.9 million Swiss francs was largely offset by actuarial losses related to WIPO's liability for ASHI, which totaled 87.5 million Swiss francs and were recognized through net assets:

Movement in net assets 2019-2021



The following chart provides a summary of the Statement of Financial Position of WIPO as at December 31, 2021. Total assets of 1,577.3 million Swiss francs are composed primarily of cash, cash equivalents, investments and fixed assets. Total liabilities of 1,168.8 million Swiss francs are principally employee benefits, and payables and advance receipts:



Assets

At the end of 2021, the Organization held cash, cash equivalents and investment balances of 1,114.5 million Swiss francs, representing 70.7 per cent of total assets. This included amounts totaling 211.1 million Swiss francs classified as restricted, and amounts totaling 237.2 million Swiss francs representing strategic cash and investments. The total balance of 1,114.5 million Swiss francs was 182.5 million Swiss francs higher than the balance of 932.0 million Swiss francs at the end of 2020.

The Organization holds significant fixed assets (land, buildings, intangible assets and equipment) with a total net book value of 375.4 million Swiss francs. During 2021, costs totaling 2.9 million Swiss francs were capitalized for additions and improvements to fixed assets. The total depreciation and amortization charge against all fixed assets was 9.6 million Swiss francs for 2021.

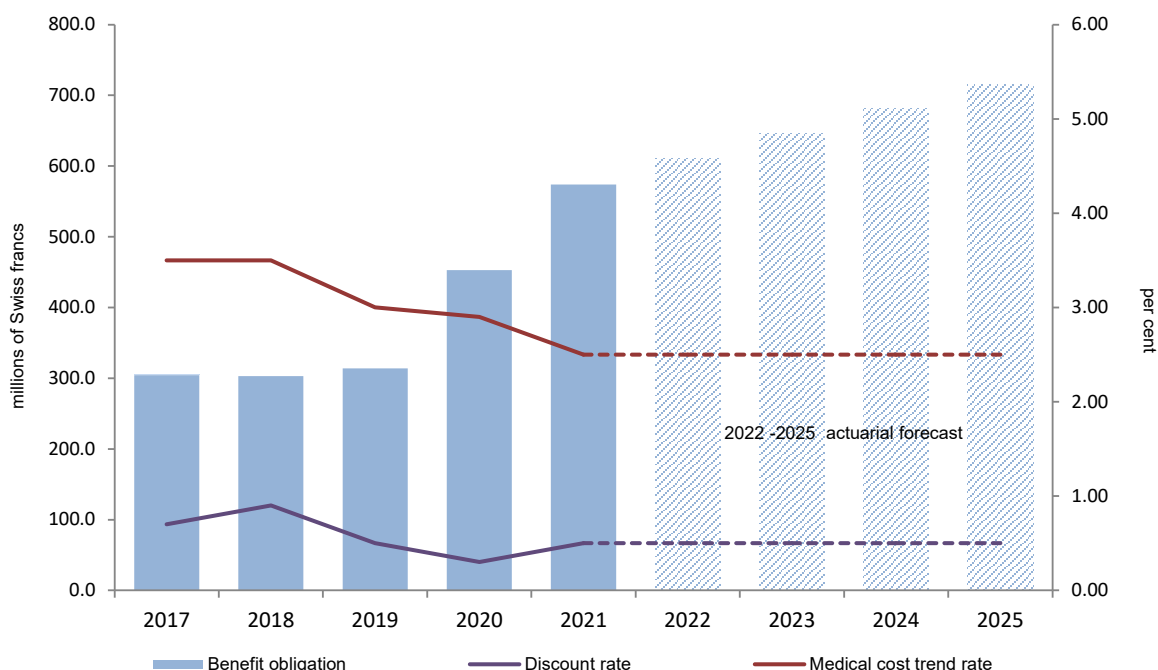
Other assets of the Organization totaling 87.4 million Swiss francs included accounts receivable and advance payments. Within this, the most significant balance was PCT debtors totaling 62.3 million Swiss francs. At any point during the year, a significant number of PCT applications have been filed with receiving Offices and possibly received by WIPO, for which no corresponding fee payment has yet been received by the Organization. The balance of PCT debtors increased compared to the prior year, when it totaled 53.1 million Swiss francs.

Liabilities

Employee benefit liabilities of 615.8 million Swiss francs were mainly comprised of the ASHI liability of 573.7 million Swiss francs, representing 93.2 per cent of the total employee benefits liability as at December 31, 2021. The ASHI liability increased by 120.9 million Swiss francs compared to the 2020 balance of 452.8 million Swiss francs. The calculation of the ASHI liability is performed by an independent actuary. In accordance with IPSAS requirements, the ASHI liability recognized in the financial statements represents the present value of all expected future benefits to existing retirees and their dependents, and all accrued post-employment benefits of active staff. On average, medical costs increase with age, so the most significant expected medical costs remain to be paid in the future. To manage the cost and risk of its collective medical insurance plan, WIPO has secured an insurance contract that allows 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 cost.

The ASHI liability calculation incorporates a number of actuarial assumptions. These include the discount rate, medical cost trend rates, annual medical claims cost, retirement rates and mortality rates. Changes to these assumptions year on year lead to actuarial gains and losses which are recognized as part of the liability in the Statement of Financial Position. A breakdown of the movement in the liability due to actuarial gains and losses is provided in Note 10 of these financial statements. The increase in the liability in 2021 was mainly due to a modification of the annual medical claims cost assumption. For the 2020 liability calculation, this assumption was derived from the medical insurance premiums by applying an age-specific grading factor. During 2021, the independent actuary performed a detailed analysis of claims cost data, and from this generated an updated assumption derived from actual medical claims. It is noted that basing the liability on medical claims costs is different from considering only the medical insurance premiums, which are mitigated by lower expected costs for the younger staff and new joiners.

Other changes to actuarial assumptions included an increase in the discount rate from 0.30 per cent to 0.50 per cent, which led to a decrease in the liability. A reduction in the medical cost trend rate from 2.90 per cent to 2.50 per cent also had the effect of lowering the liability. The following graph shows how the ASHI liability has developed since 2017, and includes actuarial forecasts for 2022-2025 (applying the same assumptions as for the 2021 calculation). The graph also shows how discount rates and medical cost trend rates have changed since 2017:

Movement in ASHI liability 2017-2025 (December 31)

The projections of the ASHI liability for 2022-2025 do not consider gains or losses from possible future changes in actuarial assumptions, which could significantly impact calculations in subsequent years. The projected increase in the liability for 2022-2025 reflects the demographic make-up of participants in WIPO's collective medical insurance plan. Projected additional ASHI benefits accrued by active staff (which increase the ASHI liability) outweigh projected medical costs paid to retirees (which reduce the ASHI liability).

As at December 31, 2021, payables and advance receipts totaled 466.1 million Swiss francs, and mainly included deferred revenue for the processing of international applications (under the PCT, Madrid and Hague systems) for 302.3 million Swiss francs. This deferred revenue balance principally concerns PCT system fees of 299.1 million Swiss francs. Revenue from fees relating to the processing of international applications is deferred until the related application is published. At any given time during the year, a number of PCT applications will have been filed with either receiving Offices or WIPO which have yet to be published. As at December 31, 2021, for applications with a 2020 or 2021 filing date, it is estimated that approximately 212,197 applications were unpublished. At the end of the prior year 2020, approximately 206,528 applications filed in 2019 or 2020 were unpublished and the deferred revenue balance for PCT system fees was 286.1 million Swiss francs.

Cash Flow 2021

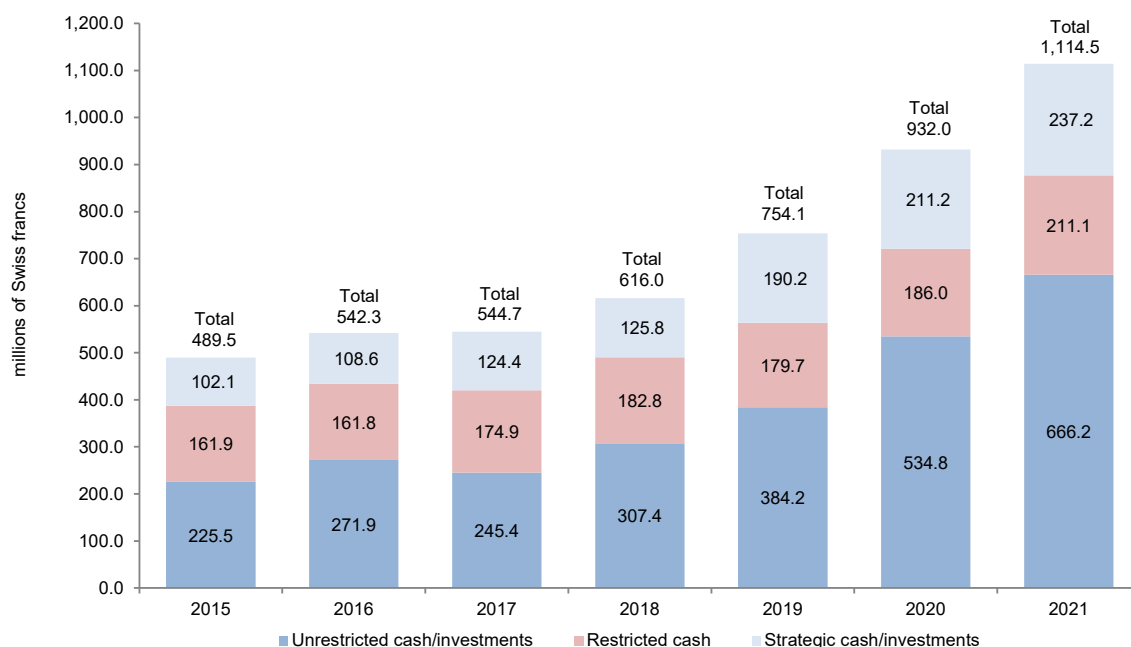
The Organization's cash, cash equivalents and investments balance has continually increased since 2011. A further significant increase of 182.5 million Swiss francs was achieved in 2021. This included fair value increases of 6.8 million Swiss francs on the Organization's medium-term investment portfolio, and 7.8 million Swiss francs on the Organization's long-term investment portfolio. The principal cash inflows to the Organization are payments of PCT system fees. Monthly cash inflows from PCT system fees averaged 30.4 million Swiss francs during the year 2021 compared to 30.7 million Swiss francs during the year 2020. The Organization generally holds its cash deposits in instant access bank accounts. During 2021, the Organization continued to hold balances in term deposit accounts (for periods up to 12 months). This has allowed the Organization to reduce the level of charges on certain instant access bank accounts following the introduction of negative interest rates during 2015.

As at December 31, 2021, WIPO's medium-term investment portfolio (core cash investments) had a fair value of 675.9 million Swiss francs, and the long-term investment portfolio (strategic cash investments) had a fair value of 221.6 million Swiss francs. WIPO's non-current investments are held at fair value in the Statement of Financial Position. Fair value increases in these investment portfolio assets during 2021, as noted above, reflect short-term market volatility. Core cash balances are invested with the objective of generating a positive return over rolling five-year periods, and strategic cash balances are invested over the long term. WIPO's investments generated dividends of 5.5 million Swiss francs during 2021.

Cash, cash equivalents and investments can be presented separately between unrestricted, restricted and strategic cash balances. There are several elements of cash and cash equivalents which are classified as restricted. Restricted cash includes current accounts held for third parties (applicants under the PCT, Madrid and Hague systems, and also certain contracting parties), fees collected on behalf of contracting parties, deposits received in

connection with pending procedures related to trademarks, and Special Accounts held on behalf of donors of voluntary contributions. Strategic cash represents the funds held by the Organization which have been allocated for the future financing of after-service employee benefit liabilities, including ASHI. The balance of strategic cash was 237.2 million Swiss francs as at December 31, 2021. This comprised the long-term investment portfolio (including unrealized gains) of 221.6 million Swiss francs, and cash balances yet to be invested of 15.6 million Swiss francs. These balances included the additional amounts generated in 2021 from the Program and Budget charge applied to the cost of posts for the funding of after-service employee benefit liabilities.

Unrestricted, restricted and strategic cash 2015-2021



STATEMENT ON INTERNAL CONTROL 2021

Scope of responsibility

As Director General of the World Intellectual Property Organization (WIPO), I am accountable, in accordance with the responsibility assigned to me, in particular, by Regulation 5.8 (d) of the Financial Regulations and Rules (FRRs), for maintaining a system of internal financial control that ensures:

- (i) the regularity of the receipt, custody and disposal of all funds and other financial resources of the Organization;
- (ii) the conformity of obligations and expenditures with appropriations or other financial provisions approved by the General Assembly or with the purposes and rules relating to specific trust funds;
- (iii) the effective, efficient and economic use of the resources of the Organization.

In signing this statement, I rely in particular on assurance provided to me in the form of Management Representation Letters (MRLs) by my Sector Leads. I rely also on the Organization's assurance functions, electronic systems and information provided to me in the WIPO Assurance Summary.

Purpose of the system of internal control

Our system of internal control is a process, effected by the Governing Bodies, the Director General, senior management and other personnel, designed to provide reasonable assurance of the Organization's ability to reach its strategic objectives and Expected Results. The aim of this system of internal control is to manage risk to a tolerable level rather than to eliminate it entirely. As such, it sets out to provide reasonable assurance over the:

- Reliability of financial reporting – transactions authorized and properly recorded and material errors or irregularities are either prevented or detected in a timely manner;
- Effectiveness and efficiency of processes, the safeguarding of assets and the exercise of economy; and
- Compliance with WIPO's regulatory framework and any other applicable rules and regulations.

This Statement is presented in line with the seven components of WIPO's Accountability Framework (WO/PBC/29/4), which itself is aligned to the COSO Internal Control framework and Three Lines Model¹.

My current statement on WIPO's internal control processes, as described above, applies for the year ended December 31, 2021, and up to the date of the approval of the Organization's 2021 financial statements.

1. Results based planning

Resource needs are driven by the substantive work program planned for implementation during a biennium, in accordance with the Medium Term Strategic Plan (MTSP). Member States' approval of the 2020/21 Program and Budget set the implementation parameters for the biennium, and control processes centered on the WIPO FRRs ensured that WIPO Programs were implemented in accordance with those approvals

Annual workplanning, implementation and monitoring are controlled via a suite of enterprise resource management tools and appropriate work processes throughout the biennium.

2. Performance and risk management

With the Covid pandemic continuing in 2021, the year was a period of notable uncertainty and disruption globally. Despite the disruptions, usage of our fee-paying services was steady, and this demonstrates to some extent, the resilience of the global IP ecosystem. At the organizational level, I chaired the Risk Management Group and the Crisis Management Team. In the context of the global health and economic crisis, these entities work together to manage the Organization's overall risk portfolio as outlined in the WIPO Risk Appetite Statement, for which a revision will be proposed to Member States in 2022. Critical risks and appropriate responses were reviewed regularly. These include the following key risks that we faced in 2021 and beyond:

¹ <https://www.theiia.org/globalassets/documents/resources/the-iias-three-lines-model-an-update-of-the-three-lines-of-defense-july-2020/three-lines-model-updated.pdf>

- *Program Delivery Risk*

The Covid-19 pandemic and the restrictions related to on-site presence, travel and meetings continued to place severe pressure on some Programs to deliver planned activities.

Control and mitigation: Our global IP systems continued to operate almost seamlessly. However, those of WIPO's Programs that are largely dependent on traditional, in-person implementation modalities for the holding of meetings and capacity building events continued to be significantly impacted by the pandemic. These Programs have adapted their content and delivery methods in order to respond to the temporary constraints caused by the pandemic.

- *Cyber Risk*

WIPO is exposed to the risk of cyber-attacks, potentially more so during periods of geopolitical instability, and the risk of malicious or accidental breach of data leading to unauthorized disclosure or misuse of WIPO's confidential information, or disruption of business operations remained.

Control and mitigation: We continue to implement a number of phased fit-for-purpose information assurance strategies across governance, people, processes and technologies, to strengthen its information security posture and its resilience against evolving cyber security threats.

- *Supply Chain Risk*

Supply chain issues owing to political issues, international trade / compliance, factory shutdowns, port and/or shipping delays, surge in demand, and stockpiling may lead to unexpected delays in procurement of ICT equipment or replacement parts, which could in turn create project delays or service disruption.

Control and mitigation: The Organization will analyze the benefits of pre-ordering and/or keeping redundant supplies in house, for high impact or risk equipment or components. In addition to forward planning, where appropriate our "cloud first" policy reduces our exposure to this risk from an IT infrastructure standpoint, through additional capacity and flexibility.

- *Political Risk*

The global geopolitical context has increased the continuing challenges of global collective action in multilateral fora, and in turn multilateral decision making, which may make significant agreements amongst Member States less likely, as well as putting at risk the delivery of services to stakeholders, clients, and Member States.

Control and mitigation: Like all organizations, some risk causes are out of our sphere of influence. As a technical specialized agency of the United Nations, our mandate is focused on Intellectual Property (IP). To mitigate the risk, we continued to work with our Member States to build collective understanding, and build understanding of the value of multilateralism as a key strand of the IP ecosystem.

3. *Monitoring, Oversight, Complaints and Response Mechanisms*

As Director General of WIPO, I am ultimately accountable for the effectiveness of the system of internal controls. My assertion, structured by the "Three Lines" below, is supported and informed by:

- Under 'first line' Sector Leads, and their teams, in pursuit of the Organization's Expected Results have signed MRLs from which I derive assurance. These letters recognize their responsibility for having and maintaining, in the Sectors for which they were responsible, well-functioning systems and a mechanism for internal control aimed at preventing and/or detecting instances of fraud and major errors. I also take into account the commitment that each officer with delegated financial authority ("Alternate") formally makes when accepting that designation. Taking these elements into account, I conclude the 'first line' is sound;
- The 'second line' is management's role to address enterprise risks, including compliance with our regulatory framework, ethical behavior, internal control, information and technology security, sustainability, and quality assurance. Having Chaired the Risk Management Group (RMG) throughout the year, whose purpose is to promote a culture of responsible risk management in WIPO, reviews and monitors WIPO's financial situation, the key risks to the achievement of Expected Results and this present Statement together with the evidence that supports it, I am confident our 'second line' approach is robust;
- The 'third line' is our Internal Oversight Division (IOD), on whose assurance and advisory services I rely, through the annual report of the Director of IOD, reports of internal audit and evaluation as well as management implication reports resulting from investigations. IOD's assessment is that there were no significant risks or breakdown of governance and internal controls, while they did identify some areas for continuous improvement. Internal Audit reports issued by IOD during in 2021 were an audit and integrity review of absence management,

a review of the performance management and staff development system, and a review of WIPO crisis management during the pandemic. Audits that were primarily undertaken in 2021, with the report issued in the first quarter of 2022 included an audit of the Hague Platform Project and an audit on Enterprise Risk Management. The reports identified many positive aspects, and which no significant risks to the Organization were identified, I commit that management will implement the agreed recommendations in areas that need improvement;

- The External Auditor, whose audit aims to provide independent assurance to Member States, to add value to WIPO's financial management and governance, and to support its objectives through the external audit process; I take into account the External Auditor's recommendations, such as the improvements we have made to Capital Master Plan governance, and am assured by their work;
- The Joint Inspection Unit of the United Nations System, which is mandated to conduct evaluations, inspections and investigations system-wide; and
- Governing Bodies' observations are complemented throughout the year through oversight provided by the Independent Advisory Oversight Committee (IAOC). Its mandate includes the promotion of risk management and internal controls, reviewing the effectiveness and operational independence of the internal oversight function, and reviewing and advising on the ethics function;

I further ensure that feedback mechanisms are in place for Member States, customer complaint resolution services are in place for clients and that formal and informal conflict resolution mechanisms are in place for personnel.

4. Control Activities

A comprehensive framework of management controls are recorded that ensure the effective and efficient functioning of end-to-end business processes in compliance with the Organization's regulatory framework. These controls are assessed annually for strength of operation, and reported to the RMG and the IAOC in the WIPO Assurance Summary.

During 2021, the Organization operated in a hybrid working environment as part of the future of work and to manage the restrictions owing to the pandemic. Control activities continued to be undertaken in the hybrid environment as previously, ensuring the robust control environment was maintained. Preparations were made in 2021, to put in place the appropriate platforms and systems for improvements relating to data analytics for internal controls, with the view to having a first phase of analytical capabilities in place in 2023. WIPO's controls operate across the Organization, irrespective of geographical location. A review started in 2021 of internal controls as they apply in External Offices, which will continue in 2022. Additionally, an increased identification of internal controls in the areas of premises and property was completed.

5. Information and Communication

The RMG is kept informed of risks and controls through access to our business intelligence system. Quarterly risk reports and annual risk management reports allow the RMG to take stock of the evolving risk landscape. External specialist risk intelligence provides independent advice to ensure a comprehensive view, and internally, an annual survey to senior staff tests their level of confidence in accountability systems at WIPO.

A robust Information and Data Governance Framework is in place reflecting its importance to WIPO. A Master Data Management Policy provides a directive control for managing critical data and provides an authoritative point of reference for integration into the enterprise architecture. An information classification and handling policy provides a preventive control raising understanding and application of levels of information confidentiality.

The portfolio of Enterprise Resource Planning (ERP) solutions provide a high level of control, including transactional level system controls and data analytics. The Enterprise Risk Management solution ensures controls are systematically owned, assessed and as appropriate linked to risks. The annual WIPO Performance Report presented to Member States includes a review of the evolution and impact of risks on the delivery of Expected Results for each Program.

6. Ethical Standards and Integrity

WIPO's Ethics Office is an independent office established in 2010 which conducts second-line activities to cultivate and nurture a culture of ethics, integrity and accountability, and thereby enhance the trust in and credibility of WIPO. The Chief Ethics Officer who reports directly to the Director General is accountable for ensuring the design, development and implementation of an effective Ethics program to enhance integrity, compliance with ethics rules, and the ethical conduct of the Organization's operations. The conduct and actions of WIPO personnel must always adhere to the highest ethical standards, as set out in the WIPO Code of Ethics.

The mandate and responsibilities of the Ethics Office include the provision of confidential advice and guidance on ethical issues and standards of conduct; ethics policy advocacy and development and education and outreach on ethics matters. The fully independent whistleblower protection role of the Ethics Office further contributes to an environment of trust and enhances the capacity for WIPO to respond to wrongdoing.

The Ethics Office also administers WIPO's Policy on Financial Disclosure and Declaration of Interests which aims to: (i) promote transparency and accountability; (ii) enhance internal and external public trust in the integrity of the Organization; and (iii) assist the Organization to manage the risk of actual and perceived conflicts of interest through disclosure, mitigation and prevention.

WIPO has in place anti-fraud controls, in accordance with good practices and applicable international standards, based on risk assessments. Appropriate fraud prevention, detection, response and data collection procedures and processes exist in the Organization, reflecting WIPO's comprehensive anti-fraud governance framework.

7. Control Environment

A set of Entity Level Controls represent the overarching controls that help define the Organization's culture, and its commitment to ethical values, competence and accountability.

The Organization's regulatory framework is kept under review, as external and internal factors change, and in this regard, a revision to the Financial Regulations and Rules is on the agenda of the Program and Budget Committee in 2022. WIPO's procurement policy and procedures include a robust delegation model for procurement authority as well as additional controls and reporting. A Vendor Sanctions policy and a Code of Conduct for Staff Involved in Procurement actions represent important control processes.

WIPO's Core Values are expressed as "Shaping the Future", "Acting Responsibly", "Delivering Excellence" and "Working as One", and all contribute to fostering a culture of accountability and strong ethical values.

Conclusion

Based on the contents of this statement and the evidence that underpins it, I conclude that, to the best of my knowledge and information, there have been no material weaknesses that would affect the reliability of the Organization's financial statements, nor are there significant matters arising which would need to be raised in the present document for the period covered.



Daren Tang
Director General

May 18, 2022

FINANCIAL STATEMENTS

STATEMENT I: Statement of Financial Position

as at December 31, 2021

(in thousands of Swiss francs)

	Note	December 31, 2021	December 31, 2020
ASSETS			
Current assets			
Cash and cash equivalents	3	147,507	143,540
Investments	4	69,463	116,116
Contributions receivable	5	1,441	1,547
Exchange transactions receivable	5	86,016	66,792
		<u>304,427</u>	<u>327,995</u>
Non-current assets			
Investments	4	897,497	672,344
Intangible assets	6	24,125	24,028
Property, plant, and equipment	7	351,255	358,491
Other non-current assets	8	-	7,995
		<u>1,272,877</u>	<u>1,062,858</u>
TOTAL ASSETS		<u>1,577,304</u>	<u>1,390,853</u>
LIABILITIES			
Current liabilities			
Payables and accruals	9	19,546	15,531
Employee benefits	10	16,009	14,405
Transfers payable	11	107,411	98,228
Advance receipts	12	335,597	317,841
Finance lease	15	129	104
Provisions	13	492	986
Current accounts		85,936	71,707
		<u>565,120</u>	<u>518,802</u>
Non-current liabilities			
Employee benefits	10	599,785	480,936
Finance lease	15	324	415
Advance receipts	12	3,578	3,637
		<u>603,687</u>	<u>484,988</u>
TOTAL LIABILITIES		<u>1,168,807</u>	<u>1,003,790</u>
Accumulated Surpluses		667,854	565,601
Special Projects Reserve		34,834	28,173
Revaluation Reserve Surplus		20,368	20,368
Actuarial gains/(losses) through Net Assets		-320,901	-233,421
Working Capital Funds		6,342	6,342
NET ASSETS		<u>408,497</u>	<u>387,063</u>


Director General

The accompanying notes form an integral part of these financial statements

STATEMENT II: Statement of Financial Performance

for the year ended December 31, 2021
(in thousands of Swiss francs)

	Note	2021	2020
REVENUE			
Assessed contributions		17,439	17,551
Voluntary contributions		6,708	5,769
Publications revenue		413	498
Fees			
PCT system		361,775	358,557
Madrid system		82,429	76,209
Hague system		6,185	6,667
Lisbon system		71	7
Sub-total fees		450,460	441,440
Arbitration and Mediation		2,465	2,091
Other/miscellaneous revenue		-2,386	923
TOTAL REVENUE		475,099	468,272
EXPENSES			
	18		
Personnel expenditure		244,631	233,735
Internships and WIPO fellowships		5,696	5,478
Travel, training and grants		1,464	1,772
Contractual services		99,827	88,619
Operating expenses		24,003	20,873
Equipment and supplies		3,429	5,340
Depreciation and amortization		9,604	9,773
Finance costs		244	240
TOTAL EXPENSES		388,898	365,830
Investment gains/(losses)	19	22,713	33,429
SURPLUS/(DEFICIT) FOR THE PERIOD		108,914	135,871

STATEMENT III: Statement of Changes in Net Assets

for the year ended December 31, 2021
(in thousands of Swiss francs)

	Accumulated Surpluses	Special Projects Reserve	Revaluation Reserve Surplus	Actuarial gains/(losses) through Net Assets	Working Capital Funds	Net Assets Total
Net Assets at December 31, 2019	418,413	39,490	18,532	-118,550	6,342	364,227
Surplus/(deficit) for the year 2020	144,421	-8,550	-	-	-	135,871
Transfer to/from Special Projects Reserve	1,057	-1,057	-	-	-	-
Adjustment to Accumulated Surpluses	1,710	-1,710	-	-	-	-
Adjustment to Revaluation Reserve Surplus	-	-	1,836	-	-	1,836
Actuarial gains/(losses)	-	-	-	-114,871	-	-114,871
Net Assets at December 31, 2020	565,601	28,173	20,368	-233,421	6,342	387,063
Surplus/(deficit) for the year 2021	118,996	-10,082	-	-	-	108,914
Transfer to/from Special Projects Reserve	-18,733	18,733	-	-	-	-
Adjustment to Accumulated Surpluses	1,990	-1,990	-	-	-	-
Actuarial gains/(losses)	-	-	-	-87,480	-	-87,480
Net Assets at December 31, 2021	667,854	34,834	20,368	-320,901	6,342	408,497

STATEMENT IV: Statement of Cash Flow

for the year ended December 31, 2021
(in thousands of Swiss francs)

	Note	2021	2020
Cash flows from operating activities			
Surplus (deficit) for the period	Statement II	108,914	135,871
Depreciation and amortization	6 & 7	9,604	9,773
(Increase) decrease in receivables	5	-19,118	7,288
(Increase) decrease in other assets	8	7,995	190
Increase (decrease) in advance receipts	12	17,697	4,019
Increase (decrease) in payables and accruals	9	4,015	-8,505
Increase (decrease) in transfers payable	11	9,183	3,736
Increase (decrease) in provisions	13	-494	-825
Increase (decrease) in current accounts		14,229	4,084
Movement in employee benefits (1)		32,973	24,246
Interest, dividends, investment and exchange gains/losses (2)		-16,545	-37,170
Net cash flows from operating activities		168,453	142,707
Cash flows from investing activities			
Additions to property, plant, and equipment	7	-1,748	-2,722
Disposals of property, plant, and equipment	7	-	536
(Increase) decrease in intangible assets	6	-717	-270
(Increase) decrease in investments	4	-178,500	-240,431
Increase (decrease) in fair value of investments	4	14,644	33,280
Dividends and interest on investments	19	5,459	4,948
Net cash flows from investing activities		-160,862	-204,659
Cash flows from financing activities			
Increase (decrease) in finance lease obligations	15	-66	519
Net cash flows from financing activities		-66	519
Effect of exchange rate changes on cash and cash equivalents		-3,558	-1,058
Net increase (decrease) in cash and cash equivalents		3,967	-62,491
Cash and cash equivalents at beginning of year	3	143,540	206,031
Cash and cash equivalents at end of year	3	147,507	143,540

(1) Includes the effect of recognition of actuarial gains/losses through net assets;

(2) Interest earned, dividends received, the effect of exchange rate changes on cash and cash equivalents, and gains/losses on investments.

STATEMENT V: Statement of Comparison - Budget and Actual Amounts Revenue 2021

for the year ended December 31, 2021
(in thousands of Swiss francs)

	Original Budget 2021	Updated Budget 2021	Actual Revenue on comparable basis 2021	Difference 2021
	(1)	(2)		(3)
Assessed contributions	17,377	17,377	17,497	120
Fees				
PCT system	338,346	362,300	361,775	-525
Madrid system	82,663	84,040	82,429	-1,611
Hague system	6,572	5,570	6,185	615
Lisbon system	25	25	71	46
Sub-total fees	427,606	451,935	450,460	-1,475
Arbitration and Mediation	1,650	1,650	2,465	815
Publications	384	384	412	28
Other/miscellaneous	1,822	1,822	-1,713	-3,535
TOTAL REVENUE	448,839	473,168	469,121	-4,047

(1) Original Budget represents the second year of the approved Program and Budget for the 2020/21 biennium. The biennial revenue budget amounts to 882.8 million Swiss francs, and was approved by the Assemblies of Member States of WIPO in October 2019.

(2) Updated Budget includes updated revenue estimates for the PCT, Madrid and Hague systems as per the October 2021 Forecast from the Department for Economics and Data Analytics.

(3) Represents the difference between the Updated Budget 2021 and actual revenue on a comparable basis for the year ended December 31, 2021.

STATEMENT V: Statement of Comparison - Budget and Actual Amounts Expenses 2021

for the year ended December 31, 2021
(in thousands of Swiss francs)

Program	Program Title	Original Budget 2021 (1)	Final Budget after Transfers 2021	Actual Expense on a comparable basis 2021	Difference 2021 (2)
1	Patent Law	3,131	3,171	1,647	1,524
2	Trademarks, Industrial Designs & Geographical Indications	2,742	3,090	2,395	695
3	Copyright and Related Rights	8,708	11,240	8,751	2,489
4	Traditional Knowledge, Traditional Cultural Expressions & Genetic Resources	3,664	3,513	2,568	945
5	The PCT System	111,848	114,328	102,432	11,896
6	Madrid System	31,521	31,944	27,735	4,209
7	WIPO Arbitration and Mediation Center	6,533	7,320	6,141	1,179
8	Development Agenda Coordination	1,900	2,531	1,445	1,086
9	Africa, Arab, Asia and the Pacific, Latin America and the Caribbean Countries, Least Developed Countries	14,972	15,577	11,619	3,958
10	Transition and Developed Countries	4,575	4,075	2,992	1,083
11	The WIPO Academy	6,750	7,678	7,164	514
12	International Classifications and Standards	3,708	4,207	4,078	129
13	Global Databases	5,542	5,543	4,714	829
14	Services for Access to Information and Knowledge	3,969	4,419	4,258	161
15	Business Solutions for IP Offices	7,449	7,487	5,868	1,619
16	Economics and Statistics	3,907	4,266	4,163	103
17	Building Respect for IP	2,410	2,386	1,866	520
18	IP and Global Challenges	2,525	4,008	3,811	197
19	Communications	8,497	9,955	8,173	1,782
20	External Relations, Partnerships and External Offices	7,743	8,622	6,186	2,436
21	Executive Management	13,625	15,241	12,003	3,238
22	Program and Resource Management	20,473	23,318	18,801	4,517
23	Human Resources Management and Development	13,524	15,179	12,278	2,901
24	General Support Services	20,200	21,410	19,481	1,929
25	Information and Communication Technology	25,308	29,786	27,816	1,970
26	Internal Oversight	2,643	2,946	2,912	34
27	Conference and Language Services	18,899	17,929	14,803	3,126
28	Information Assurance, Safety and Security	12,451	13,486	10,276	3,210
30	SMEs and Entrepreneurship Support	3,318	4,358	3,340	1,018
31	The Hague System	6,674	8,078	7,741	337
32	Lisbon System	717	717	680	37
UN	Unallocated	7,354	7,713	-	7,713
TOTAL EXPENSES		387,280	415,521	348,137	67,384
INVESTMENT GAINS/(LOSSES) (3)		-844	-844	22,713	23,557
NET SURPLUS/(DEFICIT)		60,715	56,803	143,697	86,894
IPSAS adjustments to surplus (4)				-24,251	
Special Accounts and Projects financed from reserves				-10,532	
ADJUSTED NET SURPLUS PER IPSAS				108,914	

(1) Original Budget represents the budget of the second year of the approved Program and Budget for the 2020/21 biennium. The biennial budget amounts to 768.4 million Swiss francs, and was approved by the Assemblies of the Member States of WIPO in October 2019.

(2) Represents the difference between the Final Budget after Transfers 2021 and Actual Expense on a comparable basis for the year ended December 31, 2021.

(3) Investment losses in the Program and Budget for the 2020/21 biennium were related to short-term cash balances (operating cash) only.

(4) The IPSAS adjustments to the surplus are detailed in Note 17 of these financial statements.

STATEMENT V: Statement of Comparison - Budget and Actual Amounts Revenue 2020/21

for the biennium ended December 31, 2021
(in thousands of Swiss francs)

	Original Budget 2020/21	Updated Budget 2020/21	Actual Revenue on comparable basis 2020/21	Difference 2020/21
	(1)	(2)		(3)
Assessed contributions	34,754	34,754	34,989	235
Fees				
PCT system	665,575	718,490	720,332	1,842
Madrid system	162,039	160,720	158,638	-2,082
Hague system	12,639	11,300	12,852	1,552
Lisbon system	50	50	78	28
Sub-total fees	840,303	890,560	891,900	1,340
Arbitration and Mediation	3,300	3,300	4,556	1,256
Publications	767	767	910	143
Other/miscellaneous	3,645	3,645	-297	-3,942
TOTAL REVENUE	882,769	933,026	932,058	-968

(1) Original Budget represents the approved Program and Budget for the 2020/21 biennium. The biennial revenue budget amounts to 882.8 million Swiss francs, and was approved by the Assemblies of Member States of WIPO in October 2019.

(2) Updated Budget includes updated revenue estimates for the PCT, Madrid and Hague systems as per the October 2021 Forecast from the Department for Economics and Data Analytics.

(3) Represents the difference between the Updated Budget 2020/21 and actual revenue on a comparable basis for the year ended December 31, 2021.

STATEMENT V: Statement of Comparison - Budget and Actual Amounts Expenses 2020/21

for the biennium ended December 31, 2021
(in thousands of Swiss francs)

Program	Program Title	Original Budget 2020/21 (1)	Final Budget after Transfers 2020/21	Actual Expense on a comparable basis 2020/21	Difference 2020/21 (2)
1	Patent Law	6,177	6,067	3,574	2,493
2	Trademarks, Industrial Designs & Geographical Indications	5,418	5,733	4,362	1,371
3	Copyright and Related Rights	17,287	19,848	16,710	3,138
4	Traditional Knowledge, Traditional Cultural Expressions & Genetic Resources	7,280	6,925	5,126	1,799
5	The PCT System	222,079	221,640	201,187	20,453
6	Madrid System	62,551	59,438	54,516	4,922
7	WIPO Arbitration and Mediation Center	12,924	13,637	11,617	2,020
8	Development Agenda Coordination	3,774	4,160	2,724	1,436
9	Africa, Arab, Asia and the Pacific, Latin America and the Caribbean Countries, Least Developed Countries	29,562	28,862	23,218	5,644
10	Transition and Developed Countries	9,021	8,365	6,643	1,722
11	The WIPO Academy	13,402	13,703	13,145	558
12	International Classifications and Standards	7,345	7,415	7,166	249
13	Global Databases	10,969	10,969	9,824	1,145
14	Services for Access to Information and Knowledge	7,862	7,866	7,768	98
15	Business Solutions for IP Offices	14,695	13,021	11,140	1,881
16	Economics and Statistics	7,667	8,106	7,845	261
17	Building Respect for IP	4,781	4,732	3,723	1,009
18	IP and Global Challenges	5,008	6,466	6,236	230
19	Communications	16,834	17,419	15,357	2,062
20	External Relations, Partnerships and External Offices	15,303	15,656	12,024	3,632
21	Executive Management	26,915	27,627	23,698	3,929
22	Program and Resource Management	40,617	40,731	35,107	5,624
23	Human Resources Management and Development	26,863	28,292	24,589	3,703
24	General Support Services	40,207	38,153	36,010	2,143
25	Information and Communication Technology	50,468	56,817	54,642	2,175
26	Internal Oversight	5,191	5,270	5,268	2
27	Conference and Language Services	37,484	34,258	29,471	4,787
28	Information Assurance, Safety and Security	24,810	24,373	21,298	3,075
30	SMEs and Entrepreneurship Support	6,566	7,113	5,740	1,373
31	The Hague System	13,214	15,749	14,960	789
32	Lisbon System	1,420	1,415	1,330	85
UN	Unallocated	14,707	8,575	-	8,575
TOTAL EXPENSES		768,401	768,401	676,018	92,383
INVESTMENT GAINS/(LOSSES) (3)		-1,688	-1,688	56,142	57,830
NET SURPLUS/(DEFICIT)		112,680	162,937	312,182	149,245
IPSAS adjustments to surplus (4)				-50,266	
Special Accounts and Projects financed from reserves				-17,131	
ADJUSTED NET SURPLUS PER IPSAS				244,785	

(1) Original Budget represents the approved Program and Budget for the 2020/21 biennium. The biennial budget amounts to 768.4 million Swiss francs, and was approved by the Assemblies of the Member States of WIPO in October 2019.

(2) Represents the difference between the Final Budget after Transfers 2020/21 and Actual Expense on a comparable basis for the biennium ended December 31, 2021.

(3) Investment losses in the Program and Budget for the 2020/21 biennium were related to short-term cash balances (operating cash) only.

(4) The IPSAS adjustments to the surplus are detailed in Note 17 of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Note 1: Objectives and Budget of the Organization

WIPO functions in accordance with the WIPO Convention, signed in Stockholm on July 14, 1967 and as amended on September 28, 1979. WIPO was recognized as a specialized agency of the United Nations in 1974. WIPO is based in Geneva, Switzerland, and enjoys privileges and immunities as granted under the 1947 Convention on the Privileges and Immunities of the Specialized Agencies of the United Nations and the 1970 Headquarters Agreement with the Swiss Federal Council, notably being exempt from paying most forms of direct and indirect taxation. WIPO also has external offices in Abuja, Algiers, Beijing, Moscow, Rio de Janeiro, Singapore and Tokyo, along with a coordination office in New York.

WIPO's vision is to help create a world where innovation and creativity from anywhere is supported by intellectual property for the good of everyone. To this end, WIPO leads the development of a balanced and inclusive global intellectual property ecosystem. WIPO works with Member States and other stakeholders to ensure that intellectual property is seen as a tool for every Member State to create jobs, attract investments, drive enterprise growth, and ultimately develop economies and societies for a better and more sustainable future.

WIPO is funded from fees derived from services provided by the Organization, assessed contributions paid by its Member States, and voluntary contributions from Member States and other donors. The Organization operates within the framework of a biennial program and budget that provides the appropriations that constitute the budgetary expenditure authorizations approved by the Assemblies for the financial period. The approval of the appropriations provides the authority for the Director General to commit and authorize expenses and to make payments for the purposes assigned within the limits of the appropriations.

Note 2: Significant Accounting Policies

Basis of Preparation

These financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Swiss francs, which is the reporting and functional currency of WIPO, and all values are rounded to the nearest thousand. The accounting policies have been applied consistently to all years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The Statement of Cash Flow is prepared using the indirect method. The financial statements are prepared on an accrual and going-concern basis.

IPSAS 42 *Social Benefits*, was published in January 2019 with an original implementation date of January 1, 2022. This implementation date has now been deferred to January 1, 2023 due to the COVID-19 pandemic and the challenges it has created. It is not expected that this standard will impact the Organization's financial statements.

IPSAS 43 *Leases*, was published in January 2022 with an implementation date of January 1, 2025. WIPO is currently analyzing the impacts of this new standard.

Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, deposits held up to 90 days and other short-term highly liquid investments that are readily convertible to cash and subject to insignificant risk of changes in value.

Investments

Investments are classified as current or non-current assets according to the time horizon of the investment objectives. If the time horizon is less than or equal to one year, they are classified as current assets, and if it is more than one year, they are classified as non-current assets.

Foreign Currency Transactions

The functional currency of WIPO is the Swiss franc. All transactions occurring in other currencies are translated into Swiss francs using the United Nations Operational Rates of Exchange (UNORE), or an equivalent comparable benchmark from the financial market, which represent those prevailing at the date of the transactions. Both realized and unrealized gains and losses resulting from the settlement of such transactions and from the translation at the reporting date of assets and liabilities denominated in currencies other than WIPO's functional currency are recognized in the Statement of Financial Performance.

Revenue Recognition

Revenue from exchange transactions comprising the fees charged for applications under the Patent Cooperation Treaty (PCT) system, the Madrid system and the Hague system is recognized at the date of publication. Revenue from fees received for applications not published at the reporting date is deferred until publication has been completed. The portion of the PCT application fee covering the costs of translation of non-English language patentability reports received after publication is also deferred until the translation is completed. All other fees under the PCT, Madrid and Hague systems are recognized when the services covered by the fee have been provided. Revenue from publications is recognized upon full delivery of the goods. Revenue from Arbitration and Mediation services is recognized upon delivery of the services related to the submission of a request covered by the fee received. Credit card charges incurred on payments received for exchange transactions are recognized through other/miscellaneous revenue.

Revenue from non-exchange transactions such as voluntary contributions to Special Accounts supported by enforceable agreements is recognized as revenue at the time the agreement becomes binding unless the agreement includes conditions related to specific performance or the return of unexpended balances. Such agreements require initial recognition of a liability to defer revenue recognition and then revenue is recognized as the liability is discharged through performance of the specific conditions included in the agreement.

Assessed contributions are recognized as revenue at the beginning of each year of the budget period to which the assessment relates.

Expense Recognition

Expenses are recognized as goods are received and as services are delivered.

Receivables

Receivables from exchange transactions include fees which are charged to users of WIPO's intellectual property services through the PCT, Madrid and Hague systems. These are measured at the fair value of the consideration receivable for PCT, Madrid and Hague system fees once the international application has been filed.

Receivables from non-exchange transactions include uncollected assessed contributions. These are measured at the fair value of the consideration receivable. An allowance for non-recoverable receivables is recorded equal to the assessed contributions frozen by action of the General Assembly in 1989 and 1991, plus contributions receivable from Member States that have lost the right to vote in accordance with Article 11, paragraph 5 of the WIPO Convention.

Property, Plant, and Equipment

Equipment is valued at cost less accumulated depreciation and impairment. Equipment is recognized as an asset if it has a cost of 10,000 Swiss francs or more per unit. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset and are included in the Statement of Financial Performance. Heritage assets including donated works of art are not valued in the financial statements.

Land is carried at fair value as determined by an independent valuation in accordance with International Valuation Standards. Changes in fair value are recognized directly in net assets through the Revaluation Reserve Surplus. Buildings and constructions in use are valued at the cost of construction when new plus the cost of subsequent improvements, less accumulated depreciation. For the initial recognition of buildings in use as at January 1, 2010, the date of transition to IPSAS, the value when new was determined by reference to a deemed cost calculated by an external consultant and representing the value of each component at construction plus improvements existing at the initial recognition, less accumulated depreciation based upon the remaining useful life of each component. Subsequent costs of major renovations and improvements to buildings and constructions that increase or extend the future economic benefits or service potential are valued at cost.

Depreciation is charged so as to write off the full cost of property, plant, and equipment over its estimated useful life using the straight-line method. Where property, plant, and equipment is only in use for part of the year (due to acquisition, disposal or retirement during the year), depreciation is charged only for the months during which the asset was in use. The following ranges of useful lives are applied to the different classes and components of property, plant, and equipment:

Class/Component	Estimated useful life
Equipment	
Communications and IT equipment	5-10 years
Vehicles	15 years
Furniture and furnishings	10 years
Buildings	
Structure	50-100 years
Façade	50 years
Perimeter bollards/walls	20-80 years
Land Improvements	40-50 years
Roof	50-60 years
Floors, walls, stairways	50 years
Flooring, wall coverings	20-40 years
Specialist fittings	15-40 years
Heating and ventilation	25-30 years
Sanitary facilities	40 years
Electrical installations	25-50 years
Elevators	40 years

The carrying values of property, plant, and equipment are reviewed for impairment if events or changes in circumstances indicate that the book value of the asset may not be recoverable. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss, if any. Any impairment loss is recognized in the Statement of Financial Performance.

Intangible Assets

Intangible assets are carried at cost less accumulated amortization and impairment. Amortization is provided on a straight-line basis on all intangible assets of finite life, at rates that will write off the cost or value of the assets over their useful lives. The useful lives of major classes of intangible assets have been estimated as follows:

Class	Estimated useful life
Software externally acquired	5 years
Software internally developed	5 years
Licenses and rights	Period of licence/right

Acquired computer software licenses are capitalized based on costs incurred to acquire and bring to use the specific software. Software or software licenses purchased externally are recognized as an asset if they have a cost of 20,000 Swiss francs or more per unit. Costs that are directly associated with the internal development of software for use by WIPO are capitalized as intangible assets only if the recognition criteria under IPSAS 31 are met. Direct costs include the software development employee costs.

The rights to use property in the Canton of Geneva acquired by the Organization through purchase have been recognized at historic cost and are amortized over the remaining period of the grant. The rights to use property granted by the Canton of Geneva acquired without cost, that revert back to the Canton at the end of the grant, are not valued in the financial statements.

Financial Assets

Financial assets are recognized initially at fair value, normally being the transaction price. The subsequent measurement of financial assets depends on their classification. WIPO classifies its financial assets as either measured at amortized cost or measured at fair value through surplus or deficit. The classification depends on WIPO's management model for the financial assets and the contractual cash flow characteristics of the financial assets. WIPO assesses on a forward-looking basis the expected credit losses associated with its financial assets classified as measured at amortized cost.

Financial Liabilities

WIPO initially recognizes its financial liabilities at fair value. After initial recognition, financial liabilities are subsequently measured at amortized cost.

Derivative Financial Instruments

WIPO uses derivative financial instruments such as forward currency contracts to hedge its foreign currency risks. These financial instruments are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value.

Employee Benefits

Liabilities are established for After-Service Health Insurance (ASHI), repatriation grants and travel, and long-term accumulated annual leave as determined by an independent actuary on an annual basis utilizing the projected unit credit methodology of valuation. For the ASHI liability, actuarial gains and losses are recognized in net assets. In addition, liabilities are established for the value of short-term accumulated annual leave, home leave not taken, overtime earned but unpaid, separation benefits, performance rewards, and for education grants payable at the reporting date that have not been included in current expenditure.

WIPO is a member organization participating in the United Nations Joint Staff Pension Fund (the Fund), which was established by the United Nations General Assembly to provide retirement, death, disability and related benefits to employees. The Fund is a funded, multi-employer defined benefit plan. As specified by Article 3(b) of the Regulations of the Fund, membership in the Fund shall be open to the specialized agencies and to any other international, intergovernmental organization which participates in the common system of salaries, allowances and other conditions of service of the United Nations and the specialized agencies.

The Fund exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Fund, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets, and costs to individual organizations participating in the Fund. WIPO and the Fund, in line with the other participating organizations in the Fund, are not in a position to identify WIPO's proportionate share of the defined benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. Hence WIPO has treated this plan as if it were a defined contribution plan in line with the requirements of IPSAS 39 Employee Benefits. WIPO's contributions to the Fund during the financial period are recognized as expenses in the Statement of Financial Performance.

Leases

Finance leases are recognized as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments at the commencement of the lease term. The finance charge is charged to surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. The amount recognized as an asset is depreciated over its useful life.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

Provisions

Provisions are recognized when the Organization has a legal or constructive obligation as a result of a past event, whereby it is probable that an outflow of resources will be required to settle the obligation and where a reliable estimate of the amount of the obligation can be made.

Net Assets

The Organization's net assets represent the balance of its reserves, which include its Reserves (Accumulated Surpluses, Special Projects Reserve and Revaluation Reserve Surplus) and Working Capital Funds. The Organization also recognizes actuarial gains and losses directly through net assets. The Organization manages the level of its reserves in accordance with its Policy on Reserves.

The Accumulated Surpluses of the Organization represent the accumulated net result of operations in the reporting year and prior periods after the impact of IPSAS. WIPO's Policy on Reserves establishes the principles and approval mechanism for the use of reserves for one-time projects for capital improvements and exceptional circumstances. The Special Projects Reserve contains the appropriations to these projects financed from reserves, less accumulated expenditure. The Revaluation Reserve Surplus includes the cumulative results of revaluations of the land owned by the Organization on which the New Building has been constructed. The Working Capital Funds are established for providing advances to finance appropriations should there be a temporary liquidity shortfall, and for

such other purposes as the Assemblies of Member States and of the Unions shall decide. The Working Capital Funds are financed by contributions and are held in trust by WIPO for the Member States of the respective Unions.

Segment Reporting

Segment reporting is based upon the Unions that form WIPO. Revenue and expenses incurred by the Organization are allocated among the Unions in accordance with an allocation methodology approved by the WIPO Assembly (Program and Budget 2020/21, Annex III). The methodology allocates revenue and expenses to each program and then to each Union based on a combination of direct revenue and expense, staff head count and each Union's "capacity to pay". Direct Union expenses are allocated to Unions either fully or on the basis of estimates by Program Managers. Direct administrative expenses are allocated to the Unions based on relative headcount shares. Indirect Union expenses and indirect administrative expenses are allocated to the Unions based on the "capacity-to-pay" principle. If the Union has a reserve level above its reserve target, it is deemed to be able to support indirect activities. The "capacity to pay" is calculated as the difference between a Union's projected biennial income and its direct Union and direct administrative expenses. The extent to which this support can be provided by each Union is calculated by considering the relative extent to which the Union's income exceeds its direct expenditure. The only inter-segment charge represents the costs of program support incurred by the Unions in support of Special Accounts. Program support costs are charged to the Special Accounts based on a percentage of total direct expenditure specified in the agreement with the donor making the voluntary contribution. WIPO's assets and liabilities are not allocated to individual segments, since ownership rests with the Organization as a whole, however, each Union's share of the Organization's net assets including Reserves and Working Capital Funds is recognized by segment.

Use of Estimates

The financial statements necessarily include amounts based on estimates and assumptions by management. Estimates include, but are not limited to: ASHI, repatriation grants and travel, and long-term accumulated annual leave liabilities (the value of which are calculated by an independent actuary), other employee benefit liabilities, provisions for litigation, financial risk on accounts receivable, accrued charges and the degree of impairment of fixed assets. Actual results could differ from these estimates. Changes in estimates are reflected in the period in which they become known.

All balances are presented in thousands of Swiss francs, as a result small rounding differences may occur.

Note 3: Cash and Cash Equivalents

	December 31, 2021	December 31, 2020
<i>(in thousands of Swiss francs)</i>		
Cash on hand	41	31
Deposits with banks	47,718	68,932
Term deposits less than 3 months	66,404	37,920
Notice accounts	17,756	26,022
Total operating and core cash	131,919	132,905
Deposits with banks	15,588	10,635
Total strategic cash	15,588	10,635
Total cash and cash equivalents	147,507	143,540

Note 4: Investments

	December 31, 2021	December 31, 2020
<i>(in thousands of Swiss francs)</i>		
Term deposits more than 3 months (operating cash)	66,288	116,000
Derivative financial instruments	3,175	116
Current investments	69,463	116,116
Medium term Investment portfolio (core cash)	675,881	471,738
Long term Investment portfolio (strategic cash)	221,616	200,606
Non-current investments	897,497	672,344
Total investments	966,960	788,460

Derivative financial instruments are forward foreign exchange contracts. The movement in the value of operating cash, core cash, and strategic cash investments during the year ended December 31, 2021 is as follows:

	Operating cash investments	Core cash investments	Strategic cash investments
<i>(in thousands of Swiss francs)</i>			
Investments fair value at January 1, 2021	116,000	471,738	200,606
Additional investments made	-	192,374	14,615
Dividends on investments invested	-	2,314	1,232
Disposal of investments	-49,712	-	-4,030
Forex gains/(losses) on investments	-	2,621	1,383
Fair value increase/(decrease)	-	6,834	7,810
Investments fair value at December 31, 2021	66,288	675,881	221,616

Note 5: Receivables

	December 31, 2021	December 31, 2020
<i>(in thousands of Swiss francs)</i>		
Assessed contributions	1,439	1,547
Voluntary contributions	2	-
Contributions receivable	1,441	1,547
PCT debtors	62,283	53,102
Madrid debtors	130	201
Other receivables	9,752	7,735
Advances and prepayments	5,738	5,754
Loan to FIPOI	8,113	-
Exchange transactions receivable	86,016	66,792
Total accounts receivable	87,457	68,339

Note: 2020 contributions receivable have been restated to reclassify 40 thousand Swiss francs from Working Capital Funds arrears to assessed contributions.

Other receivables include USA taxes reimbursable, Swiss taxes reimbursable, UPOV expenditure reimbursable, credit card debtors and other debtors. Advances and prepayments include staff advances for education grants, funds advanced to the United Nations Development Program and other prepaid expenditure.

The loan to the Foundation for Buildings for International Organizations (FIPOI) is due to be repaid to WIPO in January 2022 following termination of WIPO's lease of the building on rue des Morillons in Geneva, Switzerland (see Note 21 Events After the Reporting Date). WIPO advanced a total sum of 11.0 million Swiss francs for the construction of the building under a 1991 agreement with the International Centre of Geneva Foundation (FCIG). In 2016 the FCIG was absorbed by law into the FIPOI. WIPO also entered into an agreement to lease the building from FCIG (subsequently FIPOI). The lease agreement, which was most recently updated and signed by WIPO in 2019, included an annual amortization charge of 188,679 Swiss francs against WIPO's advance to FIPOI. Under the terms of the lease, following termination and upon vacating the premises, the balance of the 11.0 million Swiss francs advance after amortization is due to WIPO. FIPOI also retains 1.0 million Swiss francs from the advance for restoration of the building to its original condition. As a result, the balance of 8.1 million Swiss francs is due to WIPO as at December 31, 2021.

Note 6: Intangible Assets

Movement 2021	Land surface rights	Software externally acquired	Software internally developed	Intangible assets under development	Total
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(in thousands of Swiss francs)

January 1, 2021

Gross carrying amount	34,290	733	4,950	-	39,973
Accumulated amortization	-10,917	-733	-4,295	-	-15,945
Net carrying amount	23,373	-	655	-	24,028

Movements in 2021

Additions	-	39	-	1,078	1,117
Transfers	-	-	-	-	-
Disposals	-	-	-531	-	-531
Disposals amortization	-	-	131	-	131
Amortization	-440	-	-180	-	-620
Total movements in 2021	-440	39	-580	1,078	97

December 31, 2021

Gross carrying amount	34,290	772	4,419	1,078	40,559
Accumulated amortization	-11,357	-733	-4,344	-	-16,434
Net carrying amount	22,933	39	75	1,078	24,125

Movement 2020	Land surface rights	Software externally acquired	Software internally developed	Intangible assets under development	Total
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(in thousands of Swiss francs)

January 1, 2020

Gross carrying amount	34,290	760	4,419	261	39,730
Accumulated amortization	-10,477	-703	-4,089	-	-15,269
Net carrying amount	23,813	57	330	261	24,461

Movements in 2020

Additions	-	-	270	-	270
Transfers	-	-	261	-261	-
Disposals	-	-27	-	-	-27
Disposals amortization	-	27	-	-	27
Amortization	-440	-57	-206	-	-703
Total movements in 2020	-440	-57	325	-261	-433

December 31, 2020

Gross carrying amount	34,290	733	4,950	-	39,973
Accumulated amortization	-10,917	-733	-4,295	-	-15,945
Net carrying amount	23,373	-	655	-	24,028

Land surface rights to parcel 4008 in Petit-Saconnex in the City of Geneva were acquired from the World Meteorological Organization (WMO) in 1996. These had been granted to WMO by the Republic and Canton of Geneva. At the date of purchase the original rights had a remaining period of 78 years expiring in 2073, unless renewed by the Canton. WIPO has been granted surface rights by the Republic and Canton of Geneva to the land on which the Árpád Bogsch and Georg Bodenhausen buildings are located. These surface rights were acquired by the Organization at no cost and no value has been recognized in the financial statements as the Organization does not have the right to dispose of the rights.

Note 7: Property, Plant and Equipment

Movement 2021	Buildings	Land	Equipment	Total
<i>(in thousands of Swiss francs)</i>				
January 1, 2021				
Gross carrying amount	402,745	33,922	6,688	443,355
Accumulated depreciation	-80,154	-	-4,710	-84,864
Net carrying amount	322,591	33,922	1,978	358,491
Movements in 2021				
Additions	1,535	-	213	1,748
Revaluation	-	-	-	-
Disposals	-	-	-204	-204
Disposals depreciation	-	-	204	204
Depreciation	-8,517	-	-467	-8,984
Total movements in 2021	-6,982	-	-254	-7,236
December 31, 2021				
Gross carrying amount	404,280	33,922	6,697	444,899
Accumulated depreciation	-88,671	-	-4,973	-93,644
Net carrying amount	315,609	33,922	1,724	351,255
Movement 2020				
<i>(in thousands of Swiss francs)</i>				
January 1, 2020				
Gross carrying amount	401,281	32,086	7,776	441,143
Accumulated depreciation	-71,715	-	-5,889	-77,604
Net carrying amount	329,566	32,086	1,887	363,539
Movements in 2020				
Additions	1,817	-	905	2,722
Revaluation	-	1,836	-	1,836
Disposals	-353	-	-1,993	-2,346
Disposals depreciation	164	-	1,646	1,810
Depreciation	-8,603	-	-467	-9,070
Total movements in 2020	-6,975	1,836	91	-5,048
December 31, 2020				
Gross carrying amount	402,745	33,922	6,688	443,355
Accumulated depreciation	-80,154	-	-4,710	-84,864
Net carrying amount	322,591	33,922	1,978	358,491

WIPO holds fully depreciated equipment which is still in use for a gross carrying amount of 3.5 million Swiss francs. The land upon which the New Building was constructed was initially acquired by the Organization at a cost of 13.6 million Swiss francs in 1998, but is held at fair value based on International Valuation Standards as determined by an independent appraiser. The net result of all periodic revaluations totalling 20.4 million Swiss francs is included in the Revaluation Reserve Surplus which forms part of WIPO's net assets. The most recent valuation of the land was performed by an independent appraiser at December 31, 2020. Market value was estimated by capitalizing at an appropriate investment yield the future potential income stream from the property. The potential income was based on comparable rentals in the market, taking into account the quality of the spaces as well as the location. The yield was selected by reference to the perceived quality and duration of the income and the potential for further

rental growth and was cross-referenced by the evidence provided by comparable sales. For 2021 a review was performed of available market data, including Geneva office rentals, to ensure that an update of the 2020 valuation would not result in a material change in the fair value of the land.

WIPO holds heritage assets, referred to as works of art, representing items donated or loaned to the Organization by representatives or officials of Member States or other public or private entities or individuals. The works of art held by WIPO include paintings, sculptures, decorative objects, historical documents and other items. As at December 31, 2021, the Organization held a total of 685 items classified as works of art. WIPO has elected not to recognize works of art as assets in the Statement of Financial Position, in accordance with IPSAS 17. The 685 items are classified as follows:

Number of Works of Art	2021	2020
Framed artwork	188	171
Decorative objects	103	80
Sculptures	76	78
Other commemorative objects	49	28
Furniture	38	38
Tapestries/carpets	34	33
Primitive arts	23	21
Ceramic/porcelain	22	20
Silverware	20	18
Other works of art	132	105
Total	685	592

Under the WIPO Policy on Property Management and the related Property Management Manual, the Organization has established processes and procedures for the management of works of art, including the final determination as to whether an item is deemed to be a work of art. Works of art are held in controlled access storage until such time as a decision is taken in relation to the placement of an item. Most of the small and fragile works of art are stored in closed cabinets. The dedicated storage is currently being improved to enhance protection from dust and possible water damage. In addition, works of art placed in lobbies, offices and on office floors in WIPO's buildings benefit from existing security measures. All works of art are recorded in the Asset Management Module of WIPO's ERP system, and are included in the Organization's annual physical inventory process. Formal confirmations that works of art are held by WIPO are provided to donors upon request.

Note 8: Other Non-Current Assets

	December 31, 2021	December 31, 2020
	<i>(in thousands of Swiss francs)</i>	
Loan to FIPOI	-	7,995
Total other non-current assets	-	7,995

As at December 31, 2021, the loan to FIPOI was due to be repaid to WIPO in January 2022 and was therefore reclassified as a current asset at that date (see Note 5 Receivables and Note 21 Events After the Reporting Date).

Note 9: Payables and Accruals

	December 31, 2021	December 31, 2020
<i>(in thousands of Swiss francs)</i>		
Trade creditors - accounts payable	18,383	15,060
Miscellaneous transitory liabilities	656	42
Other trade creditors	507	429
Total payables and accruals	19,546	15,531

Payables and accruals include invoices received from suppliers not yet settled including the revaluation of invoices payable in currencies other than the Swiss franc.

Note 10: Employee Benefits

	December 31, 2021	December 31, 2020
<i>(in thousands of Swiss francs)</i>		
Accumulated leave (posts)	1,594	2,034
Accumulated leave (temporary staff)	417	498
Separation benefits	380	306
Closed Pension Fund	315	312
Repatriation grant and travel	2,515	2,496
Home leave	1,544	1,470
Overtime and credit hours	31	66
Education grant	2,080	1,869
Performance rewards	427	443
After-Service Health Insurance	6,706	4,911
Total current employee benefit liabilities	16,009	14,405
Closed Pension Fund	2,332	2,849
Accumulated leave (posts)	18,698	18,711
Repatriation grant and travel	11,738	11,532
After-Service Health Insurance	567,017	447,844
Total non-current employee benefit liabilities	599,785	480,936
Total employee benefit liabilities	615,794	495,341

Long-term employee benefits include After-Service Health Insurance (ASHI), repatriation grant and travel, and accumulated leave (posts):

ASHI: Staff members (and their spouses, dependent children and survivors) retiring from service are eligible for After-Service Health Insurance (ASHI) coverage if they continue to participate in the collective medical insurance plan after separation from service. In accordance with WIPO's SRR, a share of 65 per cent of the monthly medical insurance premium is paid by the Organization. From January 1, 2022, monthly medical premiums amount to 625.80 Swiss francs for adults and 278.00 Swiss francs for children.

Repatriation grant and travel: The Organization has a contractual obligation to provide benefits such as repatriation grants, travel and removal for certain internationally recruited staff members at the time of their separation from service

Accumulated leave (posts): Accumulated annual leave is classified as a long-term employee benefit for staff members holding permanent, continuing or fixed term contracts. Staff in posts may accrue up to 15 days of annual leave in a given year, and a total accumulated balance of 60 days. Due to the COVID-19 pandemic exceptional measures were introduced to allow the accrual of up to 20 days annual leave in 2020, and a total accumulated balance of 80 days to be carried forward to 2021. These measures were reversed for the year ended 31 December,

2021. On separation from service, staff in posts who have accumulated annual leave can receive a payment in lieu of an amount equivalent to their salary for the period of accumulated annual leave, up to a maximum of 60 days.

Employee benefit liabilities for ASHI, repatriation grant and travel, and accumulated leave (posts) are calculated by an independent actuary. Actuarial assumptions have a significant effect on the amounts calculated for employee benefit liabilities. A description of the factors which impact the size of the ASHI liability is included in the financial statement discussion and analysis which precedes these financial statements. The principal actuarial assumptions applied in determining these liabilities are detailed below. Discount rates were determined using AA Corporate Bond Yield Curves:

	December 31, 2021		December 31, 2020	
After-Service Health Insurance				
Discount rate	0.50%		0.30%	
Discount rate currency	CHF, EUR, USD (weighted)		CHF, EUR, USD (weighted)	
Medical cost trend rate	2.50%		2.90%	
Annual medical claims cost (by age):	Claims cost CHF	Age grading	Claims cost CHF	Age grading
50	5,088	N/A	2,189	10.00%
55	5,673	N/A	3,525	10.00%
60	6,639	N/A	5,677	8.00%
65	8,800	N/A	8,342	4.00%
70	10,387	N/A	10,149	2.00%
75	11,353	N/A	11,205	1.00%
80	15,319	N/A	11,776	0.00%
85	15,781	N/A	11,776	0.00%
Repatriation Grant and Travel				
Discount rate	2.60%		2.10%	
Discount rate currency	USD		USD	
Rate of Salary increase	2.70%		2.78%	
Accumulated leave (posts)				
Discount rate	0.20%		0.00%	
Discount rate currency	CHF		CHF	
Rate of Salary increase	Comprised of:		Comprised of:	
	Inflation	0.90%	Inflation	1.00%
	Productivity	0.50%	Productivity	0.50%
	Merit scale	0.97%-6.07%	Merit scale	0.97%-6.07%

The present value of the defined benefit obligations for ASHI is determined using the projected unit credit method including discounting the estimated future cash outflows. In accordance with IPSAS the Organization's ASHI liability is considered as unfunded as no plan assets are held in a legally separate entity or fund, and therefore no plan assets are deducted from the liability as recognized in the Statement of Financial Position. However, it should be noted that the Organization has established separate funds (strategic cash) for the future financing of after-service employee benefit liabilities. The table below details the expense for ASHI recognized in the Statement of Financial Performance:

	December 31, 2021	December 31, 2020
<i>(in thousands of Swiss francs)</i>		
Interest cost	1,351	1,559
Current service cost	36,154	26,559
Expense recognized in the Statement of Financial Performance	37,505	28,118

The table below details the changes in the ASHI defined benefit obligation, including the impact of actuarial gains/(losses):

	December 31, 2021	December 31, 2020
	<i>(in thousands of Swiss francs)</i>	
Defined benefit obligation at beginning of year	452,755	313,694
Interest cost	1,351	1,559
Current service cost	36,154	26,559
Contribution paid	-4,017	-3,928
Actuarial (gain)/loss on obligation:		
Experience (gain)/loss	-4,430	2,400
<i>Medical cost trend rate</i>	-54,819	-9,234
<i>Discount rate</i>	-25,997	19,668
(Gain)/loss on change in financial assumptions	-80,816	10,434
<i>Medical claims cost</i>	179,579	106,499
<i>Other demographic assumptions</i>	-6,853	-4,462
(Gain)/loss on change in demographic assumptions	172,726	102,037
Defined benefit obligation recognized at end of year	573,723	452,755

As can be seen in the table above, the most significant movement in the 2021 ASHI liability was the result of actuarial losses from changes to the medical claims cost assumption. For the 2021 liability calculation, the independent actuary performed a detailed analysis of claims cost data, and from this generated an updated assumption derived from actual medical claims to better reflect the cost of providing post-employment medical benefits. This move to a calculation based on detailed medical claims data also means WIPO's share of ASHI costs increases from 65 per cent to 73 per cent. This reflects the assumption that while retiree contributions remain consistent at 35 per cent of medical insurance premiums, they represent a proportionally lower share of actual post-employment medical costs. For the 2020 calculation, the medical claims cost assumption was derived from the medical insurance premiums by applying an age-specific grading factor. No specific modifications were made to any of the 2020 or 2021 actuarial assumptions, including those related to medical claims or mortality rates, as a result of the COVID-19 pandemic. Contributions, representing the premium share paid by the Organization for ASHI, totaled 4.0 million Swiss francs for 2021 (3.9 million Swiss francs in 2020). Expected contributions to ASHI in 2022, representing medical claims costs, are 6.7 million Swiss francs. The weighted average duration of the defined benefit obligation as at December 31, 2021, was 22 years. The following table details the present value of the defined benefit obligation and experience adjustments on the ASHI liability for 2021 and the previous four years.

	2021	2020	2019	2018	2017
	<i>(in thousands of Swiss francs)</i>				
Defined benefit obligation	573,723	452,755	313,694	303,128	304,376
Experience (gain)/loss adjustments on plan liability	-4,430	2,400	-37,983	-3,092	-17,122

The following sensitivity analysis shows how the defined benefit obligation would have been affected by changes in significant actuarial assumptions, the discount rate and the rate of sickness premium increase. The per cent changes used in the analysis are considered reasonable based on historical movements:

	0.25 per cent decrease in discount rate 0.25%	Discount rate as applied 0.50%	0.25 per cent increase in discount rate 0.75%
	<i>(in thousands of Swiss francs)</i>		
Defined benefit obligation as at December 31, 2021	606,464	573,723	543,298
Per cent variation	5.7%		-5.3%
	1 per cent decrease in medical cost trend rate 1.50%	Medical cost trend rate as applied 2.50%	1 per cent increase in medical cost trend rate 3.50%
	<i>(in thousands of Swiss francs)</i>		
Defined benefit obligation as at December 31, 2021	467,318	573,723	712,403
Per cent variation	-18.5%		24.2%

United Nations Joint Staff Pension Fund

The Fund's Regulations state that the Pension Board shall have an actuarial valuation made of the Fund at least once every three years by the Consulting Actuary. The practice of the Pension Board has been to carry out an actuarial valuation every two years using the Open Group Aggregate Method. The primary purpose of the actuarial valuation is to determine whether the current and estimated future assets of the Pension Fund will be sufficient to meet its liabilities.

WIPO's financial obligation to the Fund consists of its mandated contribution, at the rate established by the United Nations General Assembly (currently at 7.9 per cent for participants and 15.8 per cent for member organizations) together with any share of any actuarial deficiency payments under Article 26 of the Regulations of the Fund. Such deficiency payments are only payable if and when the United Nations General Assembly has invoked the provision of Article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Fund as of the valuation date. Each member organization shall contribute to this deficiency an amount proportionate to the total contributions which each paid during the three years preceding the valuation date.

The latest actuarial valuation for the Fund was completed as at December 31, 2019, and the valuation as at December 31, 2021 is currently being performed. A roll forward of the participation data as at December 31, 2019 to December 31, 2020 was used by the Fund for its 2020 financial statements.

The actuarial valuation as at December 31, 2019, resulted in a funded ratio of actuarial assets to actuarial liabilities, assuming no future pension adjustments, of 144.4 per cent. The funded ratio was 107.1 per cent when the current system of pension adjustments was taken into account.

After assessing the actuarial sufficiency of the Fund, the Consulting Actuary concluded that there was no requirement, as at December 31, 2019, for deficiency payments under Article 26 of the Regulations of the Fund as the actuarial value of assets exceeded the actuarial value of all accrued liabilities under the plan. In addition, the market value of assets also exceeded the actuarial value of all accrued liabilities as of the valuation date. At the time of this report, the General Assembly has not invoked the provision of Article 26.

Should Article 26 be invoked due to an actuarial deficiency, either during the ongoing operation or due to the termination of the Fund, deficiency payments required from each member organization would be based upon the proportion of that member organization's contributions to the total contributions paid to the Fund during the three years preceding the valuation date. Total contributions paid to the Fund during the preceding three years (2018, 2019 and 2020) amounted to 7,993.15 million US dollars, of which 1.67 per cent was contributed by WIPO (including participants and Organization contributions).

During 2021, WIPO contributions (including Organization contributions only) paid to the Fund amounted to 28.9 million Swiss francs (29.0 million Swiss francs in 2020). Expected contributions due in 2022 are approximately 29.2 million Swiss francs.

Membership of the Fund may be terminated by decision of the United Nations General Assembly, upon the affirmative recommendation of the Pension Board. A proportionate share of the total assets of the Fund at the date of termination shall be paid to the former member organization for the exclusive benefit of its staff who were participants in the Fund at that date, pursuant to an arrangement mutually agreed between the organization and the Fund. The amount is determined by the Pension Board based on an actuarial valuation of the assets and liabilities of the Fund on the date of termination; no part of the assets which are in excess of the liabilities is included in the amount.

The United Nations Board of Auditors carries out an annual audit of the Fund and reports to the Pension Board and to the United Nations General Assembly on the audit every year. The Fund publishes quarterly reports on its investments and these can be viewed by visiting the Fund at www.unjspf.org.

Note 11: Transfers Payable

	December 31, 2021	December 31, 2020
<i>(in thousands of Swiss francs)</i>		
Madrid Union fees	64,575	60,759
Madrid Union deposits	32,708	26,443
Hague Union distribution	847	792
Madrid and Hague Union repartition fees	5,256	6,254
AMC deposits	1,730	1,083
PCT International Searching Authorities	1,782	1,880
RO search fees due to International Searching Authorities	497	1,017
Lisbon Union fees	16	-
Total transfers payable	107,411	98,228

The Organization collects fees on behalf of the contracting parties of the Madrid Agreement and Protocol and the Common Regulations of the Hague Agreement. The Organization's PCT International Bureau collects funds from applicants to cover the cost of payments of International Searching Authorities. In addition, the Organization collects fees to be paid directly to mediators, arbitrators or panelists for cases treated through the Arbitration and Mediation Centre. The Organization holds these funds on a temporary basis until they are transferred to the final beneficiary in accordance with the various treaties and agreements administered by the Organization.

Note 12: Advance Receipts

	December 31, 2021	December 31, 2020
<i>(in thousands of Swiss francs)</i>		
Madrid Union deposits	8,632	7,604
Industrial design deposits	2,560	1,970
Lisbon Union deposits	395	76
PCT/IBRO deposits	721	413
Advance payment of contributions	4,992	4,061
PCT system deferred revenue	299,149	286,078
Madrid system deferred revenue	2,661	2,597
Hague system deferred revenue	452	423
Non-exchange deferred revenue	15,967	14,556
FIPOI deferred revenue	59	59
Other deferred revenue	9	4
Total current advance receipts	335,597	317,841
FIPOI deferred revenue	3,578	3,637
Total non-current advance receipts	3,578	3,637
Total advance receipts	339,175	321,478

Note 13: Provisions

<i>(in thousands of Swiss francs)</i>	
Balance as at December 31, 2019	1,811
Movements in 2020	
Additional provisions made	15
Amounts used	-833
Unused amounts reversed	-7
Balance as at December 31, 2020	986
Movements in 2021	
Additional provisions made	167
Amounts used	-487
Unused amounts reversed	-174
Balance as at December 31, 2021	492

Provisions at December 31, 2021, include cases where WIPO personnel are in dispute with the Organization, before the WIPO Appeal Board (WAB) and the ILO Administrative Tribunal (ILOAT).

Note 14: Contingent Assets and Liabilities

The estimated value of contingent liabilities for possible payments by the Organization for claims arising from cases before the WIPO Appeal Board (WAB) and the ILO Administrative Tribunal (ILOAT) is 257,300 Swiss francs at the reporting date.

The International Computing Centre (ICC) was established in January 1971 pursuant to Resolution 2741 (XXV) of the United Nations General Assembly. ICC provides Information Technology and Communications services to Partners and Users in the United Nations System. As a Partner bound by the Mandate of the ICC, WIPO would be proportionately responsible for any third party claim or liability arising from or related to service activities of the ICC as specified in the ICC Mandate. At 31 December 2021, there are no known claims that impact WIPO. Ownership of assets is with ICC until dissolution. Upon dissolution, the division of all assets and liabilities amongst Partner Organizations shall be agreed by the Management Committee by a formula defined at that time.

Note 15: Leases

WIPO as Lessee

The Organization leases depots and storage facilities, office space, and printing and photocopying equipment under operating lease arrangements. The total amount of lease payments under these arrangements recognized as an expense was 1.7 million Swiss francs in 2021 (1.6 million Swiss francs in 2020). In 2021, the Organization terminated its lease of the building on rue des Morillons in Geneva, Switzerland. The annual lease cost for this building was approximately 0.4 million Swiss francs. The value of future minimum lease payments under non-cancellable operating leases is shown in the table below:

Operating Leases	December 31, 2021	December 31, 2020
	<i>(in thousands of Swiss francs)</i>	
Not later than one year	480	854
Later than one year and not later than five years	169	647
Later than five years	-	-
Total minimum lease payments	649	1,501

The Organization leases equipment under a finance lease arrangement. At the reporting date the net carrying amount of equipment held under finance leases is 0.4 million Swiss francs. The total value of future minimum lease payments under finance leases, and their present value, are shown in the table below:

Finance Leases	December 31, 2021	December 31, 2020
	<i>(in thousands of Swiss francs)</i>	
Not later than one year	177	163
Later than one year and not later than five years	368	504
Later than five years	-	-
Total minimum lease payments	545	667
Future finance charges	-92	-148
Present value of minimum lease payments	453	519

WIPO as Lessor

The Organization has entered into a number of agreements whereby it leases space in or on its headquarters buildings to third parties. These leases are all cancellable by WIPO subject to notification periods specified in the agreements. The total amount of rental income from these arrangements was 0.6 million Swiss francs in 2021 (0.6 million Swiss francs in 2020).

Operating Leases	December 31, 2021	December 31, 2020
	<i>(in thousands of Swiss francs)</i>	
Not later than one year	359	367
Later than one year and not later than five years	57	63
Later than five years	-	-
Total minimum lease payments	416	430

Note 16: Related Party Transactions

	2021		2020	
	Number of Individuals	Aggregate remuneration	Number of Individuals	Aggregate remuneration
	<i>(full-time equivalent basis)</i>	<i>(in thousands of Swiss francs)</i>	<i>(full-time equivalent basis)</i>	<i>(in thousands of Swiss francs)</i>
Director General, Deputies and Assistants	9.00	3,349	8.75	3,268
Senior Officers	11.25	3,574	14.50	4,167

Total remuneration of CHF 207,140 was provided to close family members of key management personnel who were employed by WIPO during the year.

WIPO is governed by the WIPO General Assembly composed of representatives of Member States party to the WIPO Convention which are members of any of the Unions. These representatives do not receive remuneration from WIPO. WIPO is managed by a Director General and by Deputy and Assistant Directors General and officers (key management personnel) who are remunerated by the Organization. The aggregate remuneration paid to key management personnel includes salaries, allowances, statutory travel and other entitlements paid in accordance with the Staff Regulations and Rules, and applicable to all staff. In addition, the Director General, Deputy Directors General and Assistant Directors General receive representation allowances. Key management personnel are members of the UNJSPF to which the personnel and WIPO contribute and are also eligible for participation in the collective medical insurance plan. Key management personnel and their aggregate remuneration are detailed in the table above. There were no loans to key management personnel or to their close family members which were not available to other categories of staff. There was no other remuneration or compensation to key management personnel or to their close family members.

WIPO has no controlled entities and no interests in other entities which would require disclosure under IPSAS 34-38. WIPO is a member of the UNJSPF and certain of its former staff are members of WIPO's CROMPI. WIPO has a relationship with the International Union for the Protection of New Varieties of Plants (UPOV) whereby the Director General of WIPO serves as Secretary General of UPOV. The office of UPOV exercises its functions in complete independence of WIPO. WIPO is responsible for providing space, personnel administration, financial administration, procurement services and other administrative support to UPOV in accordance with the terms of an agreement between WIPO and UPOV dated November 26, 1982. UPOV reimburses WIPO for the cost of such services in accordance with the terms of said agreement. In 2021 WIPO received 618 thousand Swiss francs from UPOV to cover the cost of these services. In addition, WIPO receives reimbursement of funds disbursed on behalf of UPOV.

Note 17: Reconciliation of Statement V and Statement II

The WIPO Program and Budget is established on a modified accrual basis in accordance with the Financial Regulations and Rules, and is approved by the Assemblies of the Member States. WIPO's budget is adopted by the Assemblies on a biennial basis, however, separate estimates are prepared for each of the two annual periods. The Program and Budget for the 2020/21 Biennium established a budget for the biennium of expenditure of 768.4 million Swiss francs. The WIPO Performance Report for 2020/21 provides an explanation of both the changes between the original and final budget after transfers, and the material differences between the budget and the actual amounts. WIPO's budget and financial accounts are prepared using two different bases. The Statement of Financial Position, Statement of Financial Performance, Statement of Changes in Net Assets and Statement of Cash Flow are prepared on a full accrual basis, whereas the Statement of Comparison of Budget and Actual Amounts (Statement V) is prepared on a modified accrual basis. As required by IPSAS 24, reconciliation is provided between the actual amounts on a comparable basis as presented in Statement V and the actual amounts in the financial accounts identifying separately any basis, timing and entity differences.

Reconciliation for the year 2021				
	Operating	Investing	Financing	Total
	<i>(in thousands of Swiss francs)</i>			
Actual amount on comparable basis (Statement V)	143,697	-	-	143,697
Depreciation and amortization	-9,604	-	-	-9,604
Capitalization/disposal PPE and intangible assets	-	2,465	-	2,465
Finance lease adjustments	-	-	65	65
Changes in employee benefit liabilities	-15,651	-	-	-15,651
Change in allowance for receivables	-57	-	-	-57
Special Accounts revenue recognition	-1,469	-	-	-1,469
Total Basis differences	-26,781	2,465	65	-24,251
Projects financed from reserves	-12,076	-	-	-12,076
Special Accounts	1,544	-	-	1,544
Total Entity differences	-10,532	-	-	-10,532
Actual amount in the Statement of Financial Performance (Statement II)	106,384	2,465	65	108,914
Reconciliation for the biennium 2020/21				
	Operating	Investing	Financing	Total
	<i>(in thousands of Swiss francs)</i>			
Actual amount on comparable basis (Statement V)	312,182	-	-	312,182
Depreciation and amortization	-19,377	-	-	-19,377
Capitalization/disposal PPE and intangible assets	-	4,921	-	4,921
Finance lease adjustments	-	-	-453	-453
Changes in employee benefit liabilities	-30,270	-	-	-30,270
Change in allowance for receivables	2	-	-	2
Special Accounts revenue recognition	-5,089	-	-	-5,089
Total Basis differences	-54,734	4,921	-453	-50,266
Projects financed from reserves	-22,295	-	-	-22,295
Special Accounts	5,164	-	-	5,164
Total Entity differences	-17,131	-	-	-17,131
Actual amount in the Statement of Financial Performance (Statement II)	240,317	4,921	-453	244,785

Note 18: Expenses

	2021	2020
	<i>(in thousands of Swiss francs)</i>	
Posts	235,231	223,447
Temporary staff	8,862	8,493
Other staff costs	538	1,795
Total Personnel expenditure	244,631	233,735
Internships	388	519
WIPO fellowships	5,308	4,959
Total Interns and WIPO fellowships	5,696	5,478
Staff missions	68	536
Third-party travel	661	549
Training and related travel grant	735	687
Total Travel, training and grants	1,464	1,772
Conferences	2,269	1,348
Publishing	15	32
Individual contractual services	16,243	12,285
Other contractual services	81,300	74,954
Total Contractual services	99,827	88,619
Premises and maintenance	21,320	18,499
Communication	1,098	1,274
Representation and other operating expenses	1,096	587
United Nations joint services	489	513
Total Operating expenses	24,003	20,873
Supplies and materials	3,247	4,866
Furniture and equipment	182	474
Equipment and supplies	3,429	5,340
Depreciation and amortization	9,604	9,773
Finance costs	244	240
Total expenses	388,898	365,830

Note: 2020 personnel expenditure has been restated to reclassify 97 thousand Swiss francs from posts to other staff costs.

Note 19: Investment Gains/(Losses)

	2021	2020
	<i>(in thousands of Swiss francs)</i>	
Fair value increase/(decrease) on investments	14,644	33,280
Dividends	5,464	4,944
Interest on current accounts and deposits	-19	-4
Interest on investments	-5	4
Investment management and administration cost	-572	-446
Exchange gain (loss) on investments	4,004	-10,168
Exchange gain (loss) on derivative financial instruments	-803	5,819
Total investment gains/(losses)	22,713	33,429

The fair value increase on investments of 14.6 million Swiss francs represents movements in the valuation of the Organization's core cash and strategic cash portfolio assets at the reporting dates.

Note 20: Financial Instruments

Financial Instruments Overview

Financial instruments are categorized as follows:

Financial Assets and Liabilities	Category
Cash and cash equivalents	Amortized cost
Receivables	Amortized cost
Loans	Amortized cost
Payables and accruals	Amortized cost
Transfers payable	Amortized cost
Current accounts	Amortized cost
Derivative assets and liabilities	Fair value through surplus and deficit
Short-term investments arising from operating cash	Fair value through surplus and deficit
Held to maturity investments arising from operating cash	Amortized cost
Investments arising from core and strategic cash	Fair value through surplus and deficit

The carrying amounts of the categories of financial assets and liabilities are as follows:

	December 31, 2021	December 31, 2020
	<i>(in thousands of Swiss francs)</i>	
Financial assets		
Amortized cost	295,514	330,120
Fair value through surplus and deficit	900,672	672,460
Total carrying value	1,196,186	1,002,580
Financial liabilities		
Amortized cost	213,346	185,881
Total carrying value	213,346	185,881

The Organization is exposed to certain foreign currency exchange, credit, interest rate, price and liquidity risks which arise in the normal course of its operations. This note presents information about the Organization's exposure to each of the above risks and the policies and processes for measuring and managing risk.

The Organization manages its investments in accordance with its Policy on Investments. The policy contains two specific investment policies, one covering operating and core cash and a second one covering strategic cash. Operating cash is the cash required by the Organization to meet daily payment requirements and to ensure that an amount equivalent to the target reserves is available in liquid assets. Core cash is the balance of cash remaining once operating and strategic cash have been deducted. Strategic cash is the cash which has been set aside to finance after-service employee benefit liabilities, including ASHI.

Fair Values

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation. The following methods and assumptions were used to estimate the fair values:

- Cash and short-term deposits, receivables from exchange transactions, accounts payable and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments;
- Quoted investments (in investment funds which are publicly traded) are based on price quotations at the reporting date;
- Derivative financial instruments are based on quoted prices, adjusted for the UNORE at reporting date;
- Loans and receivables are evaluated by the Organization based on parameters such as interest rates and risk characteristics.

For WIPO's financial assets and liabilities at the reporting date, the carrying amount is equivalent to the fair value.

Fair Value Hierarchy

For those instruments categorized as fair value through surplus or deficit, fair values are classified according to the following hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets and liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (Level 2);
- Inputs for the asset or liability that are not based on observable market data (Level 3).

Financial Assets and Liabilities	Fair Value Hierarchy
Cash and cash equivalents	Level 1
Derivative assets and liabilities	Level 2
Investments arising from core and strategic cash	Level 1

Credit Risk

Credit risk is the risk of financial loss to the Organization if counterparties to financial instruments fail to meet their contractual obligations, and it arises principally from the Organization's loans, receivables, cash and cash equivalents, and investments. The carrying amount of financial assets represents the maximum credit exposure. For the purposes of financial reporting, WIPO calculates expected credit losses allowances associated with its financial assets.

The Organization's receivables from non-exchange transactions are almost exclusively from its Member States representing sovereign governments, and therefore risks related to credit are considered minor. An allowance has been established against the asset value of accounts receivable to reflect receivables for which payment is not anticipated in the short-term. The allowance covers amounts due from Member States that have lost the right to vote under Article 11, paragraph 5 of the WIPO Convention and contributions from least developed countries which have been frozen by action of the Assemblies in 1989 and 1991.

In accordance with the Organization's Policy on Investments, deposits may only be held with institutions with a minimum short-term credit rating of A-2/P-2 or a minimum long-term credit rating of A/A2. Money market investments, bonds, notes or other obligations and other fixed income products purchased directly by WIPO may only be held with institutions with a minimum short-term credit rating of A-3/P-3 or a minimum long-term credit rating of BBB-/Baa3. Where these are acquired as shares in pooled market traded funds, at least 65 per cent of the portfolio holdings must be in Investment Grade (AAA/Aaa to BBB-/Baa3), while the balance of up to 35 per cent may be held in high yield bonds (BB+/Ba1 to C/Ca). The credit ratings attached to cash and cash equivalents and investments as at December 31, 2021, is as follows:

Short-Term Credit Rating	A-1+	A-1	A-2/P-2	Unrated (1)	Total
December 31, 2021	<i>(in thousands of Swiss francs)</i>				
Cash and cash equivalents	532	146,516	418	41	147,507
Investments	-	66,288	-	897,497	963,785
	532	212,804	418	897,538	1,111,292
<i>Per cent</i>	<i>0.0%</i>	<i>19.1%</i>	<i>0.0%</i>	<i>80.8%</i>	<i>99.9%</i>

(1) Unrated balances include cash on hand and non-current investments. Non-current investments held by WIPO are in investment funds which are not rated by credit rating agencies, but in which the underlying investments are made in accordance with WIPO's Policy on Investments.

Liquidity Risk

Liquidity risk is the risk of the Organization not being able to meet its obligations as they fall due.

The Organization does not have significant exposure to liquidity risk as it has substantial unrestricted cash resources which are replenished from the results of its operations. The Organization's Policy on Investments requires that operating and core cash are invested in such a way to ensure the liquidity necessary to meet the Organization's cash flow requirements. Operating cash balances are invested over the short term (periods not exceeding twelve months to maturity) in low-risk asset classes which are easily liquidated at little or no cost. Core cash balances are invested with the objective of generating a positive return over rolling five-year periods. Core cash balances are invested ideally in such a way that occasional access to a portion of the cash is possible. Strategic cash balances are invested over the long term, and currently have no short or medium term liquidity requirements.

Currency Risk

The Organization receives revenue from fees in currencies and incurs expenses in currencies other than its functional currency, the Swiss franc, and is exposed to foreign currency exchange risk arising from fluctuations of currency exchange rates. For PCT international filing fees, WIPO establishes equivalent amounts in currencies other than the Swiss franc, which can be reset during the year if the exchange rate between the other currency and Swiss franc is 5.0 per cent or more for more than four consecutive Fridays. The Organization is also exposed to exchange risk arising from the currency differences between amounts payable to International Searching Authorities (ISAs) pursuant to the Regulations under the Patent Cooperation Treaty and amounts received by national patent offices for international search fees from applicants for international patents. The Organization also operates the WIPO Fee Transfer Service, a netting structure that reduces the exposure of PCT fee income to movements in currency exchange rates with regard to search fees.

Where investments are held in currencies other than the Swiss franc, the Organization may use derivative financial instruments to minimize the risk arising from the fluctuation of the currency of the investment against the Swiss franc. Investment in derivatives for speculative purposes is not permitted. As at December 31, 2021, the Organization held US dollar and Euro investments totaling 144.0 million Swiss francs and 10.4 million Swiss francs respectively. The sensitivity of these investments to exchange rate fluctuations is monitored, and derivative financial instruments are used to minimize this risk.

The Organization's contributions to the UNJSPF and its payments to ICC are made in US dollars. The Organization has a further exposure to exchange risk in connection with the cost of pensions for staff previously enrolled in the Closed Pension Fund who are now members of the UNJSPF. In addition, the Organization has external offices in Algeria, Brazil, China, Japan, Nigeria, Russia and Singapore, and a coordination office in the USA, with limited assets in local currency.

Market Risk

Market risk is the risk of changes in market prices, including interest rates, affecting the Organization's income or the value of its financial instrument holdings. Investment revenue in the Organization's budget for the 2020/21 Program and Budget is limited to interest on operating cash balances. The Organization does not currently use financial instruments to hedge interest rate risk. WIPO's medium-term investment portfolio (core cash) and long-term investment portfolio (strategic cash) are subject to the risk of movements in market prices of the underlying investment funds. Based on historical experience for the investment strategies applied to these portfolios, the expected volatility for core cash and strategic cash is 4.20 per cent and 5.80 per cent respectively.

Note 21: Events After the Reporting Date

WIPO's reporting date is December 31, 2021 and its financial statements were authorized for issue on the same date as the External Auditor's opinion.

On January 25, 2022, the Organization received in full the remaining balance of 8.1 million Swiss francs of its loan to the Foundation for Buildings for International Organizations (FIPOI). This repayment was due to WIPO following termination of WIPO's lease of the building on rue des Morillons in Geneva, Switzerland.

There have been no other material events, favourable or unfavourable, that occurred between the reporting date and the date when the financial statements were authorized for issue that would have had a material impact on these financial statements.

Note 22: Segment Reporting

Segment reporting is presented in a format which represents the various Unions as the segments that make up WIPO. The Unions were created by the various treaties administered by WIPO.

The segment reporting table is shown on the next page and should be read in conjunction with the following explanatory notes:

- Note 1: The Madrid Union has assumed the financing of the Hague Union's contribution of 3 million Swiss francs to the IT Modernization Program of the Madrid and Hague international registration systems. The amount will be reimbursed by the Hague Union to the Madrid Union as soon as the level of reserves of the Hague Union Reserve Fund so allows.
- Note 2: In accordance with the decision of the Assemblies of the Member States of WIPO at their 55th Series of Meetings in 2015, the Contribution-financed Unions have assumed the financing of the deficit of the Lisbon Union in the biennium 2016/17 amounting to 56,157 Swiss francs. The amount will be reimbursed by the Lisbon Union to the Contribution-financed Unions as soon as the level of reserves of the Lisbon Union so allows.
- Note 3: In accordance with the decision of the Assemblies of the Member States of WIPO at their 57th Series of Meetings in 2017: a) the Contribution-financed Unions have assumed the financing of the deficit of the Lisbon Union in the biennium 2018/19 amounting to 1,662,315 Swiss francs; and b) the PCT Union has assumed the financing of the deficit of the Hague Union amounting to 18,135,044 Swiss francs. The amounts will be reimbursed by the Lisbon Union and the Hague Union, respectively, as soon as the level of reserves of the Unions so allow.
- Note 4: In accordance with the decision of the Assemblies of the Member States of WIPO at their 59th Series of Meetings in 2019: a) as the Contribution-financed Unions do not have sufficient reserves above the target to cover the deficit of the Lisbon Union amounting to 3,509,153 Swiss francs in 2020/21, the PCT Union has assumed the financing of the deficit of the Lisbon Union in 2020/21; b) the PCT Union has assumed the financing of the deficit of the Hague Union amounting to 23,667,978 Swiss francs. The amounts will be reimbursed by the Lisbon Union and the Hague Union to the PCT Union, as soon as the level of reserves of the Unions so allow..
- Note 5: Actuarial gains/(losses) as at December 31, 2021 have been allocated based on the relative share of headcounts for 2021.

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		UNIONS						
Program	Program Title	Contribution Financed	PCT	Madrid	Hague	Lisbon	Special Accounts	Total
		<i>(in thousands of Swiss francs)</i>						
REVENUE								
	Contributions	17,497	-	-	-	-	8,118	25,615
	Fees	-	361,775	82,429	6,185	71	-	450,460
	Publications	1	381	30	-	-	-	412
	Other/miscellaneous	-460	-384	73	-447	-495	1	-1,712
	Arbitration and Mediation	444	419	1,134	468	-	-	2,465
	Sub-total revenue on budgetary basis	17,482	362,191	83,666	6,206	-424	8,119	477,240
	Miscellaneous revenue projects financed from reserves	-1	-1	-1	-1	-	-	-4
	IPSAS adjustments to revenue	-57	0	0	0	-	-2,080	-2,137
	TOTAL REVENUE	17,424	362,190	83,665	6,205	-424	6,039	475,099
EXPENSES								
1	Patent Law	97	1,478	72	-	-	-	1,647
2	Trademarks, Industrial Designs & Geographical Indications	461	-	1,500	346	88	-	2,395
3	Copyright and Related Rights	7,553	1,071	127	-	-	-	8,751
4	Traditional Knowledge, Traditional Cultural Expressions & Genetic Resources	2,568	-	-	-	-	-	2,568
5	The PCT System	-	102,260	-	172	-	-	102,432
6	Madrid System	-	-	27,561	163	11	-	27,735
7	WIPO Arbitration and Mediation Center	1,105	1,044	2,825	1,167	-	-	6,141
8	Development Agenda Coordination	2	1,290	153	-	-	-	1,445
9	Africa, Arab, Asia and the Pacific, Latin America and the Caribbean Countries, Least Developed Countries	12	9,678	1,590	233	106	-	11,619
10	Transition and Developed Countries	2	2,082	525	298	85	-	2,992
11	The WIPO Academy	8	6,395	760	1	-	-	7,164
12	International Classifications and Standards	367	2,854	816	41	-	-	4,078
13	Global Databases	1	3,057	1,308	348	-	-	4,714
14	Services for Access to Information and Knowledge	4	3,570	614	70	-	-	4,258
15	Business Solutions for IP Offices	6	5,239	623	-	-	-	5,868
16	Economics and Statistics	5	3,716	442	-	-	-	4,163
17	Building Respect for IP	2	1,666	198	-	-	-	1,866
18	IP and Global Challenges	4	3,402	405	-	-	-	3,811
19	Communications	9	7,145	850	169	-	-	8,173
20	External Relations, Partnerships and External Offices	6	4,944	861	310	65	-	6,186
21	Executive Management	531	8,346	2,517	575	34	-	12,003
22	Program and Resource Management	866	11,555	5,206	1,118	56	-	18,801
23	Human Resources Management and Development	637	8,124	2,804	647	66	-	12,278
24	General Support Services	1,013	12,916	4,458	1,029	65	-	19,481
25	Information and Communication Technology	1,317	18,536	6,191	1,434	338	-	27,816
26	Internal Oversight	151	1,931	666	154	10	-	2,912
27	Conference and Language Services	770	9,815	3,387	782	49	-	14,803
28	Information Assurance, Safety and Security	535	6,813	2,351	543	34	-	10,276
30	SMEs and Entrepreneurship Support	4	2,982	354	-	-	-	3,340
31	The Hague System	-	-	-	7,741	-	-	7,741
32	Lisbon System	-	-	-	-	680	-	680
	Sub-total expenses on budgetary basis	18,036	241,909	69,164	17,341	1,687	-	348,137
	Expenses on projects financed from reserves	83	9,278	1,701	1,011	-	-	12,073
	Sub-total expenses on budgetary basis including reserve expenses	18,119	251,187	70,865	18,352	1,687	-	360,210
	Special Accounts	-	-	-	-	-	6,575	6,575
	IPSAS adjustments to budgetary expenses and special accounts	1,276	17,200	4,898	1,225	119	-611	24,107
	IPSAS adjustments to projects financed from reserves	-16	-818	-431	-729	-	-	-1,994
	TOTAL EXPENSES	19,379	267,569	75,332	18,848	1,806	5,964	388,898
	Investment gains/(losses)	785	19,777	2,151	-	-	-	22,713
	SURPLUS/(DEFICIT) FOR THE YEAR	-1,170	114,398	10,484	-12,643	-2,230	75	108,914
	Net Assets as at December 31, 2020 - actuarial gains/(losses) excluded	27,261	563,911	87,875	-54,593	-3,970	-	620,484
	Actuarial gains/(losses) as at December 31, 2020	-11,471	-166,281	-44,634	-10,066	-969	-	-233,421
	Net Assets as at December 31, 2020	15,790	397,630	43,241	-64,659	-4,939	-	387,063
	2021 surplus/(deficit)	-1,170	114,398	10,484	-12,643	-2,230	75	108,914
	Net Assets as at December 31, 2021 - actuarial gains/(losses) excluded	26,091	678,309	98,359	-67,236	-6,200	75	729,398
	Actuarial gains/(losses) as at December 31, 2021	-14,826	-228,273	-62,684	-13,855	-1,263	-	-320,901
	Net Assets as at December 31, 2021	11,265	450,036	35,675	-81,091	-7,463	75	408,497

ANNEX – EX GRATIA PAYMENTS (AUDITED INFORMATION)

Financial Regulation 5.10 states that a summary statement of ex gratia payments for the calendar year shall be included in the annual financial statements of the Organization. There were no such payments made during 2021 and therefore no summary statement is required.