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Program and Budget Committee

Fortieth Session
Geneva, June 15 to 19, 2026

DRAFT REPORT

Prepared by the Secretariat[1]

[1] Delegations represented at this session are invited to submit their comments, if any, to controller.mail@wipo.int by September 30, 2026.

CONTENTS

1. The 40th Session of the WIPO Program and Budget Committee (PBC) was held at the Headquarters of WIPO from June 15 to 19, 2026.

2. The Committee is composed of the following Member States: Albania, Algeria, Argentina, Armenia, Azerbaijan, Bangladesh, Brazil, Cambodia, Cameroon, Canada, Chile, China, Colombia, Czech Republic, Ecuador, Egypt, El Salvador, Estonia, France, Germany, Ghana, Guatemala, Hungary, Indonesia (2026), Italy, Japan, Kazakhstan, Kenya, Lesotho, Malaysia, Mexico, Namibia, Nigeria, Peru, Poland, Portugal, Qatar (2026), Romania, Russian Federation, Saudi Arabia (2026), South Africa, Spain, Sweden, Switzerland (ex officio), Tajikistan, Thailand, Tunisia, Türkiye, Ukraine, United Arab Emirates, United Kingdom, United States of America, Vietnam (2026) (53).

3. Members of the Committee represented at this session were: Albania, Algeria, Argentina, Armenia, Azerbaijan, Brazil, Cambodia, Cameroon, Canada, Chile, China, Colombia, Czech Republic, Ecuador, Egypt, El Salvador, Estonia, France, Germany, Ghana, Guatemala, Hungary, Indonesia, Italy, Japan, Kazakhstan, Lesotho, Malaysia, Mexico, Namibia, Nigeria, Peru, Poland, Portugal, Romania, Russian Federation, Saudi Arabia, South Africa, Spain, Sweden, Switzerland, Tajikistan, Thailand, Tunisia, Türkiye, Ukraine, United Kingdom, United States of America, Viet Nam (49).

4. In addition, the following States, members of WIPO but not members of the Committee, were represented as observers: Australia, Austria, Bahamas, Barbados, Belarus, Belgium, Bolivia (Plurinational State of), Botswana, Bulgaria, Burkina Faso, Comoros, Costa Rica, Côte d'Ivoire, Croatia, Cyprus, Denmark, Djibouti, Dominican Republic, Ethiopia, Georgia, Greece, Holy See, India, Iran (Islamic Republic of), Ireland, Israel, Jamaica, Kuwait, Latvia, Lebanon, Lithuania, Madagascar, Mauritania, Monaco, Mozambique, Nicaragua, Niger, Oman, Pakistan, Panama, Philippines, Republic of Korea, Republic of Moldova, Democratic People's Republic of Korea, Senegal, Serbia, Singapore, Slovakia, Slovenia, Sri Lanka, Togo, Trinidad and Tobago, Uganda, Vanuatu, Venezuela (Bolivarian Republic of), Zimbabwe (57).

ITEM 1. OPENING OF THE SESSION

5. Chair: Dear colleagues, dear Delegates, dear friends, I would like at the outset to welcome you warmly to this 40th session of the PBC. Thank you all for joining remotely on this first day of the PBC. We appreciate your flexibility as we continue to monitor closely G7 logistical developments. We will provide you with an update for the meeting modalities for Tuesday, June 16 at this afternoon's session. So wait for the announcement at the afternoon session. We have a full agenda and must collectively ensure that we progress as efficiently and effectively as possible to reach conclusions and consensus on all decisions. I take this opportunity also to thank you for your consultations, time and engagement in the lead-up to this meeting. I look forward to a week of productive work with you. I now invite the Director General to make his opening remarks.

6. Director General: Excellencies, distinguished Delegates, welcome to the 40th session of the PBC. Let me start by reiterating the importance of this Committee's work, which is central to our performance management, governance and accountability, and to thank all Member States of the PBC for their support of WIPO's work as well as your continued trust and guidance. Dear Chair, the Secretariat pledges to work closely with you and support you in this important week ahead. This is not a budget year. Nevertheless, as the Chair has said, there is much work ahead of us this week, which will center on a couple of issues primarily revolving around governance and performance. Allow me to begin with governance. At WIPO, we continue to benefit from a strong oversight architecture and this week is when members of the PBC will be extensively engaged with our audit and oversight bodies. I would like to express my gratitude to our External Auditors, the Audit Board

of Indonesia, who are with us today. One of the most important documents is our financial statements and I am pleased to share that our External Auditor has issued a clean, unqualified opinion on WIPO's 2025 financial statements, confirming that our accounts are prepared in full compliance with international standards. The External Auditor has also completed an inaugural audit of the new WIPO/UPOV After-Service Health Insurance Plan, which validated our approach and offered valuable recommendations that we are already implementing. The Independent Advisory Oversight Committee (IAOC), whose Chair is with us today as well, has been actively engaged throughout 2025. They will present their annual report sometime this week and their advice on various risk and governance matters, drawing from the breadth of their collective experience, continues to be valuable to me and my colleagues at WIPO. Our Internal Oversight Division (IOD), delivered its first annual overall opinion on governance and control processes, a best practice in the United Nations (UN) System, that provides us with independent assurance about our internal control environment. At the same time, they have also prepared a detailed report on the activities in 2025. So, you can see this has been a busy year for both the IAOC and the IOD. Lastly, you will also be engaging with the Chair of the Joint Inspection Unit (JIU), on the implementation of their recommendations. Apart from governance, WIPO will also present our performance report for the 2024/25 biennium. In a nutshell, the last biennium has seen strong results and continued robust financial health. First, in terms of targets, we fully achieved 75 per cent of our performance indicators, the highest ever, and another 13 per cent of our targets were partially achieved, showing that we are delivering on many of the goals that you have set for us in the 2024/25 biennium. WIPO ended the biennium as well with an operating result of 144.1 million Swiss francs and a biennium surplus of 224.5 million Swiss francs, including investment gains of about 80 million Swiss francs. Putting aside investment gains, which focus on long-term strategies and for which we expect some fluctuations from year to year, what is significant is that our operating surpluses continue to be strong. This was driven by detailed planning and rigorous cost control. Efficiency gains from business process reviews across WIPO, coupled with the use of digital technologies, including investments in artificial intelligence (AI), are beginning to pay off. Smarter procurement, including the pooling of procurement requests with other UN agencies and a laser focus on delivering more to you while making sure that we make best use of our resources. Our aim has never been to accumulate strong balances for its own sake but to ensure that in uncertain times our robust finances allow us to continue delivering services, implementing our programs and delivering impact on the ground without having to ask you for additional resources. While the numbers and statistics around the 2024/25 biennium take center stage this week, I think it would be appropriate for us to remind ourselves of the impact of these two years, which has been very significant. First, during this biennium, we were able to conclude, by consensus, two diplomatic conferences (both held in 2024); one on the WIPO Treaty on Intellectual Property, Genetic Resources and Associated Traditional Knowledge (GRATK) and the other on the Riyadh Design Law Treaty. This shows that even if multilateralism faces challenges, WIPO is still a place where Member States can come together to find agreement and move the agenda. Second, we continued to demystify intellectual property (IP), bringing the message of IP to the ground, by storytelling and touching hearts through a much broader social media strategy. Across various platforms, our followers exceeded 613,000 persons, an increase of 23 per cent compared with end 2023 and surpassing biennium targets. Third, although demand in some global IP services was lower than forecasted due to continued uncertainties in the global economy, revenues across the PCT and Madrid systems remain resilient and on target, while the Hague System grew at 14 per cent above projections, with the Arbitration and Mediation Center's revenues at 62.8 per cent above target. To put these in numbers for the biennium, PCT patent applications totaled 549,800, Madrid Trademark applications totaled 129,300, and Hague Industrial Design applications totaled 55,800, collectively generating 95 per cent of WIPO's total income. We embarked on steps to modernize our global IP services, launch the eMadrid system, put in place a proper customer relationship management system for the first time and established a future growth task force. All of these will allow us to serve our users better and promote the further use of our global IP services. Fourth, we were able to bring IP to more people on the ground than ever before. We delivered nearly 100 projects worldwide and enrollment increased by 36 per cent to over 300,000 participants in WIPO's Academy courses. Twenty-nine IP training institutes were created with the support of the WIPO Academy which delivered services to close to 380,000 beneficiaries, representing 85 per cent growth. We reached over 3,000 entrepreneurs through nearly 100 IP management clinics and workshops across more than 60 countries. The global TISC network grew to 1,757 centers, up 14 per cent from 2023 across 94 countries, with five regional networks responding to over 4.5 million inquiries. Our IPAS system modernized IP service delivery with 91 IP offices having adopted WIPO systems. And we continued to implement our IP gender action plan and IP youth empowerment program, and bring IP to the rural and agricultural communities through projects targeting these areas. Fifth, we deepened our connections with other UN agencies to ensure that we work with many partners to ensure that IP supports us in addressing common global challenges. We also expanded the reach of WIPO GREEN to 164 partners, 15 of them new, during the biennium across governments, industry and international organizations. We touched the lives of many. I would like to tell stories of a few of them, so as to bring alive the work we do beyond these statistics and numbers. First, Isabella Springmuhl, whom many of you met when she visited WIPO last year to share her incredible story as a fashion designer with Down Syndrome and founder of a fashion label, Down to Xjabelle. With WIPO's support, she successfully trademarked her fashion designs and her company, which blends traditional Guatemalan fabrics with modern designs, ensuring that she brings traditional fabrics and these designs to the runways, and supporting local artisans. In Ghana, I would like to mention Rita Aku-Shika Diabah, founder of Yesli ICE, who used WIPO's agribusiness training to redesign and register her trademark and expand to new suppliers and outlets across Africa and open branches beyond her hometown. She won overall best SME of the year in Ghana, plus three additional awards and she will join the WIPO IP for Her initiative this year to mentor other young agripreneurs in Africa. Here in Europe, I would like to share the story of Carmen Ledesma from Spain. Through WIPO's project IP for women artisans in rural areas, Carmen learned how to protect her floral design business by registering a trademark for her brand, Nikua Floral. What began as a creative passion has now become an enterprise with stronger market positioning. This is proof that IP can power entrepreneurship, even in mature markets like Europe. These stories across different contexts and continents show the real meaning of our work beyond key performance indicators (KPIs) and Expected Results (ERs). WIPO is helping innovators, creators and communities everywhere to use IP to succeed, change the world and convert their ideas into impact. Chair, Excellencies, as we deliberate on the agenda before us, let us keep the bigger picture in mind: that the decisions you take here are what allow us to deliver results that matter to innovators, creators and entrepreneurs everywhere. With your continued guidance as members of the PBC, under the able chairmanship of Ambassador Agassi, I'm confident that WIPO will remain financially sound, strategically focused and, above all, impactful in advancing its mandate to promote innovation and creativity for the benefit of all. Thank you for your trust and partnership and I wish the PBC members the very best for this week's meetings. Thank you, Chair.

7. Chair: I would like to thank the Director General for his opening statement. I now give the floor to Ms. Chitra Narayanswami to make an administrative announcement.

8. Secretariat: Thank you very much, Chair, and a very warm welcome, albeit virtual, to this 40th session of the PBC. We hope that we will soon see you in the room, dear Delegates. As with previous virtual meetings, you will soon see displayed on the screen important contact information for the delegations. Proposals, questions and comments on the agenda items that delegates wish to submit to the Secretariat may be sent to controller.mail@wipo.int, as shown on the screen. I wish

to remind all delegations of the following modalities, which will apply to the conduct of the meeting today. For online participants, your registration email includes a personalized Zoom link with the Zoom user guide in six languages. Delegates are encouraged to use a headset when joining the meeting for better audio quality. Delegations that wish to take the floor should, as usual in online settings, raise their hand in Zoom. The Chair will first give the floor to group coordinators, followed by members and observers. Regarding interpretation and audio quality, kindly be aware that the job of our interpreters is even more challenging in a fully virtual setting. We would be grateful if everybody could try to speak slowly and clearly, so that they can follow us. To optimize the audio quality for all participants and interpreters, it is strongly recommended that virtual participants enable their web camera when taking the floor, use a headset as mentioned before, with an integrated microphone if possible, and limit the background noise when speaking. As projected on the screen, to select the appropriate interpretation channel on Zoom, you need to select "more" at the bottom of the screen with three dots and then select the interpretation option, after which you will be able to select the language of your choice. That is how you get to the language of your choice on interpretation in the Zoom setting. And dear Delegates, please send us your statements in advance should you have them ready and send them to interpretation@wipo.int. This helps our interpreters greatly and will facilitate higher quality and smoothness of proceedings. For technical questions or issues, please send an email to eMeetings@wipo.int or reply to the joining instructions you have received by email. I would like to assure all delegations and speakers, including our oversight and audit bodies, that our technical team is available and will be in contact with you should you experience any difficulties joining the meeting. If any of the interpreters encounter a problem during the session with audio quality, he or she may be obliged to temporarily stop interpreting. Then they will let us know through the chat and inform us all. Thank you, Chair.

ITEM 2. ADOPTION OF THE AGENDA

9. Chair: Thank you. We will now proceed with Agenda Item 2, Adoption of the Agenda. In order to facilitate the review and discussions of the various items, the agenda has been structured in accordance with the following high-level groupings: (1) audit and oversight; (2) performance and financial review; (3) proposals; and (4) items following decisions of the 2025 PBC sessions and Assemblies of WIPO Member States. We have received a request from the Russian Federation to include an agenda item on the Medium-term Strategic Plan (MTSP). This agenda item is reflected under the proposals in the draft agenda. I now invite delegations to consider and approve the draft agenda contained in document WO/PBC/40/1 Prov.4. I now open the floor for any comments that delegations may have. I see no requests. The agenda is adopted.

10. The Program and Budget Committee, PBC, adopted the agenda (document WO/PBC/40/1 Prov.4).

11. Chair: The Secretariat has already shared with you the timetable which I'm proposing in order to allocate time in the most judicious manner possible. In general, if we move through the agenda more quickly than indicated, I might decide to bring items forward accordingly. However, in today's fully online mode, we will limit our deliberation to Agenda Items 2 to 6. As we go through the week, if discussions on a particular topic are not concluded and need more time, the item will be kept open and any outstanding discussions will be taken up at a later stage. At the end of each day, we will take stock of the items covered and we will inform you of how we intend to proceed. We will begin today's session with general statements, followed by the substantive items falling under the high-level grouping, audit and oversight, starting with Agenda Item 4, Reports by the External Auditor. I would like to limit the duration of general statements to three minutes for Group Coordinator statements made on behalf of their Group and two minutes per Member and Observer

State delegations. I would like to accord a very high priority to the efficiency of our work and the timelines of our sessions. We will start the morning session every day at 10 a.m. Geneva time until 1 p.m. and resuming at 3 p.m. for the afternoon sessions. Owing to the nature of the meeting, as well as interpretation, we will need to close sessions at 6 p.m. Should we need any informal session, I will do my best to accommodate participants from different time zones. I am joined by our Vice Chairs, who will support us through this meeting. I will now open the floor first for Group Coordinators to provide their general statements, followed by delegations. I will give the floor to Germany on behalf of Group B.

12. Germany: Thank you, Chair. I will deliver the following statement on behalf of Group B. Group B would like to express its confidence in your leadership to guide us through this 40th session of the Program and Budget Committee. We assure you of our constructive engagement throughout this week’s deliberations. Furthermore, we would like to thank the Director General for opening the session. We also want to thank the Secretariat for its diligent preparation of documents and organization of this session, particularly with a view to the complexity of the agenda before us. This session addresses several critical areas that are fundamental to WIPO’s effective functioning and accountability. The audit and oversight items, including the reports from the IAOC, External Auditor and IOD, and also the Progress Report on the Implementation of JIU Recommendations, represent elements of good governance. Each of these agenda items contains important considerations related to transparency, accountability and the effective functioning of WIPO. Group B values the critical role played by WIPO’s oversight mechanisms, including the External Auditor, the IAOC and the IOD. These bodies provide essential accountability and transparency that strengthen Member States’ confidence in the Organization’s governance. In this light, we particularly welcome the first annual opinion on governance, risk management and internal controls by the Director of the IOD. In closing, Chair, Group B is committed to constructive engagement and collaboration with all Member States to achieve positive outcomes for WIPO. We look forward to fruitful discussions under your guidance and we will provide detailed, substantive comments under each relevant agenda item as our discussions proceed. Thank you, Chair.

13. El Salvador: Thank you, Chair. The Group of Latin American and the Caribbean Countries (GRULAC) would like to congratulate you and the Vice Chairs on your election, noting with particular satisfaction that our region is represented by one of the Vice Chairs. We are confident in your leadership in guiding this session. We would also like to thank the Secretariat for having prepared the documents and for having organized the informative briefings. To begin with, the Group would like to highlight the results presented in the WIPO Performance Report (WPR) for the biennium, which reflects particularly solid financial management. The Organization recorded an operating result of 144.1 million Swiss francs, exceeding by 75.7 million Swiss francs the estimate in the Program of Work and Budget, mainly due to lower than expected expenditures and slightly higher revenues. The biennium closed with a surplus of 224.5 million Swiss francs, including 98.1 million Swiss francs in investment gains. These results confirm the robustness of WIPO’s financial management, supported by a judicious investment policy and an increasing focus on sustainability and risk control, which are essential for stability and predictability in the Organization. Our group firmly believes that the level of reserves together with the Organization’s financial performance over the past years allow for increased funding for initiatives that advance the WIPO Development Agenda Recommendations, facilitate the use of IP tools to foster domestic innovation and encourage broader participation in WIPO meetings. We note also that part of the savings recorded in the 2024/25 biennium resulted from unfilled vacancies. That helped to contain expenditure, but it also underscores the importance of strengthening workforce planning and ensuring the fully efficient use of resources allocated to budgeted posts. Regarding the Annual Report on Human Resources, we wish to highlight the progress made in terms of geographical diversity, which is a major topic for GRULAC. We believe it necessary to continue efforts to achieve a better

geographical balance, particularly in senior positions. We value the Organization's commitment to enhancing the representation of women, a principle that underpins the advances reflected in the report. We particularly welcome the fact that the 86 selection processes completed in 2025 resulted in full gender parity, with 43 women and 43 men, an outcome that demonstrates consistency between institutional goals and recruitment practices. The report also reflects WIPO's sustained commitment to the Development Agenda, as shown by the allocation of resources for its effective implementation. For our Group, development is a central priority, as it is a strategic pillar that strengthens the Organization's relevance and contributes to balance within the multilateral system, ensuring that IP continues to respond to the realities and needs of developing countries and least developed countries (LDCs). Finally, we wish to reiterate GRULAC's commitment to maintaining an active and constructive role in the PBC discussions with a view to advancing the achievement of objectives for the benefit of all Member States. Thank you, Chair.

14. South Africa: The Delegation of South Africa has the honor to deliver this statement on behalf of the African Group. The Group wishes to congratulate you, Chair, and your Vice Chairs on your election to steer the work of this very important Committee. We are very confident as a Group that, under your stewardship, this session will be successful. We also thank the Secretariat for the preparation of the working documents and for its continued support in facilitating the work of this Committee. We appreciate that a lot of work goes on behind the scenes and really want to express our gratitude to the Secretariat. The African Group attaches great importance to the work of the PBC in ensuring that WIPO's resources are aligned with its mandates and strategic objectives. Effective program planning and prudent financial management are essential to enable WIPO to support innovation, creativity, knowledge diffusion and the development of a balanced and inclusive IP ecosystem worldwide. Importantly, the African Group emphasizes that the Organization's programs and activities should continue to give due prominence to the development dimension in line with the Development Agenda Recommendations. In this respect, technical assistance, capacity-building and activities aimed at strengthening institutions, especially on the African continent, remain essential. We therefore call for adequate and sustainable resource allocation to programs that directly support Member States in strengthening national IP ecosystems, fostering innovation and creativity, promoting technology transfer and contributing to the achievement of national development objectives. Chair, the African Group also wishes to highlight the importance of transparency, accountability and inclusiveness within WIPO's results-based management framework. Resource allocation, therefore, should be guided by clear evidence of impact and responsiveness to the diverse needs of Member States. In this regard, the African Group wishes to draw particular attention to the agenda item concerning the Terms of Reference for the Evaluation of WIPO's External Offices. We underscore that any evaluation framework adopted by this Committee must address the performance of external offices on the basis of their demonstrated ability to achieve development impact, foster regional outreach and deliver concrete capacity-building outcomes for both the host country and the broader subregion they serve. These criteria are important, as they reflect the very purpose for which external offices were established in the first place. We also support continued efforts to strengthen multilingualism and promote equitable geographical representation across the Organization's workforce, programs and services. Chair, as we proceed with our deliberations, the African Group remains committed to working collaboratively with all delegations to ensure outcomes that further strengthen WIPO as an effective, inclusive and responsive specialized agency of the UN in the service of the global IP system. We look forward to fruitful discussions and assure you of our full cooperation. Thank you, Chair.

15. Russian Federation: The Russian Federation has the honor to deliver this statement on behalf of the Group of Central Asian, Caucasus and Eastern European Countries (CACEEC). We are delighted to greet you, Chair, and your Vice Chairs. We trust that the session will be marked by constructive and substantive work. We would also like to express our gratitude to the Director

General, Mr. Daren Tang, for his statement during the opening of the session and to the Secretariat for organizing the meeting and preparing the working documents. We attach particular importance to the reporting work of the Organization, including the collection and analysis of statistical data, income and expenditure forecasting, and also the degree to which performance indicators have been achieved, with regard both to international registration systems, in particular, and overall administrative and financial management. With regard to the topics and documents that the Committee is expected to consider this week, we are paying particular attention to the WIPO Performance Report (WPR) 2024/25, the implementation of JIU recommendations, the Annual Report by the Director IOD, and the Annual Report on Human Resources. Our Group would also like to note the importance of discussing the Medium-term Strategic Plan, which will expire at the end of this year. We believe it advisable to take a decision on its formal extension. In the context of the WPR, we would like to underscore that using new technologies in the Organization’s work with a view to make savings and increase productivity should not have an impact on the quality of the Secretariat’s work. In particular, the results of the use by the Secretariat of modern tools such as AI in translation and interpretation still fall far short of the high degree of linguistic accuracy and literacy expected by Member States in WIPO documents and products. The output of such tools, therefore, requires constant and careful verification and editing by humans. Given the Organization’s consistently good financial indicators, reflected in the relevant reports of the Secretariat, we have serious doubts about the need to make such savings at the expense of translation in the six official languages. To conclude, allow me to assure you that our Group stands ready to participate actively in constructive discussions on the agenda items and to make a significant contribution to the Committee’s work, to ensure that the global IP system works for the good of all and that WIPO continues to lead the way and maintains its status as one of the most effective organizations in the UN System.

16. Albania: Honorable Director General, Distinguished Chair, Dear Colleagues, Albania has the honor to deliver this opening statement on behalf of the Group of Central European and Baltic States (CEBS). Let me begin by expressing our sincere thanks to you, Chair, and the Vice Chairs for your effective leadership. Under your continued guidance, we are confident that this 40th session of the Program and Budget Committee will be a success. You can count on the full support and collaborative spirit of the CEBS Group. We also extend our appreciation to the Secretariat for its extensive preparatory work and for ensuring the timely distribution of high quality documentation. As this is a non-budgetary year, the CEBS Group looks forward to a thorough and constructive review of WIPO’s performance, accountability framework and financial reporting. We are grateful to the IAOC, the IOD and the External Auditor for their vital reports and we look forward to examining them in detail. The members of the CEBS Group remain firmly committed to inclusive, balanced and transparent human resources management. Despite ongoing discussions, our region continues to face significant and persistent underrepresentation in WIPO’s personnel. We attach the highest importance to the effective implementation of the geographical diversity action plan. In this context, we look forward to substantive discussion of the Annual Report on Human Resources, with the aim of assessing concrete progress towards achieving equitable geographical balance, particularly in senior positions. Furthermore, in the context of the performance and financial reviews before us this week, the overwhelming majority of CEBS members continue to express a profound concern over the ongoing operation of the WIPO External Office in Moscow. In line with our long-standing position, we expect full transparency regarding its activities and deliverables. In this regard, we will closely scrutinize the data provided by the WPR for the 2024/25 biennium. We firmly believe that the oversight of all external offices must align strictly with the broader geographical representation and institutional integrity of this Organization. Chair, let me assure you of the constructive, substantive engagement and support of the CEBS Group throughout this intensive week ahead. Thank you.

17. Saudi Arabia: Thank you, Chair. The Kingdom of Saudi Arabia has the honor to deliver this statement on behalf of the Asia and the Pacific Group (APG). At the outset, the Group would like to express its appreciation to you and to the Vice Chairs for your able leadership in guiding the work of this session. The Group thanks the Director General for his opening remarks and commends the Secretariat for the timely preparation and comprehensive presentation of the documents under consideration during this session. The APG underscores the critical importance of WIPO's oversight framework. We deeply appreciate the valuable contributions of the IAOC, the External Auditor and the IOD. Their work enhances transparency, reinforces accountability and contributes to continuous improvement of the Organization's governance and performance. We encourage the Secretariat to continue addressing the observations and recommendations contained in these reports in a timely and effective manner. The Group welcomes the opportunity to review the Organization's performance during the 2024/25 biennium and looks forward to discussions on the WPR, financial management, accountability, risk management and internal controls. The Group reaffirms its support for WIPO's development-oriented work. We underscore the importance of technical assistance, capacity-building and policy support that are aligned with the Sustainable Development Goals (SDGs) and the Development Agenda Recommendations. These efforts remain essential to enable developing countries, LDCs and countries in transition to harness the benefits of the IP system for inclusive and sustainable development. The Group supports the Director General's intention to formulate the next MTSP together with the next senior management team. Recalling Regulation 1.3 of the WIPO Financial Regulations and Rules, which states clearly that it is the prerogative of the Director General to determine the planning period of the MTSP, the APG has full confidence in the Director General's decision-making in guiding the work of WIPO from the current MTSP to the next. The APG remains committed to engaging constructively with all delegations and looks forward to productive discussions on all agenda items before the Committee. In conclusion, the APG reaffirms its commitment to continued dialogue and cooperation among all stakeholders. Thank you, Chair.

18. China: Thank you, Chair. Good morning, colleagues. It is a pleasure to attend in Geneva, on this sunny and peaceful Monday morning, the only session of this important Committee this year. First of all, on behalf of the Delegation of China, I would like to congratulate you on your election as Chair of the 40th Session of the Program and Budget Committee. China will fully support you in your work. We also congratulate the Vice Chairs on their election. China thanks Director General Daren Tang for his brief introduction just now. We also thank the Secretariat for the preparations made for this session, especially for the extensive and productive communication with Member States beforehand, and for the efforts made to ensure the smooth conduct of today's hybrid meeting. Chair, over the past year, under the leadership of Director General Daren Tang, WIPO has once again made positive progress in a number of areas, including revenue, delivery of results, and overall performance management, which China highly appreciates. In 2025, amid increasing instability, uncertainty and unpredictability in the global economy, revenue from the PCT and Madrid Systems remained broadly stable, while revenue from the Hague System continued to grow. At the end of last year, the Organization's net assets reached a record 880 million Swiss francs, laying a solid foundation for its steady operation and future development. According to the WPR 2024/25, the overall proportion of ERs assessed as achieved or partially achieved during the biennium was 88 per cent. Last year, WIPO also made substantial investments and achieved good progress in the areas of IP cooperation, the promotion of economic and social development, and the implementation of the SDGs, effectively enhancing the Organization's standing and influence within the UN family and the international community. Chair, sound financial conditions and performance management are among the foundations and key pillars of WIPO's governance and operations, and China has always attached great importance to the work of this Committee. This session will discuss important documents including the WPR for the previous biennium, the Progress Report on the Implementation of the Joint Inspection Unit (JIU) Recommendations, and

the annual reports of the IOD and the External Auditor. China stands ready to work with all parties in a constructive spirit and to participate actively in consultations on all agenda items at this session. We are confident that, under your strong leadership, this year's session of the Program and Budget Committee will be a complete success. Thank you, Chair.

19. Nigeria: Thank you, Chair. Nigeria endorses the statement delivered by the distinguished Delegation of South Africa on behalf of the African Group. The Program and Budget Committee occupies a unique and consequential role within the WIPO governance architecture. It is in this Committee that the Organization's stated priorities are either given real substance through adequate resources or quietly diminished through the choices that budgetary frameworks make on behalf of Member States. We reaffirm that WIPO's mandate as a specialized agency of the UN System carries with it a fundamental development responsibility, one that must be reflected not merely in the language of program documents but in the concrete allocation of resources to technical assistance, capacity-building and institutional strengthening for developing countries and LDCs. We call for Development Agenda Recommendations to be treated as substantive performance benchmarks within WIPO's results-based management framework. Chair, Nigeria wishes to speak with particular attention to the item concerning the Terms of Reference for the Evaluation of WIPO's External Offices. This item takes on added significance for my Delegation in light of the recent visit to Nigeria by the Director General, during which he officially inaugurated the WIPO Nigeria Office after it had been in operation for several years. That visit and the high level engagement it represented was a powerful reaffirmation of what an external office can and should mean, a living bridge between WIPO's global mission and the development needs of the countries and regions it serves. It is in that spirit that Nigeria maintains that the terms of reference we consider at this session must evaluate WIPO's external offices on the basis of their demonstrated ability to achieve development impact, regional outreach and capacity-building outcomes for the host country and the broader subregion. These are not secondary considerations to be subordinated to administrative or cost efficient metrics. They are the core mandate against which performance must be measured. Nigeria looks forward to productive and substantive deliberations across all items before this Committee and I assure you of my Delegation's full and constructive cooperation throughout this session. Thank you, Chair.

20. Republic of Korea: Thank you, Chair. The Delegation of the Republic of Korea would like to thank the Chair and Vice Chairs for your contributions to this session and also thank the Director General for his opening remarks. We also extend our appreciation to the Secretariat for its dedicated efforts in preparing this PBC session. We thank the Delegation of Saudi Arabia for delivering the opening statement on behalf of the APG. The Republic of Korea aligns itself with the statement. Chair, the Republic of Korea welcomes WIPO's continued financial stability and overall positive performance, despite ongoing global economic uncertainty. Such stability is particularly important, given WIPO's significant reliance on revenue from its global IP services, including the PCT, Madrid and Hague Systems. We also take note of the findings reflected in the WPR and IOD report. While recognizing the Organization's achievements, we believe that effective resource utilization, sound internal controls and the timely implementation of oversight recommendations remain essential to preserving Member States' confidence. We look forward to further consideration of these matters under the relevant agenda items. The Republic of Korea believes that the PBC plays a central role in ensuring that WIPO remains financially sound, operationally effective, efficient and transparent, and responsive to the needs of all Member States. We also recognize the important contribution of WIPO external offices in bringing the Organization's services closer to users, strengthening engagement and supporting Member States in making effective use of the global IP systems. In this regard, we encourage future discussion to proceed in a practical, evidence-based and service-oriented manner, taking into account user needs, regional demands and the effectiveness of WIPO's global service delivery. The Republic of Korea looks forward to

productive and consensus-based discussions throughout this session. We remain committed to working with the Secretariat and all delegations to support WIPO's sound management, financial sustainability and continued leadership in the global IP systems. Thank you, Chair.

21. Egypt: Thank you, Chair. The Delegation of Egypt aligns itself with the statement made by the Delegation of South Africa on behalf of the African Group. We would like to congratulate you and the Vice Chairs on your election. We are confident that you will ably lead the Committee in the conduct of its work. Egypt appreciates the support provided by the various country groups for your election. We would also like to thank the Director General for his opening statement and the Secretariat for its valued efforts in preparing this session and the important documents submitted for its consideration. Chair, over the past few years WIPO has achieved financial restraint, sound governance and a strong response to risks. The financial audit for the 2024/25 biennium reflects this: WIPO achieved a net operational profit of 144 million Swiss francs in addition to investment gains estimated at 98 million Swiss francs. In addition, it fully achieved 75 per cent of its KPIs. Overall, the Report by the External Auditor on the WIPO Financial Statements, the Annual Report by the Director of the Internal Oversight Division (IOD) and the Progress Report on the Implementation of the JIU Recommendations reflect positively on the Organization's commitment to accounting standards and the ongoing implementation of oversight body recommendations. The Delegation of Egypt looks forward to WIPO maintaining its current financial and management performance in the framework of its program of work and MTSP, in order to enhance WIPO's central role in serving Member States and the community of innovators and creators. In this regard, Egypt attaches importance to the following points: (1) the Organization's ability to adapt to international geopolitical and economic challenges and respond to related risks, especially with regard to the sustainability of IP filings and administration – Egypt welcomes the proposed amendments to the investment policy as an important step in this direction; (2) the responsiveness of the international registration systems and their services to client needs, and the optimal use of AI in a way that does not affect quality considerations and legal certainty; (3) strengthening local capacity and continuing to respond to the priorities of Member States and the development concerns of developing countries and LDCs, including through implementation of the Development Agenda Recommendations and the related performance indicators; (4) proactively addressing emerging issues and relevant policy challenges in relation to IP, so as to contribute to the stability of the global IP system and make it more effective and balanced; and (5) continuing investment in the Organization's human resources and adapting to the rapid development of AI, including the opportunities it offers to reshape and redesign functions and tasks, as well as the importance of achieving greater geographical balance in the Organization's posts. In conclusion, the Delegation of Egypt looks forward to constructive discussions on all items on the Committee's agenda and to fruitful results from its work. Thank you.

22. Iran (Islamic Republic of): Thank you, Chair. We congratulate you on your election and thank the Director General for his insightful opening remarks, as well as the Secretariat for the preparation of this session. My Delegation aligns itself with the APG statement. WIPO's financial position remains robust. The challenge before Member States is to ensure that this strength translates into tangible benefits for all regions through balanced program delivery, equitable access to WIPO services and effective support for the diverse needs of Member States. We welcome the prudent financial stewardship reflected in the results for the 2024/25 biennium and the transparent reporting that enables Member States to exercise their oversight responsibilities. Transparency, accountability and results-based management remain essential to maintaining the confidence of Member States and ensuring the effective use of the Organization's resources. We also emphasize the importance of ensuring that WIPO resources continue to support development-oriented activities, including technical assistance, capacity-building and support for national innovation ecosystems. For many developing countries, meaningful participation in the global IP system

depends not only on access to services but also on sustained institutional support and technical coordination. With regard to external offices, where no office exists, IP practitioners, institutions, innovators and entrepreneurs do not benefit from the same level of proximity and institutional support available elsewhere. Entire subregions remain outside this network. We believe addressing these gaps would contribute to a more balanced and inclusive implementation of WIPO's mandate and strengthen the Organization's ability to respond to the needs of all Member States. Iran's position remains straightforward. The mandate and guiding principles already agreed by Member States provide a sufficient basis to conclude the terms of reference. Iran stands ready to engage constructively on all remaining issues. We note that these negotiations have now entered their sixth year. While our preference remains a consensual conclusion at this session, should consensus be unattainable through this approach, the Committee may need to consider alternative approaches for the General Assembly's consideration. On human resources, Iran welcomes continued efforts to strengthen organizational effectiveness and modernize work force management. These efforts should continue to be guided by the principles of transparency, accountability, merit and inclusiveness. At the same time, the Annual Report on Human Resources confirms that developing regions remain underrepresented. We encourage the Secretariat to build on existing initiatives and to report regularly on the concrete progress toward improving geographical balance across the Organization, consistent with the objective of ensuring that the WIPO workforce reflects the diversity of its membership. Chair, WIPO's financial strength is a means to advance its mission. The decisions taken by this Committee should help to ensure that the benefits of innovation, creativity and the IP system are shared more broadly and more equitably among all Member States. Iran remains ready to engage constructively toward that objective. Thank you.

23. Indonesia: Thank you, Chair. At the outset, Indonesia congratulates you on your appointment to chair this 40th Session and assures you of its full support and cooperation. Indonesia also wishes to thank the Director General of WIPO for his remarks and continued leadership. We further thank the Secretariat for its comprehensive preparation of this Session of the PBC. Indonesia aligns itself with the statement delivered on behalf of the APG. Indonesia commends WIPO's continued sound financial management and resilient performance amid considerable global economic uncertainty. We note that the Organization maintains a strong financial position in 2025, with a surplus of 84.5 million Swiss francs and net assets of 884.3 million Swiss francs, reflecting the continued resilience of and confidence in WIPO's global Intellectual Property services. At the same time, Indonesia underlines that the strength of WIPO's finances must translate into tangible development outcomes. The development dimension lies at the very heart of WIPO's mandate, and a healthy financial position should be seen as an opportunity to further strengthen technical assistance, capacity-building, technology and knowledge transfer, and support for developing countries and LDCs, consistent with the WIPO Development Agenda and the principle of leaving no one behind. Sustained investments in development cooperation will not only help to bridge existing capacity gaps, but also enable all Member States to participate more effectively in the global innovation ecosystem. Indonesia also encourages WIPO to continue maintaining a prudent balance between ensuring long-term financial sustainability and adequately investing in development-oriented programs that respond to the evolving needs and priorities of Member States. Thank you, Chair.

24. Pakistan: Thank you, Chair. At the outset, we would like to congratulate you, Your Excellency, Ambassador Alaa Hegazy, Permanent Representative of Egypt, on your election and express our confidence in your stewardship of this meeting. Pakistan aligns itself with the statement delivered by the Delegation of Saudi Arabia on behalf of the APG. We thank the Director General for his opening remarks and the Secretariat for the preparation of documents for this meeting. My Delegation is pleased to note the overall healthy status of the Organization as outlined in the WPR and as contained in other documents presented by the Secretariat. This is a result of prudent

financial and investment management, which is key to long-term financial sustainability. We appreciate WIPO's efforts towards ensuring efficiency gains and cost-saving measures without compromising on programmatic ambition and developmental objectives. My Delegation also takes note of the ongoing efforts to strengthen transparency, inclusiveness and results-based management in line with the MTSP 2022-2026. Chair, Pakistan supports the translation of WIPO's budgetary successes into the prioritization of capacity-building and technical assistance initiatives in the Program of Work and Budget and the use of IP as a tool to advance the SDGs. We support the need for development considerations to occupy a central place in the Organization's program delivery and believe that elevated levels of development-related expenditure would reflect an inclusive vision for the Organization. My Delegation considers it pivotal that the allocated funds be utilized to further support mechanisms that facilitate technology transfer, innovation, inclusive digital infrastructure and IP commercialization aimed at bridging the innovation gap. On the finalization of the Terms of Reference for the Evaluation of WIPO External Offices, we look forward to engaging in discussions in line with the guiding principles adopted by the 2015 WIPO General Assembly. In closing, Pakistan looks forward to constructive engagement with all Member States and assures you of our full support. Thank you.

25. Ukraine: Thank you, dear Chair, dear Director General. The Delegation of Ukraine aligns itself with the statement delivered by the distinguished Delegation of Albania on behalf of the CEBS Group. The Delegation of Ukraine expresses its sincere appreciation to you, Chair, the Vice-Chairs and the Secretariat for the excellent preparation of this Committee Session. Ukraine also thanks the Director General Daren Tang for his opening remarks and the WIPO team and oversight units for their hard efforts and strong deliverables. Ukraine attaches great importance to the work of the PBC, and we welcome the comprehensive reports and preparatory work of the Secretariat and WIPO oversight units, which provide an important basis for our discussions this week and contribute to strengthening WIPO's institutional integrity, transparency and accountability. At the same time, Ukraine must underline that no discussion of institutional performance, budgetary transparency or accountability can be fully detached from the broader context in which this Organization operates. Russia's full-scale military invasion of Ukraine has now entered its 1,573rd day. This is more than four years and three months of Russia's illegal, unprovoked and unjustified full-scale military invasion, and the full-scale phase alone has now lasted longer than the duration of the First World War. On the night of June 15, just as this Committee was about to convene, the Russian Federation allowed another massive, combined attack against Ukraine using 681 aerial attack assets. Among the sites hit was the Kyiv-Pechersk Lavra, a UNESCO world heritage site and one of the most important Christian shrines. The attack caused a fire at the Dormition Cathedral and damaged at least five monuments of national significance. In Kharkiv, a repeated Russian strike hit emergency responders while they were extinguishing a fire, killing and injuring rescuers. Dear Chair, according to the fifth rapid damage and needs assessment report conducted jointly by the Government of Ukraine, the World Bank Group, the European Commission and the UN, Russia's full-scale invasion of Ukraine has caused 666.7 billion US dollars in total social and economic losses as of the end of 2025. These numbers illustrate the scale of devastation caused by the aggressor and the magnitude of the challenges faced by Ukraine, its people and its institutions. In this regard, Ukraine reiterates its profound concerns regarding the continued operation of the WIPO External Office in Moscow. The continued presence of the WIPO External Office in the capital of a State that is conducting a war of aggression, violating the UN Charter, attempting to illegally annex parts of the territory of another WIPO Member and destroying the Member State's innovation and creative ecosystem remains deeply incompatible with the institutional integrity of this Organization. Ukraine also underlines that all WIPO activities, platforms and projects must respect Ukraine's sovereignty, independence and territorial integrity with its internationally recognized borders, in line with the relevant decision of the WIPO Assemblies and the UN General Assembly resolutions. Furthermore, we reiterate that the Russian Federation must

bear the legal consequences of all of its internationally wrongful acts and must be denied any privileges and honors within WIPO. Chair and distinguished Delegates, we remain grateful to the Secretariat and to all WIPO Member States that continue to demonstrate solidarity with Ukraine and support for our innovators, creators and IP community. Ukraine stands ready to engage constructively in the work of this Committee throughout this week. Thank you, Chair.

26. Brazil: Thank you Chair, and good morning, colleagues. The Delegation of Brazil aligns itself with the intervention delivered by the distinguished Delegation of El Salvador on behalf of GRULAC. We wish to thank the Director General of WIPO, Mr. Daren Tang and his team for the preparation of this Session and to congratulate you, Ambassador Alaa Hegazy on your election as Chair of this Committee. WIPO's positive financial situation derives from its unique position within the UN family as a service provider. Its dependence on Member States' assessed contributions is almost negligible. Therefore, as Members, we have to use available resources wisely and effectively. The operating results provide a sufficient surplus for future action and should revert to the benefit of Members and the good health of the IP system. WIPO's financial strength should translate into development outcomes advancing the WIPO Development Agenda Recommendations and also this Organization's contribution to the Sustainable Development Goals. Development should be mainstreamed across all WIPO activities and programs and for that, technology transfer is a key instrument to reduce the gap between the have and have-nots. The age-old aspirations of developing countries to increase their share in tech innovation and IP holdings need the support of WIPO to materialize. WIPO external offices perform an important role in supporting and driving innovation and creativity, contributing to the Organization's outreach and helping to address common and global challenges. We believe these offices can extend the reach of WIPO's influence and programs to the benefit of host countries and their regions. They should be supervised and held accountable, as should all of the Secretariat and its units. Brazil is concerned about the administrative decisions on the use of unallocated resources, noting in particular the allocation of approximately 400,000 Swiss francs to establish a new award initiative named the WIPO City Awards, which is not foreseen in the current Program of Work and Budget 2026/27 as approved by Member States in 2025. Available resources should respond to longstanding priorities identified by Member States. Brazil regrets that resources remain insufficient to support the increased participation of representatives of Indigenous Peoples and Local Communities in the work of committees like the IGC and other relevant committees of WIPO. Ensuring meaningful and sustained participation in these processes remains essential for the legitimacy and inclusiveness of our discussions. Brazil welcomes the progress in promoting gender balance and recognizes the Secretariat's continued efforts in this area. At the same time, we underline that balanced geographical representation remains an unfinished objective, especially at the higher levels within the Secretariat's structure. We encourage stronger participation and representation of developing countries in a better regional balance, particularly in senior positions. Brazil notes the use of AI in many areas, notably in translation and interpretation services and in this regard, we think this should help to advance the inclusion of Portuguese as a working language of the Madrid System. Additionally, Brazil wishes to support the temporary extension of the current Medium-Term Strategic Plan for a limited period, allowing sufficient time for the preparation of a robust and inclusive new strategic framework with the incoming leadership team. This approach is consistent with the views previously expressed by the Director General. Taking this decision in this PBC and the WIPO Assemblies ensures institutionality and strengthens respect for the Member State-driven nature of this Organization. We emphasize the importance of ensuring meaningful consultation with Member States in the formulation of the next MTSP. On substance, the future strategic framework should continue to strengthen the implementation of all WIPO Development Agenda Recommendations and to advance the Sustainable Development Goals, including for measures that promote more equitable access to emerging technologies. Thank you.

27. Albania: Albania is honored to deliver this statement on behalf of the CEBS Group. The CEBS members reiterate in the strongest possible terms our condemnation of Russia's unprovoked and unjustified war of aggression against Ukraine which constitutes a blatant violation of international law and the UN Charter. We continue to demand the immediate and unconditional withdrawal of all military forces from the entire territory of Ukraine within its internationally recognized borders. We express our deepest concern over the ongoing and systematic attacks targeting civilian infrastructure across Ukraine. These actions not only cause immense suffering to the Ukrainian people but also aim to destabilize the country's socioeconomic fabric. As we gather in this committee to advance a global IP ecosystem that bolsters innovation and creativity, we cannot ignore the devastating reality on the ground. For more than four years, this brutal full-scale war has inflicted unprecedented and systematic damage on Ukraine's innovation landscape, its research institutions and the national infrastructure safeguarding IP development and protection. Under these persistent circumstances, the CEBS members remain profoundly concerned regarding the continued operation of WIPO's External Office in Moscow. It is deeply contradictory for a country that continuously violates international law, undermines multilateralism and actively destroys the IP system of a neighbor to host an official presence of this Organization. To conclude, the CEBS members reaffirm our steadfast support for the relevant UN General Assembly resolutions, including ES11/1 and ES11/4 condemning the aggression and the attempted illegal annexation of Ukraine's territories. No territorial acquisition resulting from the threat of or use of force will ever be recognized as legal. On behalf of CEBS members, let me reiterate our unwavering solidarity with the Ukrainian people and our continuous and resolute support for the sovereignty, independence and territorial integrity of Ukraine within its internationally recognized borders. Thank you, Chair.

28. United Kingdom: Thank you, Chair. I'm honored to deliver this statement on behalf of the following group of like-minded countries: Australia, Albania, Austria, Belgium, Bulgaria, Canada, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Latvia, Lithuania, Luxembourg, Malta, Republic of Moldova, Monaco, the Kingdom of the Netherlands, New Zealand, Norway, Poland, Portugal, Romania, Slovenia, Spain, Sweden, Switzerland and the United Kingdom. This group of like-minded countries expresses its full solidarity with Ukraine and reaffirms its support for Ukraine's sovereignty, independence and territorial integrity within its internationally recognized borders. Russia's continued strikes on Ukraine's civilian and critical infrastructure, including IP assets, are deeply concerning. We demand that the Russian Federation immediately stop its aggression against Ukraine and cease all violations of international law. Russia must instantly and completely withdraw its troops from the entire territory of Ukraine. This group of like-minded countries remains committed to ensuring that the Russian Federation and its leadership are held fully accountable for waging a war of aggression against Ukraine and for the extensive damage caused by its war. The negative impacts on the Ukrainian IP ecosystem were reported by WIPO in document A/66/8. We welcome the decision adopted during the 65th series of the meetings of the Assemblies of the Member States of WIPO under Agenda Item 18, Assistance and Support for Ukraine's Innovation and Creativity Sector and Intellectual Property System. The aligned Member States attach great importance to the full implementation of this decision. We also reaffirm our continued support for WIPO's assistance and support for Ukraine's innovation and creativity sectors and IP system. Thank you.

29. Russian Federation: The Russian Federation in its national capacity would like to exercise its right of reply and say the following. Once again, participants in WIPO meetings are forced to bear witness to this forum being misused by certain delegations. For this small group of countries, it is of absolutely no significance what body is meeting, what its mandate is, or what issues are on its agenda, because the arguments being put forward remain essentially the same each and every time. However, the fact that this has become a kind of tradition at WIPO, which does not signify in

any way that this is a healthy practice or that it complies with WIPO's rules of procedure. It cannot become the norm to hear accusations that bear no resemblance to reality, to have military political reports presented, or to hear endless politicized slogans. Russia will not relent in curbing attempts to present a distorted picture of the state of play as regards the situation in Ukraine. The Russian Federation is acting in full compliance with international law. It is continuing to responsibly fulfill its international obligations and remains a reliable partner. At the same time, when it comes to protecting its interests and the rights of citizens, the Russian Federation is ready and willing to use all means and opportunities at its disposal. We call for respect for WIPO's mandate, constructive dialogue and the non-politicization of our work. Thank you.

30. South Africa: Thank you, Chair. South Africa aligns itself with the statement previously delivered on behalf of the African Group. We thank the Secretariat in our national capacity for the extensive work they have undertaken. We welcome the progress made in enhancing prudent financial management across the Organization. In our view, these measures help to position the Organization better for the future, particularly in the face of an evolving global environment characterized by economic uncertainty and technological change. The progress in improving operational efficiency is encouraging, as are WIPO's investments in digital transformation, business process reengineering and customer service improvements. In our view, this will go a long way to strengthening service delivery while generating efficiencies and cost savings. As WIPO advances its digital transformation agenda, it is important that such innovations are also responsive to the varying capacities and needs of Member States, particularly developing countries and LDCs. We also welcome the Director General's emphasis on strategic foresight and future growth. The establishment of the task force for future growth is a positive step. In our view, it should help us to anticipate long-term trends and position WIPO to remain resilient and relevant in the years ahead. This is also vital for anticipatory governance. We also recognize that the future growth of the registration systems is closely linked to the development of strong innovation and entrepreneurial ecosystems and we welcome the increasing focus on this important dimension of WIPO's work. By supporting innovators, creators, SMEs, universities and research institutions, WIPO in our view is helping to build the next generation of users of the global IP systems. WIPO's growing portfolio of practical tools and platforms, namely WIPO GREEN, technology and innovation support programs, and entrepreneurship support and creative economy initiatives should contribute towards translating IP into tangible opportunities on the ground, including for youth and women-led MSMEs. South Africa will work with all Members to explore ideas on taking some of these initiatives forward as we ensure that WIPO delivers in strengthening a balanced and inclusive global IP system. Thank you, Chair.

31. Malaysia: Thank you, Chair. Malaysia extends its warm congratulations to you, Ambassador Alaa Hegazy of Egypt, on your election as Chair of the 40th Session of the PBC. We are confident that under your able leadership our deliberations will be conducted efficiently and constructively. Malaysia assures you of its full support and cooperation. Malaysia aligns itself with the statement delivered by the APG and wishes to highlight the following in our national capacity. Malaysia also wishes to thank the Secretariat for the preparation of the documents before us and for its continued effort in supporting the work of the Committee. As WIPO's principal body responsible for oversight of program performance, budgetary matters and resource allocation, the PBC plays a critical role in ensuring that the Organization remains effective, accountable and responsive to the needs of Member States. Malaysia, therefore, looks forward to engaging constructively on the various agenda items before us. In this regard, Malaysia attaches importance to transparency, accountability and sound financial management in the implementation of WIPO's programs and activities. We believe that prudent stewardship of resources, coupled with clear reporting and results-based management, is essential to maintaining the confidence of Member States and ensuring that WIPO continues to deliver tangible benefits to all. As we consider the matters before

us relating to the Program of Work and Budget 2026/27, Malaysia encourages a balanced approach that safeguards WIPO's financial health while ensuring that adequate resources remain available to support capacity-building, technical assistance and development-oriented activities, particularly for developing countries. Chair, Malaysia remains committed to working constructively with all Member States and the Secretariat to ensure a successful outcome of this Session. We look forward to a productive discussion to advance the work of the Committee in the spirit of cooperation and consensus. Thank you, Chair.

32. Peru: Chair, Director General, the Delegation of Peru would like to congratulate you on your stewardship of this 40th Session of the PBC and thank the Secretariat for the timely preparation of the documents submitted for consideration by the Member States. In this regard, Peru aligns itself with the statement made by El Salvador on behalf of GRULAC. My delegation reaffirms its firm commitment to a WIPO that is efficient, transparent, and development-oriented, and that continues to respond in a balanced manner to the needs and interests of all Members. In a context marked by profound technological and economic changes, we believe that it is vital that WIPO continues strengthening its capacity to adapt and innovate while protecting the principles of good governance, financial sustainability and accountability that underpin the Organization's credibility and robustness. Peru welcomes the efforts made by the Secretariat to strengthen WIPO's institutional and financial management, including in relation to investment policy, the sustainability of long-term obligations, and the strengthening of oversight and risk management mechanisms. We also wish to underscore the importance of ensuring that technical cooperation and capacity-building continue to play a central role in the Organization's activities, particularly for the benefit of developing countries. For my Delegation, it is vital that IP continues to be promoted as a tool to foster innovation, competitiveness, entrepreneurship and inclusive development. In this regard, Peru deeply values the cooperation of WIPO with Latin America and reaffirms its interest in continuing to strengthen initiatives related to innovation, digitalization, technology transfer and support for small and medium-sized enterprises, universities, young people, and women innovators. My delegation will participate in the discussions during this Session in a constructive, flexible and consensus-oriented manner, with the aim of contributing to the strengthening of the Organization and the effective fulfillment of its mandate for the benefit of all Member States. Thank you.

ITEM 3. REPORT BY THE INDEPENDENT ADVISORY OVERSIGHT COMMITTEE (IAOC)

33. Discussions were based on document WO/PBC/40/2.

34. Chair: Now we will take Agenda Item 3, Report by the Independent Advisory Oversight Committee (IAOC), contained in document WO/PBC/40/2. In accordance with their terms of reference, the IAOC submits written reports on its activities to the PBC. I am pleased that we are joined by the IAOC Chair and Vice Chair. I now invite the IAOC Chair, Mr. Kamlesh Vikamsey, to present the report.

35. IAOC Chair: Thank you, Chair, distinguished Ambassadors, Excellencies and Delegates. My name is Kamlesh Vikamsey and I am Chair of the IAOC. The Vice Chair of the Committee, Mr. Danil Kerimi, has also joined me for this presentation. I will provide a brief overview of the important activities of the IAOC that are described in our annual report (document WO/PBC/40/2). This report covers the period from March 29, 2025, to March 20, 2026, and reflects the work of the Committee across four sessions. The Committee is a subsidiary body of WIPO's General Assembly and the PBC, serving these bodies in an independent expert advisory capacity. Its mandate covers financial reporting, risk management and internal controls, external audit, internal oversight and ethics. The Committee comprises seven members drawn from the seven regional groups. During the reporting period, it was fully constituted, functioned effectively in accordance with its terms of reference and

continued its practice of briefing Member States following each session. Progress has also been made towards improving diversity within its composition. Let me now highlight key elements of our work during the period. With regard to internal oversight, the Committee reviewed the implementation of the IOD 2025 work plan, which was on track, and reviewed a range of audit, evaluation and advisory reports. We were regularly apprised of investigation cases. As regards investigation cases, in paragraph 15 of the IAOC annual report, we have reported that, as of December 2025, there were four outstanding matters under preliminary evaluation. This is incorrect. There were six matters and not four. We regret that this error was kept in our annual report. The Committee noted continued progress in the management and timely closure of investigation cases and discussed measures to address repeat complaints to ensure efficient use of oversight resources. The Committee also reviewed procurement-related audit findings which identified areas requiring improvement and advised that they be addressed expeditiously with robust controls and monitoring. With regard to external audit, the Committee engaged regularly with the External Auditor, the Audit Board of Indonesia, and reviewed their audit planning and progress. The External Auditor provided an unqualified audit opinion on WIPO's financial statements and regularity and confirmed compliance with IPSAS. The Committee also noted continued follow-up of audit recommendations and the focus on key risk areas, including revenue recognition, fraud risk and IT controls. With regard to cybersecurity, the Committee reviewed regular updates on information security, including key risks, incidents and mitigation measures. The Committee emphasized the importance of the timely remediation of identified vulnerabilities and continued strengthening of the Organization's overall security posture. With regard to financial reporting, the Committee reviewed the 2025 financial statements, which reflected a surplus, and which were assessed as comprehensive and of high quality. The Committee also reviewed developments relating to the ASHIP and related governance arrangements, as well as upcoming IPSAS developments, which are not expected to have a significant financial impact. Turning to risk management and internal controls, the Committee reviewed WIPO's risk framework and heat maps, including key risks such as cybersecurity, data breaches, investment volatility and potential reductions in income linked to global developments. The Committee also reviewed progress in the AIMS Transformation project and discussed governance, risk management and implementation challenges associated with this major ERP implementation. The Committee further reviewed the results of a fraud risk assessment conducted by an external expert, which indicated that the Organization's exposure to fraud is relatively limited. At the same time, the Committee continues to monitor ongoing efforts to strengthen anti-fraud frameworks, including policies, awareness, and analytical tools. The Committee also reviewed the proposed revision to the WIPO accountability framework, which is being submitted to this session. With regard to data governance and AI, the Committee reviewed ongoing initiatives, including governance structures, policies and oversight mechanisms related to the use of AI in the Organization and requested regular updates in these areas. With regard to the implementation of oversight recommendations, the Committee continued to monitor progress closely. We note sustained efforts by the Secretariat, resulting in a reduction both in the number and the aging of outstanding recommendations. With regard to ethics and the ombudsman function, the Committee reviewed the work of the Ethics Office and noted a sustained high level of advisory activity, particularly in relation to outside activities and workplace issues. The Committee also noted the transition of the ombudsman function to the Office of the United Nations Ombudsman and Mediation Services, effective January 1, 2026, and will continue to monitor developments in this area. With regard to investment governance framework and policies, while not covered in the present annual report, I would like to bring to your attention the fact that, at its 81st session, which was held on May 26 to May 29, 2026, the Committee reviewed updates on the investment governance framework and policies, including proposed amendments to the policy on investments, which is currently under consideration. The IAOC noted that the amendments included a strengthened governance framework, improvements to investment risk management and refinement in investment objectives and strategies. The Committee conducted its annual self-assessment and confirmed that it continues to function effectively in line with recognized good practices. Preparations have also commenced for the next independent external evaluation of the Committee. In conclusion, the Committee will continue to focus on key risk areas, including cybersecurity, fraud risk and emerging challenges related to data governance and AI. On behalf of the IAOC, I would like to express our appreciation to the Director General, the Secretariat and the External Auditor for their cooperation and transparency. I also wish to thank my fellow Committee members for their dedication and commitment on a pro bono basis. These colleagues include the Vice Chair, Mr. Daniel Karimi, Ms. Elena Atanasova, Mr. German Deffit, Mr. Guan Jian, Mr. David Kanja and Mr. Robert Samels. I would also like to thank Mr. Frederick Anthony Samuels, who assisted the Committee with all secretarial administrative matters. I thank you for your kind attention and stand ready to respond to any questions. Thank you.

36. Germany: Group B would like to express its gratitude to the IAOC for its comprehensive report. We once again want to underline the IAOC's decisive and crucial role in the advisory and oversight mechanisms of WIPO. Group B welcomes the continued interaction between the IAOC, the External Auditor, the Secretariat and the Director General on the issues discussed and reviewed. We particularly appreciate the IAOC's engagement with the Director General and senior management on the evolving geopolitical and geoeconomic environment, specifically regarding its impact on WIPO's vital global IP services filing rates. We further value the IAOC's interaction with Member States, especially through the regular briefings following each IAOC session. Group B also appreciates the IAOC's continued attention on cybersecurity management. We note with satisfaction that WIPO's security level based on black box external penetration was assessed as satisfying. We further welcome the IAOC's maintained focus on the importance of AI within WIPO, including risk management and the internal implementation and deployment of initiatives. Our Group positively notes the IAOC's close monitoring of the AI task force. At the same time, we reiterate the need for transparency concerning the operations of this task force. We also acknowledge the IAOC's decision to postpone the review of its terms of reference initially due in 2026 until 2027. This decision allows the IAOC to incorporate observations and recommendations from the 2026 external review of the IAOC's function when reviewing and possibly amending the terms of reference. In the interim, we encourage the IAOC to operationalize the authorization in its terms of reference to meet in a virtual or hybrid format to consider issues through consultations and come to conclusions that will have the same force as conclusions arrived at during its regular sessions, to ensure that all Member States can participate. Lastly, Group B positively notes that the IAOC met with representatives of the Office of the United Nations Ombudsman and Mediation Services to discuss practical arrangements for future collaboration following the transition of the Ombudsman function to that office. However, Group B would welcome more clarity concerning the modalities of this future collaboration, especially considering the increase in demand for Ombudsman services in past years. In closing, Group B reaffirms its continuous support for the IAOC's mandate. We look forward to future reports on the oversight of WIPO's governance. Thank you, Chair.

37. Russian Federation: The Russian Federation has the honor of delivering this statement on behalf of a number of countries of CACEEC. We would like to thank the Committee for preparing this detailed report and greatly appreciate the Committee's practice of holding regular briefings for Member States. Our Group encourages the IAOC to continue monitoring the implementation of the UN80 Initiative at WIPO. Your expertise would assist the Secretariat and Member States in making informed decisions as needed. We would also ask the Secretariat to work actively and cooperate with the IAOC regarding UN80. We would be grateful if the Committee could keep the topics of fraud and corruption under review in light of the persistent systemic risks in those areas. We welcome IAOC's collaboration with the Secretariat on the issue of AI, and hope that in the future

the Committee will present a cost benefit analysis of the use of such systems in WIPO's business processes. There is a need to continue strengthening evaluation at WIPO and the IAOC's experience and opinions in that regard would be extremely useful. In conclusion, CACEEC believes it would be advisable to involve the IAOC in the substance of planning for WIPO's next MTSP. That would contribute to the effective implementation of the Accountability Framework.

38. Albania: Thank you, Chair. The members of the CEBS Group would like to thank the IAOC for the comprehensive information presented in its report. Our Group acknowledges the close and effective cooperation between the IAOC, the IOD and the Secretariat in reviewing internal and external oversight, risk management and financial reporting. The IAOC plays an indispensable role in assisting Member States to fulfill their oversight responsibilities. We take note of the updates regarding WIPO cybersecurity management, data governance and systems. Maintaining the highest standards in these areas is crucial for safeguarding the Organization's operational integrity. Furthermore, the supporting members of the CEBS Group reiterate the great value we place on the IAOC's oversight of human resources management. We encourage the committee to continue monitoring the efficient implementation of the GDAP and the impact of organizational processes with a clear assessment of internal versus external candidate intakes which remains a matter of paramount importance for the Member States who remain underrepresented within WIPO. We thank the members for their dedication and hard work. Thank you.

39. China: Thank you, Chair. China thanks the IAOC for this annual report and thanks the Chair of the IAOC for the introduction, while also congratulating you and the Vice-Chair on assuming your new functions. China commends the Committee for its work over the past year. From the perspectives of audit, oversight, finance and legal matters, the IAOC has provided a large number of independent expert recommendations and has completed its various mandated tasks in a generally smooth manner. China also notes that the IAOC heard reports from the Secretariat on important issues such as WIPO's cybersecurity measures, investment management, data governance, and the integration of AI and IP. China believes that, as an independent body assisting the WIPO Assemblies and the PBC in carrying out their oversight responsibilities, the IAOC can play an even greater role in important areas relating to the Organization's stable operation and long-term development. Finally, we look forward to continuing our cooperation with the IAOC to help the Organization achieve sound development by reviewing the implementation of recommendations and improving relevant governance mechanisms. Thank you, Chair.

40. United States of America: Thank you, Chair. The United States recognizes the IAOC as an essential pillar of WIPO's accountability architecture and has a few questions about the IAOC's work. We request a substantive response either during this session or in writing no later than July 1. While the United States notes WIPO's progress in reducing its outstanding recommendations, 47 remain unimplemented. That's a significant backlog. The IAOC's remit includes financial reporting, and we think this raises a straightforward question: has the IAOC looked at what it has cost WIPO to conduct oversight that the Secretariat refuses to act on? Selective follow-through on oversight recommendations is unacceptable. We also note that six of 34 advisory recommendations from the external Fraud Risk Assessment were not accepted by the Secretariat. The United States requests that the IAOC document its position on each rejection and advise Member States on whether it concurs with the Secretariat's reasoning. Where the IAOC disagrees, we expect that to be stated explicitly, and we should follow up to press the Secretariat to implement these recommendations. Finally, the UN80 Initiative reflects a clear expectation that multilateral institutions reform to remain effective. How is the IAOC proactively identifying opportunities to streamline WIPO's structures, staffing and programming to make the Organization more effective and make the best use of Member State funds? Thank you, Chair.

41. Argentina: Thank you very much, Chair. We would like to thank the IAOC for its continued work and the report submitted. We consider that this is a central element of WIPO's governance, oversight and accountability structures. We particularly value the IAOC's follow-up on the implementation of recommendations made by the Internal Oversight Division, the External Auditor and the JIU. This follow-up is essential to make sure that the recommendations of the advisory bodies are translated into specific institutional improvements. We support efforts towards improving the measurement of results, the evaluation of performance indicators and institutional accountability, and we encourage the Secretariat to maintain fluid communication with the IAOC and to ensure the timely implementation of its recommendations. We also welcome the oversight work that the IAOC has been undertaking on the use of AI tools within the organization. As these technologies are progressively being incorporated into operative and administrative processes, we consider it important to continue strengthening mechanisms for governance, control, transparency and managing the associated risks. We note with interest that the Committee has examined the governance of AI within the Organization, including the AI Task Force, an AI Framework Approach and the AI evaluation group. We would be grateful if the Secretariat could provide us with additional information on their respective mandates, reporting lines and mechanisms for coordination with existing structures for risk management, internal control and oversight. In this regard, we encourage the Secretariat to keep Member States informed regularly on how these governance structures are progressing, the safeguards implemented to ensure responsible use of AI, and lessons learned in the areas of risk management, transparency and accountability. In the area of human resources, we encourage the IAOC to continue devoting attention to issues related to personnel management, including implementing the Geographical Diversity Action Plan (GDAP). In particular, we attach importance to ensuring due transparency in organizational restructuring processes, changes in staffing structures and workforce planning, given their relevance for accountability and the effective functioning of the Organization. We would also like to know what the current situation and planned next steps are with regard to the next independent performance evaluation of the IAOC, including arrangements currently being planned and an estimated timescale for their implementation. Finally, we would like to express appreciation for the regular information sessions that the IAOC organizes with Member States after its meetings. We consider that these exchanges contribute significantly to transparency and to understanding the Committee's work and we encourage their continuation. Thank you very much.

42. Japan: Thank you, Chair. The Delegation of Japan extends its appreciation to the IAOC for its detailed report summarized in document WO/PBC/40/2. The Delegation of Japan aligns itself with the statement delivered by the distinguished Delegation of Germany on behalf of Group B, but we note with some concern the cybersecurity findings in the report. On page 5 of the document, while external penetration testing positively assessed the security level as "satisfying", the insider threat perspective was rated "moderate–high" and only five of 12 remediation recommendations had been implemented by December 2025. We regard this as a potential organizational risk and encourage the Secretariat to further strengthen its preventive and remedial measures. Thank you, Chair.

43. Brazil: Thank you, Chair. The Delegation of Brazil thanks the IAOC for its annual report. Brazil welcomes the increased representation of women within the Committee. In this regard, while noting the report's reference to ensuring a proper mix and balance of skills, expertise and experience in the composition of the Committee, this Delegation wishes to underscore that gender balance should also remain an important consideration in future selection processes. Regarding the section on the impact of AI on IP and the use of AI within WIPO, reflected in paragraphs 38 and 39 of document WO/PBC/40/2, our Delegation welcomes the Committee's engagement on these issues and agrees that they merit continued attention and regular reporting to Member States. At the same time, Brazil underlines the importance of initiatives in this area being the result of

mandates and programmatic frameworks agreed upon by Member States. We note with concern activities such as the Artificial Intelligence Infrastructure Interchange (AIII) and the planned global forum on IP and AI, which were neither specifically mandated by Member States nor reflected in the approved Program of Work and Budget for the 2026/27 biennium. Although we value them, transparency and regular reporting should not be a substitute for mandates given by Member States, in particular on things with growing and widespread implications, such as AI-related issues. Brazil requests that clarification be provided on their objectives, resource implications and alignment with Member States' guidance. Thank you, Chair.

44. Chair: I thank the representative of Brazil. Right now, I don't see any members requesting the floor, so I will give the IAOC Chair, Mr. Kamlesh Vikamsey, a chance to comment on some of the points that have been raised on the report.

45. IAOC Chair: Thank you, Chair. A lot of issues have been raised and a lot of comments have been made. I have taken note of these comments. Firstly, of course, thank you very much for commending the work of the IAOC. We do work as per our terms of reference and in line with the expectation of Member States as to what should be the major areas to be looked at in order for the Organization to move along the right path. Having said that, some of the issues which were raised, particularly on, for example, AI, we take note of. AI is developing. It is an ever-evolving technology and its use cases are developing, too. Threats are likewise developing because of the dangers of AI technology. We are watching that closely and we are pushing management to keep a watch on these issues and to brief us on what the Organization is doing, first, to harness the technology and, second, to look at whether there are any threats and how to address those threats. Thank you very much for all the suggestions given on AI. We will continue to engage with the Secretariat on this particular topic. Coming to a request which was made regarding the sessions that we hold with Member States after every session of the IAOC, we have already decided that they should be in hybrid mode and that there should be more and more participation by Member States so that we can get feedback. What is important is that, instead of getting annual feedback from Member States, for example in the PBC or the General Assembly, after every session, when we engage with the representatives of Member States, we get a lot of feedback to feed into our work, as well as that of the IAOC. Coming to the UN Ombudsman and Mediation Services, we are also keeping close track of the new arrangement which WIPO has made. These are early days. It only started in January. We have asked the representative of the UN Ombudsman and Mediation Services, who is briefing us and who is working in WIPO, to tell us how the arrangements will work. As soon as we hear about and look at the activities of the WIPO Ombudsperson, we will comment on this function to Member States and the PBC. Coming to the UN 80, a good point was made. We definitely take that into account because it is a laudable objective and therefore we keep track of what is developing in the Tribunal; of course, if we ourselves have any suggestions, we will definitely make suggestions on the Tribunal, too, so that there is complementarity and there is use of common UN services to make things more cost-effective and more efficient and effective. On evaluation, the IAOC has also been pointing out that the function needs to be strengthened. I'm happy to report that the Head of the Evaluation Section is on board, and therefore we also want to focus on evaluation. We want to see that the function blooms and that it gives the Organization results. We will also look at the HR issues that have been raised, especially on diversity and other aspects, so we take note of that suggestion and we will brief you in our future meetings. Coming to the United States of America, of course we will respond to each and every one of the questions you have raised. We closely monitor outstanding recommendations, and what we do is that we look at the high-risk items and long overdue items and we keep questioning management on their implementation. We also harp on the fact that, until the recommendations are implemented, controls should be built in so that there are manual controls, but there should be no slippage during the time the recommendations are being implemented. We do keep track of those. We will get back

to you on the Fraud Risk Assessment, which was done by an external expert. Why were the recommendations not accepted? We will get back to you on those. On cybersecurity, maybe the Secretariat would like to comment on the five outstanding recommendations. We have already pointed out in our report that there was no external threat, as such, because the controls in place do not allow any external party to get into the systems through those vulnerabilities, but at the same time we are also conscious of the fact that there could be an internal bad actor who could create havoc and therefore we have said this to the management, as well. Despite the fact that there are controls built for outside attacks, they should try and address those vulnerabilities even for internal attacks, as well. I believe I have answered most of the questions, but if there are any other questions remaining, we will be happy to engage with Member States either by email or through our next session. Back to you, Chair.

46. Chair: Thank you, Mr. Vikamsey. I now need a couple of minutes to consult with the Secretariat on how to respond to the other points raised. Thank you. Regarding the points that were raised by Delegations during the discussions, I would like to invite Assistant Director General Mr. Kenichiro Natsume to respond to some of the points that were raised, and then I would also invite Mr. Richard Lane, the Director of the Security and Information Assurance Division, to respond to some of the points raised.

47. Assistant Director General, Infrastructure and Platforms Sector: Thank you very much, Chair. There was a question from the Delegation of Brazil about WIPO's AI activities, such as AIII and the global forum on IP and AI, and there was also a question by the Delegation of Germany, on behalf of Group B, about the AI Task Force, particularly in terms of transparency. For the Secretariat, transparency has always been very, very important. It's one of the top priorities for us. As you may recall, we have been conducting the WIPO Conversation on IP and Frontier Technologies, which includes AI, but was not limited to AI only. However, after the launch of generative AI, we all know that AI has been in every corner of our daily life, and IP aspects have not been an exception. Actually, several recent WIPO Conversations on IP and Frontier Technologies have been devoted to IP and AI, particularly generative AI-related aspects. That's why we are of the view that we should now focus more on AI in the context of IP and frontier tech. We launched AIII to do a deep dive into the intersection of IP and AI, particularly focusing on the area of generative AI input and output. At the same time, we do recognize the need for Member State-driven discussion and involvement. We have now rebranded, and instead of the WIPO Conversation on IP and Frontier Technologies, we are about to launch the global forum on IP and AI, particularly focusing on AI, which will take place in November this year. We will soon make more information available to all Member States, as well as all interested parties, and we are more than happy to liaise with any interested Member State or Member State group so that we can have closer communication. We are even thinking of having briefing sessions for Member States and interested parties. With that, we stand ready to build transparency and move the discussion on IP and AI forward. Thank you very much. Back to you, Chair.

48. Chair: Thank you, Mr. Natsume. I will now give the floor to the Director of the Security and Information Assurance Division, Mr. Richard Lane, to respond to some of the points that were raised.

49. Secretariat: Thank you, Chair, and thank you to the distinguished Delegate from Japan for his question on the insider threat perspective results in the report. The reason that a number of the items still remained open at the end of 2025 was because they were scheduled for closure in 2026, primarily due to the complexity of the remediation of vulnerabilities on the specific systems that were identified. As the Chair of the IAOC noted, however, the risk to the Organization is very limited. This is primarily due to the fact that we have a significant and mature control environment

for insider threats, as well as the external threat, and that these controls had to be relaxed for the purpose of the original vulnerability testing to enable the testers to actually get access to the systems to run their tests. The controls that are in place mitigate completely all of the items that were identified, and all of the remaining recommendations have been submitted for closure in the intervening period. Thank you Chair.

50. Chair: Thank you, Mr. Lane. I would now ask Delegations if they have any further points to raise on this Agenda Item. I see Argentina.

51. Argentina: Thank you very much, Chair. We would like to thank the Secretariat for their comments. In particular, I wanted to follow up on my question about the internal use of AI, the Task Force that has been set up and the framework that is being used. I would like more information on this, if the Secretariat could provide it, either now or in future sessions.

52. Chair: I will give the floor to Mr. Staines to reply to this question.

53. Assistant Director General, Administration, Finance and Management Sector: Thank you very much, Chair. Good afternoon, everyone. Thank you to the Delegation of Argentina for the question and the interest. Today we have also raised the issue of our use of AI internally. This is an area where Mr. Natsume and I are working very closely together. It cuts across both of our Sectors. The short answer is that we would be delighted to present as much or as little as you'd like at this or at future sessions of the PBC. In general, we have taken a consistent approach across the Organization. First of all, we developed some core principles, and those principles are ones that will be very familiar to those who have worked on AI and followed this subject. Everything from cybersecurity through to data protection, through to ensuring that we are very much human-centric and that humans continue to play a key role in the loop. These are a number of principles that underlie everything that we use AI for. We then have a number of different use cases across the Organization. These, in general, divide into two big clusters. The first is a cluster of possible applications around IP, so where we can use AI across the systems. It is a work in progress with a number of different pilot projects which I think are showing real progress and promise to help to make our colleagues' lives easier, to produce high-quality results from the systems to support customers even better. There are a number of projects there, and I know Mr. Natsume is looking at how we can ultimately share some of the tools with Member States as well – Member States that wish to use them. Then there are a number of applications that are more generic: they are the applications that organizations around the world are considering with regard to how to use AI. We have developed a few systems in house, secure systems where our colleagues can use large language models within a secure environment. They can use the large language models to help support their work. We are working, again, like many organizations, to determine how we can do that in a way that is most productive and adds real value. I'll pause there, Chair, but I'm happy to develop further as delegations wish. Thank you.

54. Chair: Thank you, Mr. Staines. I see no requests for the floor. To conclude the discussions under this Agenda Item, we are going to put on the screen the expected action for your approval. I will read the formulated decision.

55. The Program and Budget Committee (PBC) recommended to the WIPO General Assembly to take note of the "Report by the WIPO Independent Advisory Oversight Committee (IAOC)" (document WO/PBC/40/2).

ITEM 4. REPORTS BY THE EXTERNAL AUDITOR

(A) REPORT BY THE EXTERNAL AUDITOR ON THE WIPO FINANCIAL STATEMENTS

(B) REPORT BY THE EXTERNAL AUDITOR ON THE AFTER SERVICE HEALTH INSURANCE PLAN (ASHIP)

56. Discussions were based on documents WO/PBC/40/3 and WO/PBC/40/14.

57. Chair: We will begin with the Report by the External Auditor on the WIPO Financial Statements. In accordance with Regulation 6.12 of WIPO's Financial Regulations and Rules, the Reports by the External Auditor on the Annual Financial Statements, together with reports from other audits, shall be transmitted to the General Assembly, to other Assemblies of WIPO Member States and of the Unions, through the PBC, together with the audited Annual Financial Statements, in accordance with any guidance given by the General Assembly, other Assemblies of WIPO Member States and Unions. I am pleased to be joined remotely today by WIPO's External Auditor from the Audit Board of the Republic of Indonesia, BPK, Mr. Bahtiar Arif, Director General of Audit VIII and the Auditor in Charge of the WIPO Audit. I now invite Mr. Bahtiar Arif to present the first report, the Report by the External Auditor on the WIPO Financial Statements.

58. External Auditor: Thank you, Chair. Your Excellency, Chair of the PBC, distinguished Members of the Committee, Director General of WIPO and the IAOC, Excellencies, Delegates, ladies and gentlemen, good morning and good afternoon. It is an honor for me to present the WIPO audit results for the year 2025. I wish to thank all of you for your warm welcome and your continued support of the work of the External Auditor of WIPO. I am grateful to report that constructive collaboration with Management, as well as the IAOC, has made a valuable contribution to the improvement of governance and accountability at WIPO. Before we begin, I would like to convey the warmest regards from the Chair of the Audit Board of the Republic of Indonesia, Ms. Isma Yatun. On her behalf, I am pleased to present the audit results of the WIPO Financial Statements for 2025. And now I'm accompanied by Ms. Rusnasanti as Deputy Auditor in Charge and Director of International Organization Audit and Ms. Rahayu as Audit Supervisor and Deputy Director of International Organization Audit. In my presentation, I will cover three main areas regarding audit conclusions, financial and performance audit results, and a summary of the status of prior year's External Auditor recommendations. In the External Auditor's opinion, WIPO's Financial Statements present fairly, in all material respects, the Organization's financial position as at December 31, 2025. They also accurately reflect its financial performance, changes in net assets, cash flows, and the comparison between budget and actual results for the year, in accordance with International Public Sector Accounting Standards. Furthermore, 2025 revenues and expenses have been managed, in all material respects, for the purposes approved by the General Assembly. Financial transactions were also carried out in line with the Organization's Financial Regulations and Rules and legislative authority. In the performance audit, the Organization has effectively managed the Madrid System and its global databases, contributing to improved quality and accessibility of services for stakeholders throughout the audit period. I would like to acknowledge the commendable work that has gone into establishing the existing regulations and policies across the audited areas. The Organization's frameworks in place reflect a genuine commitment to sound governance, and that should be recognized. Despite the frameworks that have been established and the fairness of the 2025 Financial Statements, room for refinement and improvement has been identified. The audit examined five key areas: investment, intangible assets, building management, procurement, and the data interface process for PCT fees. First, the current investment policy would benefit from greater clarity in the engagement of investment fund managers and the procurement mechanism for pooled market-traded funds. The audit recommends that WIPO

consider revisiting and strengthening these provisions within the policy. Second, the Organization has managed and recorded intangible assets, especially software. However, no custodian has been assigned for the asset. Therefore, it is recommended to assign a custodian for the intangible asset register in the Administration Information Management System (AIMS). Third, the absence of formal procedures for the disposal and derecognition of replaced building components indicates a need for the Organization to establish procedures in due course. Fourth, documentation of contractor performance reviews, especially for strategic and critical contracts, as well as individual contractor service for translation, needs to be improved. Therefore, the Organization is recommended to ensure they are placed on file as soon as possible for each annual review cycle. Finally, the data interface between the Patent Cooperation Treaty and AIMS concerning the processing timing configuration between them. It is recommended that the Organization resolve it by following up on the pending change request with due regard to applicable business processes. Excellencies, Delegates, ladies and gentlemen, the performance audit was conducted to assess the effectiveness of WIPO's management of the Madrid System and the global databases in improving services to stakeholders, in support of Pillar 3 of the MTSP 2022–2026. According to the audit, WIPO has effectively managed the Madrid System and the global databases in improving the quality and accessibility of its services to stakeholders. For further improvement, the performance audit identified the following five audit findings and related recommendations. First, there has been ongoing system modernization to support operations and finance. However, integration remains limited, particularly in tracking transactions such as application abandonment and fee refunds, creating risks of discrepancies and delays. Therefore, the Audit Board of the Republic of Indonesia recommends the Organization develop a comprehensive strategy or roadmap to ensure that the Madrid Registry and Finance Division systems deliver streamlined processes, robust control mechanisms and seamless integrations. Second, while existing indicators capture progress in expanding membership, they do not fully reflect strategic priorities. Therefore, the Organization needs to refine KPIs by adding regions and Madrid e-filing adoption as performance indicators, and conduct a structured survey about the Madrid e-filing to national IP offices to gather relevant feedback with a view to increasing office adoption. Third, some operational targets, such as pendency and workload levels, no longer reflect current performance, and accession reporting could be more focused and up to date. We recommend updating the pendency and pending workload targets used in the Madrid monthly performance report and developing a comprehensive updated version of the quarterly Madrid accession report. Excellencies, Delegates, ladies and gentlemen, on the global databases, first, data exchange arrangements between WIPO and IP offices had varied in their agreements with the IP offices, often lacking clear expectations on update frequency and data quality. WIPO is recommended to develop a strengthened standardized data exchange agreement template while remaining adaptable to each office's needs. Second, regarding data coverage and timeliness, some datasets have not been updated for years, and gaps remain with other sources. Therefore, the Organization needs to implement a monitoring mechanism to validate the periodicity of data updates with the data exchange agreement and to check the completeness of data, as well as to explore with IP offices the feasibility of a full annual data approach for the Global Brand Database and the Global Design Database, and to conduct a structured survey about the global databases. The Management has agreed with all audit findings and recommendations. Regarding the implementation rate of recommendations of previous years, we acknowledge that as of March 2026, the Organization has successfully implemented 88 per cent of the recommendations from 2020 to 2024. This achievement indicates the Organization's commitment to improving its governance and management. I noted that three pending recommendations related to the system and the automation of financial reporting, trademark deposits backlog, and the evaluation of survey process need to be implemented by the Management. Since being appointed as the Organization's External Auditor, the Audit Board of the Republic of Indonesia has always committed to providing the best service and adopting an approach that reflects our independence, integrity and objectivity within the audit process. I appreciate and feel grateful for the professionalism and competence of the Organization's Management and staff members throughout the audit process. On behalf of the Audit Board of the Republic of Indonesia, I extend my sincere appreciation to the Committee, the Management and the IAOC for the opportunity to actively contribute to supporting the achievement of the Organization's objectives. Now, I will continue with the second report, on the WIPO/UPOV After Service Health Insurance Plan (ASHIP). At the 39th Session of the PBC, the Secretariat presented document WO/PBC/39/7 providing an update on the establishment of a multi-employer plan to manage funds set aside by WIPO and UPOV for employee benefit liabilities. The document noted that the PBC will oversee the plan, including a review of its Financial Statements, with the plan or asset to be audited annually by WIPO's External Auditor. It is my pleasure to present to the Committee our report on the audit opinion for the ASHIP. The year 2025 marked the inaugural financial year of the WIPO/UPOV ASHIP. The Audit Board of the Republic of Indonesia has completed its audit of the ASHIP Financial Statements for the year ended December 31, 2025. I am pleased to report that the Audit Board of Indonesia issued an unqualified audit opinion on the ASHIP Financial Statements, confirming that they present fairly, in all material respects, the financial position of the Plan as at December 31, 2025, in accordance with IPSAS, including IPSAS 39 on employee benefits. The Audit Board of the Republic of Indonesia also confirmed that the ASHIP financial transactions have, in all significant respects, been in accordance with ASHIP rules. As this is the ASHIP's inaugural year, no comparative financial information is presented. During 2025, ASIP received total contributions of 60.1 million Swiss francs from WIPO and UPOV, and generated investment income of 14.2 million Swiss francs, resulting in total revenue of 74.3 million Swiss francs. Total expenses amounted to 121,000 Swiss francs, consisting of operating and administrative costs of 65,000 Swiss francs and advisory fees of 56,000 Swiss francs. Total plan assets grew from 268.5 million Swiss francs as at January 1, 2025, to 342.7 million Swiss francs as at December 31, 2025, comprising investments of 326.1 million Swiss francs and cash and cash equivalents of 16.6 million Swiss francs. Under IPSAS 39, the net operating surplus of 74.2 million Swiss francs was recognized as an increase in the plan asset liability, reflecting the ASHIP's nature as a multi-employer plan. As at December 31, 2025, the WIPO ASHIP liability was funded at approximately 59.2 per cent on an IPSAS 39 basis, against an actuarial liability of 576.9 million Swiss francs. Based on the 2025 asset liability management (ALM) study, the WIPO ASHIP funding ratio was approximately 85.9 per cent, against an ALM-basis liability of 397.7 million Swiss francs. Our audit also identified three observations related to governance improvements. All three were accepted by Management and I will briefly highlight each of the audit observations. First, on the allocation of administrative expenses, it is noted that while the ASHIP rules establish a detailed methodology for attributing revenue between WIPO and UPOV, there was no equivalent formal policy governing the allocation of shared operating expenses. The Advisory Committee agreed on an asset-weighted allocation basis at its inaugural session, but this was not formally incorporated into the ASHIP rules or approved by both organizations. Management accepted this finding and the Audit Board of the Republic of Indonesia notes with appreciation that a disclosure on the expense allocation basis has since been included in the updated Financial Statements. WIPO is recommended to formally codify the allocation methodology in the ASHIP rules or a supplementary administrative instruction. Second, on the conditions and process for drawdown of ASHIP funds, it is noted that ASHIP rules contain detailed provisions governing financial inflows, but were silent on the mechanism for fund outflows. There was no documented policy addressing the frequency, documentation requirements, authorization process, or thresholds for reimbursement requests to ASHIP. Management accepted this finding and committed to proposing a formal drawdown procedure to the Advisory Committee in accordance with the ASHIP rules. Third, on the pool investment arrangement, it is observed that ASHIP assets are co-invested within the WIPO strategic portfolio without a separately designated sub-portfolio. While the current arrangement is operationally effective and follows an established model, it is noted that as the ASHIP asset base grows, there are governance considerations warranting attention, particularly in relation to investment performance attribution, governance independence and potential conflicts of interest. Management accepted this observation and agreed to formally place the consideration of the separation of the pooled investment arrangement on the Advisory Committee's forward agenda. Regarding previous audit recommendations, as 2025 is the ASHIP's inaugural financial year, there are no previous audit recommendations to follow up on. Any recommendations arising from the current audit will be tracked and followed up in the future audit cycles. The Audit Board of the Republic of Indonesia is committed to providing independent and objective assurance to support the strong governance and accountability of the ASHIP. We look forward to continuing constructive collaboration with ASHIP management and the WIPO Finance Division in the years ahead. Thank you, Chair.

59. Chair: I would like to thank Mr. Bahtiar Arif for the presentation of the two reports, one on the Financial Statements and the second on the ASHIP.

60. Germany: Thank you, Chair. Group B extends its appreciation to Dr. Isma Yatun and the Audit Board of the Republic of Indonesia for their comprehensive reports both on WIPO's 2025 Financial Statements, as well as on the ASHIP. We also commend the Secretariat for its cooperation and responses to the recommendations that were issued. First, we welcome the unqualified audit opinion confirming WIPO's compliance with IPSAS and its sound financial health. However, we also note WIPO's weakened financial performance in 2025, which we will address in more detail at a later stage of this Session. Group B aligns itself with recommendation 1 of the External Auditor urging WIPO to provide more clarity on the role of fund managers and pooled mutual funds in its update of the investment policy. Ensuring compliance and consistent application of the procurement manual is crucial for strong and diligent investment management. Regarding the performance audit, we are pleased to hear that WIPO effectively managed the Madrid System and the global databases and further improved the quality and accessibility of the services during the audited period. We also note that the External Auditor still identified some areas for improvement to further enhance the long-term effectiveness and sustainability of WIPO's vital global IP services. In this regard, we support the External Auditor's recommendation 7, which states that the Madrid registry should detail its performance indicator by including targeted regions in the Madrid quarterly accession reports. This could enable a better focus on the priority of potential new members and could encourage neighboring countries to join the Madrid System. Group B further endorses recommendation 10, which focuses on the enhancement of data coverage and the timeliness of data in WIPO's global databases. Accuracy, completeness and timeliness of data are crucial to providing high quality IP services, knowledge and data that deliver value to users all around the world. We commend the Secretariat for its cooperation and responses to the recommendations that were issued, as proven by the 88 per cent implementation rate for the 2021–2025 recommendations by the External Auditors. Lastly, we are pleased to hear that the financial statements of the ASHIP for 2025 are presented fairly in all material respects in accordance with IPSAS. In this regard, we further note that the External Auditor identified three areas for further enhancement, relating to the formalization of policies for expense allocation and fund drawdown, and regarding the pooled investment arrangement. We therefore request the Secretariat to implement these recommendations to support long-term and sound financial governance and accountability. In conclusion, while WIPO's financial resilience and operational efficiency remain robust, some systemic upgrades and improvements are necessary to maintain global leadership. Group B stands ready to support these processes. Thank you, Chair.

61. Russian Federation: Thank you, Chair. The Russian Federation is honored to deliver this statement on behalf of a number of countries of the CACEEC Group. We express our appreciation

to the External Auditor for preparing another high-quality report. With regard to drafting the new accountability framework, we would ask the External Auditor in future to consider the possibility of tracking the status of its implementation, particularly with regard to financial management. Building on last year's partial analysis of WIPO's results-based management system, we think it would be useful to conduct an evaluation of the procedure for implementing the MTSP in the day-to-day activities of the Secretariat and the effectiveness with which financial resources are used for these purposes. In future, we would also be interested in hearing the view of the Auditor as regards universally implementing AI systems within WIPO's working processes. Among other things, we are interested in analyzing the effectiveness of relevant investments, cybersecurity, and the degree of impact that AI has on WIPO's accountability framework. We would also like to draw attention to the list of actions undertaken by the Secretariat as regards Recommendation 6 from the Report by the External Auditor for the year 2022 on the advisability of taking into account the sustainability metrics when preparing Financial Statements. Our Group would like to ask for clarification on whether additional discussions are being planned within the CEB on the topic of introducing into the UN System the new IPSAS criteria on climate-related disclosures, which were drafted in January 2026. Thank you for your attention.

62. Albania: Mr. Chair, the members of the CEBS Group extend thanks to the External Auditor for the detailed reports presented today. We take note with satisfaction of the Auditor's clean opinion on the finding that WIPO's overall financial position remains sound and resilient. It is encouraging to observe robust revenue streams and efficient internal control frameworks. At the same time, we emphasize the importance of continuous system optimization. In this regard, the CEBS members support the External Auditor's recommendation on improving the implementation of financial reporting and optimizing IT systems. We trust that the ongoing configuration within the new AIMS Enterprise Resource Planning (ERP) framework will successfully address these technical matters by their established target date. We also note the report on the ASHIP and welcome the continued risk mitigation strategies regarding WIPO's long-term employee benefits liabilities. Thank you, Chair.

63. China: Thank you, Chair. China thanks the Audit Board of Indonesia for carrying out its work over the past year in an independent, efficient and professional manner, and for preparing this annual report as well as the report on the ASHIP. We also thank the representative of the Audit Board of Indonesia for the detailed introduction just given on these two reports. China is, overall, satisfied with the progress WIPO has made in implementing the recommendations of the External Auditor. China notes that, in this report, the External Auditor made 10 recommendations concerning the Organization's finance and performance, and in particular, as the Auditor just introduced, put forward a number of valuable recommendations on optimizing the Madrid registration system and the operation of the global databases. We believe that these audit recommendations are both timely and important, and we hope that the Secretariat will implement them actively. Thank you, Mr. Chair.

64. Indonesia: Thank you, Chair. Indonesia welcomes the reports of the External Auditor and notes with appreciation the audit opinion on WIPO's 2025 Financial Statements which confirms that the Financial Statements present the Organization's financial position in accordance with IPSAS, comply with the Financial Regulations and Rules and are free from material misstatements. Indonesia is honored that the Supreme Audit Institution, the Audit Board of the Republic of Indonesia, currently serves as WIPO's External Auditor, carrying out its mandate with full independence, objectivity, professionalism and integrity in the interests of all Member States and the Organization as a whole. Indonesia also appreciates the constructive and forward-looking recommendations of the External Auditor, which are aimed not only at strengthening financial governance and internal controls, but also at enhancing the effectiveness of WIPO's operational

and digital services. In particular, we attach importance to the findings concerning the Madrid registry and the WIPO global databases, including the need to strengthen data harmonization, improve data exchange arrangements with national and regional IP offices, and enhance the completeness, quality and timeliness of IP data, particularly from developing countries and underrepresented regions. A more comprehensive, accurate and inclusive global IP information infrastructure will help to reduce information asymmetries and enable IP offices, innovators, researchers, universities and SMEs, especially in developing countries, to better access, utilize and benefit from the global IP system. Indonesia encourages the Secretariat to continue the timely implementation of the External Auditor's recommendations including through closer cooperation and capacity-building with national IP offices to improve data quality and interoperability and digital connectivity. Thank you, Chair.

65. United States of America: Thank you, Chair. The Delegation of the United States of America acknowledges the External Auditor's opinion for 2025 and expects the Secretariat to implement all ten new recommendations within the agreed timeline. Also, we request further information from the Secretariat on the two reported fraud cases totaling approximately 434,000 Swiss francs, which is noted in paragraph 122 of the report, including what corrective and preventive measures have been or will be implemented. Thank you, Chair.

66. Japan: Thank you, Chair. At the outset, the Delegation of Japan would like to express its gratitude to the Chair of the PBC, the Director General, as well as to ADG Staines and the Secretariat for their dedication and effort in organizing this meeting. This Delegation aligns itself with the statement delivered by the distinguished Delegation of Germany on behalf of Group B. Japan welcomes the External Auditor's reports, especially on WIPO's Financial Statements for the year ended December 31, 2025, described in document WO/PBC/40/3. We note with appreciation that the Financial Statements present fairly, in all material respects, WIPO's financial position and performance in accordance with IPSAS, and that the revenue and expenses were applied in accordance with the Organization's Financial Regulations and Rules. At the same time, we take note of the areas identified for improvement, including investment governance, management of intangible assets, procurement practices and the documentation of supplier performance. We also note the importance of strengthening IT linkages. Last but not least, Japan further notes recommendation 10 relating to the global databases, especially the need to harmonize data exchange arrangements with IP offices and to improve data coverage and reliability, considering the fact that, as shown in table 3 of this document, the Global Design Database has not been updated for more than five years in terms of the data collection from Japan. We would like to ask the Secretariat how to address this recommendation in a timely and effective manner. Continued progress in governance, internal controls and digital integration will contribute to the sound and sustainable management of WIPO.

67. Chair: Several points and questions have been raised. I suggest we have a five to ten minute break to allow the Secretariat to prepare the responses to the points and questions raised.

68. Chair: Dear Colleagues, Delegates, ladies and gentlemen, we will now resume the Session. Previously, several points and questions were raised when we were reviewing the two reports prepared by the External Auditor. I will now give the floor to Ms. Chitra Narayanaswamy of the Secretariat to organize the responses to the points raised.

69. Secretariat: Thank you very much, Chair. And thank you to all the delegations for their observations and comments. On behalf of the Chair, I will coordinate the responses. Before I do that, Chair, allow me on behalf of the Secretariat to first and foremost thank our External Auditors of the Audit Board of the Republic of Indonesia. We deeply appreciate the excellent cooperation and

constructive work – very intensive work – across the different audits that they have undertaken. Our deepest appreciation and gratitude to them for their work and for their valuable recommendations. Further to that, we noted three broad points. Not in any particular order, we will go in the best order possible. First, Japan’s question on the global databases and how best to address that. We have the benefit of ADG Kenichiro Natsume online and he will take this question with your approval, Chair.

70. Assistant Director General, Infrastructure and Platforms Sector: Thank you very much, Chair and thank you very much, Controller, for giving me the floor. We duly take note of the comments made, particularly about the data coverage and the timeliness of data in the global databases. In that context, we have a concrete intervention from the Delegation of Japan. Our understanding is that there was a change of data format in Japan’s data a while ago and we have been actively working on this to be able to load the design data from Japan in this new format. With a new version of the Global Design Database, which we are currently developing, we should be able to load the data from Japan. Technically, we could have developed that functionality to load Japan’s new data format in the current system, but we have to do it once again with a new version of the Global Design Database. Therefore, to avoid duplication of work, we opted to deploy it in the upcoming new version, which we are hoping will be coming shortly. I would like to mention that there is no delay for patent and trademark data loading from Japan in PATENTSCOPE and the Global Brand Database. With that, I appreciate your kind patience in order to take some additional time to tackle this. In general, as indicated in the document in front of us, our plan includes the development and deployment of a monitoring mechanism to validate the periodicity of the trademark and design data updates, which will start in quarter 3, 2026 – very soon – and is expected to be completed by the end of quarter 2, 2027. We will continue our efforts to enhance the data coverage and the timeliness of data in the global databases. Thank you very much, Chair. And back to you, Controller.

71. Secretariat: Thank you very much, Mr. Natsume. On behalf of the Chair, the next point that we have noted was from the Delegation of the Russian Federation related to the – if we understood correctly – the status of the conversation related to the climate-related disclosures under IPSAS. Again here, WIPO has continued to participate in the UN task force on accounting standards and also I have personally facilitated, as the co-chair of the UN Finance and Budget Network, interactions with the IPSAS board and the working group related to climate-related exposures and we continue to dialogue with our Colleagues across the network and with these entities. The status: there is ongoing discussion. The mandatory implementation date is January 1, 2028, and WIPO has already incorporated a comprehensive sustainability narrative in our Financial Statements, perhaps ahead of others. WIPO will analyze the final standard and continue to engage with the IPSAS Board and the UN task force on accounting standards through the Finance and Budget network and we will align with the agreed approach of the overall UN System and continue to provide a narrative sustainability disclosure in the Financial Statements until the UN System opts to move fully forward with the implementation of SRS 1. That is, in summary, where we stand and we will continue to engage with these fora. Thank you very much, Chair. With that, then I would go to, with your permission, Chair, the next question, that we have noted, that was from the Delegation of the United States of America for more information on the fraud cases. After the Secretariat, Chair, I’m sure that our Auditors also would have comments to make. But for now, I would ask Bérénice Bessière, Director of the Central Services Division, to please come in and share briefly information related to one of the two fraud cases. Thank you.

72. Secretariat: Good morning, everybody. Good morning to the distinguished Delegates. Indeed, I can address one of the points that has been raised by the distinguished Delegate of the United States of America about a case that has been reported as part of paragraph 121 of the

report. This case is reported as part of the following item from the Internal Oversight Division (IOD) report. It is a case where the procurement rules were misused, apparently for personal interest. While I would like to reassure you that WIPO did not suffer any financial loss from this case, we have taken the case very seriously and, as part of the lessons learned, we have strengthened a number of controls in the procurement area, manual controls, but also leveraging AI, in order to identify similar patterns of behaviors if they arise. We are progressing and working in close collaboration with our IOD Colleagues to make sure that we have all the checks and balances in place so that this case is not repeated in the future. Thank you very much.

73. Secretariat: Thank you very much. I will address the second case referred to by the Delegation of the United States of America. This is an HR fraud case that concerned the deliberate submission of inaccurate financial information by a staff member for the purpose of receiving dependency allowances, which resulted in undue payment. This case actually demonstrates the optimal functioning of internal controls established for this purpose. The anomalies in the spouse income were detected and addressed through the annual dependency declaration exercise, while the anomalies related to the secondary dependency allowance were detected at the review stage, prior to approval, which prompted the submission of the case by Human Resources Management Department (HRMD) to the IOD for investigation. As a result, money was recovered and disciplinary action was also instituted accordingly. Thank you very much.

74. Chair: Thank you, Secretariat, on the points that were raised. I would now also like to ask the External Auditor, Mr. Arif, if there are any further points he wishes to make.

75. External Auditor: Thank you, Chair. On behalf of the Audit Board of the Republic of Indonesia, I would like to thank the Committee members for their support to the External Auditor for the results of WIPO for 2025. I have also been taking note of the advice and suggestions provided by the Committee members at this PBC meeting and will take them into consideration for the next audit plan. Thank you, Chair.

76. Chair: Thank you, Mr. Arif. I see no further requests for the floor. You will find on the screen now the suggested actions on both reports. I will read the first, regarding the External Auditor's report on the Financial Statements:

> 77. The Program and Budget Committee (PBC) recommended to the Assemblies of WIPO, each as far as it is concerned, to take note of the "Report by the External Auditor on the Financial Statements" (document WO/PBC/40/3).

78. I see no requests for the floor. Therefore, we will adopt the decision. I now move to the second decision regarding the report of the External Auditor on the ASHIP.

> 79. The Program and Budget Committee (PBC) recommended to the Assemblies of WIPO, each as far as it is concerned, to take note of the "Report by the External Auditor on the WIPO/UPOV After Service Health Insurance Plan (ASHIP)" (document WO/PBC/40/14).

ITEM 5. ANNUAL REPORT BY THE DIRECTOR OF THE INTERNAL OVERSIGHT DIVISION (IOD)

80. Discussions were based on document WO/PBC/40/4.

81. Chair: Good afternoon. We will continue the session with Agenda Item 5, the Annual Report by the Director of the Internal Oversight Division (IOD), contained in document WO/PBC/40/4. In accordance with paragraph 51 of the Internal Oversight Charter, the Director of the IOD shall submit annually a summary report to the WIPO General Assembly through the PBC. This report provides an overview of the internal oversight activities conducted during the reporting period from January 1, 2025, to December 31, 2025. I now will invite the Director of the IOD, Ms. Julie Nyang'aya, to present the report.

82. Secretariat: Thank you, Chair. Chair, Distinguished Delegates, it is my honor to present the Annual Report by the Director of the Internal Oversight Division (IOD) for 2025 contained in WO/PBC/40/4, submitted in accordance with the Internal Oversight Charter (IOC). The year 2025 marked the fourth year of the MTSP 2022-2026 and the Division's work was fully aligned with supporting the Organization's strategic priorities. The Division delivered its oversight mandate across audit, evaluation, investigation and advisory services, contributing to strengthening governance, risk management, internal controls, accountability and organizational learning. Importantly, the 2025 oversight work plan was fully addressed, demonstrating sustained delivery against planned priorities. During the reporting period, the Division issued nine internal audit reports, four – not three – advisory reports, seven review reports, two pre-evaluation reviews, four investigation reports, and three management implication reports. These engagements covered key risks and operational areas, including investment management, procurement risks, cybersecurity and ICT services, the WIPO Arbitration and Mediation Center, the Hague Registry, and the WIPO Office in China. Several reviews were undertaken for the first time in the Division's history, notably in investment management and development coordination, reflecting an evolving risk-responsive oversight approach. Across its work, the IOD identified areas where controls are generally established and functioning, while also highlighting targeted areas requiring improvement. A total of 83 recommendations were issued, and 53 recommendations were closed during the year. At year end, 60 recommendations remained open, the majority not due or within reasonable implementation timelines. At the same time, several engagements, particularly in procurement, identified areas requiring strengthened governance, enhanced controls, and improved compliance practices. In 2025, the Division managed a caseload of 33 matters, including both carried-forward and newly registered complaints. Twenty-three complaints were closed following preliminary evaluation. Four investigations were concluded and six matters remained pending at year end. Two investigations resulted in substantive findings leading to disciplinary measures consistent with applicable staff regulations and rules. Importantly, no cases were assessed as having a significant financial impact on the Organization. The continued implementation of the streamlined intake process has improved the IOD's focus on more substantive matters, enhancing efficiency and effectiveness. A key milestone in 2025 was the issuance of the first annual opinion by the Director of the IOD on WIPO's governance, risk management, and internal control processes. The opinion was formed by internal audit engagements, management implication reports, testing of key organizational controls, and review of governance arrangements and risk management frameworks. Based on this work, the overall conclusion is that governance, risk management, and internal control processes at WIPO are satisfactory, with some improvement needed, and are generally established and functioning without materially affecting the achievement of the Organization's objectives. I confirm that no restrictions were placed on the IOD's access to records, personnel, or premises, and no circumstances affected the Division's operational independence during the period. All oversight activities were conducted in accordance with global internal audit standards, UNEG evaluation standards and the uniform guidelines for investigations by the Conference of International Investigators (CII). The Division also maintained close coordination with the IAOC and the External Auditor, ensuring complementarity and avoiding duplication of efforts. Looking forward, the Division will continue to strengthen its contribution to governance, accountability, and internal controls, advance implementation of recommendations, support the

continued maturation of the Organization's risk management and control frameworks, undergo external reviews of audit and investigation functions in 2026, and further enhance evaluation capacity and oversight coverage. Chair, the results presented in this report reflect a functioning and effective internal oversight framework with continued opportunities to strengthen controls, improve compliance, and enhance governance practices. The Division remains committed to providing independent, objective, and value-adding oversight services to support the Organization and Member States. I would like to express my appreciation to the Director General, Sector Leads, the IAOC, and all WIPO colleagues who cooperated with our work during the year. Thank you. I remain at your disposal for any questions.

83. Germany: Thank you. Group B commends the IOD for its comprehensive 2025 annual report. Group B acknowledges the IOD's critical role in strengthening governance, risk management and accountability at WIPO. We appreciate the IOD's alignment with and contribution to the MTSP as well as its focus on high priority engagements such as the first ever audit and review of investment management and the detailed review of the governance processes established under the WIPO Convention and the applicable financial and staff regulations and rules. These efforts demonstrate the IOD's commitment to streamlining processes and enhancing operational efficiency, which is vital for an Organization funded primarily by its users. We note that 83 recommendations were made in 2025. We also appreciate the closure of 53 oversight recommendations in 2025. However, Group B is concerned that 60 recommendations, 23 high, 29 medium and 8 low, were still open by year end, representing a significant increase compared with 2024. In this regard, we emphasize the need for accelerated implementation of remaining recommendations, particularly those classed as high priority. Timely action is essential to mitigate risks and maintain stakeholder confidence. Group B notes that the IOD has identified the necessary measures to implement the recommendations from the concerning United Nations Evaluation Group (UNEG) peer review dated January 2025. We request that the Secretariat complete the revision of the evaluation policy and manual by December 2026, as envisaged in its annual report. Additionally, we commend the IOD for the time and effort invested in recruitment activities, resulting in the recruitment of the Head of Evaluation. However, Group B knows the prolonged vacancy in the Head of Investigation role that risks undermining the IOD's capacity in this area. In this context, we seek clarity on how WIPO plans to address this structural issue while maintaining oversight quality. In conclusion, Group B values the IOD's transparency and requests that the Secretariat provide a detailed roadmap for implementing outstanding recommendations and strengthening the evaluation function. We look forward to continued collaboration to ensure that WIPO remains a model of accountability and excellence. Thank you, Chair.

84. Russian Federation: The Russian Federation is honored to present this statement on behalf of CACEEC. We would like to thank the IOD for the preparation of this high-quality report. We support IOD's approach to its work plan, a key element of which is the MTSP. We also note with satisfaction the conduct of an investment management audit. We would like to ask IOD about the latest version of the investment policy: will it strengthen the oversight system? We have taken note of the IOD's plans regarding the evaluation policy. We assume that this document will be approved by WIPO management and that the IOD will conduct consultations with the Member States on this issue. For the purpose of building on WIPO's evaluation function, our Group would appreciate it if the IOD would consider conducting a substantive analysis of the implementation of the MTSP. That would help to improve the system of accountability and foster a results-based management culture in the Organization. In the context of the UN80 Initiative, we would like the IOD and the Secretariat to discuss in the appropriate negotiation settings the issue of increasing internal oversight efficiency in the UN System, including by pooling the capacities of agencies, especially those in the field. In conclusion, CACEEC trusts that yearly consultations between the IOD and Member States will continue to be held on the preparation of the Division's future work plan. Thank you.

85. China: China thanks the Director of the IOD for preparing this annual report, and also thanks the Director IOD for the introduction just given. China believes that efficient and transparent internal oversight helps the Organization to achieve its expected strategic objectives and enhances its level of management and accountability. China welcomes the good cooperation over the past year between the IOD, the IAOC and the External Auditor. We also welcome the recent issuance by the Division of high-quality audit reports, including the internal audit report on the WIPO Office in China and the internal audit report on the Hague Registry. We note that last year, WIPO added 83 new oversight recommendations, and that 60 recommendations remained unimplemented, which is double the number outstanding in the same period last year. China calls on WIPO to focus on these oversight recommendations and to implement them as soon as possible. We would like to make the following specific comments on this annual report. First, China notes that the staffing shortage in the IOD has eased to some extent and that the newly appointed Head of Evaluation has taken up duties. We hope that the Evaluation Section and the Investigation Section will be staffed with high-level professionals as soon as possible, so that they can fully perform their internal control and oversight functions and produce more high-quality evaluation, audit and investigation reports. Second, Table 6 provides four performance indicators for the IOD. We note that, in the Program of Work and Budget for the 2024/25 biennium and the related WIPO Performance Report, only two performance indicators concern the Division, namely “no interference by key stakeholders” and the “number of oversight recommendations accepted”. Therefore, the actual performance indicators disclosed in this annual report are more numerous than those listed in the Program of Work and Budget and the WIPO Performance Report. China appreciates the Division’s openness and transparency regarding performance assessment and also commends the progress it has made in overall management performance, especially in the time taken to complete each internal audit. Third, the Division conducted an internal audit of the WIPO Office in China in the second half of last year. We highly appreciate the professionalism and independence demonstrated by the Division during the audit process, as well as the detailed and objective audit report that was ultimately issued. Fourth, China has carefully studied all of the audit reports recently published by the Division, in particular the internal audit report on the Hague Registry (document IA/2025/03). We consider this to be a high-quality audit report. It made audit recommendations in three areas: quality control, implementation of resolutions of the Hague Union Assembly, and customer service. China notes with concern that the Hague has not carried out any quality inspections in recent years and has also long failed to implement the decisions adopted by the Hague Union in 2016, 2021 and 2024 on the revision of the Common Regulations. In China’s view, these audit recommendations of the Division are very important for improving management of the Hague Sector, and we hope that they will be earnestly implemented. Thank you, Chair.

86. Albania: Thank you, Chair. The members of the CEBS Group thank the Director of the IOD for the annual report. We appreciate the IOD’s rigorous evaluation activities and its steady cooperation with both the IAOC and the External Auditor to avoid duplication of oversight efforts. Our Group acknowledges the progress made in implementing outstanding oversight recommendations and in closing open items. We continue to place great emphasis on the timely closure of high priority and longstanding recommendations as this is essential to preserving institutional accountability. We also value the performance and compliance audits concluded across WIPO’s operational units, including the focus in the alignment of external offices with organizational Expected Results. We encourage the IOD to maintain the systematic audit format to ensure that all WIPO units and external offices operate under the highest standard of efficiency and compliance.

87. United States of America: Thank you, Chair. The United States of America welcomes the 100 per cent acceptance of the IOD recommendations by the Secretariat. However, this acceptance is only the first step. Implementation is what matters. We are concerned that 28 per cent of recommendations were overdue at year end with 50 of 60 open recommendations

concentrated in the Administration, Finance and Management Sector. WIPO has invested in oversight. It should realize that value by implementing recommendations promptly. We urge management to address this implementation gap before control weaknesses compound. Furthermore, the procurement audit recommendations require urgent attention. Has the Secretariat addressed any of these recommendations since the report itself was published? We would welcome that information in this session or in a follow-up in writing. Regarding investigations, can the Director provide more information on WIPO's threshold for determining significant financial impact in misconduct cases? Member States must be informed about the actual amounts involved in the two 2025 dismissals. We also request additional information on whether the Secretariat attempted to recover these funds and whether they were successful. Finally, we ask that the Secretariat confirm that the substantiated cases of misconduct were entered into ClearCheck to prevent these individuals from being rehired elsewhere in the UN System. We look forward to your responses and urge swift action on the procurement recommendations in particular. In future, we would like greater transparency and information when such activities result in termination.

88. Mexico: Thank you, Chair. First of all, I would like to congratulate you on your election. You have Mexico's full support to successfully conclude this session. We would like to thank the Director of IOD for the presentation of this oversight report. We do note that new recommendations have been issued in order to improve controls in three areas: the special education grant, the direct procurement and the use of contractors. In this regard, we would like to pose two questions to the Secretariat. First, are these new rules or recommendations a direct response to the two cases of fraud and irregularities that are mentioned in Table 2 of the report and which resulted in dismissals? Second, given that the Organization is increasingly using contractors, how are these measures going to ensure that similar situations do not occur again in the future? Thank you.

89. Argentina: Thank you, Chair. First of all, we would like to congratulate you on your election. We trust in your experience and commitment to facilitate constructive successes in this Committee. Argentina would like to thank the IOD for its report and for all the work that it has done throughout the reporting period. We would like also to highlight the first independent opinion on internal control. We would like to encourage the Division to continue with this practice and we value specifically the work that has been carried out in extremely important areas like cybersecurity, investments and internal oversight. We take note that the IOD issued 83 recommendations and that 53 were closed, with 60 left open. In this context, we would like to receive more information on the evolution of the 32 recommendations that were qualified as high priority and we would like to know in which areas we have seen concrete evolution and in which ones challenges remain, and if there are other recurrent issues that will require additional attention from the Secretariat or the Member States. We also take note of the investigation matters and the different disciplinary measures that were taken in the cases of fraud and irregularities in procurement. We believe that it is important that the Organization continue strengthening prevention and early detection as well as risk management. With regard to institutional efficiency, we have seen that the Organization is in the midst of a number of transformation and reorganization processes and, in this context, we would like to know if the Division is evaluating possible areas of duplication or doubling of mandates or lack of coordination between the different divisions, and if other studies or evaluations will be carried out on organizational efficiencies that will allow us to find areas of improvement. With regard to future work, we would like to know in more detail how the IAOC is working on developing priorities and which areas are to be subject to auditing and oversight. In particular, we would like to know which are the biggest strategic risks that the Division has planned for in its activities in 2026. Finally, we would like to know what IOD's views are on its human resources and financial efficiencies in order to carry out this mandate and, in particular, given the growth of oversight activities that are linked to new areas such as AI, cybersecurity and the biggest transformational processes that are being carried out. Thank you.

90. Republic of Korea: Thank you, Chair. The Delegation of the Republic of Korea thanks the Director of the IOD for the annual report and commends the IOD's continued contribution to strengthening WIPO's governance, risk management and internal control systems. The Delegation notes in particular the review of key procurement risk areas, including procurement below 20,000 Swiss francs, vendor ownership, due diligence processes and the individual contractor services in which the report has identified the need to strengthen controls. In this regard, the Delegation believes that procurement controls should operate effectively not only for large contracts but also for small value procurements. Particular attention should be given to preventing the circumvention of procurement rules through contract splitting or related purchasing arrangements and to ensuring that vendors with actual or potential links to staff members are properly identified, reviewed and, where necessary, excluded or subject to appropriate safeguards. We encourage the Secretariat to continue strengthening due diligence, vendor master data, conflict of interest checks and monitoring mechanisms so that the procurement process remains transparent, fair and accountable at all levels. The Delegation also welcomes the assurance that the IOD's independence and access to information remained unrestricted during the reporting period and looks forward to the timely implementation of the outstanding oversight recommendations. Thank you, Chair.

91. Secretariat: Thank you. I will try to respond as comprehensively as possible. I believe there are some running themes. One would be on open recommendations. As at year end, there were 60 open recommendations, the majority relating to cybersecurity and procurement. I believe it was impacted by the timing of the reports' release. There is movement in the implementation of recommendations but we had at least two or three reports that were released in the fourth quarter and, therefore, they remained open at year end. Maybe it is helpful to note that, as of May, there were 30 open recommendations before we put in further recommendations from ongoing assignments. It is not the same position as we had last year when I was reporting to the PBC but progress is being made in terms of implementation and this is something that we take very seriously, not just the IOD but also the IAOC and the Director General. We, the IAOC and the Director General follow quarterly the status of implementation. For members of the PBC, you can see it on our public website, we give you the quarterly status. As of May, we had 31 open recommendations. We have made progress in terms of the evaluation function. My report indicates that the Head of Evaluation reported for duty in mid-March. We also have a senior evaluator, who reported for duty on June 1, so the only open position in evaluation is the temporary P3 position that we normally retain. We have made good progress in terms of getting senior resources in evaluation and one of the key KPIs for this year is to ensure that we get the evaluation policy and evaluation manual out. We have made good traction on the evaluation manual and for the PBC, please note that we will be sending the draft policy to you for your comments and suggestions in the next three weeks. It will definitely be shared with the Member States for your input or suggestions, as is normal practice. In brief, we have two senior resources in evaluation, we are moving ahead with the evaluation policy and manual and we are also doing substantive evaluations as we speak. We are doing the WIPO Academy and we are also kicking off the PCT International Cooperation Division and the Division for Asia and the Pacific. Next year's report will show some substantive evaluations that have been done. The question was raised on the absence of the Head of Investigation. You will recall that, when I presented last year, we were on the cusp of recruiting somebody and we made an offer. That did not materialize for reasons that cannot be discussed at this session, but this is a matter that we are very seized with and I am in regular discussion with HRMD and also the Director General and even the IAOC on the next steps to make sure that we can have a substantive, experienced investigator to head the investigation function. The one for Head of Audit, as indicated in my report, became vacant in October 2025 and we will be releasing a vacancy announcement in the coming month and hopefully we will fill it. That will address the staff matters. In terms of the procurement audit, that was a key audit in the year. The question was asked if it was informed by the fraud cases that we substantiated. Yes it was. As a result of those

fraud cases, we issued modification reports for the procurement function to enhance controls to bridge some of the gaps that may have enabled the fraud to occur, but we also went further beyond the modification report. We then did a targeted procurement audit on the high-risk areas. It was a very targeted focus on certain areas. The report is there. What I can say is that post that report, we are continuing to engage with the procurement section to address the root causes substantively so that similar fraud is mitigated or cannot occur. This is something on which we are following up very closely and engaging with CSD. I believe Bérénice spoke about this in the earlier session. In fact, our last meeting was just last week. We are looking to close some of the recommendations because they have been substantively addressed while we continue to monitor the rest. This is an area on which I expect to give a further update to the PBC and the IAOC in the next few months in terms of the progress we have made. There was a comment on the concentration of open recommendations in the Administration, Finance and Management Sector. Yes, it had the highest concentration at year end and that is probably a factor of the type of audits that were done. You would find that investment management, procurement and cybersecurity all fall within that Sector. So, more business, more divisions, more findings, more audits, more recommendations. We need to get these implemented in a timely manner and this is something that we continue to follow up. In terms of the investigation threshold, we say they do not have a material impact. Here, being an ex-auditor, I was also guided by the materiality that the External Auditors give to the reasonableness of the errors of financial statements. We use that threshold. It is something that we can discuss in further detail. Maybe this is not the appropriate forum. But I was certainly clear that they were within the threshold and they were not material. Chitra, you can guide us there. I would probably allow the rest of management to also make a comment on that, if appropriate. In terms of planning, I believe that came from the Delegation of Argentina and IOD planning. It also came from the Russian Federation. Yes, as is the practice, we will definitely be reaching out to the Member States. We do this every October/November. We reached out to you last year. We also did that in 2024 or 2023 to get your input and suggestions on what areas you may want to see the IOD look at and why. I also went further and reverted back to you once the plan was ready on the areas that we are including and if we are not including them, I also gave you that information. We will definitely invite you again in October/November for the annual planning process where we will look at where we can give you further insight on what we see as strategic issues and strategic risk areas. There we can also discuss whether other sections of the organization that IOD had not reviewed in the past should maybe merit an audit in a timely manner. I think I have tried to answer the general themes. I am happy to revert back if there is something that I have missed.

92. Chair: I will now give the floor to the Director of the Central Services Division.

93. Secretariat: Allow me to first answer the question of the representative of the United States of America on any progress made on the implementation of the 17 recommendations stemming from the audit on the five procurement risks. At the outset, I would like to recall that the report was published on February 29, so there has been only a couple of months of work on it. However, I am pleased to report that we have already closed six audit recommendations. An additional five have been requested for closure and are already closed or in the process of being closed and a further four recommendations will be closed by July 31. It means that we will hopefully reach a degree of implementation of 80 per cent in five months. The last two recommendations will be closed by October 1, since it requires involving external stakeholders, external to my division but, of course, internal to WIPO. It will take a little bit more time, but we are extremely engaged and committed to closing all those recommendations as soon as possible because there are real benefits that we draw from these recommendations. On the question from the representative of Mexico, the answer is yes, some new rules have been implemented directly in response to the management implication report that was addressing the investigation of procurement irregularities. These changes are directed at limiting the possibility of these events occurring again and strengthening our capacity to

identify such irregularities more quickly. We have implemented other rules, even going beyond what was recommended by the IOD, so the process is very much under control as of today. Thank you.

94. Chair: I will now give the floor to the Director of HRMD.

95. Secretariat: Thank you. I would first like to clarify the questions relating to recovery in the HR fraud cases. In both cases, we looked at the full recovery of the amounts involved. The first case was quite straightforward, as I mentioned earlier this morning. This case was detected through controls and we stopped any payment. Recovery was therefore relatively straightforward. In the second case, there was an outstanding balance upon separation, but it is being recovered from ASHI. In both cases, there was no financial loss. I would also like to address the question from the Delegation of the United States of America regarding the potential hiring of these colleagues, which I understand to be a reference to the ClearCheck database. WIPO currently participates at a minimum level in ClearCheck, which was launched in 2018 to address cases of sexual misconduct. In early 2025, the UN Secretariat launched ClearCheck 2.0, which significantly expands the basis for entries. This was initially piloted within the Secretariat, and we have not yet implemented it because we are engaging in discussions with other agencies on the definitions applied, which were not completely clear. We want to ensure that we are consistent, and that the scope of application and other procedural matters are addressed in the context of the determination of misconduct. This is the status at this stage. Thank you.

96. The Program and Budget Committee (PBC) recommended to the WIPO General Assembly to take note of the “Annual Report by the Director of Internal Oversight Division (IOD)” (document WO/PBC/40/4).

97. Chair: I would like to make an announcement regarding tomorrow’s conduct of work. Upon consultations as a Chair and upon consultations with the security and based on earlier information from the Swiss authorities, I announce that our sessions tomorrow will be fully virtual. When circumstances are not certain, it is always better to take precautions and to be on the safe side. Safety has to be a priority, and it helps minimize any potential risks.

ITEM 6. PROGRESS REPORT ON THE IMPLEMENTATION OF THE JOINT INSPECTION UNIT’S (JIU) RECOMMENDATIONS

98. Discussions were based on document WO/PBC/40/5.

99. Chair: We continue our discussions with Agenda Item 6: Progress Report on the Implementation of the Joint Inspection Unit’s (JIU) Recommendations, contained in document WO/PBC/40/5. This document provides the status of the implementation of recommendations addressed to the legislative bodies and executive head, respectively, of the Organization resulting from the reviews of the JIU from January 1, 2019, to February 28, 2026. Before I pass the floor to the Secretariat to introduce the document, I would like to welcome the Chair of the JIU, Inspector Conrod Hunte, to the PBC session. I now invite the JIU Chair to make a few remarks to the Committee. Inspector Hunt, you have the floor.

100. JIU Chair: Thank you, Chair, distinguished members of the Committee. Thank you for inviting me to this governing body session. It is really important and we certainly appreciate this, because considering these reports has become standard good practice here at WIPO, providing an opportunity to highlight important issues and to brief you on the Unit’s recent activities. The

acceptance and implementation of JIU recommendations remain key indicators of the relevance and impact of the Unit's work. I am pleased to note that WIPO is among the participating organizations with the highest rate of implementation. As of June 9, 2026, for reports issued between 2017 and 2024, WIPO recorded an acceptance rate of 84 per cent, with 98 per cent of those recommendations already implemented. The JIU is closely monitoring the acceptance and implementation of its recommendations through our new recommendation tracking system, which was launched at the beginning of 2026. The system offers several key advantages, including the availability of consolidated statistical information covering all JIU reports, rather than only individual reports, and the ability for participating organizations to download the full database of JIU recommendations in Excel format for integration into their own recommendation tracking systems. It also offers the ability to track some of the key statistics on acceptance and implementation of JIU recommendations through a publicly accessible dashboard on the JIU website. I must state here, Chair, that this public dashboard is also available to all Member States. We trust that WIPO will make full use of this advanced system for monitoring and reporting on its progress in the consideration and implementation of the reports and recommendations. Allow me to briefly update you on the Unit's recent ongoing work. In 2025, the JIU issued six reports, five system-wide reviews and one management and administrative review of a single organization, each accompanied by an extended version. In 2026, so far, two single organization reports, concerning reviews of UNESCO and WMO, have been issued. The Unit also continues to work on reviews carried over from previous years, which are expected to be completed in the coming months. In 2026, the JIU selected six system-wide topics for its program of work, three of which were based on proposals received from participating organizations. The Program of Work includes reviews of practices and mechanisms for adapting to financial challenges, implementation of the Three Lines model, shared services, earmarked funding in mandate implementation, digital transformation, and the acceptance, implementation and outcomes of JIU recommendations. For the 2027 program of work, the Unit has initiated consultations with participating organizations, as well as other oversight coordinating bodies, by inviting proposals that could advance ongoing system-wide reforms, including those undertaken under the UN80 Initiative. The Unit particularly encourages proposals aimed at improving efficiency, strengthening institutional arrangements and realigning programs across the UN. We look forward to WIPO's proposal and the engagement in the development of the program of work for 2027. Members of the Committee, you have before you the progress report on the implementation of JIU recommendations prepared by the Secretariat, which provides the status of implementation of the recommendations addressed to the legislative bodies and the executive head of WIPO resulting from JIU reviews issued between 2019 and February 28, 2026. JIU notes that, as included in the report, WIPO has not accepted three recommendations from the JIU Review of Policies and Practices to Prevent and Respond to Sexual Exploitation and Abuse (JIU/REP/2025/2) (recommendations 2, 10 and 12) and has considered three other recommendations as not relevant (recommendations 4, 5 and 8). Similarly, recommendation 9 from the JIU/REP/2025/6 Review of the Health Services in the United Nations system and recommendation 2 from the Review of the implementation of the principle of mutual recognition (JIU/REP/2024/4) were found by WIPO to be not relevant. In this context, the Program and Budget Committee may wish to seek further clarification from management on the rationale underpinning these determinations, including how alignment with system-wide standards and best practices has been assessed, and whether any alternative measures are envisaged to address the underlying objectives of the respective recommendations. Distinguished Delegates, some of you may know that this is the sixtieth anniversary of the establishment of the JIU. This provides us with an opportunity to reflect on some of the key milestones in the JIU's development over the past six decades, highlighting some of our thematic priorities, to demonstrate how JIU recommendations have contributed to change across the UN system and to reaffirm the Unit's commitment to serving all Member States and participating organizations and engaging stakeholders throughout the year.

For this, we have a number of thematic articles that will appear, along with interviews and events. We had one last Thursday on oversight, with the three oversight bodies of the UN system and insight from some of the current and former JIU inspectors. Currently, we have 28 participating organizations that we serve at the JIU. In 2027, the International Organization for Migration will join the JIU as the twenty-ninth organization, so the JIU would certainly wish to reaffirm its role as the only external, independent, system-wide oversight mechanism and is committed to contributing to strengthening the effectiveness, accountability and integrity of the UN system. On behalf of the Unit, I would like to express my gratitude to the Secretariat for its cooperation and support in the conduct of the JIU's review and to the Member States of this Committee for their continued attention and support for the Unit's work. Thank you, Chair.

101. Chair: Thank you, Mr. Hunte, for your intervention. I now invite Mr. Simon Bower, Acting Head, Governance, Risk and Compliance (GRC) Section, to present the report. Mr. Bower, you have the floor.

102. Secretariat: Thank you, Chair. Distinguished Delegates, it is my pleasure to present a review on the status of the implementation of the JIU's recommendations addressed to legislative bodies and the executive head of WIPO. Document WO/PBC/40/5 provides a progress report on the status of implementation of JIU recommendations. The progress on implementation of recommendations is being reviewed by the IAOC on a quarterly basis. Since the last report, submitted to the 38th PBC session in 2025, five new JIU reviews were issued which were relevant to WIPO. These reviews covered program support costs, donor-led assessments, the prevention of SEA, health services and the Ombudsman function. Subject to the endorsement of Member States in respect of recommendations contained in the present report, there are three recommendations addressed to the executive head which remain open, either under consideration or in progress. All other recommendations have been closed. The open recommendations are from reports issued in 2024 and 2025. I would like to offer some details regarding the implementation of recommendations. For the JIU report on donor-led assessments, all six recommendations addressed to the executive head have been accepted and implemented. WIPO ensures that appropriate support costs are levied on voluntary contributions. It uses a standardized reporting methodology for all funds in trust and does not take on extra reporting or monitoring for these. Under the single audit principle, the WIPO External Auditor retains the exclusive right to carry out external audit on all WIPO accounts. Regarding the review of policies and practices to prevent and respond to SEA, WIPO considers that four of the nine recommendations addressed to the executive head are outside of WIPO's sole remit. Of the five remaining recommendations, two were accepted, two were not accepted and one is under consideration. Regarding the two recommendations made to legislative bodies, both have been implemented already via the annual report of the Director General on administration of justice. Regarding the review of the use of non-staff personnel and related contractual modalities, WIPO has carefully considered the recommendations but finds that a single denomination across the UN system for all non-staff would be too prescriptive, given the different contractual modalities with different risks, constraints and contractual relationships across organizations. On the review of the policies and practices for determining the rates of program support costs, the two recommendations addressed to the executive head and legislative bodies, respectively, are implemented through the WIPO policy on voluntary contributions, which contains a definition and an overview of the services provided by WIPO and an analysis of program support costs. Concerning the review of health services, WIPO has implemented the four relevant recommendations via the established medical unit that reports functionally to the Director of the Human Resources Management Department. One recommendation was closed as not relevant as it is outside the sole remit of WIPO. Finally, through the review of the Ombudsman function, four recommendations were addressed to the executive

head. All are considered implemented. We continue to value the recommendations and the knowledge exchange across the UN system that the JIU brings. Thank you, Chair.

103. Chair: Thank you, Mr. Bower. I would now like to open the floor for delegations who wish to raise questions or comments.

104. Russian Federation: Thank you, Chair. The Russian Federation has the honor to deliver this statement on behalf of CACEEC. We thank the JIU Chair for his presentation. We also take note of his brief marketing information for the sixtieth anniversary of the JIU and the Unit's contribution to strengthening the role of oversight within the organizations of the UN system. We would also like to thank the Secretariat for the preparation of the report. We encourage the Secretariat to continue participating in the work of the JIU in a timely, comprehensive and constructive manner. Our Group welcomes the participation of JIU representatives in meetings of the PBC. We look forward to substantive collaboration between the JIU and the IAOC. This will help to make the monitoring of the Organization's Accountability Framework more comprehensive. We seize this opportunity to ask the Secretariat to clarify the status of implementation of recommendation 2 in JIU Report 2024/3, on budgeting in organizations of the UN system. As we understand it, the JIU proposal to update the classification of objects of expenditure was primarily related to discussing this topic at the level of the UN Common System. That would imply conducting the work in question within the CEB. We would ask for comments on that. Thank you for your attention.

105. Chair: I thank the representative of the Russian Federation. Before giving the floor to the representative of Germany, let me remind you at this time that Group Coordinator statements are set for three minutes and individual Delegations for two minutes.

106. Germany: Thank you, Chair. Group B welcomes the progress report on the implementation of the JIU recommendations, as contained in document WO/PBC/40/5. We would also like to thank the Chair of the JIU for his presence, which is of great value to our discussions on this important matter in this Committee. We commend WIPO for the continued and steady progress regarding the recommendations issued by the JIU. As of February 2026, only a limited number of recommendations remain outstanding – three to the Executive Head – while all other recommendations have either been implemented, deemed not relevant or not accepted. We appreciate the Secretariat's ongoing efforts to facilitate timely responses to the JIU's reviews, questionnaires and interviews and to keep Member States regularly informed of the status of implementation. Group B recognizes the essential role of the JIU as the only independent external oversight body mandated to review UN system organizations collectively. Its reports and recommendations are vital for enhancing management, promoting best practices and strengthening coordination across the UN system. We also note the JIU's recent focus on issues such as accountability frameworks, which are relevant to WIPO's mandate and operational effectiveness, but also other important matters, such as the review of policies and practices to prevent and respond to SEA. In the context of the UN80 Initiative and the broader reform agenda, Group B underscores the importance of strengthening oversight and accountability mechanisms across the UN system, including at WIPO, to ensure organizations remain fit for purpose and deliver maximum value to Member States. We encourage WIPO to maintain its momentum in implementing the outstanding recommendations, taking into account the unique nature of its mandate. Group B stands ready to support WIPO in these efforts and looks forward to further updates. Now, please allow me to make a brief, unrelated statement regarding the decision on the format of this session announced earlier this afternoon. We note with some disappointment that tomorrow's session will once again be held entirely remotely. We remain hopeful that by Wednesday at the latest the format can return to a hybrid format, as we believe this would better support effective engagement and collaboration. Thank you, Chair.

107. China: Thank you, Chair. The Delegation of China thanks the Secretariat for once again updating the status of implementation of the JIU recommendations, and also thanks the Chair of the JIU for attending today's meeting and for the brief introduction. China is generally satisfied with WIPO's overall implementation of the JIU recommendations as of February 2026. China notes that this document proposes to change the status of Recommendation 1 from the JIU's 2019 report on "Managing cloud computing services in the United Nations System" to "implemented". The recommendation states that "[t]he executive heads of the United Nations organizations should ensure that business continuity planning includes strategies and measures to mitigate the risk of failure by cloud service providers to deliver the contracted services". China believes that WIPO has, for many years, provided high-quality and reliable intellectual property services to users worldwide. The PCT, Madrid and Hague systems are increasingly welcomed and used by global users, and this is inseparable from the Organization's strong reputation, its absolute commitment to the security of user data and commercial interests, and its provision of high-quality services. To address the various potential risks brought about by a cloud-first strategy, WIPO has in recent years, including at the beginning of this year, formulated a series of strategies and adopted a range of measures in an effort to address them, which China affirms and appreciates. At the same time, however, we note that reliance on a relatively single cloud service provider may entail significant security risks. For example, last year and this year, outages occurred on the Amazon Web Services (AWS) platform and related data centers. Therefore, China believes that diversification of infrastructure service providers is an important measure to mitigate such risks. Chair, in light of the measures and progress already made by WIPO, China is prepared to show flexibility and does not oppose changing the implementation status of Recommendation 1 to "implemented". However, we hope that a paragraph can be added to the decision paragraph under this agenda item. I will read the proposed text in English: "The Secretariat will report to Member States in the performance reports on contract implementation status and service delivery performance of contracted cloud service providers, as well as the implementation of strategies and measures taken by WIPO to mitigate the risk of failure by cloud service providers to deliver the contracted services." Returning now to Chinese, we hope this sentence can be added to the relevant decision paragraph so as to help mitigate potential risks in a timely manner. We hope the Secretariat will give it due consideration. We will also send our proposal immediately by email to the WIPO Controller mailbox. Thank you.

108. Chair: I thank the representative from China. Now I have on my list Mexico, followed by Argentina, followed by Italy, then the United States and Sweden. I beg your indulgence to limit the speaking time to two minutes. Thank you.

109. Mexico: Thank you, Chair. We would like to express appreciation for the presentation of this report, as well as the follow-up on recommendations. We have a number of specific comments. First, regarding recommendation 5 in report JIU/REP/2025/5, concerning the Ombudsman function: in our interpretation, this recommendation explicitly requires that the report be submitted to Member States for consideration through governing bodies. We therefore believe that simply publishing the report on the Organization's website or mentioning meetings in the IAOC report does not actually fulfill this mandate. In this regard, we would like to ask whether there are plans to formally submit the Ombudsman's report to the PBC or to the Coordination Committee for consideration. Second, as this step has not actually been completed with the Member States, Mexico would like to propose changing the status to "partially implemented" and amending the decision point to exclude this recommendation and keep it open. Our second comment is on recommendation 2 in report JIU/REP/2025/2, on policies and practices to prevent and respond to sexual exploitation and abuse (SEA) in the UN system. We note that the Secretariat has marked it as not accepted, delegating responsibility to inter-agency mechanisms. However, the wording of this recommendation appears to be addressed to each organization individually, unlike other recommendations that do refer to the

CEB. We would like clarification of this approach. We propose to change the status of the recommendation to "under consideration", again amending the decision point to keep it open. Third, our last point is on recommendation 8 in the same report, JIU/REP/2025/2, on the ClearCheck initiative. We would appreciate if the Secretariat could provide us with further information on its reservations regarding ClearCheck 2.0. We are interested in gaining a better understanding of what concerns are raised by the new information requirements and the consistent application of these criteria. The HR Director already gave us some information under the previous Agenda Item, but we would like to hear more about this. Finally, we hope that active cooperation will continue between the organization and the JIU. Thank you.

110. Argentina: Thank you, Chair. I would like to start by thanking the Secretariat for this report on the implementation of the JIU recommendations. In order to be brief, I will be referring to the specific comments we have on this report. With regard to JIU report JIU/REP/2025/3 on voluntary contributions, we would like to refer to the recommendations on the transparency of Funds-in-Trust. Although we recognize the efforts made by the Secretariat, we understand that there are still significant opportunities to improve the information available to Member States. The webpage of the Organization only gives partial information on some of the agreements, while it is still difficult to understand systematically which projects are being financed, what the amounts are and how these amounts are being used exactly. We believe that it is necessary to have greater transparency to strengthen accountability and trust. From the perspective of countries receiving cooperation, some activities financed through these Funds-in-Trust are sometimes carried out without sufficiently clear information on the source of these funds. In some cases, even if the beneficiary country is also contributing financially to the implementation of the activity, it is not always clear what the specific contribution of the Funds-in-Trust has been. Therefore, we would appreciate knowing whether the Secretariat plans to improve the information available on these mechanisms, periodically update the published information, and consider establishing specific channels for providing information or reporting to the PBC on the main Funds-in-Trust, their donors, and their areas of intervention. On report JIU/REP/2025/5, on the Ombudsman function, we understand that a new service agreement has recently entered into force. We would like to receive additional information on how it functions in practice, regarding the resources allocated to WIPO and the mechanisms in place to evaluate its effectiveness. We also note that the Secretariat considers the recommendation regarding reporting to have been implemented, on the basis of the reports that are made available to the IAOC. However, supporting the previous intervention, we would like this recommendation to be changed to "partially implemented", and we would like to know whether there are any regulatory or institutional limitations on Member States' ability to receive information on this activity directly. We also understand that the regular submission of annual reports is an important element to guarantee transparency and, therefore, we would like to know what the Secretariat plans to do to ensure that these reports are submitted on a regular basis. Finally, Argentina believes the implementation of the JIU's recommendations must be evaluated, not only in terms of their administrative closure, but also on the basis of their impact on institutional efficiency, transparency, accountability and the quality of management. Thank you.

111. Italy: Thank you, Chair. The Italian Delegation would like to express its appreciation to the Secretariat for the preparation of this clear and comprehensive report on the JIU recommendations. We take note with appreciation of the overall progress achieved, in particular the fact that the large majority of recommendations have been addressed, reflecting the Organization's continued efforts to strengthen its governance, accountability and administrative practices. We also note positively the steps taken to enhance transparency, improve oversight arrangements and further develop policies in areas such as staff well-being. These efforts contribute to maintaining the confidence of Member States in the work of the Organization. At the same time, we note that a small number of recommendations remain under consideration or in progress. In this regard, we encourage the

Secretariat to continue its efforts, as appropriate, in coordination with broader UN System processes where relevant. In the light of the above, the Italian Delegation supports the Secretariat's assessment of the status of implementation as presented in the report. Thank you, Chair.

112. United States of America: Thank you, Chair. The United States appreciates WIPO's 92 per cent implementation rate but notes that 100 per cent must be the standard. WIPO pays to participate in the JIU to receive expert recommendations. Leaving any recommendations open undermines the independent oversight that Member States fund. WIPO's refusal to strengthen SEA protections is unacceptable. Claiming low risk or deferring to system-wide processes is inexcusable and cannot justify inaction on an issue where the UN System faces ongoing credibility challenges. With that, we call on WIPO to reconsider and reverse its position on all three SEA recommendations. Finally, the PBC requires clear reporting on the implementation progress and expected completion timelines for all recommendations to ensure independent oversight produces timely results. Thank you.

113. Sweden: Thank you, Chair. First of all, Sweden would like to support the statement from Group B. In our national capacity, we question why some recommendations from report JIU/REP/2025/2, Review of policies and practices to prevent and respond to sexual exploitation and abuse in United Nations system organizations, have been dismissed already, while the first recommendation, which we consider an overall recommendation, is still pending. In line with this, we would prefer recommendation 1, addressed to the management, to be implemented before recommendations 2, 10 and 12 are dismissed, or that WIPO explains how its assessment of these recommendations was conducted. Thank you.

114. Chair: Thank you. I now don't see any Delegation requesting the floor. I would suggest that we conclude today's meeting and return to the matter tomorrow, so that the Secretariat can respond to some of the points that were raised and the proposal on the decision paragraph from China can be circulated to group coordinators. To allow time and to better manage our work, I suggest that tomorrow we deal with the Agenda as it is. We will start with Agenda Item 7(a) and then 7(b), to allow time to return to the points that were raised today, to give the Secretariat time and also the group coordinators. In order not to delay our work, we will proceed with the Agenda as suggested, and we will return to Agenda Item 6, regarding the JIU report, once the coordinators have had the chance to look at the suggestions and the Secretariat has consulted on the responses on the points raised. I will now declare today's meeting at an end. We will see you tomorrow morning. As I have announced, based on consultations and the security assessment, tomorrow we will resume the meeting as we did today, in fully virtual mode. By tomorrow afternoon, we will decide how we will move further. I would personally love to be in the room and to see everybody face to face, but let's prioritize precaution and safety. Thank you and have a good night.

115. Chair: Good morning, colleagues. We will start where we left off yesterday. We discussed the JIU report and heard several questions. I will now give the Secretariat the floor to answer those points. I will start with Ms. Maya Bachner, the Assistant Controller, and then will hand the floor to Ms. Adélaïde Barbier, the Director of HRMD.

116. Secretariat: Thank you, Chair and good morning to all delegates. First of all, I would like to address the question asked by the Russian Federation on behalf of CACEEC concerning Recommendation 2 of JIU report No. JIU/REP/2024/3, on the implementation of which we reported at the 38th session of the PBC. As we reported in that session, the definition of the cost categories used at WIPO are referenced in Appendix B to the WIPO Program of Work and Budget. The cost categories reflect WIPO's main types of expenditure to facilitate transparent and accurate reporting. The cost categories are reviewed on a regular basis to ensure that they remain fit for purpose as

the organization's work evolves. We are currently reviewing the cost categories in the context of the Enterprise Resource Planning (ERP) transformation project. At the system-wide level and in the context of the UN80 Initiative, and I think that this was the specific question from the Delegation of the Russian Federation, discussions are ongoing on common system-wide guidance on results-based management and results-based budgeting. In these discussions, relevant frameworks and recommendations from JIU reports are being duly considered. On the question which was raised by the distinguished Delegate from Argentina on JIU report No. JIU/REP/2025/3 on voluntary contributions ,the information on our Funds-in-Trust is reported comprehensively to the PBC in two documents. The first is the Program of Work and Budget, which includes an annex with the contributions from the Funds-in-Trust that it is estimated to be received by WIPO in a biennium. This information is detailed all the way down to the individual donors. At the end of each year, detailed information is provided in a separate annex in the WPR on the implementation of each Funds-in-Trust in the year under review. The information provides details on results achieved, main deliverables and activities, and actual expenditure on each of the Funds-in-Trust, again detailed by donor. Then there was a question from the Delegations of Mexico and Argentina in relation to information on the Ombudsman's activities which are made public. I would like to draw the Delegations' attention to the fact that the IAOC meets four times a year, and that during each of its meetings, the Committee meets with the Ombudsman. In each of their sessions, the IAOC holds briefings for Member States to apprise them of the deliberations with the Secretariat during the week, including with the Ombudsman. The report on each of the IAOC sessions also references the Committee's meeting in relation to the Ombudsman function. In addition, information on the Ombudsman function is transparently and publicly made available on the WIPO website in the annual Activity Report issued by the WIPO Ombudsman's Office. The report can be consulted by all Member States. It is a very comprehensive report which transparently provides statistics on visitor trends, case load status, case categories, mediation services and reflections on further development of the Ombudsman function. We therefore consider that this recommendation has been implemented. Finally, I would like to turn to the question from the Delegation of Argentina in relation to WIPO's agreement with the Office of the United Nations Ombudsman and Mediation Services. The agreement became operational on January 1, 2026, and is in full operation. The Ombudsman provides services to WIPO and through this arrangement we benefit from the extensive experience of UMOMS, with a dedicated Ombudsman in place and also access to their mediation services. In December 2025, the IAOC met with the UN Ombudsman and was briefed on the overall functioning of the UNOMS services. I would also like to stress that this collaboration is an example of exploring new shared services across the UN system in the spirit of the UN80 initiative. I will now hand over to my colleague, Adélaïde Barbier, the Director of HRMD.

117. Secretariat: Dear Chair and dear Delegates, my answer will be quite detailed. However, I believe it is necessary to explain our position; otherwise, it would be difficult to convey it clearly. First of all, I would like to reiterate the concerns we have raised repeatedly with the JIU regarding the formulation of recommendations. We have consistently requested that recommendations not be phrased in overly prescriptive terms that fail to recognize organizational diversity and the principle that effective implementation cannot follow a one-size-fits-all approach. Recommendations that are not contextualized to an organization's operational reality, mandate and risk profile risk becoming completely irrelevant, rendering implementation ineffective or meaningless. Our assessment that certain recommendations are not relevant or not accepted should not be misinterpreted as rejection of the underlying objectives or protections they aim to achieve. Rather, it reflects our commitment to ensuring that actions taken are impactful and appropriate to our context and deliver genuine value rather than superficial compliance. A common theme among recommendations we have assessed as not relevant to our Organization is their reliance on interagency mechanisms for implementation. While we may agree with a recommendation in principle and indeed take action accordingly, we cannot accept recommendations as phrased when implementation depends on interagency

processes. We have limited or no control over the progress, timelines or outcomes of interagency coordination. Accepting such recommendations would create accountability for outcomes that are beyond our direct influence or control. Our position is informed by prior experience. We have previously had recommendations which remained open for extended periods, in some cases years, despite our regular and proactive engagement with the interagency network to advance their closure. So, we respectfully request that the JIU take these considerations into account when formulating future recommendations, ensuring that they are both contextually appropriate and within the reasonable scope of individual organizations to implement. I will now turn to the subject of recommendations on sexual exploitation and abuse and try, in that context, to answer the questions from the Delegations of Mexico, the United States of America and Sweden. WIPO is firmly committed to effective prevention and response systems against sexual exploitation and abuse (SEA). Since 2019, we have maintained a dedicated policy aligned with the latest interagency standards and have actively participated in relevant coordination mechanisms, including the United Nations Executive Group to Prevent and Respond to Sexual Harassment and PSEAH (Protection from Sexual Exploitation and Sexual Harassment) working groups. WIPO's operational reality differs significantly from that of many other UN entities, with fewer than 40 staff based outside Geneva, predominantly in locations not classified as high risk, and with a mandate focused on capacity development, policy advice and technical assistance delivered primarily to government officials and institutional representatives. Our SEA profile and field footprint are distinct. This context informs our approach to implementation. WIPO strongly believes that SEA prevention and response must be addressed through collective, coordinated action across the UN system. Uncoordinated, individual entity actions risk undermining the significant progress achieved collectively in recent years. For this reason, several recommendations are best addressed through established interagency mechanisms, such as the Office of the Special Coordinator on Improving the United Nations Response to Sexual Exploitation and Abuse (OSCSEA) or United Nations System Chief Executives Board for Coordination (CEB) processes, where WIPO actively contributes and adds value in line with our operational reality and specialized expertise. Recommendation 1, referred to by the Delegation of Sweden, depends on the incorporation of the revised International Civil Service Commission (ICSC) standard of conduct, issued earlier this year, into WIPO's legal framework. Upon approval, the United Nations General Assembly asked the ICSC to incorporate into the revised standard of conduct comprehensive guidance, including on preventing conflicts of interest; promoting a culture of efficiency; the economical, responsible and efficient use of resources; and strengthening financial discipline and oversight. However, the guidance has not yet been issued. This recommendation will therefore move to accepted status as soon as guidance is received, so that the revised standards of conduct for the international civil service can be accepted by WIPO. On Recommendation 2, the United Nations system, including WIPO, currently uses two separate legal frameworks, one for sexual exploitation and abuse and one for sexual harassment. In recent years, there have been discussions on whether a unified framework, under the sexual misconduct umbrella, would be more effective in addressing all forms of related prohibited conduct, as recommended by report No. JIU/REP/2025/2. The shift to sexual misconduct will require a significant policy change not only at WIPO but across the entire United Nations system. As previously mentioned, WIPO strongly believes in the importance of coordination to enable a coherent approach across the system. For this reason, we will wait for a common position on sexual misconduct before revising our internal policies. In this regard, WIPO is already part of the discussions, which will begin officially later today with the Executive Group's dedicated work stream. To conclude, I also want to assure you that our current policies already include provisions affirming victims' rights, protection against retaliation and zero tolerance, among others, in full alignment with current system-wide requirements. In relation to Recommendation 8, I would like to reiterate that WIPO participates in ClearCheck and has been a part of it since the beginning. WIPO is also considering whether to join ClearCheck 2.0, which is an updated version. However, we have expressed reservations regarding the inclusion in ClearCheck 2.0 of elements not clearly defined across United Nations entities, such as serious misconduct, and we are particularly concerned by the potential implications for consistency of implementation across the United Nations system when no clear definition exists. For this reason, we are just being cautious at this stage. As mentioned earlier, in relation to Recommendation 2, which touches on these matters of alignment, we are actively participating in the discussions on the potential revised legal approach to sexual exploitation and abuse, which would address our concerns regarding consistency of definitions. On the question by the Delegation of Sweden on Recommendation 10, WIPO's risk registry already includes a risk related to harassment, including sexual harassment. We are open to considering the addition of a risk item related to sexual misconduct. But again, this would be when a common decision is reached on adopting a new legal framework at the UN level, following the interagency work that, as I mentioned, is already ongoing. The outcome of the discussion should be available in Q1 2027. I would like to reiterate that risk mitigation measures are already in place. For example, WIPO general conditions of contract for the provision of goods and services already include a clause specifically focusing on SEA. In addition, WIPO's vendor sanctions policy includes reference to prohibition of unethical practice. We also had a question on pooled funding, which is, de facto, related to the risk level. That was the explanation as to why we have included this answer on the recommendation. I hope this reassures all our Member States that we are taking sexual exploitation and abuse seriously. And the reason we are taking it seriously is that we are making sure that we are impactful in how we implement the recommendations, maybe in a different way, but still the principle is there. Thank you.

118. Chair: I thank the HRMD Director, Adélaïde Barbier. Thanks also to Maya Bachner for her clarification. Before moving to the decision part, may I ask Delegations if there are any further comments or questions?

119. Mexico: Thank you, Chair and thank you to our colleagues for that explanation. We heard the explanation and also their commitment to the policy on sexual misconduct and also on the accountability issue with the Ombudsman report. I have a question with regard to the Ombudsman, which I also raised yesterday, and that is whether the report would be presented at some point to the PBC directly or to the Coordination Committee? I understand that the way the JIU drafts these recommendations might be a matter of some contestation. It depends on the interpretation, but I think, with regard to the recommendation on the Ombudsman, that it is clear that it should go through the legislative body or governing body. I understood the IAOC argument, but it is not a legislative body. My apologies for insisting on this, but we think that it is a matter of good accountability to have the report presented to the governing bodies. That is the question I posed yesterday and I would like an answer. Thank you.

120. Secretariat: Thank you for the follow-up question from the Delegation of Mexico. We believe that reporting on the information of the Ombudsman function is extremely important and therefore we believe that, with the practice of publicly making the activity report available on the WIPO website, we fully, transparently make the information available to the Member States. I do recognize that JIU recommendations, as my colleague Adélaïde Barbier pointed out, in some cases are very prescriptive. The most important thing is that Member States are appraised of the Ombudsman function and, as I said in my previous statement, it is an extremely comprehensive report with all the statistics on caseloads and developments. It also contains recommendations from the Ombudsman. It is publicly available and should there be any questions from the Member States on this, they can be asked in the context of interactions, including with the IAOC, which meets four times a year. We have also consulted with the Office of the Legal Counsel on whether making the report publicly available can be considered sufficient or comprehensive enough to

comply with the JIU recommendations, and they have confirmed that that is the case. I hope that answers the question of the Delegation of Mexico. Thank you.

121. Chair: Thank you, Assistant Controller. Before closing the discussions on this item and moving to the decision part, I see Argentina requesting the floor.

122. Argentina: Thank you, Chair. First of all, I would like to thank the Secretariat for the comprehensive responses to our questions yesterday. However, there is one question that I raised yesterday precisely on the recommendation on the Ombudsman which is related to the regular report that the Secretariat mentioned. From what we can see on the web page, the report is not up to date. We understand that this has to do with the recent changes to the function and the new agreement that entered into force at the beginning of this year. Therefore, we would like to learn from the Secretariat when it expects to update the annual reports and if this is something that we will see by the end of this year, before the next PBC session. With regard to our questions on the Funds-in-Trust, and beyond the content of the performance reports, Argentina would like to know from the Secretariat whether there is a gap between the information provided after project implementation and that given during implementation. Thus, I would again ask the Secretariat to also inform beneficiary countries when it provides notification that those funds are being used in a project. Thank you.

123. Secretariat: Thank you, for the questions from the Delegation of Argentina. As far as the activity report of the Ombudsman is concerned, yes, the expectation is that the report will be made available. As you mentioned yesterday, this is a transition period in which we are getting services from the UNOMS. We will consult with the UN Ombudsman exactly on the timing of that report, but we expect, as in the past, that it will be made available. On the second question regarding the implementation of the Funds-in-Trust, one specificity that I did not provide in my first response to that question is that the annex to the WPR, which reports on each of the Funds-in-Trust, includes information on the regions in which a specific fund-in-trust or specific activities have been implemented. The list of beneficiaries is there. The WPR not only reports at the end of the implementation of the Funds-in-Trust, but on the continued implementation of the Funds-in-Trust and on the progress that has been made in any given year on a Fund-in-Trust. It is not only at the end of the Funds-in-Trust that we provide the reporting to the Member States, but also when the Funds-in-Trust are being implemented, with specific information also on the beneficiaries. Thank you, Chair.

124. Chair: I see no further requests for the floor. Moving on to the decision part of this item, yesterday China made a proposal for an inclusion in the decision concluding this item. The proposal, I assume, was distributed to members yesterday. I would now like to open the floor to get reactions to the Chinese proposal on the decision paragraph of Agenda Item 6.

125. Germany: Thank you, Chair. And thank you also for circulating the Delegation of China's proposal on the decision paragraph of Agenda Item 6. Group B would appreciate some additional time to review it and will be able to provide feedback only after an internal coordination meeting has taken place. In the meantime, we also wonder, at first glance, whether the proposal actually relates to this agenda item and would appreciate some more information on this. Thank you.

126. Chair: I would now call on the Delegation of China to provide clarification and explanations regarding the proposal, so that the rest of the members can have a clear idea of what it aims to achieve.

127. China: Thank you, Chair. Good morning, colleagues. We thank the Secretariat for circulating our proposal, and we thank the distinguished Delegation of Germany, speaking on behalf of Group B, for its feedback. As for the content of the proposal itself, it is in fact very clear. Of course, if some groups need more time for further consideration, we are willing to wait, and if necessary, we are also willing to hold bilateral consultations with them. That is not a problem. Regarding the point raised by the distinguished Delegation of Germany that this proposal itself seems unrelated to this agenda item, we can continue consultations on this matter, or it could also be discussed under another agenda item, for example, the WPR to be discussed later. That would also be an appropriate place. On the question of where exactly this content should be placed, we remain flexible. Thank you.

128. Chair: We have an item coming up on the WPR. My suggestion is that we allow time to discuss this matter, but adopt the decision on the conclusion of Agenda Item 6 as planned. Then we can discuss the Chinese proposal. I thank the Delegation of China for its flexibility in this regard. I was going to move to the adoption of the decision, but I see Mexico requesting the floor.

129. Mexico: Thank you, Chair. Thank you once again to the Secretariat for the explanation on the report on the Ombudsman. Given that the response is that there is no plan to submit the report to the PBC or the Coordination Committee, our request would be to exclude Recommendation No. 5 of report No. JIU/REP/2025/5 from the decision. That way, we can discuss with the Secretariat in the coming days how to improve its wording. My Delegation's intention is to achieve greater accountability. As mentioned yesterday by other delegations, the Ombudsman function has grown in scope. We would like to see the Ombudsman presenting the report directly to the Member States, and not, as currently recommended, through the IAOC. For that reason, we propose excluding Recommendation No. 5 of report No. JIU/REP/2025/5 in order to be able to discuss with the Secretariat the best way of improving the suggested wording. Thank you.

130. China: Thank you, Chair. With regard to this agenda item, we believe that the issue we just mentioned, namely the recommendations related to the 2019 JIU report on cloud-first strategy, remains relevant to our proposed decision paragraph. As I said just now, while we remain flexible regarding the placement of this decision paragraph, it is still relevant. Therefore, we also suggest that this agenda item not be closed for the time being, and that it remains open so that consultations can continue with Delegations. Thank you.

131. Chair: After hearing the Delegations, I suggest that we postpone the closure of this item. In order to advance on our agenda items, I would move to Agenda Item 7(a), the WPR, allowing some time for interaction between Delegations and for me to consult with the Secretariat.

132. Chair: Good morning, Excellencies, dear colleagues. First of all, let me congratulate you on your work and constructive engagement yesterday at the informal meetings. We will proceed first with Agenda Item 6, Progress Report on the Implementation of the Joint Inspection Unit's (JIU) Recommendations. I understand that you had a very constructive debate yesterday during the informal meetings and there is a satisfactory conclusion. I will invite the Vice Chair to inform you all on the agreement reached.

133. Vice Chair: Thank you very much, Ambassador. Good morning, Director General. Good morning, Excellencies, dear colleagues. I would first of all like to thank you for the constructive exchange we had yesterday during the informal meetings. Under Agenda Item 6, we discussed two issues. One was a proposal by Mexico to ensure that the report of the Ombudsman is made available to the concerned Committees directly, and not only via the IAOC. We have found a solution for this. The second topic we discussed was a proposal by the Delegation of China aimed

at ensuring continuous updates on potential problems that arise with cloud services in WIPO. For this, too, we have found a satisfactory solution for everyone. I am happy to report that we have had successful informal consultations and I think that we will be able to conclude this agenda item. Thank you.

134. The Program and Budget Committee (PBC):

(i) took note of the present report (document WO/PBC/40/5);

(ii) welcomed and endorsed the Secretariat's assessment of the status of the implementation of recommendations under:

- JIU/REP/2025/6 (Recommendations 1, 2, 3, 8 and 9);
- JIU/REP/2025/5 (Recommendations 3, 6 and 7);
- JIU/REP/2025/4 (Recommendations 2 and 3);
- JIU/REP/2025/3 (Recommendations 1, 2, 3, 4, 5, 6 and 7);
- JIU/REP/2025/2 (Recommendations 2, 3, 4, 5, 8, 9, 10, 12 and 13);
- JIU/REP/2024/4 (Recommendation 2, 3);
- JIU/REP/2023/8 (Recommendation 1);
- JIU/REP/2023/3 (Recommendation 1 and 2);
- JIU/REP/2023/2 (Recommendation 5);
- JIU/REP/2019/5 (Recommendation 1) as set out in the present report;

(iii) called on the Secretariat to propose assessments for the remaining open recommendations made by the Joint Inspection Unit (JIU) for Member States' consideration; and

(iv) noting that Rec 1 (JIU/REP/2019/5) has been implemented, the PBC requested the Secretariat to continue implementing and updating the business continuity strategy to mitigate risks of cloud services disruptions.

ITEM 7. PERFORMANCE REVIEW

(A) WIPO PERFORMANCE REPORT 2024/25

(B) INTERNAL OVERSIGHT DIVISION (IOD) VALIDATION OF THE WIPO PERFORMANCE REPORT 2024/25

135. Discussions were based on documents WO/PBC/40/6 Rev and WO/PBC/40/7.

136. Chair: I will now move to Agenda Items 7(a) and 7(b). We will start the discussions on 7(a), the WIPO Performance Report (WPR) 2024/25 (document WO/PBC/40/6 Rev.), and Agenda Item 7(b), Internal Oversight Division (IOD) Validation of the WIPO Performance Report 2024/25 (document WO/PBC/40/7). We will start with the presentation of Agenda Item 7(a) followed by 7(b). I am pleased to have with me Assistant Director General for the Administration, Finance and Management Sector, Mr. Andrew Staines, and Ms. Julie Nyang'aya, the Director of the IOD. I invite Mr. Staines to present the WPR.

137. Assistant Director General, Administration, Finance and Management Sector: Thank you, Chair. A very good morning to our distinguished Excellencies, Delegates and friends. I am delighted to present the WIPO Performance Report for the 2024/25 biennium (document WO/PBC/40/6 Rev.). This report presents a self-assessment by the Secretariat of WIPO's performance over the 2024/25 biennium, the second biennium under the MTSP 2022-2026. The WPR provides a comprehensive, results-based overview of our performance over the full biennium and presents our achievements against the Expected Results (ERs) and KPIs that you, the Member States, approved in the Program of Work and Budget for 2024/25. We have continued to sharpen our focus on results, on impact, and on efficiency, while using clearer language. I am pleased to share that both our programmatic and financial performance was strong in the biennium. Of the 165 performance indicators assessed in this report, 123 or 75 per cent were rated as fully achieved. This compares with 73 per cent in the previous biennium, 2022/23. Some 13 per cent were rated as partially achieved, compared with 11 per cent in the previous biennium, and 11 per cent were rated as not achieved, compared with 13 per cent in 2022/23. A very small number of KPIs were deemed not assessable, as reliable data has proven difficult to obtain. Looking at some of the key highlights, the biennium was marked by some historic milestones, including the adoption in 2024 of two landmark treaties, the WIPO Treaty on Intellectual Property, Genetic Resources and Associated Traditional Knowledge (GRATK) and the Riyadh Design Law Treaty, bringing the total number of WIPO administered treaties to 28. We published the 5 millionth PCT application and celebrated the 100th anniversary of the Hague System. Allow me to share a few additional examples of performance under each of the Strategic Pillars. Under Strategic Pillar 1, we expanded WIPO's digital reach. Our social media community grew to over 600,000 followers, a 23 per cent increase compared with the end of 2023, surpassing the targets. WIPO is ranked first in the world trademark review accessibility ranking in both 2024 and in 2025, and our news content is now available in more than 130 languages through machine translation. Under Strategic Pillar 2, in addition to the adoption of the two new treaties, we recorded 51 ratifications and accessions across WIPO administered treaties. The Marrakesh Treaty to Facilitate Access to Published Works for Persons Who Are Blind, Visually Impaired or Otherwise Print Disabled reached its 100th Contracting Party in 2025 with the accession of Kazakhstan. We advanced WIPO's foresight and preparedness work through WIPO Catalyst, WIPO Pathfinders, and Pulse, our global survey of IP perspectives. At the same time, the adoption of the new H10 class under the international patent classification has addressed rapidly evolving semiconductor technologies. Under Strategic Pillar 3, demand for our global IP systems remained strong despite challenging global economic conditions and lower than expected filings. Our focus has remained on transforming WIPO services from

application-driven models to more applicant- and client-focused delivery, including through the launch of a new customer relationship management platform and expanded use of AI tools. Demand for WIPO's dispute resolution services reached record levels, while operational efficiencies, including in PCT translation services, generated 10.4 million Swiss francs in savings. Under Strategic Pillar 4, we scaled delivery and development impact across all regions with nearly 100 national, regional and subregional projects. Enrollments in WIPO Academy courses exceeded 300,000, a 36 per cent increase over the previous biennium, with strong participation from women and young people. We supported more than 3,000 entrepreneurs through IP management clinics and related programs, while expanding support for innovation ecosystems, technology transfer, and IP commercialization. Lastly, we continued investing in our people, our digital infrastructure and our governance. We launched iPerform, an AI-enabled performance management system. We achieved ISO 27001 recertification in cybersecurity and expanded responsible AI adoption across the Organization. On the financial side, unqualified audit opinions in both 2024 and 2025 confirmed the strength of financial management and processes. Total income after IPSAS adjustments reached 976.4 million Swiss francs in 2024/25, marginally ahead of the Program of Work and Budget for the biennium. Fee income from WIPO's global IP systems accounted for 95 per cent of total income, with the PCT and Madrid Systems contributing 76 per cent and 17 per cent respectively. Total expenditure after IPSAS adjustments amounted to 832.2 million Swiss francs, or 92 per cent of the approved budget, reflecting prudent financial management. Turning to the operating result, this amounted to 144.1 million Swiss francs, exceeding the biennium estimate by 75.7 million Swiss francs. The overall surplus reached 224.5 million Swiss francs, which included 98.1 million Swiss francs in investment gains. Net assets at the end of 2025 stood at 884.3 million Swiss francs. Thank you very much indeed. With your permission, Chair, I will hand to Maya Bachner, who will present some of the minor corrections that were in the revised version of the WPR for Member States. Thank you.

138. Secretariat: Thank you. The revised document (the Rev. version of the WPR) reflects some editorial fine-tuning and minor corrections. I will list a few of the latter. In the performance data tables for the Patents and Technology Sector, the performance indicator evaluation scale was corrected to reflect the end biennium scale, full achieved, partially achieved, etc., rather than the mid-biennium scale, which set on track or not on track. Likewise, there was a correction in the Regional and National Development Sector on page 9 of the document, where the 2024 filing rate for the Madrid System under ER 3.1 was corrected from 65,104 filings to 65,116 filings. This is to align the figures with those that are reported under the Brands and Designs Sector table. In the Sector of the Director General (page 20), footnote 49 has been corrected to "4 out of 7 flagship publications". I would like to note one additional correction that has been brought to our attention by CACEEC, which we will reflect in the final published version of the WPR. On page 99 of the English version, Annex VIII on the Build Back Initiatives - Highlights, the reference to the registration of the Ashtak dried apricot will be corrected to refer to Tajikistan instead of Uzbekistan. The sentence will read: "This resulted in the registration of Tajikistan's Ashtak Dried Apricot in 2025, with Kyrgyzstan's At-Bashi White Honey expected in 2026." Thank you, Chair.

139. Chair: I now invite the Director of the Internal Oversight Division, Ms. Julia Nyang'aya, to present Agenda Item 7(b), Internal Oversight Division (IOD) Validation of the WIPO Performance Report 2024/25.

140. Secretariat: Chair, distinguished Delegates, I am pleased to present the results of the Internal Oversight Division (IOD) Validation of the WIPO Performance Report 2024/25. This exercise was conducted as part of IOD's established validation cycle, under which all performance indicators are reviewed over two biennia. In the current cycle, IOD validated the remaining 50 per cent of performance indicators, along with 12 newly introduced indicators. The objective of the

validation was to verify the accuracy of performance data and self-assessed levels of achievement reported in the WPR, based on supporting documentation and corroborating evidence. The validation results are straightforward. IOD assessed a total of 47 performance data items across all sectors and found that all 47 performance data items were accurately reported and the self-assessed levels of achievement under the traffic light system were also accurate in all cases. This corresponds to 100 per cent accuracy both in terms of underlying data and the associated self-assessments. In addition, the validation covered all sectors of the Organization and included the review of newly introduced performance indicators, which were also found to be accurately reported. With respect to follow-up on previous exercises, there were no outstanding recommendations from the prior validation reports and no new recommendations arising from this validation exercise. In conclusion, based on the work performed, the performance data reviewed by IOD for the 2024/25 WPR were accurate and the reported levels of achievement were appropriately and accurately self-assessed. Thank you, Chair.

141. Germany: Group B wishes to extend its sincerest gratitude to the Secretariat for preparing the detailed WIPO Performance Report 2024/25. The document provides very valuable insights into WIPO's achievements in financial stewardship. And we commend the Secretariat for its continued commitment to transparency and accountability. Group B recognizes the positive financial result for the 2024/25 biennium and its surplus of 224.5 million Swiss francs. More than 95 per cent of WIPO's income comes from fees paid by users of its international IP systems, primarily users of the PCT System (76 per cent) and the Madrid System (17 per cent). Once again, this observation highlights the key role played by these filing and registration systems as the financial backbone of the organization. However, Group B would like to point out that, while the PCT and Madrid Systems remain vital, Table 3 of the report shows that the number of actual filings for each of the fee-funded unions were lower than WIPO's estimates. This highlights WIPO's vulnerability to global economic fluctuations. In this light, we are glad to see that in 2025, 275,900 PCT applications were filed, representing an increase of 0.7 per cent compared with the previous year. We are confident that the Secretariat will continue to monitor these trends and can maintain an effective management behavior accordingly. Our Group takes note that 123 out of the 165 performance indicator evaluations were assessed as fully achieved and a further 21 as partially achieved in 2025. We, however, point out that there are gaps in the achievement of performance indicators. In particular, only 51 per cent of the performance indicator evaluations under Strategic Pillar 3, which focuses on IP services knowledge and data, were reached as shown in page 4 of the report. Thus, no improvement has been achieved since 2024. We therefore respectfully request that the Secretariat continue to make efforts towards the achievement of ERs and KPIs. We also note with concern the performance of the Brands and Design Sector, which fully achieved only 41 per cent of its KPIs. We welcome any information the Secretariat may provide on steps being taken to mitigate this poor performance and ensure that it does not continue in the next biennium. In conclusion, while careful monitoring of management behavior remains essential to mitigate structural risks, Group B acknowledges the positive performance of the Organization in 2025, congratulates WIPO and encourages the Secretariat, the Director General and the Sector Leads to continue in this direction. Thank you, Chair.

142. El Salvador: El Salvador has the honor to take the floor on behalf of GRULAC. We would like to thank the Secretariat for presenting the documents on this item. GRULAC takes note of the results presented in the report, which reflect a solid financial performance and prudent management of the Organization's financial resources in the 2024/25 biennium. In particular, we would like to highlight that the biennium closed with a surplus of 224.5 million Swiss francs, which included 98.1 million Swiss francs in investment gains. This indicates a robust financial position that is based on well-managed investment policies and increased focus on financial stability and risk management. The Group wishes to underline that WIPO saw an operating result of 144.1 million

francs, exceeding the biennium estimate by 75.7 million Swiss francs, as a result of lower expenditure and higher income than expected. We would also stress that the savings made in the biennium are due in part to vacant posts. While that helped to contain expenditure, it also underscores the need to improve staff planning. We would encourage the Secretariat to improve planning and to ensure the full and efficient use of resources for budgeted posts. GRULAC acknowledges that most of the Organization's income continues to come from the global IP systems, underlining how important they are for a sustainable multilateral IP system and the efficient provision of services to users. We would also like to highlight the positive performance of the WIPO Arbitration and Mediation Center, which saw major income growth thanks to the increase in domain name filings, exceeding the established targets and reflecting the growing importance of alternative dispute resolution mechanisms administered by WIPO. GRULAC acknowledges the effort made by the Secretariat to implement the Organization's objectives and takes note of the progress in terms of efficiency and use of resources. In that regard, we appreciate the increase in net assets to 884.3 million Swiss francs at the end of 2025, contributing to the Organization's financial robustness in the mid-to-long term. Lastly, GRULAC renews its commitment to strengthening WIPO as an inclusive, multilateral forum focused on fostering a balanced and efficient IP system for development, innovation and creativity and the benefit of all its Member States. Thank you.

143. Russian Federation: Thank you, Chair. The Russian Federation has the honor of delivering this statement on behalf of CACEEC. We thank the Secretariat for preparing the report and note with satisfaction the success of the countries of our Group among WIPO's top achievements in the 2024/25 biennium. Participation in WIPO-administered treaties continues to expand in a consistent manner. Kazakhstan became the 100th party to the Marrakesh Treaty and also acceded to the Beijing Treaty. Uzbekistan became a party to the Geneva Act of the Hague Agreement and the Singapore Treaty. A significant milestone was the launch of creative economy data models in Azerbaijan and Kyrgyzstan. The WIPO Office in the Russian Federation successfully implemented projects whose beneficiaries included small and medium-sized enterprises (SMEs) and Indigenous Peoples in the Russian Federation. In Kazakhstan, Kyrgyzstan, and Tajikistan, systems of geographical indications were strengthened thanks to targeted support. As a result, a trademark for Tajik dried apricots was registered and the process of registering a trademark for Kyrgyz white honey was launched. Countries in our region are expanding access to specialized education. In Armenia, an IP training institution was opened, and in Kazakhstan, in cooperation with WIPO, a new specialized masters program was launched, as well as targeted training for law enforcement officers. As part of efforts to accelerate the dissemination of knowledge and the use of green technologies, a water storage technologies project in a school for children with disabilities was carried out in Tajikistan. On other aspects of the Organization's activities over the past biennium, we note the following. We welcome the success of the diplomatic conferences held in 2024, which resulted in the adoption of the GRATK and the Riyadh Design Law Treaty. We note the expansion of access to multilingual WIPO content. The report indicates that, in particular, languages services have become more efficient thanks to the optimization of workflows and increased use of AI. Machine translation is now being used to translate key and substantive publications into all six UN official languages. We would like to stress that the use of new technologies in the Organization's work with a view to achieving savings and increasing productivity should not undermine the quality of the Secretariat's outputs. Taking into account WIPO's consistently strong financial performance, as reflected in the Secretariat's reports, we have grave doubts about the need to save on funds for written translation into the official languages. The results of the use by the Secretariat of modern AI-based tools for translation fall far short of the high standards of linguistic accuracy that Member States expect of documents and products created by WIPO. Texts produced with this kind of tool, therefore, require constant, careful human review and editing. In addition, according to the 2024 WPR, a machine translation widget has been made available for news and videos on the

Organization website. Unfortunately, Member States were not informed about the pilot testing of this tool, and, therefore, we had no opportunity to provide feedback on our experience with using it or on the quality of the translations. In conclusion, we note that the significant reallocation of funds among sectors and the budget utilization rate of 91 per cent demonstrate the need to improve the quality of work planning and to have a realistic approach to WIPO's budgeting. Thank you.

144. China: Thank you, Chair. The Delegation of China thanks the Secretariat for preparing this biennial WPR, and also thanks IOD for its validation of the document. We believe that comprehensive and objective performance evaluation and the timely and transparent publication of reports are not only important for ensuring the good governance of this Organization but also help Member States to gain a comprehensive understanding of the progress of the Organization's work. China notes that in the 2024/25 biennium, the overall proportion of the Organization's ERs rated as achieved or partially achieved was 88 per cent. We highly appreciate the hard work and substantial achievements of all sectors of the Organization during the last biennium. On this occasion, China would like to congratulate WIPO on the following achievements during the last biennium: WIPO successfully adopted the GRATK and the Riyadh Design Law Treaty, bringing the total number of treaties administered by the Organization to a historic high. The PCT System received its 5 millionth application, the number of contracting parties reached 159, and the volume of applications remained stable. The Global Innovation Index (GII) covered 140 economies worldwide, and the innovation cluster analysis tool was further optimized. The GII is becoming an important reference for governments in formulating innovation and IP policies. Enrollments in the WIPO Academy exceeded 300,000, course content became increasingly innovative, and its cooperation network and beneficiary base continued to expand. The Technology and Innovation Support Center (TISC) network continued to grow, and its service quality further improved. Through new formats such as the Youth Video Competition, WIPO effectively expanded the reach and global awareness of IP. China would also like to comment on one issue on page 38 in the Risk Section of the table under Strategic Pillar 3, item 3.2 states that the Patents and Technology Sector undertook substantial efforts to avoid a decline in the quality of the International Bureau's work under the PCT System, and that these efforts achieved positive results. While China appreciates the quality control work within the PCT System, we would also like to refer to a report issued by the Internal Oversight Division, document IA/2025/03. One audit finding in that report states that the Hague Registry had not carried out any quality checks in recent years and had not produced any quality control reports. The IOD classified this as a high-priority issue and recommended that corrective action be taken promptly. China believes that ensuring work quality is a key performance indicator for any IP office worldwide that conducts formal or substantive examination. Regarding the issue of not carrying out quality checks for several consecutive years, China would like to request that the Head of the Hague Registry provide more information. We hope that the Hague Registry will focus on this audit recommendation and take concrete steps to implement corrective measures to ensure the provision of high-quality services to users worldwide. We also suggest that, in the future, when formulating the new biennial Program of Work and Budget and the related performance reports, the issue of quality control in other global IP service systems, such as the Hague System, should also be taken into account. China also supports the statement made just now by the distinguished Delegation of the Russian Federation on behalf of CACEEC concerning the translation of publications. We call for all flagship publications to be published in full in all six official UN languages, and this roadmap should be implemented. Thank you, Chair.

145. United States of America: The United States welcomes the presentation of the WIPO Performance Report (WPR) 2024/25. We are pleased to see that WIPO exceeded its projected overall financial performance for the biennium. The United States is particularly pleased to see that the Copyright and Creative Industries Sector finished the biennium with all performance indicators assessed as achieved, while demonstrating financial responsibility by coming in 7 per cent under

budget. The United States is concerned, however, with the particular poor performance of the Brands and Designs Sector. We note that the Sector achieved only 41 per cent of its performance indicators. For example, none of the Madrid System, the Hague System or Lisbon System met their targets for additional members. Madrid fell 13 per cent short of its application targets and Lisbon short by a staggering 50 per cent. The unit cost for new or renewed Madrid registrations and new or renewed Hague designs increased over the baselines, while decreases were targeted. Information on Lisbon unit cost was, unfortunately, not provided in the report. We also note that, while failing to fully achieve 59 per cent of its performance indicators, Brands and Designs failed to spend nearly 10 per cent of the budget allocated to it by Member States. While the United States certainly appreciates financial prudence, underspending while underachieving is not acceptable. This failure is particularly concerning, given that each of the Madrid, the Hague and Lisbon Systems are projected to operate at a deficit under the 2026/27 Program of Work and Budget. We request an explanation for these shortcomings. We understand that the Brands and Design Sector currently has a number of vacancies, but that should not be an excuse for such poor performance. The United States calls on the Director General to ensure hiring at WIPO is merit-based and that all vacancies at WIPO are filled with qualified candidates and to not allow preferential treatment to be given to any particular group in place of recognizing hard work, achievement and individual performance. That would weaken the Organization. The United States remains concerned that North American representation stands at 9.7 per cent, essentially unchanged from 2023, and has remained consistently below the desirable range since at least 2006, as documented in WIPO's own geographical distribution evolution data. We represent less than 10 per cent of professional staff and yet North Americans are not prioritized for recruitment. The 1975 principles of geographical distribution established clear ranges to ensure fair representation. WIPO must honor these commitments. What steps will WIPO commit to taking to urgently fix this chronic underrepresentation? As a broader matter, we look forward to hearing from the Secretariat on how it plans on addressing the areas in which WIPO did not achieve its performance indicators, including how it expects to avoid similar results in future years. The United States would also like to request additional information from the Secretariat on certain transfers listed in Annex I to the WPR. The WIPO Financial Regulations and Rules provide that the Director General may make transfers of up to 5 per cent of the biennial allocation of the receiving sector, or 1 per cent of the total budget. Annex I lists the following transfers. Patents and Technology had a total net transfer of 9.2 million Swiss francs, or 1.1 per cent of the total WIPO budget. Copyright and Creative Industries had a total net transfer of -10.3 per cent of the sector budget. Regional and National Development had a total net transfer of 6.1 per cent of its sector budget. Infrastructure and Platforms had a total net transfer of 9.1 per cent of its sector budget. IP and Innovation Ecosystems had a total net transfer of 7.3 per cent of its sector budget. Administration, Finance and Management had a total net transfer of -1.6 per cent of the total WIPO budget. The United States requests clarification from the Secretariat on how these transfers comply with Regulation 3.4 of the WIPO Financial Regulations and Rules. We further note that WIPO spent 40 million Swiss francs on IT modernization through capital master plan projects. Could the Secretariat please explain how these investments will streamline operations and generate cost savings? We expect clear metrics demonstrating return on investment and improved efficiency. Lastly, the United States demands that WIPO focus on its core mandate of promoting the use of IP around the world. The Organization should not be spending resources outside of its technical mandate. The United States reiterates its position, encouraging WIPO to focus on specific environmental threats, such as threats to clean air and clean water, and sensible environmental protections rather than making general references to climate change. It is also the policy of the United States to recognize two sexes, male and female. WIPO must use clear and accurate language that recognizes women are biologically female and men are biologically male. The United States has also made clear that it will no longer affirm the 2030 Agenda for Sustainable Development and the SDGs, as they advance a program of soft global governance inconsistent with the sovereignty of States. Turning to the IOD's Validation Report, the United States commends the IOD for its thorough and independent review. We are pleased that all 47 performance indicators were confirmed as accurately reported across all eight sectors, a strong signal that WIPO's internal accountability mechanisms are functioning as intended. Can the IOD advise whether any indicators in this exercise were difficult to verify or lacked sufficient supporting documentation, even if ultimately confirmed as accurate? The United States also notes with appreciation that there are no outstanding recommendations from prior validation cycles and that no new recommendations were necessary. We urge WIPO to sustain this standard of reporting integrity as the Organization moves into the next biennium cycle. Thank you.

146. Sweden: I will be brief. First of all, Sweden would like to support the statement made by Group B. We would like to express our appreciation for the positive results achieved and for the efforts made to maintain cost discipline. At the same time, we would like to underscore the importance of continuing to operate in a cost-effective manner, not least given the current global uncertainty, financial volatility and uncertain trends in application volumes for some systems.

147. Japan: The Delegation of Japan would like to express its gratitude to Assistant Director General Staines for the detailed explanation of the WPR and to the IOD Director for its comprehensive validation. We align ourselves with the statement delivered by Group B and the Delegation of Japan appreciates this WPR, document WO/PBC/40/6 REV., in general. While we note that, on pages 6 and 7, PCT and Madrid fee income remained broadly in line with the Program of Work and Budget 2024/25, the underlying demand, indicated in Table 3, shows that PCT filings and Madrid applications were only 93 per cent and 87 per cent of the original estimates, respectively. The report attributes this in part to trade or economic uncertainty. We would appreciate a more concrete explanation of the specific factors behind this decline, since the phrase "trade or economic uncertainty" is too vague or general and should not be used as a catch-all explanation in future reporting. In addition, we would also welcome clarification on the apparent discrepancy between Table 3 and Table 2. Specifically, while Table 3 shows that international filings were below estimates, Table 2 indicates that most of the fee incomes accounted for 100 per cent of estimates. As we assume the fee income should be almost proportional to the number of applications, we would be grateful if the Secretariat could explain the reason for this difference. Thank you.

148. Republic of Korea: The Delegation of the Republic of Korea thanks the Secretariat for the WPR 2024/25. Our appreciation also goes to Assistant Director General Andrew Staines and the Director of IOD. The Republic of Korea welcomes WIPO's positive financial performance and the overall achievement of the ERs during the biennium. At the same time, we note that total expenditure before IPSAS adjustments reached 91 per cent of the approved budget, with personnel expenditure at 88 per cent. In this regard, we would appreciate further clarification from the Secretariat on whether the lower resource utilization, particularly personnel resources, had any impact on the timely implementation of activities, service quality or delivery of ERs. We believe such analysis would be useful to ensure that budget underutilization does not translate into delays or reduced quality in WIPO's programs and services. We also note that demand for all four global IP systems – PCT, Madrid, the Hague and Lisbon – was below the estimates, while overall income slightly exceeded the budget estimate. We would appreciate a clearer explanation of the factors behind this outcome, including the respective impact of registrations, renewals, fee structures, accounting timing, and other revenue sources. We believe that more detailed explanations of these issues would further strengthen transparency, improve budget forecasting, and support Member States in assessing WIPO's performance in a balanced manner. Thank you.

149. Russian Federation: Thank you, Chair. The Delegation of the Russian Federation associates itself with the statement made by CACEEC on this agenda item. We would like to thank the Secretariat, in particular Mr. Andrew Staines, for the preparation and presentation of the WPR 2024/25. We note with satisfaction that there was a budget surplus over the past biennium, and we are cautiously optimistic about the achievement of the KPIs. At the same time, once again, we call for a more prudent approach to assessment and forecasting. In particular, during previous sessions of the Committee, our Delegation drew attention to the discrepancy between the projected and actual indicators for the number of IP application registrations and for the need to consider national contexts. According to the Report, the PCT System showed 6.9 per cent fewer new applications than forecast, while the Madrid System showed an even more significant deviation of 12.6 per cent. Other registration systems also performed lower than forecast. We share the concern expressed by the Delegation of China about the Hague System. In the previous biennium, 2022/23, there was also a discrepancy between forecasts and actual numbers of applications. With regard to international registration systems, one of the risks identified was a loss of user confidence. According to the report, this risk did not materialize. We do not fully agree with this conclusion. In the context of an increased number of national applications in several countries, and in view of unilateral restrictive measures by certain States that run counter to the letter and spirit of fundamental international IP treaties, including the Paris and Berne Conventions and the WIPO Convention, we express serious concern about the effectiveness of WIPO's means of responding to inherent risks and to the creation of attractive conditions for the use of international registration systems. The indicators provided clearly show that user confidence in international registration systems is declining. We also note that in 2024/25, WIPO external offices, including the Office in the Russian Federation, played a key role in bringing WIPO's global services closer to users. As a host country, we are pleased to note the successful work of the Russian Office, which not only met but also exceeded the criteria established by the KPIs. During this biennium, a number of initiatives have been implemented to support Indigenous Peoples, youth, women and SMEs. In addition, we note the efforts to automate and digitalize the Organization's activities, and to optimize translation processes, including in the context of expanding the language regimes of the Madrid and the Hague Systems. At the same time, we would like to draw your attention to the fact that savings and increased productivity should not be achieved at the expense of quality. Given the stable financial situation of WIPO, we believe it is important to pay due attention to ensuring high-quality translation into the official languages of the Organization. This is a key condition for the full participation of Member States in its work.

150. Brazil: Good morning, colleagues. The Delegation of Brazil aligns itself with the statement delivered by El Salvador on behalf of GRULAC. We acknowledge the preparation and presentation of the WPR 2024/25 and welcome the efforts undertaken by the Organization to advance development-oriented outcomes across all its activities. The report indicates that 21.6 per cent of the total expenditure in the biennium was allocated to development expenditure. It is encouraging to see that resources were directed especially towards areas with stronger structural impact. It is also worth noting that the activities carried out under the Build Back Fund, particularly those implemented together with Member States from the Latin American Integration Association, demonstrate the value of targeted cooperation mechanisms, with projects on boosting IP capacity, with a view to generating practical and lasting results. Brazil would also like to underscore the positive performance of the WIPO Brazil Office in Rio de Janeiro. The Report reflects a strong capacity for execution in local engagement, including initiatives directed at strategic audiences, such as design students in the Amazon region and women entrepreneurs in science, technology, engineering and mathematics (STEM). These efforts contribute to broadening awareness and the active use of the IP system in Brazil by strengthening innovation in a more inclusive and sustainable way. Brazil further welcomes the reference to the adoption by consensus of the GRATK as an important milestone for the multilateral IP system. This Delegation also attaches importance

to the continuation of negotiations concerning traditional knowledge and traditional cultural expressions, which remain essential for advancing a more balanced, fair and inclusive international IP regime. Chair, we also note positively that Brazil was included in the World Intangible Investment Highlights, reflecting the growing relevance of emerging economies in global innovation and investment dynamics, reinforcing the importance of development-oriented policies in this field. Notwithstanding such progress, the strong results and the robust financial health of this Organization, as qualified by the Director General himself yesterday, continue to point to the possibility of increasing efforts and expanding the volume of resources devoted to the WIPO Development Agenda. There remains room for greater ambition in financing projects with a direct impact for developing countries and LDCs. In light of the persistent asymmetries in access to and use of the international IP system, it is essential that WIPO continue strengthening the implementation of its Development Agenda, ensuring that it can translate into broader and more sustainable outcomes.

151. Tunisia: At the outset, allow me to congratulate you, Chair, on your election. We are convinced that, thanks to your leadership, the Committee will be able to make significant progress. We would like to thank the Secretariat for this very detailed Report and we stress the importance of evaluating activities undertaken and their impact. We note with satisfaction the Organization's strong financial performance during the period under review and the positive, albeit declining, results in the different activity sectors. We also see advances in achieving our ERs. We particularly appreciate the emphasis placed during this biennium on activities and initiatives for development and growth. By that we mean Strategic Pillar 4. We particularly appreciate the efforts made to diversify beneficiaries of on-the-ground projects, as well as the initiatives aimed at sustaining the impact of projects, in particular through the introduction of community-engagement platforms. We would also like to commend WIPO for its continued efforts to promote the visibility of development projects by giving a name and a face to the beneficiaries and sharing success stories. This allows us to emphasize the very practical and human aspects of development projects. That said, we would have liked the WPR to be clearer regarding the development measures taken and results achieved, particularly by specifying the geographical distribution of development expenditures. We also feel that greater attention could be paid to measuring the actual impact of these projects on the ground. Beyond data on activities, training, or the number of beneficiaries, it would be useful to have information that would allow us to assess the long-term effects of these projects and activities. In addition, my Delegation encourages WIPO to reinforce its cooperation and partnerships with other UN organizations in order to achieve global goals in which IP can play a key role. We believe that WIPO can play a central role and create global partnerships with the aim of integrating IP into joint development and growth initiatives. Allow me also to extend special congratulations to the Secretariat for its programs on economic recovery, resilience and local development that use IP as a post-crisis reconstruction tool. These initiatives once again demonstrate the huge potential of a balanced and inclusive IP system. Thank you.

152. Italy: The Delegation of Italy aligns itself with the statement made by Group B. Our Delegation would like to acknowledge the positive operational results achieved during the 2024/25 biennium. Despite a complex international environment characterized by economic uncertainty and geopolitical tensions, the Organization delivered a solid financial and operational performance. In particular, expenditure management was prudent and effective. Personnel costs remained significantly below budget expectations, mainly as a result of careful workforce management, savings from vacant posts and temporary positions, as well as flexible working arrangements. This demonstrates a responsible approach to resource allocation, while maintaining operational continuity and service delivery. Italy also notes the positive performance regarding contractual services and operational expenditures savings were achieved through more efficient procurement practices, increased use of digital and machine translation tools and improved management of

facilities and utilities. These measures contributed to maintaining operational costs under control, while continuing to invest in modernization and digital transformation initiatives. Italy would also like to highlight the efforts WIPO has made so far to reduce costs in its energy consumption. With reference to energy, Italy would like to confirm its attention to the achievements and initiatives implemented in the framework of WIPO GREEN acceleration projects. Regarding travel and mission-related expenditures, Italy appreciates the efforts made to streamline travel processing and optimize advanced booking practices, which helped contain costs, despite the organization of important diplomatic conferences during the biennium. Looking ahead, we believe that further efficiency may be achieved in the area of travel and flight expenditures, once the current geopolitical situation stabilizes and international transport markets return to more normal conditions. In a more favorable global environment, additional opportunities for cost optimization are likely to emerge. We are also interested in learning more about the results of Strategic Pillar 3. Overall, the results presented confirm a sound and balanced financial management approach combining operational efficiency with the continued achievement of the Organization's strategic objectives. Thank you.

153. China: Thank you, Chair, for giving me the floor again. The Delegation of China supports the statement just made by the distinguished delegation of the Russian Federation concerning the translation of publications. We call on the relevant WIPO departments responsible for this work to carry out, as soon as possible, full translations of all flagship publications, including the GII report, into the six official United Nations languages, while ensuring quality and also seeking feedback from Member States on translation quality. Thank you.

154. South Africa: Thank you, Chair. We deliver this statement in our national capacity and would like to thank the Secretariat for its work in preparing this WPR. Overall, the report reflects a positive performance by the Organization during the biennium, especially with respect to potential financial management and organizational efficiencies. We take note that WIPO recorded an operating result of 144.1 million Swiss francs, with total income of 976.4 million Swiss francs, with net assets of 884.3 million Swiss francs. These figures, in our view, point to a financially sound institution. There is no doubt room for growth, especially when looking at performance across the registration systems, and several Members have pointed to some gaps there. We also welcome the important normative achievements realized during the period under review, especially the conclusion of the GRATK and the Riyadh Design Law Treaty. These demonstrate that WIPO remains an effective forum for international cooperation and consensus-building and, in our view, they are important achievements to build upon. South Africa further notes a number of encouraging operational developments. We welcome the strong performance of the WIPO Arbitration and Mediation Center. Income from these services exceeded budget estimates by more than 60 per cent, reflecting growing demand for WIPO's dispute resolution services. We also note improvements in the collection of assessed contributions and commend the Secretariat for strengthening communication outreach and public engagement. The growing media presence and visibility of the Organization, as well as the expansion of its digital footprint contribute to growing awareness of the role of IP in innovation, creativity and development. At the same time, the Report highlights the continued sensitivity of WIPO's revenues to developments in the global economy. Lower-than-expected filings under the PCT and Madrid Systems are attributed largely to global economic uncertainty, weaker growth and trade-related developments. We agree with several Members that, while these external factors are important, we believe that the drivers of filing trends should continue to be examined closely. This is an area that could, in our view, form part of the work of the proposed future growth task force, including considerations on how best to broaden and diversify the user base of WIPO's global services. Furthermore, addressing these challenges will require collective reflection and shared efforts across the WIPO community, including the Member States. Apart from that, South Africa commends the Secretariat for the positive results achieved. Thank you.

155. Chair: Now I would like to announce a ten-minute break to allow some time for me to consult with the Secretariat and to organize and coordinate the responses to the points raised by the delegations. We will be back in ten minutes.

156. Chair: Good afternoon. I hope that you had a good break. We have a lot of questions and points that were raised. I coordinated with the Secretariat, and I will give the floor to the members of the Secretariat to respond to those questions and points. But before, let me make an announcement. I have consulted with the Secretariat, and starting from tomorrow, we will resume our meetings in the hybrid format. So, finally, I will have a chance to see some people sitting in front of me rather than an empty room. As for the points raised in the statements, I have consulted with the Secretariat, and they will respond to them. So, in order to do so, I will give the floor first to Mr. Carsten Fink, the Chief Economist. And then, I will give the floor to the Deputy Director General of the Brands and Design Sector, Ms. Binying Wang. She will respond to the points raised and some members of her team will also intervene. Then, Assistant Director General Andrew Staines, followed by Ms. Julie Nyang'aya, the IOD Director, and Ms. Maya Bachner, Assistant Controller, will address the issues. So, we will go in this sequence. First, Mr. Fink.

157. Secretariat: Thank you, Chair, and good afternoon to you all. I understand that there was a question about why actual filings turned out to be below the forecast for the 2024/25 biennium. First, our forecast was indeed significantly too optimistic. We say that with the benefit of hindsight. If I look back at January 2023, when this forecast was made, and you look at the forecast in relation to the information we had available, which was the filing data up until the end of 2022, and I look at this forecast today, I would still defend it as a reasonable forecast. It is fully in line with a long-term historical trend. Now, it turned out that that forecast was made at a point where there was, what I would call, a structural shift in the global IP filing trend. This is not necessarily confined to the PCT System or the Madrid System. The Hague System falls into a different category, because there are other factors at play. We have seen a decline in the growth rate of patent filings and trademark filings worldwide. We have also seen that in the Madrid System for international trademarks and the PCT System for international patents. That is the first thing to observe here. It is not a phenomenon that is specific to WIPO's international system. It is not that, from one day to another, applicants have lost trust in these systems. Now, what are the explanations? I would say that it goes beyond a cyclical phenomenon and, if you look at our forecasts now, the predicted growth rates are a lot more conservative compared with the forecasts of 2023. Our forecasting is adjusting to this new reality and, going forward, our forecast growth rates are a lot lower than what we have predicted historically. Now, as to the reasons, I do not think there is a single reason, and I do not think, to be frank, that we fully understand all the reasons. There is lively discussion about this, which I have had with my counterparts in national and regional patent offices around the world. I can put forward a few explanations. One explanation, which is quite specific to trademarks, is that, if you look at global trademark filings, there was a boom in trademark filings during the COVID crisis that peaked in late 2021 and in 2022, depending on the jurisdiction. After that, due to the structural shifts related to the COVID crisis, there was a sudden demand for certain goods and services, and a lot of entrepreneurship behind that. Afterwards, there was a decline in filing, and that in itself was not surprising. There is a certain degree of cyclicality, especially in trademark filings, that is quite normal. What we would have predicted is a trend reversal, that is, a decline, followed by a reversal in the long-term trend. But that did not happen for trademarks. Trademarks have continued to underperform since this peak during the COVID crisis. For patents, it is a similar story, although less dramatic, I would say, than it is for trademarks. Generally, patents are somewhat less exposed to the business cycle than trademark filings and design filings. Now, why haven't we seen a recovery in filings? One reason has to do with the macroeconomic environment, especially in the post-COVID era, when central banks raised interest rates. We know that that had a chilling effect on innovation finance. We know from data points around the world that that had a negative effect

on firm startups, on entrepreneurship, and I think you see that, at least to some extent, reflected in the demand for global IP filings. That, I think, is one really important explanation. In the case of patents, and this is a bit more speculative, if you look at global research and development (R&D) expenditures, they have still grown, but are not growing as quickly as they used to grow, especially before and during the COVID crisis. We have documented that in several editions of our tracker in the GII. Also, arguably, there has been a shift in R&D expenditure, which has been documented in studies showing that a lot of R&D is oriented towards software, data and AI. It is not clear that this is generating the same level of demand for patents as other types of R&D. There is lively discussion about how the nature of R&D is shifting and how that might affect demand for patents. The third reason I would put forward is global uncertainty, especially in 2025, where we saw trade friction. For trademarks, that uncertainty contributed to applicants waiting to see what would happen in the future trade policy environment, and postponing trademark filings. We did see a recovery in trademark filings in the final quarter of 2025 and, while we are not seeing strong growth, we are not seeing further declines either. In the case of patents, we are actually seeing a modest pickup in international patent filings. However, since this is about 2024 and 2025, I think these are some of the key explanations as to why the actual IP filing performance was below our forecast and why, with the benefit of hindsight, our forecast was too optimistic. I will leave it there, but if there are any additional questions, I would be happy to answer them. Thank you.

158. Chair: Thank you, Mr. Fink. I will now pass the floor to Deputy Director General Binying Wang to respond to some of the points raised. Some of her team will also be intervening in this regard.

159. Deputy Director General, Brands and Designs Sector: Thank you, Chair. Good morning, distinguished Delegates. It is a pleasure to address this session concerning the questions raised regarding the performance of the Brands and Designs Sector (BDS) in the 2024/25 biennium. I would like to thank our Chief Economist, Mr. Fink. I echo what he has said in analyzing the situation, which has contributed to some of the questions raised by Delegations about the BDS operational situation. Once again, I want to take this opportunity to thank Member States for their attention to BDS. I agree we are not happy with our performance when looking at the 24 per cent of unachieved targets. However, as our Chief Economist just mentioned, there are certain things that are beyond our control. I would like to answer a question that a number of countries raised: what contributed to these unachieved targets? First, it is to do with membership. For the 2024/25 biennium, when we planned the targets, we were very ambitious because, at that time, the COVID crisis had just ended. Everybody thought the situation was getting better. Also, as anyone involved in international business knows, trademarks and industrial designs are the two IP elements that are closely related to trade situations. They are most affected when there is uncertainty in the global environment. Equally, this is also true for accessions to WIPO-administered treaties – in the case of the BDS, the Madrid, the Hague and Lisbon Systems. For the Madrid System, actually, we are not doing badly. In fact, all our efforts now will pay off toward the end of this year. However, those planned for the last biennium, unfortunately, could not be achieved, either due to the global situation, such as the war, or because of domestic situations, which are beyond our control. I would like to take this opportunity to appeal to Member States to continue your efforts, because we rely on your efforts to cooperate with us, in order to make your countries members of the Madrid, the Hague or Lisbon Systems. These three treaties will contribute toward national economies because they relate, in total, to more than 80 per cent of international trade. For developing countries, and even for developed countries, this is a very important indicator. These treaties will certainly help to improve domestic economic conditions. There were some concrete questions concerning filings, under both the Madrid and the Hague Systems, including quality control in the Hague System. For those technical questions, I would ask my colleagues to answer, because they know exactly how we operate in our operations team. In the case of the Hague System, quality control is already built

in. In fact, this issue was identified in our IOD report, but by the time it was identified, we had already begun taking measures to ensure that the quality of the Hague System was guaranteed. I would now like to invite Mr. David Muls, Senior Director of the Madrid Registry, followed by Mr. Grégoire Bisson, Director of the Hague Registry, to give you some information, briefly, as I am mindful of the time. As for the Lisbon System, since I did not hear any questions, I assume that Member States are satisfied with the Lisbon situation. In fact, if I may report to Member States, the Lisbon Registry is apparently among the leading systems in terms of new accessions. David, if you are ready, please take the floor.

160. Secretariat: Thank you, Ms. Wang. Good morning, honorable Delegates. I will talk specifically about the Madrid System. I will try to answer the questions I heard and, if I miss anything, I would be happy to answer those others as well. It is a correct assessment that the performance of the Madrid System during the biennium, as reflected in the KPIs, is not fantastic. This is clear and must be recognized. There are three main reasons for that, which I will go into in detail. At the same time, while there are certainly black spots, it is also important to look at things that have not yet been captured by the KPIs, as alluded to by Ms. Wang. With regard to the negatives, there are mainly three areas: accessions, unit cost and filings. However, there are also many positives which, as Ms. Wang mentioned, have not yet trickled through into the KPIs, including eMadrid, which was only launched in September 2025, and the creation of a new team specifically aimed at serving repeat customers, as explained in the WPR. As also explained in the WPR, we have launched the marketing and growth initiative – a major initiative throughout the Organization. However, we need to have some patience before we actually feel, on a larger scale, the impact of that initiative, even if its impact can already be strongly felt in respect of several major companies. Also, we worked hard on AI in 2025 and will be launching those applications for internal use, for examination in 2026. We think they will also have a significant impact on overall efficiency and quality. In sum, the picture is not great, but we think this is a transitional situation and, in the next few years, we will have better news for you. Having said that, allow me to focus on the three negatives, because they merit some further detail. First, on accessions. Ms. Wang has already painted the picture: the previous Program of Work and Budget set as a target six new countries for the biennium. That was quite ambitious and, as we get closer to real worldwide membership, it becomes increasingly difficult to attract six new members in a biennium. For instance, the PCT System has 158 members, so it would be hard for it to add six members to its membership every two years. Likewise, we are getting close to that in the Madrid System, because we already have 132 countries. That is certainly something that played a role. Another factor is sheer bad luck. The membership decision is entirely in the hands of Member States. We can provide support and try to help them to cross the bridge, but often things get stuck or take time due to legislative processes or government decisions. In the biennium under review, we had several situations where we thought things would move faster, but they did not, although they are actually moving faster now. So, there is a certain lack of control that we have over the process. However, I would like to make a plea, echoing what Ms. Wang said: as we get closer to the PCT membership rates, we will increasingly need your support – other Madrid members – to try to persuade countries that are not yet members to join. The Secretariat can make a great deal of effort to persuade countries, but if you, as countries, join in our efforts and explain to countries why it would be useful for everybody to join the systems, it would make a huge difference. And, as we get closer to 158 countries, the help of other members becomes increasingly important. The second negative spot is unit cost. The main reason why the unit cost did not meet the target is because the projected filing rates were too optimistic. This has to do with the methodology for calculating the unit cost: we divide the cost by the number of registrations, and, if the number of registrations goes up, the unit cost goes down. However, if the filing rates do not go up and, therefore, the number of registrations does not go up, then the unit cost does not go down as much as hoped. The solution is to adjust personnel levels. However, it would be a mistake to reduce staffing levels too quickly, because if the downtrend is not sustained

over several years and filings go up again the next year, we would have to hire new people to do the work. Therefore, there is a lag between the impact on resources and the decrease or stabilization of filing rates. The third black spot is the filings themselves. Personally, I am not so worried about the first two black spots, namely, accessions and the unit cost. I am quite confident that, in the years ahead, these will improve: I have seen that in the past. The filing rates are a different story. Here, I would like to go back to what Mr. Fink said, and this is very important. Overall trademark filings worldwide are flattening, so we should not be too concerned that the Madrid numbers are flattening, because it means that our systems are not doing any worse than the rest of the trademark system. Therefore, it is important to monitor, what we call, the market share of the Madrid System. If the market share of the Madrid System stays stable or goes up, but overall filings go down, that is not necessarily bad news for WIPO and the Madrid System. While it is bad news in the sense that we will get less income, it does not mean that the Madrid System is underperforming. It just means that it is affected in the same way as the overall trademark system. However, if the Madrid System market share were to reduce, that is to say, that the proportion of cross-border filings going through the Madrid System were to become smaller compared to the direct route, then we would have to carefully consider how to deal with that. But, based on what Mr. Fink said, there is no evidence, as yet, that that is the case. Nevertheless, we should also bear in mind possible negative scenarios where that could occur in the future and should not exclude that from our planning. What are we going to do about this in respect of the filing rates? We have three major strategies intended to address that possible concern. The first is the growth and marketing strategy. I do not have the time to explain all the details to you now, but it involves a fundamental change in the way we work at WIPO to promote our services. We are already seeing the benefits, which will only grow in the future. The second strategy is to ensure that the user has a better experience when using the Madrid System. What is very important here is that that experience is not only a function of what we do at the International Bureau in Geneva. The user's experience of the System results from three offices working together: the office of origin, the International Bureau and the designated Contracting Parties. We believe that it is fundamentally important for the future health of the Madrid System to try to make that experience across these three parties smoother than it is at present. There is ample opportunity to do that. For instance, in the area of classification; but again, we cannot control what the offices do. We rely on the goodwill and cooperation of offices to adjust their practices to make it as harmonious an experience across the three offices as possible. This is very important and is something that I am sure the Director General will work on quite attentively going forward. The third solution is to think about the architecture of the Madrid System itself. Should we not look at the Madrid System with new eyes and say, this is a new world, technology is evolving faster than ever? Should we not be open minded to changes to the System to ensure that it remains as attractive as possible in the future? In sum, the KPIs for Madrid are not great, but we do not consider most of these reasons to be a source of great concern, because we think we can rectify them in the coming years. However, we need to look closely at the Madrid market share and, if it is not going in the right direction, the Member States, together with the Secretariat, may need to face some important decisions going forward. Thank you.

161. Chair: Deputy Director General, another member of your team wishes to respond.

162. Deputy Director General, Brands and Designs Sector: Yes, that is Mr. Bisson. Grégoire, please be brief. Thank you.

163. Secretariat: Thank you, Deputy Director General and thank you, Chair, for your patience. I will briefly cover three points: the indicators, the data on income and registration performance and, lastly, the point raised by the Delegation of China in relation to quality control in the Hague System. Chair, regarding the indicators, the situation under the Hague System is largely the same as under the Madrid System. We missed on three indicators. The first one was on filings. As explained by the

Chief Economist, we were making the assumptions during the preparation of the 2024/25 Program of Work and Budget, in early 2023. At the time, we had only had the benefit of China being a member of the Hague System for about nine or 10 months. So, there was a lot of built-in unpredictability in the forecast. China accounts for over 50 per cent of design filings worldwide. This unpredictability certainly skewed the numbers, and the performance coming out of China under the Hague System was below the forecast, which explained that the filing situation did not reach the target. That said, Chair, the situation is not as bleak as this suggests, because there was strong growth under the Hague System over the 2024/25 biennium, and there continues to be strong growth this year: we are already 7 per cent over the forecast for the current biennium. Everything that my colleague, Mr. Muls, said in terms of our efforts to continue promoting the System under the future growth task force, and keeping an eye on the market share, is also relevant to the Hague, just like our efforts to develop the System to make sure that it continues to be in synch with the evolving needs of users. This is where we also need the support of the Member offices, that is, the Member States party to the System. Another indicator on which we failed was the unit cost. Again, this is closely tied to underperformance in filings, for the reasons that Mr. Muls explained. Let me simply underscore, Chair, that there is another indicator that relates to unit cost, and that is unit cost per document inscribed. Here, the unit cost went down considerably, by almost 13 per cent, compared to the previous biennium. So, we are on the right track, and this is thanks to the digitalization efforts made under the Hague System and that will continue to be made. The last indicator on which we failed, Chair, was on membership. Ms. Wang has explained the reasons why we are doing our best to support your governments when you consider an accession, but the rest is not under our control. It is often not under the control of our interlocutors, which are the offices themselves, but let us continue working together, hand in hand. Allow me also to share that we are expecting at least two accessions over the Assemblies in just three weeks from now. So, we are soon to reap the benefits of our past efforts. Chair, with your indulgence and that of the Controller, I would like to go back to a comment about the data between the projected income and the projected level of filings and registrations. There is a Hague specificity that explains the unique situation that has been observed by certain delegations, notably, the apparent mismatch between the information in Table 2 and the information in Table 3. On page 29 of the Annual Financial Report and Financial Statements 2025, document WO/PBC/40/8, it is recalled that revenue recognition is based, not on the date of filing or the date of registration, but on the date of publication. Chair, what is specific to the Hague System is that, when someone files under the Hague System, one has the choice of asking for publication to happen immediately, or to take place up to 30 months in the future. So, what happened, Chair, in 2025? We had a high number of registrations from previous years, for which publication had been requested to take place in 2025, combined with a high number of registrations in 2025, for which publication had been requested to take place immediately. This explains why Hague income reached 114 per cent of the target estimate, whilst filings themselves were below the forecast. Lastly, Chair, I thank the Delegation of China for its interest in the Hague audit report. The audit identified that, although the quality management framework, including the sampling methodology, had been finalized and formally launched in April 2025, it had not yet been operationalized. Hence, the audit recommendation, which was a medium recommendation, not a high recommendation, that we needed to see to the operational implementation of the Hague quality management framework as properly as possible. Chair, that work was under way precisely at the time the audit was carried out, and I am happy to confirm, as Deputy Director General Wang already alluded to, that since mid-February 2026 the recommendation has been fully implemented, with quality reviews being undertaken in line with the Hague quality management framework. Chair, I hope that this reassures the Delegation of China and I again thank the Delegation for its interest. Thank you, Chair.

164. Chair: Thank you. Before we adjourn the Session, I will give the floor to Assistant Director General Andrew Staines for some comments.

165. Assistant Director General, Administration, Finance and Management Sector: Thank you very much, Chair. Very good afternoon, everyone. Thank you for the questions and, Chair, I realize we have ticked past 1 p.m., so I will focus on the highlights and, as always, am happy to provide more detail, either later this afternoon or separately. My team and the IT team are also standing by to give you more information. I will focus on technology and, in particular, the question about Capital Master Plan (CMP) projects and the efficiencies and benefits we are receiving from those. In general, I would say that, across many of the projects, the focus is very much on efficiencies, while also providing brilliant customer service. So, how do we produce modern systems that our customers can use seamlessly, and can file as they wish? In many cases, there are efficiencies for us, but actually, the real efficiencies – the savings, the benefits – we hope, are on the side of the customers. The Madrid platform is a good example. We launched the first phase of eMadrid last year. That has significantly enhanced the ways in which customers can manage their portfolios. It is a deliberate decision to focus in the first phase on the customers. There is now a second phase you will see in the documentation which focuses very much on the back office, and I would expect some savings there from processes and so on as we go forward. There have been a number of cloud-related CMP projects. Let me pick out a couple of examples. Firstly, we have been migrating a number of our applications across to the UN International Computing Centre cloud. When we started out on that journey a few years back, we expected savings of about 30 per cent. In reality, the savings are about double that. So, if you look over the past few years, in 2024, we saved 67 per cent of the cloud costs for applications, as we took them across from the on-premises system across to the cloud system in 2025 – that was 54 per cent – and we can give you the numbers in Swiss francs if you need them. Similarly, some simple but important things. We implemented a new scheduling tool for the way in which we use the cloud. How do we use the cloud more efficiently? How do we ensure we are not paying for cloud storage we are not actually using? So, we put in place a new tool for that. That is saving about a million Swiss francs a year straight away. It is a tool, and I know a number of Member States spoke yesterday about the UN80 Initiative that we would be happy to share with other UN agencies if they are also going on that cloud journey, because the more you are using cloud, the more you can save just by optimizing how you use it. Enterprise Resource Planning (ERP) is another big project, of which the first stage has been deployed. It is, of course, a project that will generate a number of automation efficiencies across the Organization. As we move across to the new system – and the Director General has been clear from the beginning – this is a chance to review our processes to make sure they are as efficient as possible. It is always hard to quantify the savings because they are, of course, across the Organization, and we keep that very much in mind. We are still fairly early in the project, but I am really proud – in a town where ERP deployments are always tricky – because so far, we are on time, on budget, and we are determined to stick to that. Finally, Chair, structurally, we have gone through the centralization of the Information and Communication Technology Department (ICTD) bringing those fragmented IT offerings together under one roof. The benefits, as I have set out in previous meetings, were savings, but actually very much around providing the strongest possible IT service, providing a resilient service, ensuring best practice was supported across the different systems, and so on. So, while we believe we have saved about 2.4 million Swiss francs from that ICTD consolidation, actually, the broader savings and benefits across the Organization are much wider. Similarly, I will close on noting that the overall envelope for IT spend has remained fairly constant over the past few years. Implicit in that are a number of savings, because there are a number of things we have done. We have introduced new processes: our work on AI, for example; our work on data management; the continuation of the Enterprise Collaboration and Content Management (ECCM) platform where, again, we have completed that on time and on budget. Those processes have moved across into the regular budget, but the regular budget envelope as a whole has remained constant. Therefore, the efficiencies are there, but they are more about doing more with the same, rather than driving down the costs in a world where our technology spend is

increasingly important to how we serve customers, how we serve you, how we serve your offices. Thank you, Chair. I will pause there, but as I said, happy to provide further information or bring the team online as well.

166. Chair: Thank you, Assistant Director General. Now I will adjourn the session and we will resume at 3 p.m.

167. Chair: Good afternoon. We will start our afternoon session. In the morning session we discussed Agenda Items 7(a) and 7(b). We listened to the reports from the Secretariat, then there were member statements, then the Secretariat started responding to the points that were raised. Right now, I have two additional speakers from the Secretariat regarding the points raised under Agenda Items 7(a) and 7(b). I would like to invite Ms. Julie Nyang'aya, the Director of the IOD, to offer some remarks and responses to points raised. After Ms. Nyang'aya, I will pass the floor to Ms. Maya Bachner, the Assistant Controller, for some further responses.

168. Secretariat: Thank you. In response to the question from the United States of America on whether the IOD faced any difficulties or challenges in validating the data that informed our validation report, the answer is no. We received full cooperation in the validation of the data. Where we needed more clarification or additional data, we requested it proactively and it was made available to us. In terms of the rigor with which we validated, we applied the same professional standards that are required of us in terms of assessing the quality and robustness of evidence-based information. In a nutshell, no challenges, no restrictions. Thank you, Chair.

169. Chair: Thank you, Ms. Nyang'aya. Now I give the floor to the Assistant Controller, Ms. Maya Bachner.

170. Secretariat: Thank you, Chair, and good afternoon, distinguished Delegates. There was a question on the table from the distinguished Delegation of Japan on Table 2 in the WPR, which reports on income in the biennium 2024/25 versus the estimates, and the comparison with Table 3 in the WPR, which reports on actual filings vis-à-vis estimates. To clarify why income is higher but filings were lower, as we saw before the lunch break, than what the estimates were when we prepared the Program of Work and Budget. The reason the income is a little above what we had estimated is that when we estimate income in the biennium, we apply a prudency factor. We have depressed the income in the Program of Work and Budget for 2024/25 by 6 per cent. However, on the filing estimates, because we use them for expenditure budgeting to ensure that our global registration systems have sufficient resources, we do not depress the Chief Economist's estimates – we take the base case. That's why it can appear, if you compare the two tables, that there is a discrepancy, but actually, it is because we are very prudent in our estimation of the income for the biennium. There was a question from the Republic of Korea on the personnel cost. I just want to explain that the reason for lower personnel costs is not only because of vacant posts. It is also because some of the assumptions that we make when we do the personnel costing can turn out differently during implementation. Notably, one of them is the job rate. In the budget, we assume a job rate of 100 per cent, but our staff and colleagues can choose to work 50 per cent, 80 per cent or 90 per cent. That will lead to personnel costs lower than the estimate. That's one of the reasons. A second reason, very specific to the 2024/25 biennium, was the exchange rate of the US dollar versus the Swiss franc, because pension contributions are paid in US dollars and the exchange rate that we had assumed in the Program of Work and Budget was much higher than it turned out to be for this biennium. We have quite a substantial saving on our contribution to the UNJSPF. I provide this explanation to explain also that a lower personnel cost, exactly because of these factors, does not mean that we are compromising on the quality or the achievement of results. Next, Chair, let me take the question from the Delegation of the United States of America on the

transfer table in Annex I to the WPR, which is called “2024/25 Budget after Transfers by Sector”. As the Delegation kindly pointed out, this refers to the transfer rule, which is Regulation 3.4 of our Financial Regulations and Rules. I will just read the beginning of it. It says: “The Director General may make transfers of resources from one Sector … to another for any given budget period, up to the limit of five per cent of the amount corresponding to the biennial allocation of the receiving Sector” – and here I stress the next word, “or” – “or to one per cent of the total budget, whichever is higher, when such transfers are necessary to ensure the proper functioning of the Organization.” So here it is an “or” in between 5 per cent of the receiving Sector or 1 per cent of the total budget. If I go back to the transfer table, for Patents and Technology, the net transfers to the Patent and Technology Sector were 9.2 million Swiss francs, which in terms of percentage of the receiving Sector was 4.3 per cent. The approved budget for the Sector was 214 million Swiss francs. Brands and Design had a net transfer out of 361,000 Swiss francs. That represents 0.5 per cent of the receiving Sector and approximately 0 per cent of the total budget. Copyright and Creative Industries had a transfer out of 3.9 million Swiss francs, which represents approximately 0.5 per cent of the total budget. Regional and National Development had a net transfer in of 4.9 million Swiss francs, which represents 0.6 per cent of the total budget. The Infrastructure and Platforms Sector had a net transfer in of 3.8 million Swiss francs, which corresponded to 0.4 per cent of the total budget. Global Challenges and Partnerships had a net transfer in of 527,000 Swiss francs, which corresponded to 0.1 per cent of the total budget. IP and Innovation Ecosystems had a transfer in of 3.7 million Swiss francs, which corresponded to 0.4 per cent of the total budget, and Administration, Finance and Management had a transfer out of 13.7 million Swiss francs, which corresponded to 4.3 per cent of the receiving Sector. Sorry for going a bit into the details on this, but just to say that in terms of 5 per cent of the receiving Sector or 1 per cent of the total budget, we have remained within the transfer rule. Thank you, Chair.

171. Chair: Thank you. I would like to thank the members of the Secretariat for the clarifications that have been provided this morning and this afternoon regarding Agenda Items 7(a) and 7(b). Now I would like to open the floor for any further comments or points. I see the representative of China.

172. China: Thank you, Chair, for giving me the floor. China is very surprised by and cannot accept the statement made by the Head of the Hague Registry at the final stage of this morning’s meeting. He mentioned that the lower-than-expected growth of the Hague System was due to the number of applications from China being below forecast. In response to this statement, China wishes to make the following two points. First, since the Geneva Act (1999) of the Hague Agreement Concerning the International Registration of Industrial Designs entered into force in China in 2022, over the past four years the numbers of designs contained in Hague applications from China have been 2,558, 3,758, 4,869 and 5,913, respectively. China is currently ranked first in the world in terms of Hague applications, and it has maintained rapid annual growth of over 20 per cent. In 2025, the increase in application volume was as high as 27.8 per cent. This fully demonstrates China’s major contribution to the Hague System. Second, the Hague System still has enormous, untapped potential. Its growth cannot rely solely on an increase in the number of Member States in the system or on stronger external promotion. The Organization should give more consideration to important aspects such as reducing costs, increasing efficiency and expanding the coverage of working languages, so that applicants from more countries and regions will find it convenient, efficient and cost-effective to use the Hague System. Therefore, China believes that the idea of attributing the growth of the Hague System entirely to changes in application numbers from a single country is neither reasonable nor scientific, and China cannot accept it at all. At the same time, China hopes that the Hague Registry will seriously review the scientific basis of its forecasting methods for application volumes and improve their accuracy. In addition, with regard to the quality control issue mentioned in the IOD internal audit report, China

has also noted that the Hague Registry launched its sampling methodology in April 2025, and China welcomes this. China hopes that the Hague Registry will promptly learn lessons from this, attach great importance to the matter, and use this opportunity to carry out serious corrective action. China also hopes that next year's performance report to be discussed by this Committee will provide a comprehensive explanation of progress in the Hague Registry's quality control work. Thank you, Chair.

173. Chair: I thank the representative from China for the points he outlined and the explanations provided. I would ask the Secretariat to take note of the points made by the representative of China. Are there any further requests for the floor? I see none. So, now I would suggest that we take a look at the decisions suggested regarding items 7(a) and 7(b). They are on the screen. I will allow delegations a few minutes to consider.

174. The Program and Budget Committee (PBC), having reviewed the WIPO Performance Report (WPR) for 2024/25 (document WO/PBC/40/6 Rev.), and recognizing its nature as a self-assessment of the Secretariat, recommended to the Assemblies of WIPO, each as far as it is concerned, to take note of the positive financial performance and Sectors' achievement of the Expected Results in the biennium 2024/25.

175. The Program and Budget Committee (PBC) took note of the "Internal Oversight Division (IOD) Validation Report of the WIPO Performance Report 2024/25" (document WO/PBC/40/7).

ITEM 8. FINANCIAL REVIEW

(A) ANNUAL FINANCIAL REPORT AND FINANCIAL STATEMENTS 2025

176. Discussions were based on document WO/PBC/40/8.

177. Chair: Dear colleagues, dear Delegates, we will now proceed with the sub-items under Agenda Item 8, Financial Review, starting with Agenda Item 8(a), Annual Financial Report and Financial Statements 2025 (document WO/PBC/40/8). In accordance with Regulation 6.12 of the Financial Regulations and Rules, the PBC is required to examine the financial statements and to forward them to the General Assembly with comments and recommendations. Accordingly, document WO/PBC/40/8 provides the financial statements of the Organization for the year ended December 31, 2025. I invite the Acting Director of the Finance Division, Mr. Kelvin Hayes, to present this sub-item.

178. Secretariat: Thank you, Chair. Good afternoon, distinguished Delegates. The annual financial statements for 2025 have been prepared in accordance with IPSAS and have received an unqualified audit opinion. This document also includes the Director General's Statement on Internal Control, which is informed by the independent overall opinion of the Director of the IOD on governance, risk management and internal controls. The Financial Report provides a discussion and analysis of the results for the year, as well as details of the financial position of the Organization at the end of December 2025. The Organization's results for 2025 showed a surplus of 84.5 million Swiss francs, with total revenue of 497.6 million Swiss francs, total expenses of 437.7 million Swiss francs and investment gains of 24.6 million Swiss francs. This can be compared

to a surplus of 140.1 million Swiss francs in 2024, with total revenue of 496.7 million Swiss francs, total expenses of 430.3 million Swiss francs and investment gains of 73.7 million Swiss francs. In 2025, the WIPO/UPOV After Service Health Insurance Plan (ASHIP) was established, and this required certain presentation changes in the financial statements. The funds set aside to finance the ASHI liability are now designated as Plan assets and reclassified from cash and investments to net employee benefit liabilities. Investment gains relating to these Plan assets are reclassified to personnel expenditure and actuarial gains or losses through net assets. Note that the separate annual results of ASHIP will be discussed under Agenda Item 8(c). As in previous years, the PCT system remained our largest source of revenue, generating 371.3 million Swiss francs, which was essentially unchanged from 2024. PCT revenues accounted for 74.6 per cent of our total revenue in 2025. On the expenditure side, personnel costs constituted our largest expense category, at 246.0 million Swiss francs, representing 56.2 per cent of total expenses. WIPO's operating surplus before the impact of investment gains or losses was 59.8 million Swiss francs for 2025. Investment gains were 24.6 million Swiss francs in 2025; again, this figure no longer includes separate gains related to ASHIP assets, which totaled 14.2 million Swiss francs. As at December 31, 2025, the Organization had net assets of 884.3 million Swiss francs, an increase of 173.6 million Swiss francs from the previous year's 710.7 million Swiss francs. This improvement in our financial position is attributable to the surplus recorded in the year and actuarial gains related to the reduction of the net liability for ASHI. The Organization's cash, cash equivalents and investments totaled 1,265.7 million Swiss francs as at the end of 2025. As already noted, this figure does not include the funds set aside to finance ASHI, totaling 341.5 million Swiss francs, which are now reclassified to net employee benefit liabilities. The Organization's liquidity profile provides a solid foundation to meet both short-term operational needs and longer-term strategic objectives. It is important to highlight that during 2025, WIPO demonstrated its commitment to accounting excellence through the early adoption of new IPSAS guidance related to revenue and transfer expenses. This proactive approach ensures our financial reporting remains at the forefront of public sector accounting best practices. With regard to our long-term liabilities, the ASHI gross liability decreased to 576.9 million Swiss francs, compared to 624.4 million Swiss francs at the end of 2024. This reduction in the liability is primarily due to changes in actuarial assumptions, including an increase in the discount rate applied to future liabilities and a decrease in the medical cost trend rate. For 2025, the ASHI liability is, as noted, presented net of Plan assets, showing a net liability balance of 235.4 million Swiss francs. Finally, in 2025, the Organization continued to strengthen its internal control framework through a structured review of key controls, which assessed that they were appropriately designed and operating satisfactorily. This ongoing commitment to robust governance and risk management practices supports WIPO's overall financial stewardship and operational efficiency. In preparing the financial statements, we rely on a robust set of internal controls that all staff members play a part in. I thank all staff for that. I extend special thanks to Mr. Paradzai Nematadzira, the former Director of the Finance Division, who took up an inter-agency posting in the middle of February 2026 and who led the Finance Division throughout 2025, the period of these results. Thank you, Chair.

179. Chair: Thank you, Mr. Hayes. Now I will open the floor for delegations requesting to speak. I will start with the Russian Federation, followed by Germany.

180. Russian Federation: Thank you, Chair. Good afternoon, everyone. The Russian Federation is honored to present this statement on behalf of a number of countries of the CACEEC Group. We welcome the reference by the Director General in the Statement on Internal Control to the MTSP as one of the elements of results-based management. We believe that this approach to strategic planning should be extended to the revised Accountability Framework. We note the continued positive trend in WIPO's financial results. In this regard, we are convinced that there is no need to cut costs on translation. The high-quality work of the language services, which includes translation

and editing by professional specialists, is one of the key enabling functions that make WIPO's work effective. Thank you.

181. Germany: Group B would like to thank the Secretariat for its comprehensive 2025 Annual Financial Report, which provides us with a good overview of WIPO's financial position. We note that WIPO's total surplus fell by 39.7 per cent compared to 2024. Additionally, the report also shows that the operating surplus decreased from 66.34 million Swiss francs in 2024 to 59.9 million Swiss francs in 2025. This decline is primarily attributable to a significant decrease in investment gains, with net investment gains of 24.6 million Swiss francs in 2025 compared to 73.7 million Swiss francs in 2024. While we acknowledge that annual investment market returns are variable and years of higher and lower performance are to be expected, at the same time Group B is concerned about this decrease in 2025. We would kindly ask the Secretariat to provide further clarification on the weakened financial performance in 2025. Regarding long-term liability management, we welcome the growth in net assets to 884.3 million Swiss francs, representing an increase of 19.6 per cent from 2024. This increase is especially due to actuarial gains related to WIPO's net liability for ASHI. Regarding the structural revenue risk, it is particularly encouraging to see that revenues from the Madrid System increased by 3.9 per cent compared to 2024. In conclusion, we stand ready to collaborate on ensuring WIPO's financial resilience while advancing its important global IP mission. Thank you.

182. 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 2025" (document WO/PBC/40/8).

(B) ANNUAL OPINION ON GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROLS BY THE DIRECTOR, INTERNAL OVERSIGHT DIVISION

183. Discussions were based on document WO/PBC/40/INF/3.

184. Chair: We will continue the session with Agenda Item 8(b), Annual Opinion on Governance, Risk Management and Internal Controls by the Director, Internal Oversight Division, document WO/PBC/40/INF/3. I now invite Ms. Julie Nyang'aya, Director of the IOD, to present this sub-item.

185. Secretariat: Thank you, Chair and distinguished Delegates. It is my privilege to present for the first time the Annual Opinion of the Director of the IOD on governance, risk management, and controls at WIPO. This Opinion has been issued in line with the 2024 Internal Oversight Charter, the IOD Internal Audit Manual 2025 and IIA standards and responds directly to the recommendation of the External Auditor to provide Member States with independent, consolidated assurance over these critical elements of the Organization's Accountability Framework. While the substance of this assessment is reflected in my annual report to the Assemblies, this separate formal Opinion aligns WIPO with leading international practices, where heads of internal audit provide an explicit professional judgment on the overall adequacy and effectiveness of governance, risk management and controls. Distinguished Delegates, this Opinion is based on a risk-based body of oversight work conducted in 2025, covering governance at both strategic and operational levels, enterprise risk management, internal controls, IT and cloud environments, and a series of audit engagements across key programmatic and administrative areas. This work included testing key organizational controls, which were assessed as satisfactory, and multiple audits, during which improvements were identified and agreed with management. Importantly, management has committed to corrective actions, the timely implementation of which will be critical to reducing

residual risks going forward. Allow me to highlight the overall conclusion. In my opinion, WIPO's governance, risk management and internal control processes were in aggregate satisfactory, with some improvements needed. These processes are generally established and functioning, and the issues identified do not significantly affect the achievement of the Organization's objectives and Expected Results. Distinguished Delegates, this is a positive and balanced assurance reflecting a maturing control environment. At the same time, the Opinion underscores that continuous improvement remains necessary, particularly in areas where audits identified the need to strengthen controls or fully embed risk management practices. Looking ahead, IOD will continue to follow up rigorously on the implementation of agreed recommendations, refine and deepen the evidence base for future opinions, and strengthen alignment with evolving IIA guidance and UN system practices, ensuring that this Opinion continues to provide clear, reliable and value-adding assurance to Member States. Chair, this first Opinion represents an important step forward in transparency, accountability and oversight maturity at WIPO, and I trust it will support both the Committee and the Director General in their respective responsibilities. I thank you and remain at your disposal.

186. Chair: I would like to thank Ms. Nyang'aya for the presentation. There is no decision expected from the PBC regarding this sub-item, but I will give Delegations that wish to raise any comments or points the opportunity to do so. The representative of the Russian Federation, you have the floor if you wish to speak on sub-item 8(b) before we move to sub-item 8(c). After that, I will give the floor to Germany

187. Russian Federation: Thank you very much, Chair. The Russian Federation is honored to deliver this statement on behalf of a number of countries of the CACEEC Group. We welcome the preparation of the IOD's first Annual Opinion on governance, risk management and internal controls. This initiative contributes to developing WIPO's accountability and transparency frameworks. Our Group would be grateful to the IOD for more detail in future reports on key issues in internal controls and risk management which were identified during the course of your work. With regard to the "partially satisfactory" opinion in risk areas related to procurement and the significant improvements required in this regard, our Group would ask the IOD to pay attention to this and, where possible, to conduct an evaluation of the Secretariat's application of sustainability criteria in procurement activities, and also to continue to track the Secretariat's adoption of the measures needed to eliminate the problems identified. In turn, we would like to ask the Secretariat to clarify the approximate timeframes envisaged for measures to be taken to rectify the shortcomings identified by the IOD in various areas of internal control, risk management and overall governance. Thank you.

188. Germany: Thank you, Chair. Group B would like to thank the Director of the IOD for the issuance of the first annual report on WIPO's governance, risk management and internal controls for the year ending December 2025. We consider the Annual Opinion as a valuable instrument to gain additional assurance on the key areas of governance, risk management and control environment. Our Group acknowledges the assessment of WIPO's governance, risk management and internal control processes as "satisfactory, some improvements needed". However, we also note that some issues were identified, in particular concerning WIPO's procurement control environment, which was assessed as only "partially satisfactory", with major improvement needed. In this regard, Group B urges the Secretariat to address these issues in a timely manner. We look forward to next year's Opinion. Thank you.

189. United States of America: The United States welcomes the first Annual Opinion from the IOD as an important step towards strengthening accountability to Member States. However, we note that several audits and management implication reports remain unpublished on WIPO's

public-facing website and are otherwise inaccessible to Member States. We ask that these reports be made publicly available as soon as possible. We urge WIPO to maximize transparency to ensure Member States have a full grasp of organizational risks, control weaknesses, and mitigation measures enacted by the Secretariat. Thank you.

190. Chair: I thank the Delegate of the United States and I ask the Secretariat to take note of the points raised during these statements. May I ask the Director of the IOD if she wishes to take the floor?

191. Secretariat: Thank you. I thank the Russian Federation, Germany and the United States for their comments. As I indicated, and as we all know, this is the first time that this Opinion has been issued. As already indicated, in future reports there will be more details as we refine the evidence base of the Opinion. With regard to procurement, the points are noted. We discussed part of this yesterday. As I highlighted, it was a very targeted audit in very specific areas, so it was not systematic, but we will continue to review those areas with a lot of rigor and follow-up. In terms of the United States' comments on reports that are not available on the public side, only the cybersecurity audit reports and the Arbitration and Mediation Center reports were not published, in line with the IOD Report Publication Policy. That relates to confidentiality, privacy and so on. If a Member State would like to review those reports, there is a procedure articulated in the Publication Policy. You can apply to be able to review those reports in my office. The United States is welcome to do so. We can engage separately on that, but only those two reports were not published. The rest of the reports are actually on the website and also linked to the Annual Opinion. Thank you.

192. Chair: Thank you, Ms. Nyang'aya. As there are no further comments, we move to Agenda Item 8(c).

(C) WIPO/UPOV ASHIP ANNUAL REPORT FOR THE YEAR TO DECEMBER 31, 2025

193. Discussions were based on document WO/PBC/40/9.

194. Chair: I would like to invite the Head of the Financial Reporting Section, Mr. Steven Shepherd, to present this sub-item regarding the Annual Report on ASHIP.

195. Secretariat: Thank you, Chair. Good afternoon, distinguished Delegates. I am pleased to provide you with the first Annual Report on the WIPO/UPOV ASHIP, the multi-employer plan established in 2025 following the decision of the WIPO Assemblies. The Annual Report for 2025 includes the financial statements, which have been prepared in accordance with IPSAS and have received an unqualified audit report. This document also includes ASHIP's Statement on Internal Control. The ASHIP Advisory Committee Chair's report provides analysis of the operations of ASHIP, financial results and investment performance for the year, as well as details of the ASHI liability funding as at the end of December 2025. The objective of ASHIP is to manage the financial resources provided by Member States for the purpose of funding the ASHI liability. ASHIP became effectively operational on January 1, 2025, with the transfer of cash and investments held by the participating organizations. As 2025 is the first year of ASHIP operations, the financial statements do not include comparative information for 2024. The ASHIP Advisory Committee provides support and advice to ASHIP, and held its first meeting in December 2025. ASHIP's investments are managed in accordance with the WIPO policy on investments. In 2025, net contributions made to ASHIP by WIPO totaled 60 million Swiss francs. The net inflow from WIPO investment gains totaled 14.2 million Swiss francs. As a result, WIPO's ASHI funding increased from 267.4 million Swiss francs at the start of 2025 to 341.5 million Swiss francs at the end of the year. WIPO's ASHI liability on an IPSAS 39 basis was 59.2 per cent funded at the end of 2025, and 85.9 per cent funded

based on asset and liability management (ALM) study projections. It should be noted that the statement of financial performance for ASHIP shows zero surplus or deficit for 2025. This is because any net operating surplus after contributions, investment gains and operating expenses is booked to the net position of the Plan asset liability under IPSAS 39. The performance of ASHIP investments in 2025 should be viewed from a long-term perspective. The return on the long-term WIPO ASHIP investment portfolio was 5.5 per cent at the end of December 2025, which is 3.5 percentage points above the 2 per cent long-term expected rate of return used by actuaries in the funding forecast. Thank you, Chair.

196. Chair: Thank you, Mr. Shepherd. I now open the floor for any requests. I will give the floor to Germany, followed by the Russian Federation.

197. Germany: Thank you, Chair. Group B extends its appreciation to the Secretariat for the preparation of this WIPO/UPOV ASHIP Annual Report for 2025. We note the overall increase in the WIPO ASHI funding status, thanks to an increase of 74.2 million Swiss francs in the cash and investments of ASHIP. In this context, it should be highlighted that the net inflow or revenue from WIPO investments amounted to 14.2 million Swiss francs. While we acknowledge that investment returns are sensitive to market volatility and are therefore to be viewed from a long-term perspective, the result certainly reflects prudent portfolio management. We note that the fund is growing rapidly, thanks to contributions from Member States and investment returns, and that the future strategy aims to gradually increase the invested assets to fully cover long-term health-related obligations. We look forward to next year's report to further monitor ASHIP's effectiveness. Thank you, Chair.

198. Russian Federation: The Russian Federation is honored to deliver this statement on behalf of a number of countries of the CACEEC Group. We would like to thank the Secretariat for preparing this first Annual Report of its kind and we note with satisfaction the detailed nature of the document. We would ask for clarification on the reasons for paying the External Auditor an additional fee of 10,000 Swiss francs. It is our understanding that the audit of these financial statements should be a part of the regular work plan of the External Auditor and be covered by the previously agreed annual fee. We would also like to ask the Secretariat for information on whether there are targeted indicators for financing long-term health insurance liabilities and any timelines for achieving them. Thank you.

199. Botswana: The establishment of ASHIP as a dedicated, multi-employer funding mechanism represents a significant institutional milestone. ASHI is a core pillar of the duty of care owed to staff who have dedicated their careers to WIPO and UPOV, as it will safeguard their social security. The Annual Report makes clear that important challenges exist. For WIPO, the ASHI liability under IPSAS 39 stands at 576.9 million Swiss francs, against Plan assets of 341.5 million, leaving an unfunded balance of 235.4 million Swiss francs. Even under the asset and liability management valuation, which is more favorable, the funding level is 85.9 per cent. For UPOV, the funding level is 24.2 per cent, with an unfunded liability of 3.6 million Swiss francs. The Annual Report further notes that WIPO and UPOV have expressed the intention for ASHIP to continue to accumulate funds to fund the ASHI liability, and that the primary mechanisms include steady contributions and a long-term investment strategy. The Botswana Delegation would welcome further clarity from the Secretariat on the forward-looking strategy for closing the remaining funding gap for ASHIP. Specifically, what trajectory is envisaged for contributions over the medium term? How will the investment strategy evolve in the light of the asset and liability management study and market conditions? Turning specifically to UPOV ASHI, why is the contribution rate only 6 per cent of total personnel costs, whereas for WIPO it is 10 per cent? Why is the asset allocation for UPOV so risk-averse, with 100 per cent in cash? These questions, Chair, are not raised in criticism but rather in

recognition of the progress already achieved and the importance of sustaining it. Ensuring the long-term viability of ASHI is a shared responsibility, and the transparency provided in the first ASHIP Annual Report is an excellent foundation for continued dialogue. Thank you, Chair, and congratulations to the Secretariat.

200. Italy: The Delegation of Italy has taken note with interest of the first Annual Report on the WIPO/UPOV ASHIP for 2025 and would like to thank the Secretariat. We would first like to acknowledge the work carried out by the Secretariat, the ASHIP Advisory Committee and the financial management structures in establishing an operational framework for the Plan, which represents an important step towards more transparent and structured management of ASHI liabilities. We note positively several encouraging elements. First, we welcome the significant increase in the funding level of the Plan during 2025, supported both by additional contributions from Member States and by positive investment formats. Second, we note with satisfaction that the return on the strategic investment portfolio exceeded the long-term expected rate of return, thereby contributing to the strengthening of the system's financial sustainability. We also appreciate the establishment of a structure compliant with IPSAS and the implementation of governance and internal control mechanisms, which the report considers to be adequate. At the same time, we believe it is important to maintain a prudent approach. Despite the progress achieved, the report indicates that a share of liabilities remains unfunded, particularly under the IPSAS methodology. It will therefore be essential to continue closely monitoring the evolution of actuarial liabilities, the adequacy of future contributions and the risks arising from financial market volatility and healthcare inflation dynamics. In this regard, we encourage the Secretariat and the ASHIP Advisory Committee to continue carrying out periodic studies and to maintain a prudent, diversified investment strategy consistent with long-term sustainability objectives. Our Delegation supports the approval of the 2025 ASHIP Annual Report and encourages the continuation of efforts aimed at ensuring the long-term sustainability of health insurance obligations. Thank you.

201. Chair: The last speaker on my list is the United States of America. I will give the floor to the Delegation of the United States of America. Then I will give the Secretariat an opportunity to respond to points raised during the previous statements.

202. United States of America: Thank you, Chair. The United States welcomes the first ASHIP Annual Report and commends the Secretariat for the transparent and comprehensive reporting on the Plan's financial performance in its inaugural year of operation. Thank you, Chair.

203. Chair: Thank you. Several points were raised regarding the ASHIP Annual Report. I would like to give the floor to Assistant Director General, Mr. Andrew Staines. He will make a few remarks, then he will let other members of the Secretariat step in to provide further clarification. Mr. Staines, you have the floor.

204. Assistant Director General, Administration, Finance and Management Sector: Thank you very much, Chair. Good afternoon, everyone. Thank you for your support as we have gone on this journey. It is the first year we are doing this. I think it is a huge jump forward in terms of our governance and the way in which we think about these assets and liabilities. Thank you very much for your engagement and your comments. It is a complicated structure. Before I hand the floor to my colleagues, I wanted to recall that the ASHIP Advisory Committee has joint responsibilities. It has a responsibility to you, the Member States of WIPO, through the PBC and the Director General, and it has a responsibility through the UPOV Council, via the Vice-Secretary General of UPOV. I say that because we are trying to be as transparent as we can, and we are happy to provide as much information as you need, but I think we should be cautious about deep-diving into UPOV matters too much in this meeting, because the focus really should be as much as possible on the

WIPO situation. We should recall that the assets and liabilities are not joined. The UPOV situation will therefore not have an impact on the WIPO situation. The management is collective but the assets and liabilities are separate. It is therefore important that we maintain those dual reporting lines. In terms of coverage of the subject in both bodies, that's something that the ASHIP Advisory Committee is seized of. We discussed it at our meeting a week or so ago and we have resolved to come back to it in December, when we have the asset and liability study for UPOV. I also wanted to thank you for the comments on coverage. I will hand over to my colleagues in a moment. On the WIPO side we have a very clear 20-year strategy to ensure coverage of our full liabilities; however, I wanted to reassure you that the ASHIP Advisory Committee is seized of this matter. As I said, we will be reporting back to both the WIPO Director General and the UPOV Vice Secretary-General on these matters as we go forward. With that, Chair, and with your permission, I'll hand over to Mr. Shepherd to provide more detailed explanations on the 20-year strategy and also on some of the other questions, including the audit fee.

205. Secretariat: Thank you. I'll try and take the questions in the order I received them. First of all, from the distinguished Delegate of the Russian Federation, a question concerning the audit fee of 10,000 Swiss francs. ASHIP is an entirely separate entity with a separate audit opinion and its own rules and terms of reference. Therefore, ASHIP is responsible for covering its own audit fee, which is performed by the Audit Board of Indonesia, the same auditors as for WIPO and UPOV. There were also questions from the Russian Federation and the distinguished Delegate of Botswana concerning targets and timelines for funding WIPO's ASHI liability. The ASHI liability is to be fully funded over a 20-year period based on a 2 per cent investment return and, as it stands, a 10 per cent budget charge against personnel expenditure, which increases the funding. Normally an ALM study would be performed every three years. This strategy may need to be modified over time, depending on how the liability progresses by the time of the next ALM study. Also from Botswana, there were questions concerning UPOV funding. It should be underlined at this point that UPOV funding is entirely separate from WIPO's investments and funding. Any decisions on funding are for the UPOV governing bodies, but I think, as has already been mentioned, UPOV will perform an ALM study and will review the 6 per cent charge that is currently made against its own personnel expenditure for funding the ASHI liability. I believe that addresses all the questions. Thank you.

206. Chair: I would like to thank the Secretariat for the clarification provided. Are there any further comments from Delegations? I see none, so we will proceed to the proposed decision under this agenda item.

207. The Program and Budget Committee (PBC) recommended to the Assemblies of WIPO, each as far as it is concerned, to approve the "WIPO/UPOV ASHIP Annual Report for the Year to December 31, 2025" (document WO/PBC/40/9).

(D) UPDATE ON INVESTMENTS

208. Discussions were based on document WIPO/PBC/40/Update on Investments.

209. Chair: We will continue with Agenda Item 8(d), Update on Investments. I would like to invite WIPO's Treasurer, Mr. Seong Joon Chen, to present this sub-item.

210. Secretariat: Thank you, Chair. Good afternoon, distinguished Delegates. The document I am presenting is WO/PBC/40/Update on Investments, which is available under the Other Related

Documents section on the PBC/40 webpage. This presentation is intended to provide the status of WIPO's investments and, specifically, for its core and strategic portfolio. Distinguished Delegates may be familiar with this chart from previous PBC sessions. It is worth reiterating that strong investment governance is the basis of a successful portfolio. At WIPO, a strong governance framework is anchored in everything we do. At WIPO, we continue to measure ourselves against best practices for governance, internal controls, risk management and stewardship because we believe that this helps us to deliver value to Member States. This diagram highlights the layers of governance, oversight and controls that have been embedded in WIPO's investment process. Among other things, the governance framework establishes clear ownership of investment positions, clarity of investment objectives, clear Delegation of Authority and accountability for decisions, transparency of decisions and results. As you can see, the WIPO Advisory Committee on Investments (ACI), chaired by the Assistant Director General, the Administration, Finance and Management Sector, and comprising representatives from key internal functions, together with two independent experts, provides advice on the investments of the Organization's funds pursuant to the Financial Regulations and Rules. This advice covers matters such as the contents of the investment policy, strategy, asset allocation, appropriate performance benchmarks and investment guidelines. The RMG has established a strong risk culture on investment matters and sets the risk appetite commensurate to achieving WIPO's investment objectives. Moving on, the External and Internal Auditors provide an independent audit function and validation of internal controls related to investment processes and reporting. In 2025, IOD completed a comprehensive audit of investment management, following which immediate steps were taken to address the recommendations identified. Actions taken include specific amendments to the investments policy, which are presented for discussion under Agenda Item 10. In our regular engagement with the IAOC, WIPO continues to take on board its recommendations. Finally, WIPO Member States provide authority to the Secretariat to make investments in accordance with the investment policy. We believe strong governance in our investment framework is crucial because it helps this Organization to deliver long-term success. In this regard, WIPO continues to invest time and resources in developing maturity in this area. There have been several significant developments that I would like to highlight. In 2025, we established a separate entity, a multi-employer plan to hold ASHI investments. The IOD completed a comprehensive audit of investment management, following which immediate steps were taken to address these recommendations. WIPO has been steadily advancing its risk management maturity in investment management. Alongside the recruitment of new resources to strengthen the middle office function, efforts are currently underway to fill a new front office position with a view to ensuring a clear and effective segregation of duties. Our ongoing engagement with the IAOC has continued to yield valuable insights, particularly in relation to governance matters. Finally, both the Treasury team and the ACI members remain firmly committed to continuous professional development, actively pursuing technical training in investment management to ensure sustained alignment with the best practices in this field. Before we update the performances of our portfolios for this year, some remarks on the global financial markets may be necessary. The global economy has been unpredictable in the first four months of 2026. We are seeing this around many themes, including surprises in monetary policies, policy uncertainties and ongoing geopolitical risks. The effect from financial market uncertainty and consequently the impact on investment performance is clear, as we can see from the table on the right of this page. The year 2025 was good for investing and positive results were recorded in almost all asset classes. For the first four months of this year, the results were mixed across asset classes. Unfortunately, we don't expect this period of uncertainty to subside anytime soon. As 2026 continues, the global economy is likely to remain uncertain. Let's examine the performance of WIPO's core portfolio. The chart highlights the performance of the core cash portfolio for the first four months of this year. The portfolio value was 980.6 million Swiss francs, with a total loss of 1.7 million Swiss francs unrealized as of April 30 this year. The contributions to the losses by asset classes are highlighted in the chart. For instance, Swiss real estate contributed to a 1 million Swiss franc loss and emerging market bonds contributed to a 300,000 Swiss franc loss for the first four months of this year. Other asset classes recorded smaller losses. From the table, you will note that the investment return for the first four months was minus 0.2 per cent, while the corresponding benchmark was minus 0.1 per cent. Therefore, the relative return – which is the difference between actual and benchmark performance – was minus 0.1 per cent for the first four months of this year. If I can draw your attention to the other numbers in the table, you will see that 2025 was a good year, recording a 2.3 per cent return. It is important to remember that WIPO's core portfolio is invested over a longer time period, with the objective of delivering a positive return in Swiss francs over a five-year period. To this end, the core portfolio has delivered 1 per cent annualized over a five-year rolling period ending April 30. The same portfolio has delivered 1.9 per cent annualized since its inception in 2018. Despite challenging financial market conditions in the first part of 2026, compounded with persistent short-term volatility, the portfolio has remained resilient over the long term and the strategy continues to deliver against its objective over the targeted time horizon. For the strategic portfolio, the value was 357.6 million Swiss francs, with an unrealized gain of 3.9 million Swiss francs, resulting in a 1.1 per cent investment return as of April 30. The value of the portfolio represents the portion of investments held by WIPO and the WIPO UPOV ASHIP. Similar to the previous slide, the contributions to the gains and losses by asset classes are highlighted in the chart. For the first four months of this year, the gains were primarily driven by the performance of equities, which contributed to a 4.8 million Swiss franc gain for the strategic portfolio. This reflects the broader market resilience we have seen in the equity markets. Other asset classes experienced small losses, reducing the overall gains of this portfolio. If you recall, the investments for the strategic portfolio are for the long term and have a time horizon of 20 years. When we observe the performance over time, the strategic portfolio has delivered 2.1 per cent annualized over a five-year period ending April 30. The same portfolio has delivered 3.2 per cent since inception in 2018. Again, despite a difficult market in the short term, compounded by volatility, the strategic portfolio has proven resilient and remains on track to achieve its long-term target of 2 per cent and to provide funding for WIPO's long-term employee benefits over the 20-year period. This slide shows the portion of the strategic portfolio that represents the portion of investments held by WIPO only. The portfolio value was 19.9 million Swiss francs, and unrealized gain was 0.2 million Swiss francs. The portfolio's performance remained the same as the previous slide. Most of my earlier comments on the previous charts are particularly relevant here, so let me emphasize several key points. Investments in the core portfolio are diversified into global assets, including bonds and Swiss real estate. Positive Swiss interest rates have allowed opportunities to reduce portfolio risk and volatility. The investment strategy has met its objective and has delivered a positive return over a five-year rolling period time horizon. Investments in the strategic portfolio are diversified into global assets including bonds, equities and Swiss real estate. The investment portfolio is on track to achieve its long-term investment target of 2 per cent return and fund WIPO's long-term employee benefit liabilities. The road ahead for global investors remains uncertain. To be successful, a cost-conscious investment approach that diversifies across markets and asset classes coupled with a clear understanding of the Organization's liquidity requirements across time horizons is required. These must continue to be underpinned by a governance and risk management framework that remains best-in-class. Finally, market volatility is inevitable. Bumps in the road are to be expected given all the crosscurrents impacting the global financial markets. As global investors, WIPO's portfolios are not immune to these crosscurrents. However, WIPO's investments are for the medium and long-term. During this time, we expect our investments to perform well in some years, and in other years they may show declines. The latter, while unfortunate, is not something to be concerned about, provided that we continue to deliver the expected targeted return over the projected time horizon. WIPO is prepared to navigate ongoing volatility with a proactive approach guided by a prudent risk culture and sound governance practices. Our strategies have demonstrated their resilience and are expected to continue to deliver for future periods. This concludes my presentation. Thank you for your attention and, together with my colleagues, we look forward to your comments or questions.

211. Argentina: Argentina thanks the Secretariat for the presentation on investment management. We take note of the results presented and welcome the efforts made to strengthen investment governance, risk management and internal control mechanisms. I have a couple of specific questions and shall endeavor to be brief. First, in the presentation, reference is made to a conscious focus on the cost of investments. We would like to know how the Secretariat approaches this and what criteria are used for the added value with respect to costs. Then there is the resilience of investments in the face of high market volatility. We would like to have further information on how the Secretariat defines the concept of resilience and what indicators are used to ensure that the portfolios have adequate risk profiles that are in line with the guidelines of investment approved by the Member States. Once again, thanks to the Secretariat and we look forward to your responses with great interest.

212. Secretariat: Thank you for the questions from the Delegation of Argentina. I think your question was twofold. Regarding the cost of investments and how we manage the cost related to all activities surrounding our portfolios and investments, from the outset, the selection of funds for our investments goes through a procurement exercise to ensure that the selection of funds is in the Organization's best interest. This comes with the funds' technical capability and their administrative and management costs. We also have our investment advisors to monitor our funds (once they have been onboarded) as we invest over time. We constantly benchmark these funds against what is out there on the market that is similar to our funds. On site, we also benchmark the cost of our funds against our peers, who form part of the UN Working Group on Common Treasury Services, where they also invest in similar funds. We constantly have a benchmarking exercise to ensure that the funds that we use have a similar cost structure or a very effective cost structure that is suitable for us. In terms of volatility and how we manage it, we use continued risk metrics, such as Value at Risk (VaR) or Conditional Value at Risk (CVaRs), to determine the risk of our portfolio and this expresses some of the volatility. Under the amended policy, we are moving away from qualitative expression of risk (what we call low risk and high risk) to quantitative, which we express with a number. This will make it more transparent when we describe volatility and risk to Member States and that is how we are slowly developing our maturity in managing and expressing risk. We continue to diversify our portfolio. The ACI spends a considerable amount of time looking at eligible asset classes that will be relevant for our investment portfolio. One success that we enjoy in our investments is our ability to diversify our asset class and we continue to focus on cost to make sure that the cost that we take on in our portfolio continues to be minimal or appropriate for our investment strategies. I hope that answers the questions from the Delegation of Argentina. I would also like to address a point that was raised by the Delegation of Germany on behalf of Group B on the investment performance from 2024 to 2025. The question relates to the significant drop in the investment gains for those two periods. There were a couple of reasons for that. One of the first I should point to is the 2025 results: removal of 14.2 million Swiss francs from the WIPO Strategic Portfolio to be reported under ASHI. If you compare 73.7 million against 24.6 million, we are removing 14.2 million that is actually a portfolio that should be reported as part of a strategic portfolio, right? Regardless, even if you include that 14.2 million, there is still a discrepancy of 31.1 million when you compare 2024 with 2025. We can point to two factors. One is that 2024 was, in terms of financial market returns and economic performances, a stronger year in the financial markets. If you look at the macroeconomic results, the capital markets were a bit more favorable to bonds. Financial markets on equities were slightly more stellar in 2024 compared with 2025. If you look at the few asset classes that were included, just in comparison, in 2024 equities brought in about 17.5 per cent returns, 2025 was 10.7 per cent. If you look at Swiss real estate, it was 19 per

cent on Swiss real estate in 2024 and only 10.7 per cent in 2025. The asset classes were more dynamic in their return in 2024 compared with 2025: in both years they were generally positive, but 2024 was obviously a stronger year in terms of gain. Lastly, the explanation as to why there would be a difference in terms of gains- One of the things mentioned in my presentation was that in 2025, the ACI took the opportunity to recognize that positive interest rates had returned and we took the opportunity to de-risk the core portfolio, basically reducing certain risks from certain asset classes from the portfolio and this resulted in both a reduction in volatility to our core portfolio and, as a result, the expected return of the portfolio from the core also reduced. You reduce risk, you reduce your expected return and the weightings that we tweaked slightly in 2025, in changing the portfolio strategy for the core portfolio, resulted in certain movements in the gains that we may have had using the previous strategy before we de-risked versus the strategy that we embarked upon. This was a prudent decision in recognizing that we had the opportunity to remove the risk from our portfolio and yet achieve the targets that are needed by the portfolio. I hope that answers the questions from Group B. Thank you.

(E) STATUS OF THE PAYMENT OF CONTRIBUTIONS AS AT APRIL 30, 2026

213. Discussions were based on document WO/PBC/40/INF/1.

214. Chair: I invite the Acting Director of the Finance Division, Mr. Kelvin Hayes, to present this sub item.

215. Secretariat: Thank you, Chair. Good afternoon again, distinguished Delegates. This document provides details of the status of the payment of contributions as at April 30, 2026, including information concerning the arrears in annual contributions and in payments towards the working capital funds. Contributions paid since the issuance of the document and as at June 15, 2026, amounted to a total of 2.8 million Swiss francs contributed by the following Member States in alphabetical order: Argentina, Bahamas, Belgium, Brunei Darussalam, China, Cote d'Ivoire, France, Germany, Greece, Guatemala, Japan, Kiribati, Malta, Mexico, Mozambique, the Solomon Islands, Tonga and the United Republic of Tanzania. Moreover, the status of contributions for Latvia in the document should read as no arrears in the presented document. The status of the payment of contributions as at June 30, 2026, will be available for the Sixty-Eighth Series of Meetings of the Assemblies of the Member States of WIPO in July. Thank you, Chair.

ITEM 9. ANNUAL REPORT ON HUMAN RESOURCES

216. Discussions were based on document WO/PBC/40/INF/2.

217. Chair: Dear colleagues and dear Delegates, we have now concluded all items under the performance and financial review section of the Agenda. Agenda Item 6 is still open. May I suggest that we proceed with Agenda Item 9, the Annual Report on Human Resources, contained in document WO/PBC/40/INF/2. The document is being submitted to the PBC for information purposes in accordance with the decision taken by the PBC at its September 2012 session, when it requested that the report to the Coordination Committee also be presented to the PBC for its consideration. No decision by the PBC is required under this agenda item. I would like to invite the Director of HRMD, Ms. Adélaïde Barbier, to present the report.

218. Secretariat: Thank you, Chair. Chair, distinguished Delegates, I am honored to present the Annual Report on Human Resources (WO/PBC/40/INF/2) to this Committee for information. It will be submitted to the WIPO Coordination Committee during the Assemblies of WIPO Member States in July 2026. This report covers the period between January 1 to December 31, 2025, and

provides an overview of our HR policies, initiatives and activities. Mandatory reporting topics are included or available on WIPO's website. The Report should be read alongside the Workforce Brochure and the Geographical Distribution Report, which is transmitted to Member States twice a year. Let me begin with context. The HR function has been reimagined, moving beyond administration to drive business performance and cultural change. We are becoming a strategic partner enabling organizational transformation. Our role is to ensure that WIPO has the right people, capabilities and culture that deliver excellence. The year 2025 brought rapid technological change, evolving stakeholder expectations and intense competition for talent. Against this backdrop, let me highlight five key developments. First, artificial intelligence (AI). WIPO has moved from testing AI to using it more systematically across the Organization. Every work area has now been asked to include AI in its 2026 workplan. AI is no longer something separate from our work but; becoming integral to our operations. In practical terms, it is helping to automate routine tasks across a number of functions, especially in areas such as the Madrid Registry and translation. That, in turn, allows staff to spend more time on work that requires judgment, analysis and direct engagement with users. For HR, this means helping managers to adapt roles, build AI fluency and support reskilling, while keeping the transition people-centered. Second, deeper integration of technology and business. The consolidation of four separate IT divisions into a unified structure, together with fusion teams, bringing business and technology experts together under shared accountability, has changed how we design and deliver digital solutions. This is important because digital transformation works best when business and IT solve problems together, not separately, and also because ICT represents more than one-fifth of the Organization's budget, making its modernization strategically significant. Third, learning and leadership. Here too, the direction is clear. Learning now aligns closely with strategic priorities, especially leadership, customer service, AI and change management. We are building organizational capabilities, not just individual skills. That is being supported by cross-functional mobility and leadership development at different levels. And the new Leadership Success Profile now provides a common behavioral framework across performance management, hiring and talent development. Fourth, employee engagement and organizational culture. Engagement has strengthened with positive results on role clarity, psychological safety and sense of purpose. This suggests that we are managing change while preserving trust, inclusion and cohesion. We also launched iPerform, an AI-enabled performance management platform connecting individual objectives more closely to organizational priorities and encourages continuous feedback throughout the year, rather than relying only on an annual review. Beyond performance, LinkAcross, disability inclusion programs and our diversity awareness campaigns have strengthened collaboration, belonging and innovation. Our well-being efforts, the WIPO Thrive platform and a comprehensive occupational health and safety framework earned an 87 per cent score on the UN mental health scorecard, substantially above the system-wide average. Finally, talent acquisition remains central to WIPO's long-term success, guided by two complementary principles: merit first, followed by breadth of representation. Attracting the right talent has never been more critical - or more challenging. As demand for expert and technical profiles grows, WIPO faces increasing competition in securing the specialized and digital skills essential to delivering on its mandate. WIPO staffing needs are assessed through strategic workforce planning that is among the most advanced and systematic in the United Nations system. This rigorous foundation informs merit-based recruitment processes in which diversity serves as a decisive factor. Of the 86 appointments finalized during the reporting period, 43 were women and 43 were men, achieving full gender parity. Women also represented 50 per cent of senior appointments at the P5 and D1 levels, helping raise the share of women at D1 level from 34.6 per cent in 2024 to 42.6 per cent in 2025. The central challenge, however, lies in identifying strong candidates from a broader range of Member States - particularly for specialist and digital roles. This requires deliberate investment in mapping talent ecosystems and building pipelines well ahead of need. Broadening recruitment outreach is only effective when qualified candidate pools exist;

where they do not yet exist in sufficient depth, WIPO must help develop the IP talent ecosystem. The Geographical Diversity Action Plan integrates both dimensions: expanding recruitment reach through partnerships with Member States and bilateral consultations, while simultaneously strengthening candidate pipelines through workforce planning and capacity building in collaboration with the Regional and National Development Sector and the WIPO Academy to develop the very profiles that future recruitment will draw from. Progress, however, will be gradual by nature. Of WIPO's total workforce, approximately 600 posts are subject to geographical representation requirements. Opportunities to shift the composition of that group arise primarily through retirements and natural turnover rather than through net growth. Meaningfully broadening representation across Member States will involve measured rebalancing among regions over time - a process that demands sustained engagement with Member States. In summary, WIPO's HR function is becoming more strategic, adapting to technological change, strengthening leadership and performance, building critical skills and maintaining an engaged, diverse and future-ready workforce. We remain focused on issues that matter to Member States, including reskilling and safeguards in the context of AI, merit and talent acquisition, and stronger talent pipelines for broader representation. Thank you, Chair.

219. Germany: Group B thanks Ms. Barbier and her team for presenting this comprehensive report on HR. We welcome HR's strong focus on the rapidly growing importance of AI within WIPO and its crucial importance for the future of the Organization. AI will progressively and successfully support or take on routine work and open up space and time for staff to focus on newly redesigned tasks. Therefore, it is vital for WIPO to align its HR strategies with the chances and challenges of AI to maintain global leadership. Group B also appreciates the work undertaken to enhance the IT transformation. Bringing together WIPO's ICT functions, which was historically organized by sector, into a unified structure that serves the whole Organization is critical to enable the effective deployment of AI within WIPO as well as improved collaboration between divisions and sectors. The effective use of AI at scale within WIPO requires centralized infrastructure, shared data architecture and coordinated governance. In this light, we also note the creation of fusion teams where technology and business staff collaborate to solve problems more effectively. More broadly, Group B encourages WIPO to align its organizational transformation efforts with the goals of the UN80 Initiative, ensuring that efficiency gains and modernization contribute to a leaner, more effective multilateral system. We further welcome the results of the 2025 engagement survey, which showed an overall employee satisfaction score of 76 per cent, exceeding the 74 per cent benchmark. However, we note that there remains room for improvement regarding growth and development opportunities, and cross-sector collaboration. We encourage the Organization to consider how to support internal operations in breaking down silos and enable cooperation and joint working between teams. Group B also positively notes WIPO's 87 per cent score on the UN System Mental Health and Well-being Strategy Scorecard, which exceeds by far the 64 per cent average. Regarding recruitment, we are pleased to hear WIPO's unwavering commitment to broader representation of qualified women in senior roles. We note the equal representation of women and men in 2025's appointments. We further welcome WIPO's first comprehensive talent review that covered 84 employees in ICTD/AFMS. With 16 retirements in ICTD anticipated within five years, it is essential for WIPO to get a clear picture of its talent base. Group B respectfully requests continued transparency in reporting and emphasizes that the principle of merit in line with Staff Regulation 4.1 should remain central to recruitment and career development. We look forward to collaborative efforts to strengthen WIPO's human capital framework.

220. Russian Federation: The Russian Federation is honored to deliver this statement on behalf of a number of countries of CACEEC. We would like to thank the Director of Human Resources for this high-quality report. We would like to draw the Secretariat's attention to the request to provide documents in a timely manner in all six languages. Our Group thanks HRMD for holding regular

briefings and for providing exhaustive statistical data, which confirms the high level of engagement and transparency in its work. We welcome the implementation of the Geographical Diversity Action Plan (GDAP) and trust that it will allow WIPO to ensure fair geographic distribution in the recruitment of staff. We would ask HRMD to contribute to a stronger culture of personal accountability in its work on staff matters. With regard to the Secretariat's plans to encourage the broad use of AI tools in day-to-day activities, we call on it to ensure that such tools produce high-quality results, and to take the relevant cybersecurity measures. We trust that the Secretariat will continue to adhere to ICSC recommendations and decisions of the UN General Assembly regarding the system as a whole. Thank you.

221. China: China thanks the Secretariat for drafting and publishing the Annual Report on Human Resources and HRMD Director Ms. Barbier for her presentation, which gave Member States a better understanding of WIPO's human-resources-related policy initiatives and activities over the past year. China appreciates the positive results achieved by WIPO in 2025 in empowering staff through AI, staff training and human resources management. China also appreciates the continued efforts made to improve the Organization's geographical representation and gender equality among staff. China thanks HRMD for the multiple policy exchange meetings held over the past year with regional groups and Member States in accordance with the GDAP. China welcomes WIPO's efforts to provide Member States with future recruitment plans in order to enhance transparency. China hopes that WIPO will continue to strengthen this work in the future. Thank you.

222. United States of America: The United States of America recognizes the significant organizational transformation underway at WIPO, and we appreciate the progress reflected in this report. But we do have questions and we would like the Secretariat to provide concrete responses either in session or by July 1, to prepare for the WIPO Assemblies. The report attributes a shallow senior applicant pool to uncompetitive compensation. However, the report offers no methodology to support that conclusion. A small pool of qualified applicants could just as easily reflect inadequate outreach, poorly scoped requirements or simply a limited global market for a particular specialty. Can the Secretariat explain how it reached this conclusion? The United States of America will not accept an assumption as the basis for budget decisions. We also have questions about the role of AI in WIPO's workforce management. We ask that the Secretariat share any progress on preparing an AI accountability framework. What governance mechanisms are actually in place today and what recourse a staff member has when disputing a decision made by an algorithm. Finally, the United States of America strongly supports the empowerment of women in IP through individual merit, skills and hard work. We must stress, however, that WIPO recruitment should ultimately be merit-based, without consideration of achieving or maintaining gender parity within the Organization. Additionally, WIPO's policies should use clear, accurate and precise terminology that reflects biological realities and supports the advancement of women and girls. The United States of America therefore requests that WIPO adopt the term "sex" in place of "gender" across all management frameworks. If the Secretariat will not accept this amendment, the United States of America asks that the Chair note our opposition in the report. Thank you.

223. Sweden: Sweden would like to express appreciation for the progress achieved in terms of gender balance in recruitment and improved geographical representation within the Organization. At the same time, Sweden would welcome the recruitment of more Swedish nationals to WIPO in the future as WIPO is an important Organization in which Sweden considers it is valuable to be represented. We look forward to continuing exchanges with the Secretariat on how this can be best achieved. Thank you.

224. Albania: The members of the CEBS Group thank HRMD for the detailed data provided in the Annual Report on Human Resources. We acknowledge the ongoing initiatives aimed at modernizing WIPO's organizational culture, expanding learning platforms and improving talent mobility platforms. However, the CEBS Group must once again draw attention to the persistent challenge of underrepresentation of our Member States on posts subject to geographical distribution, particularly at senior management levels. While we welcome the update on the GDAP, the aggregated data format currently utilized, which combines Eastern and Central Europe with Central Asia, does not provide sufficiently accurate insight to map our region's specific challenges. Therefore, the CEBS Group respectfully reiterates its request to the Secretariat to provide fully disaggregated regional data specific to the CEBS region. This should include detailed metrics on the number of applicants versus selected candidates, grade and a clear breakdown of internal and external selections. As we observe the high number of internal candidates filling higher level positions, the small baseline of CEBS professionals currently in the Organization places our region at a statistical disadvantage. We look forward to an insightful and transparent dialogue with HRMD on how vacancies are profiled and how requirements can be described to ensure a more equitable and competitive playing field for external talent from underrepresented regions. Thank you.

225. Italy: The Delegation of Italy thanks the Secretariat for the comprehensive and forward-looking HR report. We welcome the efforts undertaken by the Organization to improve efficiency and make better use of existing resources, particularly through the adoption of digital tools and AI, the rationalization of structures and the promotion of more flexible and integrated ways of working. These measures are essential to ensure that WIPO remains modern, responsive and financially sustainable. At the same time, we would like to emphasize an important point. While efficiency and optimization of resources are necessary, they should not come at the expense of the quality of the Organization's output. WIPO's strength lies in the high level of expertise, professionalism and service quality that it delivers to Member States and users worldwide. For this reason, it is crucial to ensure that staffing levels remain adequate for workload and complexity, that the Organization continues to attract and retain highly qualified personnel, and staff are supported with the skills and tools necessary to adapt to ongoing transformations. In particular, the transformation driven by AI and digitalization requires continuous investment in skills, careful management of workforce transitions and a balanced approach between efficiency gains and human capacity. In conclusion, Italy supports the ongoing efforts to improve efficiency and optimize resources while stressing that these efforts must be accompanied by adequate human resources to sustain quality and deliver results. Efficiency and quality are not conflicting objectives. They must go hand in hand. Thank you.

226. Argentina: Argentina thanks the Secretariat for the presentation on the Annual Report on Human Resources for 2025. We express our gratitude to the Director of HRMD for the periodic information sessions organized throughout the year, which have enabled Member States to better understand the measures adopted, the challenges identified and future priorities. We believe that this document reflects a significant development in HR, which is increasingly linked to institutional transformation, the strategic planning of capacities and the Organization's adaptation to technology. We note with interest the focus on AI. We welcome that the Organization is dealing with this process not only as a technological matter but also from the point of view of training competencies and redesigning functions. Similarly, we underscore the efforts made to strengthen strategic planning in the workforce, the work on talent management, the identification of gaps in competencies and analysis of future needs. In this context, we would welcome more information on how the Secretariat will be measuring the concrete impact of these measures. In particular, we would like to know what indicators will be used to assess the benefits of incorporating AI and the automation of processes. We also observe with interest the reorganization of IT teams. We would like to know whether the Secretariat already has preliminary indicators on the benefits of this new structure, particularly in relation to coordination, efficiency and implementation of projects. We take

note of challenges related to the recruitment of highly specialized profiles. In this context, we would like to know how situations in which vacancies are left open for long periods are dealt with, particularly for critical functions, and what mechanisms can be used to guarantee the continuation of functions. Lastly, we welcome the report presented on the GDAP. Geographical diversity is a strategic objective for the Organization, as policies need to be reviewed and greater effectiveness is needed in responding to all Member States. We believe that this more balanced geographical diversity is in line with the Organization's mandate, as it continues to identify and develop talent in all regions. In this regard, we encourage the Secretariat to continue its efforts to strengthen diversity in the groups of candidates and move towards a more balanced representation, particularly in the higher levels and managerial roles. We once again thank the Secretariat for this report.

227. Japan: The Delegation of Japan thanks the Secretariat for the Annual Report on Human Resources and would like to note three points. First, the rapid expansion of AI and IT transformation is promising, but it also requires strong governance, clear accountability and careful change management. Second, the report shows useful progress in talent review and learning, but key gaps remain in adaptability, leadership and digital skills, especially in critical ICT functions. Third, recruitment of highly specialized and senior staff remains challenging, and we would appreciate continued efforts to strengthen competitiveness and succession planning. Japan will continue to engage constructively on these important issues. Thank you.

228. Brazil: Brazil is grateful for the preparation and presentation of the Annual Report on Human Resources, and we welcome the Secretariat's continued efforts to strengthen the WIPO workforce and adapt its human resources policies to evolving institutional and technological realities. In particular, we note the strong emphasis in this edition of the report on the integration of AI into the Organization's work. The incorporation of AI into operational processes and the expansion of staff training in AI-related competencies reflect an effort to prepare the Organization for changing skills requirements and new ways of working. These initiatives illustrate the importance of ensuring that access to new technologies is available to all Member States. Brazil also welcomes the attention given to staff development and organizational culture. The report highlights investments in learning and leadership initiatives, structured talent review processes and efforts to equip personnel with the skills necessary to grow into positions of greater responsibility and leadership. We further positively note that WIPO's performance in promoting mental health exceeds the average observed across the UN system, demonstrating a sustained commitment to supporting the mental health of its own workforce. Brazil also welcomes the progress reflected in the report regarding gender balance and increased representation of women in senior roles within the Organization. We positively note that among the 86 selections finalized in 2025, full gender parity was achieved. We further welcome the encouraging results that were achieved specifically at the senior management level, where women represented 37.3 per cent of applicants but accounted for 50 per cent of appointments at the P5 and D1 levels. This contributed to increasing the share of women at the D1 level from 34.6 per cent in 2024 to 42.6 per cent in 2025, reflecting continued efforts to promote more gender-balanced leadership across the Organization. With regard to the need to ensure equitable geographical representation in the Secretariat, Brazil welcomes the continued implementation of measures aimed at expanding outreach and engagement with Member States. These efforts are designed to respond to longstanding demands from developing countries for a Secretariat that better reflects the diversity of its membership. Nonetheless, it is important to recognize that significant imbalance remains. As reflected in the report, an increase in the number of applicants from underrepresented regions does not automatically translate into more balanced recruitment outcomes. Expanding diversity in applications is an important step but it should continue to be accompanied by sustained efforts to promote broader representativeness throughout recruitment and career progression processes. Brazil, therefore, encourages the Secretariat to maintain and reinforce actions aimed at

achieving more balanced geographical representation across the Organization, particularly at senior levels, so that the composition of WIPO can progressively reflect the diversity of WIPO's Member States and their regions more faithfully. Thank you.

229. South Africa: The Delegation of South Africa is honored to deliver this statement on behalf of the African Group. The Group thanks the Secretariat for the information provided under this agenda item and reaffirms its commitment to a WIPO that is representative, inclusive and responsive to the interests of all its members. The African Group appreciates the efforts highlighted by the Secretariat with respect to the introduction of AI and the use of digital tools while taking all the necessary measures to maximize its benefits and address any potential risks. The African Group wishes to underscore that Africa constitutes one of the largest regional groups within WIPO in terms of membership. Despite its significant numerical representation and its growing contribution to the global IP ecosystem, the African Group continues to observe persistent underrepresentation of African nationals in the Organization. We remain concerned that the current level of geographic representation does not adequately reflect the composition of WIPO's membership. Equitable geographic distribution is a fundamental principle of the UN system and is essential for ensuring legitimacy, diversity of perspectives and confidence among Member States. The African Group, therefore, calls for continued efforts to improve the recruitment, retention and career progression of qualified candidates from underrepresented regions, particularly Africa. In this regard, the African Group encourages the Secretariat to intensify outreach and talent acquisition initiatives, strengthen succession planning and ensure greater transparency in recruitment processes for professionals and leadership positions. The African Group also emphasizes the importance of achieving gender equality across all levels of the Organization. The African Group believes that gender parity and geographic diversity are mutually reinforcing objectives that contribute to a more effective, innovative and representative international organization. Accordingly, the African Group encourages the Secretariat to continue implementing measures aimed at increasing the representation of women, particularly women from developing countries and underrepresented regions in leadership and managerial positions. Such efforts should be supported by clear targets, regular monitoring and transparent reporting to Member States. The African Group looks forward to receiving updated data on measurable progress on geographical and gender representation and stands ready to engage constructively with the Secretariat and other Member States to advance this shared objective.

230. Chair: I thank the representative of South Africa for his statement on behalf of the African Group. I will now give the floor to South Africa for its national statement.

231. South Africa: Thank you, Chair. First, South Africa thanks the Secretariat for the Annual Report on Human Resources. We welcome the direction that this report signals, especially efforts to modernize institutional processes and foster a positive organizational culture. In our view, this is a forward-looking report ensuring that WIPO is well positioned to remain an agile, high-performing and service-oriented Organization that is adapting in a rapidly changing global environment. We are particularly encouraged by the Organization's efforts to harness AI and digital technologies to improve productivity and service delivery. This will help free up time for staff to focus on high-value activities, including problem-solving, customer engagement and complex decision-making, all the hallmarks of high-performing and innovative organizations. We also welcome the significant investments made in learning and skills development with the training of nearly 1,000 staff members in AI-related competencies, as well as the broader learning programs, leadership development initiatives and talent reviews. All of this demonstrates a clear commitment to preparing the workforce for the future. Yesterday, the Secretariat talked about the importance of building a human-centric Organization in the face of AI. This report today sets out a very clear outline for giving staff greater latitude to focus on high-value activities where human judgment, creativity and

engagement matter the most. South Africa further welcomes efforts to strengthen organizational culture through initiatives that promote performance, accountability, collaboration, inclusion and staff well-being. The introduction of iPerform is one example in this respect. The report identifies areas that warrant continued attention first. The findings related to cross-sector collaboration suggest that there remains scope to overcome silos and strengthen cooperation across organizational boundaries. Second, as AI and digital technologies become more deeply embedded in workflows, continued investment in reskilling and upskilling will be essential. The projection should go much further into the future, especially to ensure that all staff can adapt successfully to changing roles and responsibilities, and that AI does not serve as a source of stress but as an empowering device. Overall, in our view, the report reflects positive progress in building a modern, capable and future-ready workforce. Once again, we commend the Secretariat for the work undertaken and encourage it to continue building a culture of excellence, learning and innovation across the Organization. Thank you, Chair.

232. Chair: Thank you, Ambassador Qobo of South Africa. I don't have any further requests for the floor. I suggest that we adjourn the meeting for today and start tomorrow with the Secretariat taking the floor to respond to the points and clarifications sought during the interventions. Tomorrow, the meetings will be in the usual hybrid mode, and I look forward to seeing you then. I think it's a beautiful thing to be sitting as Chair with Delegates in front of me instead of an empty room. I wish you a good afternoon and we'll meet tomorrow at 10:00 a.m.

ITEM 10. PROPOSED AMENDMENTS TO THE POLICY ON INVESTMENTS

233. Discussions were based on document WO/PBC/40/10.

234. Chair: Now I will move to Agenda Item 10. Agenda Item 10, Proposed Amendments to the Policy on Investments, contained in document WO/PBC/40/10. I would like to invite Mr. Seong Joon Chen, the Treasurer, Finance Division, to present the item.

235. Secretariat: Thank you, Chair. Good morning, dear distinguished Delegates. Document WO/PBC/40/10 presents proposed amendments to WIPO's policy on investments. The policy on investments governs the management of the Organization's financial assets, including operating cash, core and strategic portfolios, and funds set aside for the WIPO/UPOV ASHIP. As part of its commitment to good governance, WIPO is revising its policy on investments which has remained unchanged since 2019. These amendments are necessary to reflect the significant evolution of WIPO's financial position, the shifting investment landscape and the advancement of risk management practices and techniques. The amendments reflect the breadth of input received throughout the revision process, encompassing recommendations from our internal and external auditors, the Advisory Committee on Investments (ACI), the IAOC, and the findings of a peer review conducted with the World Bank. We also place considerable emphasis on ensuring the policy reflects current leading practices in investment management, drawing on results of a benchmarking exercise carried out by an external consultant engaged specifically for this purpose. These amendments are designed to achieve four key objectives: (1) strengthening the governance framework and oversight; (2) enhancing investment risk management; (3) refining investment objectives and strategies to more closely align with the Organization's needs across varying time horizons; and (4) improving the overall readability of the policy, while ensuring it remains adaptable and relevant for the future. The proposed amendments have been reviewed by the ACI and line by line with the IAOC, resulting in their strong endorsement. The Organization's governance framework is strengthened significantly. It should be noted that any infringement of the provisions of the amended policy are reported to the Risk Management Group (RMG) and the IAOC for their independent review through our established reporting channels. These changes are firmly

grounded in best practice principles in investment management with the intention of making a meaningful contribution to the achievement of the Organization's strategic goals. At the same time, they are underpinned by a robust governance framework, ensuring that WIPO's overall risk profile remains largely unchanged. The proposed decision invites the PBC to recommend to the Assemblies of WIPO approval of the proposed amendments to the policy on investments as contained in document WO/PBC/40/10. Thank you for your attention. Together with my colleagues, I am happy to answer any questions. Thank you.

236. Chair: Thank you, Mr. Chen. I now open the floor for questions or comments.

237. Germany: Thank you, Chair. Group B thanks the Secretariat for the preparation of the proposed amendments to the policy on investments. We appreciate the Secretariat's transparency and clarifications on each of the proposed amendments, which Group B welcomes. Since the last amendments to the investment policy in 2019, governance standards and investments management, as well as risk management methodologies, have evolved significantly. Against this background, an update to the policy on investments is necessary in order to adapt to the changing economic and financial environment of WIPO. Group B appreciates that the proposed amendments reflect various internal and external inputs, along with findings from an extensive benchmarking exercise conducted with a range of organizations. We particularly note that the amendments take into account feedback from the IAOC, as well as findings from the investment management audit carried out by the IOD. We further note the changes made regarding external fund managers in order to meet recommendation 1 contained in the report by the External Auditor on the WIPO Financial Statements. It was important to provide more clarity on the role of fund managers and pooled mutual funds and to strengthen the governance framework with specific reference to WIPO's procurement framework. Group B, therefore, supports the proposed amendments.

238. Russian Federation: Thank you, Chair. Good morning to everyone. We are delighted to be back in person. On this agenda item, the Russian Federation has the honor to deliver a statement on behalf of a number of countries of CACEEC. We would like to thank the Secretariat for preparing this proposal. First and foremost, we would ask the Secretariat to clarify what impact this version of the policy might have on the Organization's income. Was an analysis conducted of the financial implications of these proposed amendments? Our Group would also like the Secretariat to explain why, in paragraph 7 of the amended policy on reporting by the Director General, reference is made only to short-term and long-term investments. We think that it would be appropriate to include reference to mid-term investments, and in that way cover the whole of WIPO's portfolio. We also greatly appreciate the involvement of the IAOC in this matter. In that regard, we would ask the Secretariat to clarify why, in paragraph 45 on the procedure for reviewing the policy, no reference is made to the possibility of the Secretariat consulting the IAOC. As we understand it, this practice already exists and it would therefore be advisable to reflect this in the new version of the policy document.

239. South Africa: Thank you, Chair. The Delegation of South Africa is honored to deliver this statement on behalf of the African Group. The African Group thanks the Secretariat for the preparation and presentation of the document on the proposed amendments to WIPO's policy on investments. The Group recognizes the importance of ensuring that WIPO's investment framework evolves in line with the Organization's growing investable cash balances, changing financial conditions and emerging best practices in governance and risk management. We therefore commend the Secretariat for undertaking this comprehensive review of the investment policy and for incorporating recommendations arising from various oversight mechanisms, including the IAOC, IOD, External Auditor and World Bank peer review process. The African Group welcomes in particular the efforts to strengthen the investment framework through: (1) the establishment of a

clearer portfolio structure aligned with different liquidity needs and investment horizons; (2) the enhancement of governance arrangements to address the recommendations from the IOD; and (3) the modernization of the risk management framework, including the introduction of more sophisticated tools to assess investment risk. The Group knows that the revised policy seeks to ensure that investment activities continue to support the Organization's financial stability while safeguarding the resources entrusted to WIPO by its Member States. At the same time, the African Group wishes to stress the importance of regular ad hoc reviews of the investment framework in light of increasing global uncertainty. Periodic assessments of market liquidity and operational risk would contribute to strengthening resilience and mitigating potential future vulnerabilities. To this end, and given the significance of these amendments and the impact of the investment policy on the Organization's financial management, the African Group stresses the importance of regularly updating Member States on the implementation of the revised policy. Thank you.

240. Italy: The Delegation of Italy would like to thank the Secretariat for the document. We align ourselves with the statement made by Group B and welcome the proposed amendments to the investment policy, which reflect evolving best practices in governance, risk management and portfolio structuring. We appreciate, in particular, the clearer segmentation of investment portfolios and the strengthened role of the ACI. At the same time, we believe there is scope to further reinforce the role of the PBC in the oversight of WIPO's growing financial resources. Given the increasing volume of funds under management and the strategic importance of investment activities, the PBC could play a more systematic role in oversight by receiving regular, structured reporting on investment performance and risk exposure, reviewing not only financial outcomes but also alignment with strategic objectives and liquidity needs, providing policy-level guidance on risk tolerance and long-term financial sustainability. Such enhanced engagement will complement, without duplicating, the technical work of the ACI while ensuring that Member States retain appropriate oversight of financial resources. In conclusion, while we support the proposed amendments, we encourage consideration of additional measures to enhance the oversight role of the PBC. We stand ready to engage constructively with the Secretariat and other Delegations on these proposals.

241. United States of America: Thank you, Chair. The United States of America welcomes the proposed amendments and expects the Secretariat to hold itself to the highest financial standards across all resources management, including investments.

242. Mexico: Thank you, Chair. Mexico would like to thank the Secretariat for the presentation and acknowledges the effort to update the investment policy, taking into account changing markets, the growth of the resources under administration and the recommendations of the various oversight bodies. Mexico views especially favorably the goal of strengthening governance, transparency and risk management. In particular, we appreciate the clearer definition of the portfolios by their liquidity needs and the inclusion of more advanced methodologies for managing and measuring risks. However, we would like further clarification, first, on response mechanisms for dealing with situations in which the risk profile of financial counterparties worsens significantly and how mitigation measures might be taken where needed. Second, with regard to CVaR, we would like to know how often the risk tolerance levels will be reviewed and what governance mechanisms will be in place to approve possible changes. Third, with regard to oversight of external fund managers, we would like to see included the criteria for assessing their performance and adopting corrective measures, where applicable. We would also like to know what limits are applicable to higher risk investments and how we can ensure that the principle of financial prudence is applied. Lastly, we hope that Member States will receive information periodically on the performance and risk exposure of each portfolio.

243. Argentina: The Delegation of Argentina would like to thank the Secretariat for presenting the proposed amendments to the policy on investments. Generally speaking, we take a positive view of the efforts being made to update the Organization's investment framework with these proposed recommendations. In particular, we welcome the measures designed to strengthen governance, risk management and the investment portfolios. Similarly, we view favorably the proposed structure in four differentiated portfolios, which provides more clarity in terms of the different goals relating to liquidity, preserving capital, and growth. We would like to have more practical details on how amounts will be placed in each portfolio and by what criteria those amounts may be adjusted over time. We would also like to know how the Secretariat plans to measure the impact of the amendments on the Organization's financial resilience and what indicators it will use to assess the success of the new portfolio structure. Lastly, we would like to know whether the implementation of this framework will have an impact on the cost of managing the investments and how the performance and added value of external fund managers will be evaluated. Once again, we thank the Secretariat for presenting the proposed amendments and we look forward to your responses. Thank you.

244. Chair: I thank the representative from Argentina and I wish to check whether there are more or any other requests for the floor. I see none. I will take a few minutes to discuss with the Secretariat how to proceed. We will have a 10-minute break.

245. Chair: We are back again. Many points were raised during the interventions on this agenda item and I would like to give the floor to the Secretariat to respond and comment.

246. Secretariat: Good afternoon, distinguished Delegates. There were certain themes in the questions and I will try to group them together. I would, however, also like to go in chronological order in terms of how the questions came in. Please bear with me. Should I miss anything, please feel free to ask the questions again. We will start with the Russian Federation on a question regarding expected income or changes in income resulting from the change in investment portfolios. We need to reflect on our current investments, where we are investing based on portfolios segmented into different time horizons. What we are doing in the future with this amended policy is just tweaking one part of the portfolio in a way that is more closely aligned to the liquidity needs of the portfolio. Through our simulated analysis with the help of our investment advisor we expect that the revenue generation or the expected return based on the risk that we are taking with the portfolio should be no different from where we are today. It would not be a significant change in our risk profile in terms of our investments. We do not expect a significant change in terms of our results; the risk we take should be commensurate with income from our portfolios. With regard to paragraphs 7 and 45, thank you very much for that. It is a good spot. We certainly had the intention of including an explanation or update of all our investment portfolios across all time horizons, not just limited to short-term and long-term. Thank you very much for that. As per our practice in terms of engaging with the IAOC, especially on matters related to governance and on how we update our policy, certainly we are doing that today. We will be proposing certain language for inclusion in the policy and will update the Member States. Regarding a few questions from South Africa, Italy and Mexico on periodic reporting to Member States on the status of our investments, we do have an established process. Once a year, an update on investment matters and the performance of our portfolio is shared with the Member States through the PBC. In addition, we have the established reporting through the IAOC, whereby we provide performance and risk reports to the IAOC on all matters relating to investments for their independent review. On a quarterly basis, we sit with the IAOC and update it on all investment matters. At the end of each quarterly engagement with them, I believe, they have a briefing to update Member States on the status of our investments. We note your point on more frequent and periodic reporting. I think in future, perhaps starting with the next quarter, we would include reporting on investments and

certain risk measures deemed important or relevant for the Member States in the performance dashboard that we produce quarterly and which is available on our website for the Member States. This could be very useful for the Member States, providing them with more information or more periodic reporting on the investment activities of WIPO. We had a few questions from Mexico; I will go through them quickly. The first question was on a response mechanism to the worsening risk profile of financial counterparties and what the Secretariat would do in such a situation. We have a robust monitoring process for managing our counterparties. In our investments policy, you can look at new risk measures that we have, including credit default swaps (CDS), for instance. Also in there you can see how we look at risk, whereby we monitor the risk and ensure that we are informed of any deterioration or the evolution of the credit quality of certain counterparties. All of this information is then shared through the Treasurer. I monitor the financial markets and counterparties, and all this information is fed to the ACI and, if needed, to the Risk Management Group (RMG) to take informed decisions. The monitoring process is established. We have sophisticated risk measures, including the use of CDS to look at the evolution of a credit counterparty, noting the limitations of what we know of credit ratings. These are all enhancements that we are introducing into the policy to ensure that we are well ahead of the curve when we look at credit counterparties. There was a second question regarding risk management on the use of CVaR and how frequently it is reviewed. The ACI takes the review of our investment strategy very seriously and has spent considerable time looking at strategies that are relevant for the Organization. It is part of their terms of reference. It is explicitly mentioned in the amended policy that the review is done once a year. This review is a risk return review, risk being the CVaR that we are looking at. The CVaR will be included as part of the review done by the ACI with the support of our investment advisers. They would do a lot of the number crunching for the analysis and feed to the RMG with regard to the CVaR, and see whether it is still relevant for the Organization. We had a question on high-risk investments and what safeguards are in place to manage them. In the amended policy, there is no change in our eligible asset class. Basically, the policy, the universe of assets that we are investing in under the current policy, remains the same as we flow on to the amended policy. We have not introduced any change because we believe that the eligible asset class remains relevant for us today. Therefore, there is no change in the established process that we had in managing high-risk investments. I would not say "high-risk investments"; rather, "higher-risk investments" continue to be evaluated for their appropriateness by the ACI in terms of how we use this as part of our strategy. There was a question on further oversight on the use of external fund managers and how we evaluate the performance and whether they are appropriate for the Secretariat. The managing of our fund managers is certainly a very important task and explains a lot of the success that we have had in investing. The ACI is also tasked with evaluating the performance of each of our fund managers and we look at certain risk measures, such as tracking error and information ratio. We review this once a year with regard to our fund managers, but their performance is reported to us on a monthly basis. That information feeds through to the reports that go to the IAOC for their independent review. There is a very transparent process to ensure that our fund managers continue to do the work that we want them to do and continue to be cost effective for us, because that is something that we also emphasize. That also explains a lot of the success that we have with our investments. No change in the management or fund managers. It is an established process that is very entrenched in our decision-making. There was a question from the Delegation of Argentina on how we manage the allocation to the four portfolios and what some of the criteria are. The allocation to these portfolios is rules-based, as explained in paragraphs 5.1 to 5.4. I would reiterate that paragraph 5.1, on the liquidity (short-term) portfolio, is essentially our operating cash today. It is based on the target that is set aside for the reserve and working capital funds. It is our short-term working capital fund, which we manage, no differently from what operating cash is today. The strategic medium and long-term essentially refers to the funds set aside for ASHI – it is explained in paragraph 5.4. Paragraph 5.2 further explains the liquidity of the medium-term portfolio, which is based on our financial statements, a rolling two-year period of our financial statements which provides us the solid support to dedicate the liquidity that is needed for that portfolio. Whatever is left in our system, less the three parts of cash, is really the liquidity for the strategic medium-term. The allocation to each of these funds is rules-based and transparent, based on our financial statements and also our policy on reserves. I think there was a question from the Delegation of Argentina on the cost of the investments. Again, we look at the cost of our investments, not just in terms of the cost of our fund managers but also of our custodian, which provides services, reporting and accounting for us. We monitor this cost as part of an annual review. We sit with the fund managers to go through their performance and also their costs. We take the selection of our fund managers very seriously and work closely with our procurement department to ensure that the funds that we invest in continue to meet the Organization's best interests. We constantly measure the performance of our external managers through certain risk metrics that we have, which include the cost of managing the investments. I believe that I have covered everything but please do let me know if I missed anything. My colleagues and I are more than happy to respond to further questions, if any. Thank you.

247. Chair: Thank you, Mr. Chen, for the thorough answers and comments. In concluding this agenda item, I think that we need to post on the screen the two small changes and the decision.

248. The Program and Budget Committee (PBC) recommended that the Assemblies of WIPO, each as far as it is concerned, approve the amended Policy on Investments (document WO/PBC/40/10), with paragraphs 7 and 45 amended as follows:

Paragraph 7:

"In accordance with Financial Regulations 3.19, the Director General shall regularly inform the Program and Budget Committee (PBC) of the status of WIPO's investments."

Paragraph 45:

"This policy is reviewed annually by the ACI on the basis of recommendations from the Controller, with recommendations submitted to the Director General. Following such review, the IAOC will be consulted on any revisions before submission to the Member States for approval. More frequent ad-hoc reviews may be undertaken as the result of market circumstances or other factors."

ITEM 11. WIPO ACCOUNTABILITY FRAMEWORK

249. Discussions were based on document WO/PBC/40/11.

250. Chair: We now turn to Agenda Item 11, the WIPO Accountability Framework, contained in document WO/PBC/40/11. I would like to invite Mr. Simon Bower,the Acting Head of the Governance, Risk and Compliance (GRC) Section, to present the document. . Mr. Bower, you have the floor.

251. Secretariat: Distinguished Delegates, document WO/PBC/40/11 presents the updated WIPO Accountability Framework. This update to the 2019 Framework, WO/PBC/29/4, introduces a representation of WIPO's Accountability Compact and reviews each accountability component to reflect new organizational approaches developed since 2019. It emphasizes the Organization's structured, results-based management approach, which relies on risk-based decision-making to deliver on the Program of Work and Budget. The Framework continues to be informed by best practice, in particular the Internal Control – Integrated Framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The document is structured around the five COSO components, tailored to WIPO's environment. It also draws upon recent guidance from the JIU's review of accountability frameworks in the UN system organizations (JIU/REP/2023/3). Ultimately, this Framework consolidates into a single overarching document the principles, structures and processes through which the Secretariat remains accountable to its Member States and other stakeholders for the use of resources and the achievement of results. The proposed decision invites the PBC to take note of the updated WIPO Accountability Framework, which is in document WO/PBC/40/11. Thank you, Chair.

252. Chair: I thank you, Mr. Bower, and I now open the floor for comments and questions. We will start with the Russian Federation, coordinator of the CACEEC Group, followed by Germany, coordinator of Group B.

253. Russian Federation: Thank you, Chair. The Russian Federation is honored to deliver this statement on behalf of a number of countries of the CACEEC Group. We thank the Secretariat for preparing this proposal. We believe that having a single document on accountability in the Organization aligns with recommendations of the JIU and also with best practice across the UN system. We welcome the inclusion of the concept of personal accountability within the Framework. We trust that this will contribute to lowering indicators of unsatisfactory performance of official duties by staff. At the same time, our Group notes with regret that WIPO's Accountability Framework does not refer to the MTSP. This undermines the comprehensive nature of the accountability system and may be evidence of the insufficient maturity of WIPO's results-based management. This is all the more concerning given that in other documents, including those prepared by the Secretariat for the current session of the Committee, the MTSP is repeatedly referred to as a key element of the Accountability Framework. In particular, Agenda Item 8(a) Annual Financial Report and Financial Statements 2025, document WO/PBC/40/8, states that both the Program of Work and Budget and the MTSP form part of WIPO's planning framework, along with annual work plans and individual staff objectives. A corresponding amendment to add a reference to the MTSP could be included, for example, in Figure 1, entitled "Accountability Compact". We also urge the Secretariat to reflect in greater detail in the document the role and significance of the evaluation function. We consider this oversight element to be an integral part of results-based management. We trust that the Secretariat will take these comments into account and will make the necessary amendments to the document before implementation of the Framework begins.

254. Germany: Thank you, Chair. Group B would like to thank the Secretariat for the preparation of the proposed updated WIPO Accountability Framework. Group B continues to attach great importance to accountability at WIPO and within the UN system. Accountability is, without any doubt, a crucial element for good, functioning organizational governance. We note that this third version of the WIPO Accountability Framework is an update of the 2019 Framework, now based on five components rather than the seven components in the current Accountability Framework. We also note that this proposed update includes an articulation of WIPO's Accountability Compact, clarifying roles, responsibilities and relationships. We note the overall approach, with integrated results, a risk-driven framework and a focus on continuous improvement. In particular, Group B

appreciates the expanded internal and external communication, stakeholder engagement and transparency tools, the alignment with 2023 JIU benchmarks and UN system best practices, and ethical behavior being elevated as a core pillar, together with a stronger focus on culture, values and engagement. Nonetheless, Group B would very much appreciate a brief comparison table by the Secretariat of the key differences between the current Framework and the proposed update. Thank you.

255. Italy: The Delegation of Italy aligns itself with the statement made by Group B. Our Delegation thanks the Secretariat for the updated WIPO Accountability Framework contained in document WO/PBC/40/11. We welcome the comprehensive and structured approach presented in the document, which reflects WIPO's continued commitment to transparency, effective governance, ethical conduct and results-based management. We particularly appreciate the integration of enterprise risk management, strengthened internal control mechanisms, and the emphasis placed on accountability at both organizational and individual levels. We also note positively the attention given to ethics, anti-fraud measures, whistleblower protection, data governance and the responsible use of AI. At the same time, we encourage the Secretariat to continue ensuring that accountability mechanisms remain practical, efficient and proportionate, while preserving transparency towards Member States and maintaining effective independent oversight. The Italian Delegation supports continued efforts to strengthen institutional accountability and takes note of the framework. Thank you.

256. United States of America: The United States welcomes WIPO's efforts to streamline and update its Accountability Framework. As WIPO links risk appetite to each expected result, we expect rigorous budget discipline and transparent reporting on resource allocation. We strongly support WIPO's independent oversight bodies and expect regular, detailed public reporting on findings, recommendations and implementation rates. Thank you, Chair.

257. Chair: I thank the Delegation of the United States. Now I give the floor to Ms. Chitra Narayanaswamy, the Controller, to respond to the points that were raised.

258. Secretariat: Thank you, Chair and thank you to all Delegations for your comments and observations on the updated WIPO Accountability Framework. I think we mentioned it before, but we also discussed this quite extensively with the IAOC. We heard two comments: one from Group B requesting a table that makes the changes transparent and much clearer. We understand that we can provide you with this after the session, so we will post this and send it to the group coordinators. The other request was from the Russian Federation on the introduction of the MTSP. We have taken due note of this as well and will update the document accordingly prior to implementation. The role of the evaluation function was also mentioned by the Delegation of the Russian Federation, so we will take that into consideration as well prior to implementation. Thank you.

259. Chair: I thank the Secretariat for the clarification. Now I would like to move to the proposed decision to conclude this item. May I ask Delegations for guidance: are there any objections or we should move to the next item? I see the Delegation of the Russian Federation. You have the floor.

260. Russian Federation: Thank you, Chair, and thank you to the Secretariat for your comments. We are willing to agree with this text on condition that the proposals that we voiced will be implemented in some way. I stress that we are not proposing any specific wording. We trust that the Secretariat will be able to do that in the best way and reflect it in the document, and we count on cooperation with you in this area. Thank you.

261. United States of America: Thank you, Chair. I just want to note that, first of all, the Chair's summary is perfectly fine with us. However, I want to point out that this document is not subject to approval by Member States, so Member States cannot request their proposals to be reflected in it. I would also like to note that the MTSP is incorporated in the Program of Work and Budget and by itself it is not a binding document on either Member States or the Secretariat. The Program of Work and Budget and WIPO's mandate are both already referenced in the Accountability Framework document, so we would not be in favor of amending this document in any significant way based on the proposal of one Member State. Thank you.

262. Russian Federation: Thank you, Chair. First, we would like to stress that this was a proposal not from just one country but from a number of countries belonging to our Group. Second, we can see that, one way or another, Member States are taking some form of action on the Accountability Framework by taking note of it. It is our understanding that if this happens then it presumes that Member States have the right to put forward proposals on the text, all the more so as the Accountability Framework concerns us all, including the governing bodies. Based on this, we trust that the document will be updated accordingly. Thank you.

263. Chair: I thank the Delegation of the Russian Federation for its comments. I think the Secretariat has taken good note of what has been said. May I propose that we move to the next item? I see no objections.

264. The Program and Budget Committee (PBC) took note of the WIPO Accountability Framework (document WO/PBC/40/11).

ITEM 12. TRANSFER OF OBLIGATIONS UNDER THE CLOSED PENSION FUND (CROMPI) TO WIPO

265. Discussions were based on document WO/PBC/40/13.

266. Chair: We now turn to Agenda Item 12, Transfer of Obligations under the Closed Pension Fund (CROMPI) to WIPO (document WO/PBC/40/13). I would like to invite Ms. Chitra Narayanaswamy, Controller and Director of the Department of Program, Planning and Finance, to present the document.

267. Secretariat: Thank you very much, Chair. Distinguished Delegates, document WO/PBC/40/13 presents the transfer of obligations under the Closed Pension Fund (CROMPI) to WIPO. Before WIPO became a specialized agency of the UN in 1975, WIPO's predecessor, BIRPI (Bureaux internationaux réunis pour la protection de la propriété intellectuelle, littéraire et artistique), operated its own pension fund, known as CROMPI, the management of which was entrusted to a separate legal entity under Swiss law. When WIPO joined the UN pension system (the UNJSPF) CROMPI was closed to new members but continued to operate independently of the UNJSPF, paying supplementary benefits to retired staff and their survivors. Over time, the Fund's assets became insufficient to meet its obligations, and its funds are expected to be depleted very soon. In accordance with a Judgment of the ILOAT in 2007, WIPO will assume responsibility for continuing the payment of the supplementary pension benefits after the Fund is dissolved and until all beneficiaries' rights have been extinguished. The financial impact is estimated at approximately an additional 100,000 Swiss francs per year and will be declining over time. WIPO's payments to CROMPI are disclosed in WIPO's Program of Work and Budget on a regular basis. CROMPI currently has 48 beneficiaries with an average age of 83 years. According to the latest actuarial study, the total liability at the end of 2025 was estimated at 2 million Swiss francs and disclosed in

WIPO's annual financial statements. We expect that the transition will be seamless for the beneficiaries. Benefit formulas based on acquired rights will remain protected. A dedicated oversight committee, which will include beneficiary representatives, will help ensure transparency and accountability. Thank you, Chair.

268. Chair: Thank you, Ms. Narayanaswamy. I now open the floor for comments and questions. I see Germany requesting the floor on behalf of Group B. Germany, you have the floor.

269. Germany: Thank you, Chair. Group B wishes to thank the Secretariat for the preparation of this document, a comprehensive overview regarding this matter and for drawing up the necessary rules. We note WIPO's legal responsibility for the payment of the supplementary pension benefits following the dissolution of CROMPI and until the extinction of all beneficiaries' rights. We further note that the overall financial impact to WIPO will prove to be limited, given the limited number of beneficiaries, currently 48, with an average age of 83.5 years, and the closed nature of the scheme. Thank you.

270. Italy: This document raises an important issue concerning the transfer of the obligations of the Closed Pension Fund to WIPO following the imminent depletion of its assets and its expected dissolution by the end of 2026 or early 2027. First of all, we acknowledge the historical and legal background outlined in the document. In particular, the 2007 Judgment of the ILOAT clearly established that WIPO bears responsibility for safeguarding the acquired rights of the beneficiaries of the Closed Pension Fund. However, beyond this legal framework, we believe it is important to reflect on possible alternative solutions and on the overall opportunity for WIPO to assume the full financial burden. While the document presents the transfer of obligations as the natural consequence of the Fund's dissolution, it will be useful to further clarify whether all potential alternatives have been fully explored: for example, whether any residual role for the foundation could be maintained under a different financial arrangement; whether there could be cost-sharing mechanisms, including continued partial involvement of existing structures or external support mechanisms; or whether a gradual transition model could be envisaged, rather than an immediate full assumption by WIPO. A clearer assessment of these options would strengthen the justification for the proposed approach, even if ultimately they prove not to be viable. On the opportunity of assuming the financial burden, we also note that WIPO is already covering approximately 75 per cent of the supplementary pension payments and that additional financial impact after dissolution is estimated to be limited. Moreover, the closed nature of the scheme combined with the relatively small and ageing group of beneficiaries suggests that the financial burden will decrease over time. In this respect, the proposal appears financially manageable and consistent with the principle of ensuring continuity of benefits and respect for acquired rights. In conclusion, while we recognize the legal necessity and the relatively limited financial impact of the proposed transfer, we believe it would be beneficial to receive explicit confirmation that all alternative options have been carefully assessed and to be provided with assurance that the solution represents the most suitable and equitable approach for the Organization. Subject to these clarifications, we are in a position to take note of the document. Thank you.

271. Japan: The Delegation of Japan expresses our appreciation to the Secretariat for preparing document WO/PBC/40/13. We note that the Organization's financial obligation in this case has been fixed by ILOAT Judgment No. 2583 (2007) and by the commitment of the previous Director General, rather than by a formal decision of Member States, which raises a governance concern. Having said that, we understand that the financial impact in this specific case is limited, so the current situation is acceptable for us, but we would like to ask the Secretariat to clarify whether there are any other similar cases or any comparable legacy obligations that may also require WIPO to assume financial responsibility in the future. Thank you.

272. United States of America: The United States takes note of this document and supports a smooth and orderly transition of CROMPI obligations to WIPO upon the dissolution of the foundation. We appreciate the Secretariat's transparency in bringing this matter to the attention of Member States. Thank you.

273. Chair: I thank the Delegation of the United States. I will now give the floor to the Controller, Ms. Narayanaswamy, to respond to the questions that were raised.

274. Secretariat: Thank you very much, Chair, and thank you to the Delegations for your engagement and your questions. First, to the Delegation of Italy: we are very happy to engage with you bilaterally to explain this technical issue in more detail. However, in brief, the conversation and the analysis of the situation have been ongoing for a few years now, so it's not new. It has been continuously disclosed in the Program of Work and Budget, and the budgetary and financial implications have been disclosed in both the Program of Work and Budget, successively, and in the financial statements. With regard to the points on gradual transition and cost-sharing, yes, we are actually in that process already. If you look at the disclosures that we have been making, we are already in that process of gradual transition and cost-sharing. At this stage, in fact, we are pretty convinced that going forward, the best option is what we are proposing, which is the transfer, because any other options would probably generate much more cost for the Organization. As I mentioned before, we are very happy to engage and share more details. We have a whole team of people right here who have been working on this issue for some time and will be very happy to provide more details. To the distinguished Delegation of Japan on whether there are any other cases: no, we don't believe there are any other such situations. Again, at the cost of repeating myself, I would like to reemphasize that even in the Program of Work and Budget 2026/27, for example, on page 19, this has been disclosed. The previous Programs of Work and Budgets, and the financial statements, of course, have disclosed the situation fully and transparently. Thank you.

275. Chair: Thank you. I would like to confirm with the Secretariat that there are no other requests for the floor. To conclude, the item will be posted on the screen, with the proposed expected action.

276. The Program and Budget Committee (PBC) recommended to the Assemblies of the Member States of WIPO, each as far as it is concerned, to take note of the "Transfer of Obligations under the Closed Pension Fund (CROMPI) to WIPO" (document WO/PBC/40/13).

ITEM 13. MEDIUM-TERM STRATEGIC PLAN (MTSP)

277. Discussions were based on document WO/PBC/40/15.

278. Chair: Dear colleagues and Delegates, we will now proceed with Agenda Item 13, the MTSP, document WO/PBC/40/15, which has been added at the request of the Delegation of the Russian Federation. I would like to invite the Delegation of the Russian Federation to present the document. You have the floor.

279. Russian Federation: The Russian Federation, in accordance with the General Rules of Procedure of WIPO, sent to the Secretariat in a timely manner a proposal to include on the Agenda of the Committee an item on the MTSP, with an explanation of the substance of this proposal. We also provided the relevant clarification note and draft decision, as reflected in document WO/PBC/40/15. We would like to express our gratitude to the Secretariat for the expert support

they provided to our Delegation during the drafting of this proposal, and also to many Delegations of Member States for their lively interest in this initiative. As is well known, the MTSP ensures overarching guidance for the activities of WIPO. It brings together the Organization's vision, mission and expected results and forms a core component of its Accountability Framework. Regulation 1.3 of WIPO's Financial Regulations and Rules states that WIPO must have a strategic plan. However, given the current realities, from January 2027 this provision will no longer be fulfilled, because the current document expires at the end of this year. We understand the desire of the Director General to move to the next plan with a new management team and we took this into account in preparing our proposal. However, the lack of an MTSP for a full year will cause a serious threat to the Accountability Framework of the Organization because the Strategic Plan is the foundation of results-based management, as affirmed by the recent report from the IOD. Not having this strategy in place will have an impact on the opportunities for conducting a comprehensive assessment of WIPO in the future and consequently on the transparency of the Secretariat's activities. This issue can be resolved quite easily by formally extending the MTSP to cover the period needed for drafting the next plan and bringing it into force. This will give the Secretariat enough flexibility, ensure continuity in strategic planning, allow the timelines for the MTSP and the Program of Work and Budget to be aligned, and enable us to avoid any gaps in the Accountability Framework. Thank you.

280. Chair: I thank the Delegation of the Russian Federation and I now open the floor for delegations who wish to take the floor. On my list I have Albania, the coordinator of the CEBS Group, to be followed by Germany, coordinator of Group B.

281. Albania: Thank you, Chair. The CEBS Group wishes to thank the Chair and the Secretariat for organizing this session. Regarding the substance of the proposal contained in document WO/PBC/40/15, the MTSP working document, the CEBS Group underlines the importance of strictly adhering to the established institutional framework and regulatory boundaries of this Organization. According to Regulation 1.3, paragraph 1, of the Financial Regulations and Rules, the MTSP covers a planning period determined exclusively by the Director General. The determination of timeline extensions or modifications falls under the explicit mandate of the Secretariat. Therefore, from a regulatory standpoint, this Committee does not possess the legal mandate to alter or extend the MTSP. Furthermore, as stipulated in Regulation 1.3, paragraph 2, the Program of Work and Budget operates on a separate biennial cycle. This guarantees that the Organization's operational objectives, results baseline and financial commitments remain legally secure and continuous, preventing any regulatory vacuum or disruption during transition periods. For these technical and regulatory reasons, the CEBS Group is not in a position to endorse the proposal to formally extend the current framework. We respectfully request that the Committee concludes the discussion on this item without taking any further action or making recommendations to the Assemblies. Thank you.

282. Germany: Group B takes note of the proposal contained in document WO/PBC/40/15 to extend the MTSP 2022–2026 until the end of 2027. The development, introduction and term of an MTSP fall within the sole discretion of the Director General and his team, while Member States are invited to take note of the MTSP. The Financial Regulations and Rules state that WIPO shall have an MTSP covering a planning period as determined by the Director General. A decision to extend the MTSP would therefore be an inappropriate usurpation of the Director General's authority, in conflict with the WIPO Financial Regulations and Rules, and exceed the remit of this Committee. In addition, the current Program of Work and Budget is valid until 2027 and preserves the coherence of WIPO's strategic planning, as well as its budget allocation. Against this background, Group B cannot support this proposal. Thank you.

283. Ukraine: Ukraine aligns itself with the statement delivered by the honorable Delegation of Albania on behalf of the CEBS Group regarding the proposal contained in document WO/PBC/40/15 and wishes to add the following remarks in its national capacity. Ukraine attaches great importance to the continuity, predictability and institutional discipline of WIPO's strategic planning process. Such continuity must be ensured strictly within the framework established by WIPO's Financial Regulations and Rules and by the respective mandates of WIPO's governing bodies and the Secretariat. In this regard, as was previously stated, under Regulation 1.3, paragraph 1, of the Financial Regulations and Rules, the MTSP covers a planning period determined by the Director General. The determination of the planning period for the MTSP, as well as any decision concerning its possible adjustment or extension, therefore falls within the established competence of the Director General and the Secretariat. The PBC has an important role in reviewing program, budgetary, financial and oversight matters and in making recommendations within its mandate. However, the Committee should not create a parallel procedure for modifying the duration of the current strategic framework where the applicable Financial Regulation assigns the determination of the MTSP planning period to the Director General. Ukraine also doesn't share the premise that the Organization would face a regulatory operational vacuum in the absence of the formal extension of the current MTSP, as the approved Program of Work and Budget for the biennium 2026/27 expressly states that it is guided, inter alia, by input from Member States and the MTSP 2022–2026. It further confirms that the Program of Work and Budget for 2026/27 is fully aligned with the four strategic pillars and the foundation of the MTSP 2022–2026 and the 16 expected results. Therefore, WIPO already has a valid, operational budgetary and results-based framework for the 2026/27 biennium. The continuity of WIPO's work, including its operational planning, performance management and financial implementation, is already ensured through the approved biennial Program of Work and Budget. A formal extension of the current MTSP is neither legally required nor procedurally justified for that purpose. We further note that Member States will have every opportunity to engage constructively with the next MTSP when it is prepared and presented through the appropriate institutional process. This should be done in a manner that preserves the established roles of the Director General, the Secretariat, the PBC and the Assemblies. For these reasons, Ukraine is not in a position to support the proposal contained in document WO/PBC/40/15. Thank you.

284. Nicaragua: This is the first time we are taking the floor. We would therefore like to thank you for your work and for convening this meeting. We take note of the proposal of the Russian Federation on the MTSP. Nicaragua believes that this proposal is reasonable. The MTSP sets out WIPO's strategic approach and serves as a source of guidance on how to further the Organization's objective, which is to promote the use of IP as a tool for the social and economic development of our peoples. Nicaragua supports the extension of the current MTSP until the Secretariat develops and presents a new plan. We underscore that under this plan, technical and financial assistance has been provided to developing countries such as ours, with various programs implemented which have facilitated IP development in our countries. The continuation and extension of this plan would therefore strengthen and guide the work that the Director General and the Organization have been doing. Thank you.

285. Russian Federation: The Russian Federation is honored to deliver this statement on behalf of the CACEEC Group. Our Group firmly believes that the MTSP is a fundamental document and element of the Organization's accountability and a key part of results-based management. Furthermore, the MTSP serves as a guiding document for the work of the IOD, which, as can be seen from its recent report and the relevant statement of the IOD Director, carried out oversight activities in 2025 and drafted recommendations, including to support the strategic priorities of the Organization. Taking into account the particular significance of the MTSP for different areas of activity of the Organization, we think it is necessary for the strategic vision and strategic parameters

for the Organization to be seamless. As far as we understand, the Director General, who is not in the room right now, shares this point of view. Therefore, we think that the governing bodies ought to support the Director General in this matter and recommend to the Assemblies to support the extension of this document until the next plan comes into force. This step will give the Secretariat additional time to draft the new MTSP and it will not jeopardize the integrity of the Organization's Accountability Framework. Formally extending this plan will finally allow us to align the timelines for the MTSP and the Program of Work and Budget, which will enable us to avoid any repetition of a similar situation in future. We note that, in accordance with the established practice of WIPO, the governing bodies take decisions on the MTSP either by taking note of the document or, as was previously the case, by approving it. The MTSP, as many have stressed, is a document by the Director General. The same may be said of many other documents prepared by the Secretariat. At the same time, the MTSP concerns not just the Secretariat and the Director General but every single Member State of WIPO. For that reason, Member States are entitled to discuss any matters pertaining to the MTSP and take necessary action linked to its implementation. Thank you.

286. Brazil: The Delegation of Brazil supports the temporary extension of the current MTSP for a limited period, allowing adequate time for the preparation of a robust and inclusive strategic framework under the incoming leadership team. This approach is consistent with views previously expressed by the Director General. Taking this decision in the PBC, to be followed by the WIPO Assemblies, ensures institutionality and strengthens respect for the Member State-driven nature of this Organization. We emphasize that meaningful consultation with Member States must remain at the center of the process of formulating the next MTSP. Decisions on WIPO's strategic direction should continue to reflect the intergovernmental nature of the Organization. On substance, Brazil wishes to reiterate the points that we made during our general statement on Monday. WIPO's strong financial position should continue to be translated into concrete development outcomes and broader benefits for Member States. The implementation of the WIPO Development Agenda Recommendations should remain a cross-cutting objective throughout the Organization's activities and programs. In this context, technology transfer remains a central instrument for reducing structural gaps and enabling developing countries to strengthen their innovation capabilities, with the corresponding increased ownership and use of IP assets. The future MTSP should, therefore, reinforce WIPO's contribution to the implementation of all recommendations in the WIPO Development Agenda and to advancing the Sustainable Development Goals, including through measures that promote more equitable access to emerging technologies. Thank you.

287. Singapore: As my Delegation is taking the floor for the first time, I would like to congratulate you, Chair, my friend, Ambassador Alaa Hegazy, as well as the Vice-Chairs, on your election and assure you of my Delegation's support as you steer the PBC. I also wish to express my appreciation to the Secretariat for the excellent preparations that have been made for this meeting. Allow me to make three points. First, Singapore underscores the importance of not micromanaging the Secretariat. There is no legal or operational necessity to seek an extension of the MTSP. Regulation 1.3 of the WIPO Financial Regulations and Rules clearly states that the Director General has the prerogative to determine the planning period for the MTSP. More importantly, we should avoid setting an unhealthy precedent. Second, Singapore supports the intention of the Director General to formulate the next MTSP after the composition of the new senior management team has been finalized in October 2026. This is important and logical, as the new team will support the Director General in implementing the MTSP and should enjoy a sense of ownership of the next MTSP. In this context, it is natural to have a gap between the two MTSPs during the transition period. Moreover, the Director General has consistently adopted a consultative approach in formulating the MTSP. Third, Singapore looks forward to working with all Member States in a constructive and pragmatic manner to ensure a successful PBC meeting. We should adopt a

pragmatic and practical approach towards the MTSP, given that the Program of Work and Budget was already approved by Member States at last year's PBC session. Thank you.

288. South Africa: South Africa takes the floor on behalf of the African Group. The African Group wishes to thank the Russian Federation for the proposal under consideration. The Group also takes note of the views expressed by other Delegations and we look forward to a constructive discussion on the matter at hand. Thank you.

289. Chair: I thank the Delegation of South Africa. I give the floor to the representative of the Democratic People's Republic of Korea, joining us online. We are having technical difficulties with the connection. We will adjourn the meeting now and start in the afternoon with your statement.

290. Chair: Good afternoon. I see that the representative of the Democratic People's Republic of Korea is physically present.

291. Democratic People's Republic of Korea: Thank you, Chair. Thank you for your patience concerning my remote participation. First, my Delegation would like to congratulate you and the Vice Chairs on your election and assure you of our full cooperation for the successful outcome of this session. We also thank the Secretariat for the preparation of the meeting and the relevant documents. Our Delegation attaches importance to the MTSP as an important framework guiding WIPO's activities and ensuring the continuity of its strategic objectives. Given that the current MTSP expires at the end of this year, we support its formal extension until a new strategic plan is finalized. Such an approach would help to maintain continuity and predictability in the Organization's work and provide sufficient time for the preparation of the next MTSP. We believe that decisions on the MTSP should remain under the consideration of Member States, as the plan serves as a strategic guide for the work of the Organization as a whole. Thank you.

292. Iran (Islamic Republic of): The current MTSP has provided WIPO with strategic direction, institutional coherence and a common framework for program delivery over the past four years. Its contribution to the Organization's achievements is reflected in the positive results before us this week. At the same time, with the current MTSP due to expire, a practical concern arises regarding the potential absence of an overarching strategic framework during the transition period. Continuity is essential for effective program planning, sound resource allocation and maintaining Member States' confidence in the Organization's strategic direction. In this regard, we look forward to the bridging arrangement that would ensure continuity, while considering the importance of practice regarding this issue, until the next strategic framework is developed and finalized. We also expect the process for developing the next MTSP to be transparent and responsive to the priorities and interests of all Member States. In particular, Iran emphasizes that the next strategic framework should preserve and further strengthen WIPO's commitment to the Development Agenda Recommendations, technical assistance and capacity-building activities, which remain central to enabling all Member States to benefit from the international IP system. Ensuring both continuity and inclusiveness during this transition period is of critical importance. Iran looks forward to engaging constructively in discussions on how this Committee can help to advance these objectives. Thank you.

293. Chair: On Agenda Item 13, I want to allow the opportunity for Delegations to interact on this, so I will leave this item open and we will return to it later today. In order to better manage our work, with your permission, I will move on to Agenda Item 14.

294. Chair: Now we will proceed to Agenda Item 13, on the MTSP. I invite the Vice Chair to inform you all on the agreement reached.

295. Vice Chair: We also had informal discussions on Agenda Item 13 and a proposal to extend the duration of the MTSP until the end of 2027. As in plenary, diverse opinions were expressed in the informal meetings and we had intense discussions. However, we managed to find a compromise solution that is acceptable to everyone.

296. Chair: Thank you, Vice Chair. I will now invite the Director General to provide his remarks on this agenda item.

297. Director General: Thank you, Chair and Vice Chairs. Once again, greetings to the members of the PBC. Allow me, with regard to this agenda item, to provide you with two assurances. First, on the interaction between the MTSP 2022–2026 and the biennium Program of Work and Budget. The MTSP 2022–2026 has guided the preparation of the Program of Work and Budget for 2026/27, which Member States approved at the WIPO Assemblies last year. I therefore assure you that the MTSP 2022–2026 and the Programs of Work and Budget for 2022/23, 2024/25 and 2026/27 cover the entire period from 2022 to 2027. When the Secretariat proposes the Program of Work and Budget, it draws inspiration from certain elements in the MTSP. The final version, however, is something that you, the Member States, shape, change and approve. Second, I will seek input from you, the Member States, on the next MTSP and present it to the PBC and WIPO Assemblies in 2027. Thank you, Chair.

298. Chair: Thank you. Having heard the Director General, I now open the floor for comments. I give the floor to the Delegation of Belarus.

299. Belarus: Thank you, Chair. Unfortunately, we did not have the chance to address the plenary on this agenda item on Wednesday. As far as we are aware, the item was not closed but deferred. I would like to take this opportunity to address it today. Belarus aligns itself with the statement made by the CACEEC Group. The MTSP is particularly important for the work of WIPO. It is vital to ensure that it not be interrupted. We propose supporting the extension of the current plan until the next one is launched. That would guarantee full accountability at WIPO and help to align the time frames of the MTSP and the Programs of Work and Budget. We are open to discussion of the decision at this session. Thank you very much.

300. Chair: I thank the representative of Belarus, and I see no-one else requesting the floor at this point. I now ask the Secretariat to display the decision paragraph for Agenda 13 on the screen. Please take a moment to read it while we are in the room. Can I take it that there are no objections? The decision is adopted.

301. The Program and Budget Committee considered the proposal contained in the document Medium-Term Strategic Plan (MTSP) (WO/PBC/40/15), acknowledged diverse viewpoints, took note of the Director General's assurances on the item and underscored that MTSPs should continue to be prepared in compliance with the WIPO Financial Regulations and Rules.

302. Chair: I will now open the floor for any further statements or comments.

303. Brazil: Thank you, Chair, Director General and colleagues. Good morning. The Brazilian Delegation is satisfied that we were able to reach an understanding on the MTSP in the sense that it should not be considered as dissociated from Programs of Work and Budget. Read together, they provide continuous guidance for the Organization's operation from 2022 to 2027. What is especially important is that Member States must be in a position to provide input into the preparation of the

next MTSP, to be presented to this Committee in 2027. The next strategy will be formulated in a rapidly changing technological landscape, where AI has a central role and its implications are felt across all areas of IP. The future MTSP should strengthen the implementation of all WIPO Development Agenda recommendations and reinforce WIPO's contribution to the SDGs, especially contributions that promote more actionable access to emerging technologies and help to identify technologies that could be considered of public interest. AI can be a double-edged sword. Given the right governance framework and normative approach, it may represent an opportunity to accelerate development, to foster innovation, to advance sustainable practice and improve the lives of people, both in developed and developing countries. If left to evolve uncontrolled, it can exacerbate existing digital development gaps, leaving many behind. In order to take advantage of AI's potential, we need to ensure its power does not remain concentrated in the hands of a few. Brazil favors a human-centered, development-oriented, inclusive, responsible, ethical and sustainable approach to AI development, use and governance. Those elements need to be fully considered and adequately captured in the next MTSP. Brazil is eager to engage in this exercise with substantive debate and real progress towards a robust, inclusive and development-oriented strategic framework that puts emerging technologies at the service of our nations. Chair, allow me to conclude by thanking all Delegations that contributed to reaching consensus on this agenda item. Addressing this issue in the PBC ensures institutionality and respect for the Member State-driven nature of this Organization.

304. Germany: Group B thanks Director General Tang for his statement and for taking the time to appear before this Committee. Our Group did not have concerns about the current period of the MTSP or preparation of the next. We understand that its preparation will proceed in line with established practice at WIPO and in accordance with its Financial Regulations and Rules. We maintain our position regarding the proposal in document WO/PBC/40/15 and look forward to receiving the draft MTSP in due course.

305. Russian Federation: We welcome the Director General to the room. We believe that your presence in the meeting is inspiring and useful. We welcome the constructive participation of those countries interested in discussing the MTSP, which is a key document, and the achievement of a consensual decision on the matter. This will allow us to strengthen the Accountability Framework and management in WIPO. We note the importance of including Member States in the preparation of the next MTSP. We would like to use this occasion to set out the key topics of interest to the Russian Federation in the work of WIPO, which, in our view, the Secretariat could include in the draft of the next MTSP. They include: further development of the IP legislative framework; practical work on the marketing of IP; work with SMEs; the development of a mechanism for technology transfer; consistent application of the multilingualism policy, which is a fundamental principle of work in the UN System, with a view to broadening user access to WIPO's international registration systems; strengthening the role of WIPO as an intermediary for international cooperation in the area of IP, working on the basis of neutrality, inclusivity and transparency; IP for development; the use of cutting-edge technology to boost efficiency in the conduct of WIPO's mandate, with the necessary human control to ensure quality; increased transparency, efficiency and savings in the conduct of auxiliary functions, including oversight of finances, procurement, recruitment and auditing. Thank you.

306. Chair: I thank the representative of the Russian Federation. I see Ukraine. After Ukraine, we will conclude the discussions under this item, unless other Delegations wish to take the floor.

307. Ukraine: Thank you, Chair. Dear Director General, distinguished Delegates. Ukraine welcomes the constructive engagement of Member States and the Secretariat on this agenda item, which allowed the Committee to address the matter in a balanced manner while preserving the

established procedure under the WIPO Financial Regulations and Rules. Ukraine also recalls that the approved Program of Work and Budget for 2026/27 already provides the Organization with a clear operational and results-based framework for the biennium. The Delegation of Ukraine highly appreciates the remarks provided by the Director General and fully trusts that the preparation of the next MTSP falls within the mandate and discretion of the Director General and will proceed in due course through the established institutional process with appropriate engagement of Member States. Thank you, Chair.

308. Chair: I now conclude the discussions on Agenda Item 13 and we move to Agenda Item 14. which is still pending.

ITEM 14. DRAFT TERMS OF REFERENCE OF THE 2021 EVALUATION OF WIPO EXTERNAL OFFICES

309. Discussions were based on document WO/PBC/40/12 Rev.

310. Chair: We now turn to Agenda Item 14, and I invite Mr. Hasan Kleib to join us on the podium. Distinguished Delegates, document WO/PBC/40/12 Rev. presents the draft Terms of Reference of the 2021 evaluation of WIPO External Offices. As Delegations are aware, this is a long-standing matter that has been discussed at multiple sessions of the PBC since its 31st session. I recall that the 38th session of the PBC asked the Secretariat to prepare draft Terms of Reference, based on the established UN and WIPO evaluation practices, principles, standards and guidelines, while duly considering the views of Member States previously expressed. The draft Terms of Reference we see before us at this session are the same as those discussed at the 38th session of the PBC in May last year. I would like to remind Delegations that the draft Terms of Reference for the evaluation of the WIPO External Offices remains a Member State-driven process. Thus far, there have been diverging views from Member States on various aspects of the draft Terms of Reference, including on who is to undertake the evaluation, the scope of the evaluation and its very objectives. I think it is incumbent upon us, the Member States, to work constructively towards a consensus on the draft Terms of Reference, and I therefore ask all Delegations to show flexibility in our discussions. I would now like to invite Mr. Hasan Kleib, Deputy Director General, Regional and National Development Sector, to introduce document WO/PBC/40/12 Rev.

311. Deputy Director General, Regional and National Development Sector: Thank you, Chair. Distinguished Delegates, in accordance with the decision of the last PBC, as just reiterated by the Chair, the Secretariat was asked to prepare draft Terms of Reference, based on the established UN and WIPO evaluation practices, principles, standards and guidelines, while duly considering the views of Member States. I have to underline that the Secretariat unfortunately had no option but to resubmit the same draft Terms of Reference as those that were discussed at the 38th session of the PBC in 2025. The reasons for this are the following: first, apparently, there were no new proposals or input from Member States during the 38th session. The Secretariat carefully went through the record of the session and noted that Member States merely reiterated their established positions. No new proposals or input were put forward. The result is that the Secretariat has not been given any space in which to prepare updated Terms of Reference. I would point out that the preliminary draft of the Terms of Reference (zero draft) prepared by the Secretariat was discussed at the 34th Session of the PBC in June and July 2022. That zero draft was six pages long. At every PBC session, Member States requested the Secretariat to include all proposals in the updated text. For example, in areas such as purpose and objective, who should undertake the evaluation, and the time period to be evaluated, the views of Member States are indeed divergent. By the 38th Session of the PBC in 2025, the Terms of Reference had expanded from six to 21 pages. And they were not only divergent but also contained opposing positions. Second, as the Chair stated earlier,

the Secretariat also knows too well that the issue of defining the Terms of Reference is a Member State-driven process. Therefore, what we continue to need from you, as Member States, is one thing: guidance. The Secretariat is waiting for the Member States to guide the Secretariat as to how to move forward with the Terms of Reference that could be accepted by consensus, by this Committee, so that we can move ahead with the evaluation process – something which is long overdue. In short, Chair, the Secretariat remains in the good hands of the Member States. Thank you.

312. Germany: Group B acknowledges the divergent positions of Member States on several key aspects of the preliminary draft of the Terms of Reference. We note that the PBC previously requested the Secretariat to prepare new draft Terms of Reference and are disappointed to see this was not done. An updated draft could have facilitated the discussions on this important agenda item. Once again, our Group would like to emphasize that the evaluation of the External Offices should be based on the general principles of independence, transparency and objectivity. Group B reiterates that the evaluation should be conducted by an independent and appropriately qualified evaluation team, in accordance with established best practices. This is critical to maintaining the integrity and credibility of the evaluation process. Furthermore, we underline the importance of ensuring that the evaluation remains focused on assessing the performance, effectiveness, efficiency and added value of the existing External Offices, in line with the decisions of the WIPO General Assembly regarding the principles contained in document A/55/INF/11. We recall that, as previously mandated, the outcome of this evaluation should inform any future consideration regarding the expansion of the External Offices network. Group B stands ready to engage constructively in the ongoing discussions with the aim of finalizing the Terms of Reference and ensuring a robust and meaningful evaluation process that will support the effective governance and strategic development of WIPO’s External Offices. Thank you.

313. South Africa: The Delegation of South Africa is honored to deliver this statement on behalf of the African Group. We express our appreciation to the Secretariat for preparing document WO/PBC/40/12 Rev., tracking years of intensive deliberations on Terms of Reference for the evaluation of the External Offices. For the African Group, the External Office network is not an isolated administrative call center, but rather a foundational strategic asset for WIPO. It serves as a primary bridge to bring the organizational specialized services, technology transfer frameworks and development cooperation activities closer to Member States and stakeholders on the ground. By strengthening WIPO’s visibility, these Offices provide a nuanced and valuable understanding of national realities, needs and socioeconomic challenges. They are vital to reinforcing WIPO’s development-oriented identity as a UN specialized agency. The African Group embraces evaluation as a vital tool for good governance, accountability and results-based management. However, we must be absolutely clear on the purpose: this evaluation must be a constructive exercise geared towards improved performance, operational integration and continuous improvement. It must not be weaponized as a political tool to prejudge the future architecture of the network, nor should it contain mandates that contemplate the contraction or reduction of the Offices. The evaluation must remain objective, evidence-based and strictly decoupled from political configuration. Critically, we emphasize that a fair and balanced evaluation framework must be fit for purpose. It is an undeniable reality that our network comprises Offices with vast disparities in the length of operation and their local market context. Our Offices in Africa, specifically the WIPO Nigeria Office and WIPO Algeria Office, are newly established entities whose crucial early operations faced unprecedented disruptions from the COVID-19 pandemic. It is structurally flawed and inequitable to evaluate newly created Offices using the exact same metrics and historical baselines as for long-established Offices in developed markets. We insist that the final Terms of Reference give explicit measurable weight to the varying length of operation, the different levels of development of the countries in which they are located and the distinct nature of development-centric services they provide.

Furthermore, any assessment must recognize and account for the substantial resources and political capital provided by those countries. In conclusion, the PBC remains the proper decision-making body for this process, guided strictly by the 2015 guiding principles. The African Group stands ready to engage constructively to finalize neutral, balanced and development-sensitive Terms of Reference that protect our regional progress, respect those countries' sovereignty and optimize the network to build a truly inclusive global IP ecosystem. Thank you.

314. Republic of Korea: The Republic of Korea regrets that there has been little constructive progress on this agenda item in recent years. We believe it is important to recall that the External Offices were established to bring WIPO services closer to users, provide a better service to applicants and promote innovation activities in the regions they serve. The Republic of Korea considers External Offices to be an extension of WIPO Headquarters. Therefore, the evaluation should be conducted in an objective manner and in accordance with the Terms of Reference agreed by Member States. We encourage Member States to engage constructively, so that the evaluation process can move forward and this long-standing issue can finally make progress. Thank you.

315. Brazil: The Delegation of Brazil wishes to thank the Secretariat for the preparation of document WO/PBC/40/12 Rev. on the draft Terms of Reference for the evaluation of WIPO External Offices. We also wish to thank Deputy Director General Hasan Kleib for his presentation. Brazil reiterates its support for advancing this process in a constructive and Member State-driven manner. Our Delegation remains in favor of the evaluation of the External Offices, whether conducted internally or externally, provided that the process is carried out in a transparent, independent and inclusive manner. In our view, the value of this exercise lies not only in accountability, but also in generating practical lessons that can strengthen the contribution of External Offices to the Organization. We also underline the importance of ensuring meaningful coordination with host countries throughout the evaluation processes. National authorities and local Offices should have the opportunity to contribute their own perspectives and suggestions regarding procedures, priorities and possible improvements in the scope of activities. Their experience on the ground constitutes an important source of information for understanding impact and identifying good practices. Brazil believes that the evaluation should be designed in a way that duly recognizes the diversity of the existing network. Due consideration should be given to the specific circumstances of each Office, including the level of development of host countries and the maturity of local IP systems. It is essential that the evaluation process of these Offices not only maintain but also seek to amplify their positive impact by incorporating feedback from national offices, and that it be aligned with the strategic goals of host countries to ensure that WIPO's External Offices continue to support and drive innovation and creativity, which are vital for addressing common and global challenges. Brazil remains ready to engage constructively in discussions and negotiations aimed at achieving balanced Terms of Reference that support an evaluation process to be carried out in a transparent, independent and inclusive manner. Thank you.

316. Nigeria: Nigeria fully supports the statement delivered by the distinguished Delegation of South Africa on behalf of the African Group. Nigeria's perspective on this agenda item is shaped by our vantage point as a host country in the External Office network. For Nigeria, hosting the WIPO Nigeria Office in Abuja is not merely an administrative arrangement. It represents a deep, sovereign commitment to partnering with WIPO to mainstream IP as a catalyst for economic diversification, youth employment and structural transformation. Since its inception, the WIPO Nigeria Office has proven to be an indispensable bridge. It has successfully translated high-level multilateral policies into impactful, localized development outcomes. It plays a critical role in fostering our vibrant creative industry, supporting technological startups, empowering SMEs and preparing our national ecosystem to effectively leverage IP rights under the African Continental Free Trade Area

framework. It is precisely because we recognize the value of this network that Nigeria strongly advocates for robust institutional governance. We view evaluation as an essential tool for results-based management and continuous improvement. However, we believe that the Terms of Reference should remain strictly technical, objective and evidence-based. This process must focus on optimizing performance and strengthening operational alignment with WIPO strategic objectives. It should remain entirely free from political considerations and must not contain language that seeks preemptively to shrink or deconstruct the network. Furthermore, a credible evaluation must reflect operational realities. The WIPO Nigeria Office is one of the youngest in the network and its foundational years coincided with an unprecedented global pandemic. A fair, objective and non-discriminatory review must give explicit cognizance to the varying length of operation and the different levels of development of host countries. Applying a rigid identical metric to a newly established Office in an emerging market as one would to an Office operating for decades in an industrialized economy is methodically flawed and structurally inequitable. Nigeria urges all Member States to respect the 2015 guiding principles and the primary role of the PBC. Nigeria remains constructively engaged and committed to achieving balanced development-oriented Terms of Reference that protect institutional investment and empower the External Office network to deliver on its mandate. Thank you.

317. Algeria: I would like to congratulate you on being elected Chair of the PBC. You have our support in striving for positive outcomes at this session. Algeria aligns itself with the statement delivered by the African Group. Our Delegation would like to thank the Secretariat for the preparation of the documents under consideration and the work undertaken in relation to the evaluation of WIPO's External Offices. We thank Deputy Director General Hasan Kleib for the presentation. My Delegation considers the network of External Offices to be an important asset of WIPO. It enables the Organization to bring its services and development cooperation activities closer to the Member States and stakeholders, thereby contributing to the achievement of its strategic objectives. External Offices also play an important role in increasing WIPO's visibility on the ground, strengthening engagement with national stakeholders and providing the Organization with a better understanding of local needs, priorities and challenges. Algeria believes that the primary purpose of the evaluation should be to support accountability, learning and continuous improvement. It should focus on the effectiveness of the Offices, their contribution to WIPO's objectives and their integration into the Organization's overall activities. In this respect, the Terms of Reference should be based on clear and objective criteria. They should also be aligned with the established evaluation practices within the UN system and draw upon WIPO's own expertise in oversight and audit. My Delegation wishes to stress that the evaluation should take into account the different length of operation of the External Offices. Newly established Offices, particularly those in Africa, should not be assessed according to the same benchmarks as Offices that have been operating for many years. Algeria also believes that the evaluation should remain objective and evidence-based. Its purpose should be limited to assessing the performance and effectiveness of the Offices, taking into account the resources available to them, including support provided by the host countries. The outcome of the evaluation should help to strengthen the External Office network, improve operational efficiency and provide Member States with useful information regarding the contribution of the network to the achievement of WIPO's objectives and priorities. Finally, Algeria considers continuous evaluation to be an important component of good governance and results-based management. In this regard, the PBC remains the appropriate body to guide discussion on this matter. Algeria stands ready to engage constructively with all Member States on this important issue. Thank you.

318. Singapore: Having heard from Deputy Director General Hasan Kleib about the tortured course that our discussions on the Terms of Reference of the External Offices have taken since 2019 – and I could see the tortured expression on his face earlier – I think it has become evident

that the draft Terms of Reference have become a Christmas tree on which Member States have hung their competing and, as Deputy Director General Hasan said, mutually exclusive demands. In desperation, the PBC requested the Secretariat to reconcile the diverse positions, but, as we have learned from the Secretariat's document, "the Secretariat has not been in a position to choose between the divergent positions of Member States". The request to the Secretariat is, therefore, an impossible task, and the draft Terms of Reference have landed in the PBC's lap once again. Chair, it is timely for Members to conduct a reality check, and three facts are evident: first, the draft Terms of Reference are still stalled after seven years; second, Member States have introduced proposals that simply cannot be reconciled, and third, while we have an excellent Secretariat, they are not magicians, and the responsibility of untying this Gordian knot resides with all of us. A popular saying goes as follows: "Insanity is doing the same thing over and over again and expecting different results." I am certain that none of us here wants to be labeled as insane, so, the question we must answer is: what should Member States do to make progress on the issue of new External Offices? In this context, allow me to make three suggestions. First, we should go back to the first principles and remind ourselves of the purposes of External Offices. According to the 2015 guiding principles regarding External Offices, we should aim to establish "a sustainable, adequately sized network of WIPO External Offices that adds clear value, efficiency and effectiveness to program delivery in accordance with the results framework of the Program and Budget, in a coordinated and complementary way with WIPO HQ and in a way that may otherwise not be achieved through operations at WIPO HQ". Therefore, External Offices are an extension of the Secretariat and represent an integral element of WIPO's operational architecture. Their activities include supporting and advancing WIPO's program delivery, enhancing innovation and creativity by promoting effective use of IP services, and providing policy and technical assistance. The question of whether and where we establish new External Offices should focus on how they can best contribute to the effective implementation of WIPO's programs. Second, we must find a way to depoliticize the debate on External Offices. WIPO is essentially a technical agency and the issue of External Offices should be approached through that lens. However, this is easier said than done, which is the reason why we have failed to make progress on the Terms of Reference since 2019. To be brutally frank, unless Member States refrain from trying to checkmate each other's offers to host External Offices, it will not be possible to make progress. Third, we must explore all options that could get us out of the current deadlock, including the possibility of returning to the Director General the responsibility for making decisions regarding the establishment of new External Offices. This is a matter that deserves Member States' serious and careful consideration, given that it would mean revisiting the 2019 WIPO General Assembly decision. Naturally, this is not the only possible solution and I am certain that it is not beyond the collective ingenuity of WIPO ambassadors and experts to devise a solution. But the point I want to emphasize here is that Member States must be prepared to think out of the box and exercise flexibility. Thank you, Chair.

319. United States of America: This Delegation supports the statement made on behalf of Group B. At the 38th session of the PBC, the Committee requested the Secretariat to prepare new Terms of Reference. Instead, document WO/PBC/40/12 Rev. contains the same draft Terms of Reference with bracketed Member State input. While the United States remains committed to constructively discussing the draft Terms of Reference for the evaluation of the External Offices, we would again insist that the Secretariat proceed with drafting new Terms of Reference in line with the Committee's previous request. We do not believe continuing to debate the prior draft would be a productive use of time. We are disappointed that the Secretariat waited until only a few weeks before this meeting to post document WO/PBC/40/12 Rev. and we insist that the Secretariat draft the Terms of Reference as requested. By way of comparison, we note that the Secretariat is well suited for this exercise as it also drafted the relevant Terms of Reference for the review of WIPO's technical assistance. We look forward to considering the Secretariat's revised text at the next PBC session.

320. Iran (Islamic Republic of): At the outset, my Delegation thanks Deputy Director General Hasan Kleib for his explanations and the Secretariat for preparing the document. The Terms of Reference for the evaluation of the External Offices have been under discussion in this Committee for six years. We note that the Secretariat has not been in a position to produce a clean text, reflecting a persistence of divergent views among Member States on a number of outstanding issues. Nevertheless, the mandate provided by the General Assembly and the guiding principles already agreed by Member States constitute a sufficient and solid basis for concluding this work. In Iran's view, the time has come to build on these agreed foundations and bring the negotiations to a successful conclusion. Iran remains ready to engage constructively on all remaining aspects of the Terms of Reference. At the same time, should consensus on the outstanding issues continue to prove unavailable, the Committee may wish to consider recommending to the General Assembly possible avenues for moving the process forward. After six years of deliberations, while differences remain, this should not prevent us from fulfilling the mandate entrusted to this Committee. We encourage all Delegations to work with renewed determination on an outcome that reflects our collective efforts. Thank you.

321. Japan: The Delegation of Japan aligns itself with the statement made by the distinguished Delegation of Germany on behalf of Group B. We thank the Secretariat for preparing document WO/PBC/40/12 Rev.. Allow us to express our views in this regard. First, it is important that the evaluation of the entire External Office network be conducted in accordance with an unbiased, fair and highly transparent procedure. The evaluation team should be composed of independent outside experts in order to enhance fairness and transparency. In addition, it is preferable that the evaluator have a good understanding of WIPO's organization, including the External Offices, as well as a deep knowledge of IP. Second, we believe that the guiding principles for the External Offices adopted by the WIPO General Assembly will be very useful for evaluating the existing External Office network. Third, in order to reflect appropriately the current status of operating procedures at all External Offices, it would be appropriate to arrange an opportunity for the External Offices themselves to participate in the evaluation process and to respond to or give their opinions on the criteria used for the evaluations. This Delegation would also like to be actively and constructively involved in the discussions on this matter. Thank you.

322. Ukraine: Ukraine thanks the Secretariat for the preparation of document WO/PBC/40/12 Rev. and for its continued efforts to facilitate Member States' discussions on the Terms of Reference for the evaluation of External Offices. We also express our appreciation to Deputy Director General Hasan Kleib for introducing this agenda item and for his valuable input in helping move this issue forward. Ukraine has consistently supported the implementation of the guiding principles regarding External Offices and the decision of the 47th Session of the WIPO General Assembly in 2015. The evaluation of the External Offices should be independent, transparent, objective and capable of providing Member States with a clear understanding of the relevance, effectiveness and added value of each External Office, as well as the External Office network as a whole. In our view, the Terms of Reference should ensure that the evaluation examines not only the mere number of activities or outreach indicators, but also whether each External Office continues to meet the standards set by the guiding principles regarding External Offices, including whether each Office adds clear value, efficiency and effectiveness to WIPO's program delivery in accordance with the results framework of the Program of Work and Budget and the extent to which each External Office serves the needs of stakeholders and the regional and global IP community. The evaluation process should allow Member States to take informed decisions on the future of the External Office network. Hosting an External Office is a privilege. It also entails a responsibility to act consistently with the values, purposes and principles that underpin this Organization and the UN System. An External Office should strengthen the credibility of WIPO, not call it into question. Ukraine notes with appreciation the attention given by the Secretariat and many Member States to

the level of resources allocated to the External Office in Moscow, including the reduction of financing and closer scrutiny of its activities, deliverables and budget utilization. Ukraine is grateful for these steps and for the principled engagement of the Secretariat and Member States on this matter. However, Ukraine must state clearly that this is not sufficient. The issue before us is of institutional coherence and credibility. The continued operation of an External Office in the capital of a State that is conducting a war of aggression against Ukraine, violating the UN Charter, destroying Ukraine's innovation and creativity infrastructure and systematically attacking civilian and cultural infrastructure remains fundamentally incompatible with the mission and values of WIPO. Earlier this week, at the opening of this session, Ukraine informed Member States of yet another wave of Russian attacks against our country, including damage to cultural heritage and sites of exceptional national and international significance. These attacks are not isolated incidents. They form part of a deliberate and systematic policy aimed at destroying Ukrainian identity, creativity, innovation capacity and cultural heritage. Ukraine, therefore, reiterates its position that the External Office in Moscow should be closed, and we call on WIPO and Member States to take the necessary institutional steps, including through the evaluation process and through the relevant governing bodies, to bring the status of this Office into line with the broader decisions of the international community and with the institutional integrity of WIPO. Ukraine remains ready to engage constructively in the discussions on the Terms of Reference of the evaluation of External Offices. At the same time, we believe that the evaluation must be sufficiently robust to support meaningful and evidence-based decisions. Thank you, Chair.

323. Chair: I would like to give the floor to Deputy Director General Hasan Kleib to respond to the comments and questions that were raised during the Members' interventions.

324. Deputy Director General, Regional and National Development Sector: Thank you, Chair. I would like to express my appreciation, because the Terms of Reference have been on the table for more than six years. I remember back in 2019, I was the coordinator of the APG. The 2019 General Assembly decided to conduct an evaluation of the External Offices in 2021 and that the PBC would decide on the Terms of Reference. The second General Assembly decision stated that, pending the results of the evaluation, it would defer the consideration of the 10 nominations of Member States to host new WIPO External Offices. The third decision was to open four new Offices, including in Colombia. In 2020, because of the COVID-19 pandemic, the PBC did not have sufficient time to discuss the Terms of Reference. In 2021, the year I joined WIPO, the PBC requested the Secretariat to prepare a preliminary draft of the Terms of Reference. In 2022, we submitted to Member States the six-page draft. From 2022 to 2025, Member States had the right to discuss and put forward proposals, which is why the draft has become 21 pages. It is not clear now what the guidance is that we are receiving from Member States on how to move forward. In your hands, you have the 21-page draft Terms of Reference. As I said before, the Secretariat is not in a position to prepare updated or revised Terms of Reference, because I looked at last year's record, attentively reading all of it, and there is not even a single new proposal from Member States. Therefore, it is impossible for me to update or to revise the Terms of Reference. Asking the Secretariat again to revise, update or draft a new Terms of Reference, I believe is not fair, because we have no ammunition with which to update them. We are in your hands. Where do you want to go on these draft Terms of Reference? You are asking the Secretariat to prepare another updated draft, while we hear today that there are no new proposals. We only hear you expressing your basic positions on the evaluation and Terms of Reference. I like what the Delegation of Singapore said: we need to have a reality check as to where we are now. I would like to suggest that you please give us guidance on what to do with the Terms of Reference. But please, to be fair, do not ask the Secretariat to update them again without providing any new proposals. If you would like to discuss them, there are two options. First, go through the 21 pages of the draft Terms of Reference in your hands right now, one by one, or maybe you could go back to the six-page original zero draft. It is up

to you. The Secretariat is just supporting you: it is a Member State-driven process, so please drive us somewhere. Thank you.

325. United States of America: Thank you, Chair, and I would like to thank Deputy Director General Kleib for his opinion regarding document WO/PBC/40/12 Rev.. However, I would like to point out that the Secretariat has not prepared Terms of Reference: this is a compilation of who said what over the last few years. I have been through this process for as long as Deputy Director General Kleib, since 2020. At the last session, Member States agreed to task the Secretariat with the preparation of Terms of Reference. That was a breakthrough, because before that, Member States could not even agree to do that. We were all happy about this very constructive outcome. I am going to read out the decision of the last PBC, which should have guided the Secretariat, but unfortunately has not: "The Committee requested the Secretariat to prepare draft Terms of Reference, based on the established UN and WIPO evaluation practices, principles, standards and guidelines, while duly considering the views of Member States previously expressed, and present it for consideration at the 40th session of the Committee". So, we did not task the Secretariat with copying and pasting from existing documents. We tasked the Secretariat with a very specific task of looking at the existing UN and WIPO evaluation principles, guidelines, practices and standards. Those are the documents, right? Not abstract documents, very concrete documents. For example, norms and standards for evaluation, issued by the United Nations Evaluation Group. And WIPO has its own evaluation guidelines. So, basically, we asked the Secretariat to prepare a zero draft. We did not ask it to reconcile the unreconcilable. We asked it to prepare a zero draft based on the listed documents in the decision. However, it has not done that. We also did not task RNDS to do that. We tasked the Secretariat of the PBC because, in my view, they are more familiar with the evaluation and with the landscape here. So, I do not know why this task has been shifted to RNDS, which does not oversee all the External Offices. However, since it has been tasked to do this by the Secretariat, I just want to point out that Member States did agree on terms of reference before in the Committee for Development and Intellectual Property (CDIP). There were at least two instances that I remember from my 17 years here. Most recently, the terms of reference for the review of WIPO's technical assistance. And before that, there were terms of reference for the evaluation of the implementation of the Development Agenda Recommendations. So, we did agree to that: that's not an impossible task. So, when you say it is impossible to do, I beg to differ. I have seen Member States agreeing on broad terms of reference based on the principles. That is what we asked you to do. And I would suggest that you do what Member States ask you to do before the next Committee meeting so that we can discuss the substance. Thank you.

326. Deputy Director General, Regional and National Development Sector: Thank you, Chair, and thank you to the distinguished Delegate of the United States of America. I was a little bit surprised when you said that the Secretariat had not prepared the zero draft. It was requested back in 2021; we then sent a diplomatic note to all Member States requesting their input on the Terms of Reference. We received responses from just nine Member States, excluding the United States of America. We put it all together back in 2021. Why is it under RNDS? I would be happy if it were not under RNDS, but the issue is that the seven External Offices come under the purview of RNDS. That's why the Secretariat asked RNDS to take care of the External Offices, including the evaluations of the seven External Offices. The seven External Offices do not fall under the Secretariat; they fall under RNDS. That is why there is no shifting of responsibility. There is a division that coordinates External Offices. When you asked us to come back with a new draft, the existing 21-page draft has so many conflicting positions. Do you want us to choose and pinpoint which ones should be deleted and which ones should be retained? Because there are no new proposals. It is a Member State-driven process. You are the ones who have to decide which ones coincide with your position. It is in your hands. I cannot just strike out all the positions. I remember one delegation stating clearly that the Secretariat had to include all proposals, without exception,

and include the name of the proposing country in brackets. We did so. Now we have to clean it up? I do not think that the Secretariat has the right to do so. Again, it is all up to you. It is in your hands. You clearly said that it is a Member State-driven process and I agree with you. But suggesting that the Secretariat has not prepared the zero draft? I beg to differ. Because I was there in 2019 and 2021, I remember we sat down, we sent notes verbales and took into account the UNEG evaluation standard. We received responses only from nine Member States. We put it there and gave it to you. Let’s now move forward without discussing background; we are ready to support you as Member States because it is a Member State-driven process.

327. United States of America: Thank you, Chair, for giving me the floor again. I feel like I have to reply to some of this. First, we’re not looking at 2021, 2022, 2023 or 2024. We’re only looking at the decision from May 25, from the 38th Session – that’s the decision that is guiding us moving forward, or at least was supposed to be guiding us moving forward. We are not looking at the note verbale from five years ago. Like you said, it is a Member State-driven process and we are looking at the decision that these Member States reached in May 2025. I’m not going to read it out again, but that’s the decision and we expected to see the results of this decision. Nowhere in that decision does it say that you have to copy and paste all the replies from Member States and call it Terms of Reference. It also doesn’t say that we have to come up with new proposals. The burden was on the Secretariat to come up with the Terms of Reference based on the evaluation documents and guidelines and so on and so forth, while taking Member States’ views into account. It did not say that you had to reflect those views verbatim. It says that you had to put forward some sort of draft, a new draft, not the 2021 draft – we’re past that – and present it to the Member States so we can discuss it. Thank you.

328. Cameroon: Cameroon is taking the floor for the first time and we would like to congratulate you on your election as Chair of the Committee and thank you for your leadership. With regard to the current discussion, we would like to try to find a middle ground. We understand the decision that has been made by the Member States but we also understand the position of the Secretariat. It is a process and the Secretariat needs to be neutral when positions differ, particularly when the decision is there. We need to try to see if we can find a consensus. We, therefore, ask you to try to lead a negotiation on the positions between now and the next session and we hope that we will be able to find this consensus on the basis of all the elements. That will ease not only our position but the Secretariat’s, in order to ensure that the Secretariat is not put out of its neutrality. Cameroon stands ready to help you in this process. Thank you.

329. Iran (Islamic Republic of): The Delegation believes that the Committee should maintain a forward-looking perspective and remain open to exploring different ways forward. There is no doubt that this is a Member State-driven process and any approach should continue to reflect that principle. At this stage, our priority should be to make every effort to reach a consensus. We should engage constructively and work towards developing clearer and more balanced language that can accommodate different views. If, despite our efforts, consensus cannot be reached, we should consider alternative options in a transparent manner, including providing clearer guidance to the Secretariat or any other option towards more precise language, so that the different perspectives and possible ways forward are properly reflected. Thank you.

330. Singapore: I have listened carefully to the exchange between the United States of America and the Deputy Director General and I think both are right. It is true that the decision of the May 2025 PBC meeting requested the Secretariat to prepare draft Terms of Reference based on the established UN and WIPO evaluation practices, principles, standards and guidelines. Then there is a second part to it, which says “while duly considering the views of Member States previously expressed”. To be fair to the Secretariat, they did not say it was an impossible task. It was the

Singapore Delegation that said it was an impossible task because the Secretariat's assessment – and I'm not here to defend the Secretariat – is that if they have to duly consider the views of Members that have been previously expressed (and these views are mutually exclusive in many instances), then it would be quite futile to develop new draft Terms of Reference. If we as members want the Secretariat to prepare new draft Terms of Reference, then I suggest that we have to empower it to do that. If we want the Secretariat to be the penholder to draft the Terms of Reference, then we must collectively give them the mandate to hold the pen and write a new set of Terms of Reference without having the burden of being constrained by the many conflicting views that have been expressed. I think, to be fair, that we must empower the Secretariat if we want it to develop and formulate a new set of Terms of Reference to have that leeway. Then, when we get the new set of Terms of Reference, Member States will also exercise flexibility and refrain from reiterating or reinserting their demands, which I said earlier are really designed to checkmate each other. That's my suggestion, Chair. This could be one way out: we give a new mandate to the Secretariat to develop the draft Terms of Reference with a clean slate. Thank you.

331. Chair: I thank the Ambassador of Singapore for the clarifications and thank you for highlighting some of the issues in this regard. I just want to see if there are any reactions from Delegations. I see none, but I think that today was really very useful. We have revisited the issue and obviously we will find common ground, a consensual agreement on the way forward. But to do that, I think that delegations have to have the chance to interact more. We are proceeding on our agenda: so far, so good. With your indulgence and permission, I suggest that we move onto the next Item and then at the end of today's session, I will make an announcement on how we can proceed.

332. Chair: Based on my consultations with the Vice Chair and the Secretariat, I would now like to give you a chance to discuss Agenda Item 14, Draft Terms of Reference of the 2021 Evaluation of WIPO External Offices in informal consultations. I would like you to have time now for informal discussions. My plan is to resume at 3:00 p.m. Should there be a need for more time, I am going to accommodate this and let us see how things go. We have to be here by around 4:30 p.m. at the latest. Keep your eyes on the notifications and we will break for the informal consultations under my able Vice Chair, who will lead the discussions. It will be in the same room and format as yesterday. Thank you. I hope to see you again this afternoon.

333. Chair: Good afternoon, dear colleagues and Delegates. Welcome back to the plenary. Thank you for your constructive engagement in the informal consultations on Agenda Item 14. I would now like to invite the Vice Chair to provide a summary of the deliberations today.

334. Vice Chair: Welcome again, Director General, dear colleagues. I will be very brief because we talked about this agenda item for a long time in the informal consultations. I thank you for your commitment. I acknowledge that I was taking quite a brutal approach, forcing you into the substance of the discussions, but I think there was added value. On the one hand, we had one or the other conclusion on the substance. On the other hand, we found out that it is difficult for us as a Committee, with Member States having very different views on different issues, to agree on language, and that the best way forward is to have a purely substantive approach that takes, of course, into consideration the knowledge and the documentation that we have so far. On the basis of these discussions, we were able to agree on a decision paragraph that will be shown shortly, which is similar to the one from last year, except that it focuses more on the substantive part of the Terms of Reference. The idea is to have a clean slate, as it has been called before, for the next session and enable us to discuss the issue with this new document and, of course, with the background of the documentation we have had so far. So again, thank you for your constructive contributions and I hand back to the Chair.

335. Chair: Thank you, Vice Chair. I understand that we have reached consensus on the decision for this agenda item.

336. The Program and Budget Committee (PBC) duly considered document WO/PBC/40/12 Rev.

The PBC requested the Secretariat to prepare Draft Terms of Reference, based on the established UN and WIPO evaluation practices, principles, standards and guidelines, taking into account the Guiding Principles contained in document A/55/INF/11, and present it for consideration by the Committee at its 41st session, in accordance with the WIPO General Rules of Procedure.

337. Chair: Before moving to item 16, I would like to open the floor for any comments. I see Germany, the coordinator of Group B.

338. Germany: Thank you, Chair. Group B would like to thank the Vice Chairs for their efforts in identifying key principles that should guide the Secretariat when drafting a new version of the Terms of Reference for the evaluation of External Offices for discussion at the next session. We ask the International Bureau to use all available resources, including internal WIPO expertise, such as the IOD, to draft the new document. Group B reiterates that the draft Terms of Reference should be based on the established UN and WIPO evaluation practices, principles, standards and guidelines. Group B stands ready to engage constructively in the ongoing discussions and to ensure a robust and meaningful evaluation process that will support the effective governance and strategic development of WIPO's External Offices. Thank you.

339. Nigeria: Thank you, Chair. My Delegation notes the decision just adopted by the Committee. We wish to place the following on record. In mandating the Secretariat to prepare new draft Terms of Reference, this Committee has entrusted the Secretariat with a responsibility that must be discharged with the utmost independence and professional integrity. The African Group expects the resulting document to be granted exclusively by a decision of the WIPO General Assembly, based on established UN and WIPO evaluation practices, principles, standards and guidelines, and on nothing else. The Secretariat should be guided by what evaluation science requires, not by what any Delegation prefers. The new draft will be presented to the Committee, free from the weight of previous expressed positions, free from editorial choices shaped by political considerations and free from any predetermined outcomes. Nigeria further expresses the view that the draft should give full and appropriate expression to the development dimension of WIPO's mandate, consistent with the WIPO Development Agenda, and that it should reflect the diverse mandate context and levels of development of their standard offices and their host countries. Chair, we make these remarks not in the spirit of constraint, but of clarity, so that when the new draft is presented, the Committee can assess it against the standards we have collectively set today. We request that this statement be reflected in the report of this session under this agenda item. Thank you, Chair.

340. Chair: I thank the representative of Nigeria. I would like to check if there are other requests for the floor. I see none.

ITEM 15. METHODOLOGY FOR ALLOCATION OF INCOME AND EXPENDITURE BY UNION

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

342. Chair: We now turn to Agenda Item 15. At its 38th session, the PBC decided to continue the discussion on the methodology for the allocation of income and expenditure by Union at its 40th session of the PBC, *inter alia,* the relevant proposals submitted by Member States during previous sessions. The three documents under this Agenda refer to proposals submitted by Member States in previous sessions of the WIPO Assemblies. First, document A/59/10, Decision Paragraph Proposed by the United States of America for Inclusion in a Decision on the Report on the PBC. Second, document A/59/11, Proposal of Switzerland concerning the Agenda Item “Report on the Program and Budget Committee”. Third, document A/59/INF/6, Background Information submitted by the United States of America for Consideration in Adopting the Proposed Program and Budget for the 2020/21 Biennium, as Recommended by the Secretariat. I will now open the floor for discussions.

343. United States of America: Thank you, Chair. The United States remains concerned that WIPO’s budget methodology encourages an over-reliance on a single system, the PCT System, at the expense of developing the financial health and long-term sustainability of WIPO’s other fee-funded systems. It is imperative that WIPO focus on the health of its core systems. The United States of America has severe concerns about the financial condition and direction of the Unions. The Hague and Lisbon Unions continue to fail to cover their expenditure and now have a combined net deficit of over 1.2 billion Swiss francs. Funds are now being pulled from the Madrid Union to cover the Lisbon Union’s deficit, while Madrid itself is projected to run a deficit in 2026/27. Furthermore, WIPO’s projections for the Lisbon System appear to be invented by its Secretariat rather than utilizing reality-based projections developed by WIPO’s Chief Economist. WIPO itself continues to operate on a capacity-to-pay principle that hides incurred expenses from the Unions operating at a deficit and encourages over-reliance on the PCT System. The unfortunate truth is that our own inaction on this issue has led to a Program of Work and Budget for 2026/27 in which three of the four fee-funded Unions are projected to operate at a loss. In turn, WIPO’s operating result is projected to collapse from over 144 million Swiss francs in the 2024/25 biennium to a mere 7.6 million Swiss francs in 2026/27, a decrease of 95 per cent. Madrid filings have fallen in three of the past four years, while unit costs have climbed. Lisbon registration has fallen for three consecutive years, and while we are encouraged by the increases in filings under the Hague System, it continues to operate at a significant deficit. The time for inaction is over. We as Member States have an obligation to ensure WIPO’s finances are properly managed. We understand that some Member States do not want to face facts about the health of the Unions. The facts, however, exist whether we want them to or not. We cannot bury our heads in the sand and hope that these deficits will go away on their own. The only way for Member States to truly understand the state of WIPO’s finances is to conduct a fair, fact-based and impartial study of the financial sustainability of each of the Unions. In the past, we have proposed several potential themes for such a study, including expenditure trends and forecasting, revenue recovery and financial sustainability, cross-Union subsidization and/or financial interdependence, comparative analysis and lessons learned. The United States of America looks forward to discussing this proposal further and we will be available to discuss it bilaterally throughout the week. Thank you.

344. Switzerland: Once again, we take note that the financial situation of the Organization is solid. It seems key to continue the method that has proven itself in recent years and satisfied a large majority of Member States as well. In this context, I recall that our Delegation presented proposal A/59/11 during the WIPO Assemblies in 2019. What is our proposal? It is divided into two parts. The first part is on the maintenance of the allocation as has been done until now. The second part stems directly from that first part and aims to continue with this allocation method. We are convinced that it will bring a pragmatic and logical solution to everything that has worked in recent decades. This solution would introduce a unified budget that would include the budgets of all the different Unions in one common budget, solving all the systemic issues WIPO is facing. For any

further information on this proposal, I refer to the explanations we have already given in the past. We remain available to answer Member States' questions. Thank you.

345. Portugal: Portugal supports the statement delivered by Switzerland. We stand by the current methodology for the allocation of income and expenditure by Union, which has guided the Organization for many years and reflects the collective nature of its work. In this regard, we note that the latest financial and performance reports provided a more balanced picture of the Lisbon System than some statements may suggest. First, the evolution of revenue is positive. The data show a significant increase in income compared with the previous period, and actual revenue exceeds budget estimates. These figures demonstrate a favorable trajectory. Second, the current deficit should be assessed in its proper context. A substantial part of the expenditure reflects investments aimed at modernizing the System, including the development and implementation of eLisbon. This investment has already demonstrated its value through greater operational efficiency and the reduction of the backlog, improvements that contribute to the System's long-term performance and sustainability. Third, it is important to recall that the financial architecture of WIPO has always been based on solidarity among the Unions. This understanding is fully consistent with previous decisions of the Assemblies, including those adopted in 2019, and forms an integral part of WIPO's financial governance model. Portugal, therefore, sees no justification for revising the current methodology. WIPO's overall financial position remains sound, with a significant surplus, while the financial impact of the Lisbon System is marginal when viewed against the Organization's overall budget. More fundamentally, we do not believe that the Lisbon System can or should be assessed solely through a financial lens, because it delivers value that goes well beyond accounting criteria. It supports rural development, protects products that are intrinsically linked to specific territories, and contributes to the preservation of cultural heritage, traditional knowledge, and local creative assets. These objectives are fully aligned with WIPO's mission and should be taken into account when evaluating the System's contribution to the Organization and to the global IP system. We thank the United States of America for its proposal. However, we do not see the need for the suggested study. Portugal considers the current methodology appropriate and is of the view that it should be maintained. Thank you.

346. Ghana: Ghana takes this opportunity to congratulate you and your Vice Chairs on your election. Ghana aligns itself with the statements delivered by the Delegations of Switzerland and Portugal on this agenda item. We also see merit in the Swiss proposal in document A/59/11. Ghana believes that the current methodology for the allocation of income and expenditure by Union has proven effective, as is made evident by the sustained financial good health of the Organization. Considering the integrated nature of WIPO's operations, we believe that it is not out of place for a Union that does not have sufficient revenue and reserves to cover its projected expenses to receive necessary resources from the net assets of the Organization. Thank you.

347. Russian Federation: The Russian Federation is honored to deliver this statement on behalf of a number of member countries of CACEEC. The Group believes that it is advisable to maintain a single budgetary system for all WIPO Unions, based on the principle of solidarity when allocating their revenue and expenditure. This pragmatic approach has stood the test of time and proven its effectiveness. The mandate of WIPO provides for the development and promotion, to an equal degree, of all types of IP, including the international registration systems. Bearing this in mind, any decisions on the allocation of revenue and expenditure should be taken while taking into account the need for ensuring a balanced functioning of all Unions and should not have an adverse impact on any of them. Moreover, revising the existing methodology could upset WIPO's structurally complex system, which at the moment is proving its effectiveness. Evidence for this is the Organization's current robust financial situation, which has been confirmed in documents presented by the Secretariat at this session. Our Group is, therefore, in favor of maintaining the principle of

solidarity between Unions. We see no sufficient grounds for reviewing existing practice of allocating revenue and expenditure by Union.

348. Italy: The existence of a deficit in one specific Union does not undermine the overall financial stability of the Organization. With regard to the Lisbon Union, we would like to take a constructive and principled view. The revenues of the Union remain limited in comparison with those of other systems. However, we would invite all the Delegations to be cautious about interpreting this solely through a narrow financial lens. It is not a private enterprise. Its purpose is not profit maximization, but rather the promotion of IP as a public good, supporting innovation, creativity and development across all Member States. In this context, the Lisbon System plays a specific and important role, particularly in promoting geographical indications and appellations of origin, supporting rural economies and local producers, and ensuring inclusiveness within the global IP framework. We therefore consider that the current model, where deficits in certain Unions are temporarily absorbed by the Organization, is not a weakness, but rather a reflection of institutional solidarity. In our view, class subsidization is not a distortion. It is a deliberate policy choice that enables the Organization to fulfill its mandate in a balanced, global, and inclusive manner. From a policy standpoint, we believe it would be neither appropriate nor desirable to require every individual system to be financially self-standing at all times. Certain activities, such as Lisbon, serve public policy objectives that go beyond their direct revenue generation. Maintaining them within a shared financial framework ensures diversity in the IP system, equitable access for Member States, and alignment with WIPO's development-oriented mandate. In conclusion, we support the current methodology; we support the continued operation of the Lisbon System despite its current financial imbalance; and we support the principle of a unified budget and internal solidarity across Unions. We believe that WIPO is well equipped to pursue its mandate effectively, balancing financial discipline with its broader mission of promoting IP for the benefit of all, and we do believe that WIPO must remain guided by its core mission. While we thank the United States of America for its proposal, unfortunately, we do not see added value in it. Chair, we are delighted to communicate that Italy has completed the legislative process required to ratify the Geneva Act of the Lisbon Agreement on Appellations of Origin and Geographical Indications. The ratification reflects Italy's strong commitment to the international protection of geographical indications, a sector of particular importance to the country for the protection and valorization of its agriculture, artisans and industrial products. By joining the Geneva Act, Italy strengthens the legal framework for the recognition and protection abroad of Italian geographical indications and contributes to the broader development of the international geographical indication protection system under WIPO. Thank you.

349. Tunisia: Tunisia supports the current methodology of allocating income and expenditure based on the principle of unity and solidarity between Unions. We believe that this methodology has demonstrated its effectiveness. WIPO has a surplus, and so nothing justifies revising this current methodology. We must remember that WIPO is a UN specialized agency. The assessment of its activities and its sectors cannot and must not be purely financial. All Unions administered by WIPO respond to the needs of their users, and they all contribute, together, to establishing a global IP system that is balanced and inclusive. Thank you.

350. Algeria: Our Delegation believes that the current methodology for allocating income and expenditure by Union has demonstrated its effectiveness and already offers an appropriate framework based on solidarity between Unions. We remain attached to the principle of solidarity, which supports this mechanism. The Sectors of the Organization that generate surpluses can legitimately contribute to financing activities when there is a surplus and so the overall financial balance of the Organization is maintained, and it continues to show positive results.

351. Cambodia: Chair, Ambassador and Distinguished Delegates. Since it is my first time taking the floor, I would like to begin by congratulating you, Chair, Ambassador and Vice Chairs on your election. Cambodia has full confidence in your leadership to guide us through our deliberations, and we assure you of our full support throughout the entire week. Cambodia extends our appreciation to the Director General, Daren Tang, for his opening remarks and to the Secretariat for their tireless efforts in the preparation and timely delivery of working documents for this Committee session. With regard to the agenda item at hand, we support the current methodology for the allocation of income and expenditure by Union, which has been successfully practiced by this Organization for a long time. This methodology is based on the capacity-to-pay principle. Unions that are in deficit should not bear additional financial burden, as the overall WIPO budget shows a surplus. We do not see the need to engage in any changes to the current practice. Thank you.

352. France: Our Delegation is taking the floor for the first time. We would like to congratulate you as well as your Vice Chairs on your election and your leadership. We would also like to thank the Secretariat for preparing the documents for this session. France aligns itself with the numerous statements delivered in support of the current methodology for allocating income and expenditure by Union. France believes that the proposal from Switzerland on introducing a unified budget is an interesting idea for ensuring the sustainability of WIPO's international registration systems in the interest of all Member States. Such an option could simplify budget management. An information document with details on this option, provided by the Secretariat, could enable us to continue our discussions on this matter. It should set forth the consequences of such an initiative and how the relevant WIPO Treaties would need to be adapted in order to introduce a unified budget. A request for such a document was tabled at the 34th session of the PBC and we would like to see it carried out. We support the current methodology for allocating income and expenditure by Union, which has been applied by this Organization since 2007. It is based on the capacity-to-pay principle. It is essential that the components of the Organization which generate profit can support those that are in deficit, on the condition that there is an overall surplus, which is the case. Maintaining the principle of budgetary solidarity between Unions is essential for implementing the WIPO Development Agenda and providing the means to support projects for Member States that need help to protect their local knowledge through geographical indications. We reject the idea of an Organization supporting only profit-generating activities. The Lisbon System as a catalyst for rural development is a key part of WIPO's mandate to protect IP. We are surprised to hear claims that the estimates have been invented by the Secretariat. We understand that they are based on a study or advice from the Chief Economist. With regard to the proposal of carrying out studies, we would like to thank the United States of America for that suggestion. However, we do not see the need for studies, given that the overall financial situation of the Organization is healthy. The current method of allocating income and expenditure by Union has proven its effectiveness. A Union that does not have enough income and reserves to cover its expected expenditure can receive the necessary resources from the net assets of the Organization. Repayments should only be made when the reserves of the Union concerned permit. This is in line with our conviction that profit-making areas of the Organization must support activities which generate more expenditure than income, provided that there is an overall surplus. We support the current methodology of allocating income and expenditure by Union and the work of the Lisbon Registry to protect geographical indications. The latter are essential IP tools for all countries because they are directly connected with efforts to make the most of local knowledge, thereby contributing to sustainable development and the economic inclusion of rural areas. Thank you.

353. Iran (Islamic Republic of): Our Delegation joins numerous others in expressing support for the current methodology approach to the allocation of income and expenditures, which reflects the principles of solidarity, balance and collective responsibility among the Unions administered by WIPO. All IP rights, including geographical indications and appellations of origin, deserve equal

recognition and support within the WIPO framework. The allocation of resources should therefore not be based solely on individual revenue generation but should also take into account the strategic importance and specific nature of each Union. In this context, we should consider the progress achieved by the Lisbon System and the increasing efficiency of its operations. We support the continued allocation of adequate resources to ensure its effective functioning and further development. Our Delegation notes that WIPO's overall financial situation remains sound, with a solid financial position and surplus. We believe, therefore, that maintaining the current allocation method is appropriate and consistent with the spirit of solidarity among the Unions. Thank you.

354. Sweden: I will be brief. As a matter of principle, Sweden is of the opinion that each Union should be able to bear its own costs and contribute its fair share to WIPO's common operational expenses, and that we should aim to achieve this in the longer term. It is therefore important that the financial reporting for each Union be transparent, clearly showing which costs are covered and how the financial performance is developing. Thank you.

355. Czech Republic: I will be brief. The Czech Republic supports the current allocation methodology. It has been efficient and supported WIPO in achieving its goals over the years.

356. Chair: Thank you. May I ask, are we still calling your country the "Czech Republic" or "Czechia"? In some organizations, they use "Czechia". I will use the "Czech Republic". I will now give the floor to Cameroon, joining online, to be followed by the United States of America.

357. Cameroon: Thank you, Chair. Cameroon supports maintaining the current methodology, but we do need greater efficiency, as has already been mentioned by a number of delegations. We would like to note that the beauty of a house comes from all of its rooms – so we could be damaging the very structure of this house. Every convention, every treaty participates in the whole IP ecosystem, and this solidarity is the basis for the structure of our home and for the functioning of our Organization. We understand that there may be a need to breathe new life into some conventions, but this is already done by certain mechanisms that promote innovation in each area, and it is only by continuing these innovation programs that we can give every stakeholder and every convention the possibility to realize its full potential. Having punitive measures that would deprive one branch of the tree would not be the right decision in our view. We need to be able to irrigate all the branches of our tree so that the entire tree can remain healthy, because one branch falling from the tree could have an impact on the rest of the tree. We are in favor of maintaining the current structure, and we think that the only way of having an effective institution is to continue the programs for innovation. Thank you.

358. United States of America: For the record, the United States of America cannot support the proposal by Switzerland for a unified budget. With regards to one of the points raised by France on the Lisbon projections and the source of those projections, as we learned at the last PBC session, the projections for the Program of Work and Budget for 2026/27 for the PCT, Hague and Madrid Systems are in fact created by the Chief Economist. However, we were told by the Secretariat that the Lisbon projections were from the Secretariat itself, not the Chief Economist. We agree with France that we would prefer that they come from the Chief Economist in the future.

359. Chair: Thank you. Two issues are before me: Agenda Item 15 and how we are going to conduct our work tomorrow. On Agenda Item 15, I have listened to the different points that were raised. They are all valid points. I think that this issue needs further discussion. I will offer you proposed wording for this item, and I would like to see if there are objections. I see no objection.

360. The Program and Budget Committee (PBC) decided to continue the discussion on the methodology for the allocation of income and expenditure by Union at the PBC session in 2027.

ITEM 16. CLOSING OF THE SESSION

361. Chair: I would ask the Secretariat to display on the screen the list of decisions gaveled. The list of decisions will be shared with the group coordinators, so that all members have it. I would now like to invite Director General, Mr. Daren Tang, to give his closing remarks. Thank you.

362. Director General: Thank you, Chair. Let me start by congratulating you, dear Ambassador, for your skillful, calm stewardship of our work during this session of the PBC. I would like to thank the Vice Chairs, Mr. Christian Schernitzky of Germany and Ms. Alison Urquizo of Peru, for their contributions throughout the week in helping us to cross the finishing line on a number of difficult topics. My appreciation goes to the group coordinators. As usual, you have the difficult task of coordinating the views of groups – your groups – with diverse membership and working together with the other group coordinators to find common ground to move these issues forward. Your work is deeply appreciated by us in the Secretariat and by all members. To all the Member States, thank you for your hard work and constructive engagement. In particular, thank you for your understanding and flexibility as we navigated a session that began in a fully virtual format for the first two days, because of safety considerations, before returning to the hybrid setting that you are familiar with. As I said at the beginning, while it is not a budget year, our Agenda was full and rich. As a result of all of your efforts, we have reached many important decisions on the various Agenda Items, which will place WIPO on an even stronger footing. Finally, I would like to thank the many Secretariat colleagues who made this possible: those visible here on the podium, as well as those less visible but whose work and contributions are no less important. The logistics of moving from fully virtual to hybrid format also required more work than usual. Let me thank colleagues in conference services, the documentation teams, the interpreters who worked remotely and are now with us in person, the IT teams who kept our virtual and hybrid sessions running smoothly, the security team that kept us safe, protocol, and everyone else who contributed to these meetings' success. Lastly, let me wish those of you who are returning to capitals a safe journey and those of you who are staying a restful weekend. We look forward to seeing you in a couple of weeks at our General Assembly. I can't help but say that for those of you in the FIFA World Cup, all the best to your national teams as you cheer them on in the next few weeks. Thank you.

363. Chair: Thank you, Director General. Now I open the floor for delegations wishing to give final remarks. I see South Africa, followed by Egypt.

364. South Africa: Thank you, Chair. The African Group congratulates you on your leadership and the inclusive manner in which you guided our work, notably through your wisdom and calm demeanor. We thank the Director General, the Secretariat, the External Auditor, the IOD, the IAOC and all the oversight bodies for their professionalism. The African Group is encouraged by the performance of the Organization during the 2024/25 biennium. WIPO remains financially robust and operationally sound. As an aside, there is a saying that "if it ain't broke, don't fix it". Yes, we have to keep innovating and improving business processes for higher performance. Our discussions during the week highlighted several areas that require continued attention. These include, of course, lower than projected filing volumes in some registration systems, the need to monitor long-term revenue sustainability, and the importance of maintaining resilience in the face of geopolitical uncertainty. It is very encouraging to us that the Secretariat has a keen awareness of where the gaps are and what is required to close them. We therefore welcome the continued efforts to modernize the

workforce, strengthen digital capabilities and deploy AI and other technologies to improve efficiencies. Ultimately, these efforts will translate – or should translate – into effective and strong programs. As the African Group, we encourage continued efforts to broaden the benefits of the IP system through stronger support for innovation ecosystems, capacity-building and development-oriented activities. Chair, we leave this session with confidence in the overall direction of the Organization. The reports before us reflect a strong culture of accountability, continuous improvement and sound stewardship of resources. In this context, we would like to reiterate that requests and assignments to the IAOC should be agreed by Member States through the appropriate processes and in accordance with the Financial Regulations and Rules. Having heard throughout the week from the Director General, the Secretariat and the full range of audit and oversight bodies, we are encouraged that service delivery, prudent financial management and institutional accountability continue to guide the work of WIPO. In this regard, preserving the distinct roles and mandates of the IAOC and the PBC is of the utmost importance, especially for maintaining good governance, accountability and institutional effectiveness. Finally, Chair, the African Group thanks all Delegations for their constructive engagement throughout the week and we wish everyone the best weekend ahead. Thank you.

365. Chair: Thank you, Ambassador. As is the practice, I will allow the coordinators to speak first, so now I pass the floor to Germany, coordinator of Group B, to be followed by El Salvador, coordinator of GRULAC, to be followed by Albania on behalf of the CEBS Group.

366. Germany: Thank you, Chair. We would like to thank Director General Tang for his closing remarks and you, Chair, for your leadership and punctual management of the meeting, as well as the Vice Chairs and the Secretariat for their hard work throughout this week. Moreover, we would like to thank the interpreters and conference services staff for their professionalism and availability. We note with satisfaction the adoption of several decisions of great importance for the financial health and efficient functioning of this Organization. In this regard, we would also like to express our appreciation to all Delegations for their constructive engagement, flexibility and commitment to consensus-based decision-making, which enabled progress to be made across a number of important Agenda Items. We hope that future discussions will continue in the same constructive and cooperative spirit. Chair, Group B remains committed to contributing to the work of the PBC next year and to continuing our efforts towards balanced and consensus-driven outcomes. Thank you.

367. El Salvador: The Delegation of El Salvador has the honor to speak on behalf of GRULAC. GRULAC wishes to congratulate you on your excellent leadership and thank the Vice Chairs for their support in facilitating consensus-building. We also wish to thank the Director General for the guidance provided to Member States and for his demonstrated commitment with regard to the next MTSP; the Secretariat for the preparation of documents and the support extended to Delegations; and the interpreters and technical team for facilitating our work. Chair, we wish to express our concern regarding the lack of progress in the opening of regional offices. Since the decision was taken by Member States to suspend consideration of candidatures for new External Offices, discussions on this important matter have remained stalled, pending an evaluation that has not yet been possible in the absence of consensus on the terms of reference. We believe that we need to resume examination of requests, recognizing that they respond to different contexts, needs and realities and therefore should not remain indefinitely subject to an evaluation process that is still pending. In this regard, GRULAC invites Member States to explore avenues that may allow progress towards a balanced and consensual solution. We also encourage Member States to continue working constructively and collaboratively with a view to strengthening a network of External Offices that contributes to a more inclusive, balanced and effective international IP system capable of supporting innovation, creativity and sustainable development in all regions, including

Latin America and the Caribbean. Chair, we wish to reiterate that implementation of the WIPO Development Agenda is a central priority for our Group. The Development Agenda is an essential component of the Organization and helps ensure that IP promotes creativity and innovation in an inclusive manner, responding effectively to the realities and needs of developing countries. Finally, the members of our Group reiterate their readiness to continue working with the Secretariat and to contribute to advancing the issues that still require attention. Thank you.

368. Albania: Albania is honored to deliver this statement on behalf of the CEBS Group. Our members would like to thank you, Chair and Vice Chairs, for your truly outstanding leadership, tireless efforts and skillful management in guiding the work of this Committee during the week. We also extend appreciation to the Secretariat for the hard work invested in the preparation and advancement of the endeavors of this Committee. Likewise, we would like to thank the interpreters and conference services staff for ensuring that we have an excellent working environment. Let me also extend our thanks to all regional coordinators and Member States for their engagement and cooperation in the spirit of reaching agreement on important matters discussed during the Committee's 40th Session. The CEBS Group notes the progress achieved this week. We appreciate the constructive engagement of all parties involved and look forward to continued discussion and cooperation. Thank you.

369. China: China thanks you and the Vice Chairs for your excellent leadership throughout this 40th session of the PBC. We also thank the Director General, Mr. Tang, the Assistant Director General, Mr. Staines, and colleagues in the Secretariat for their thorough preparation for this meeting. You provided a great deal of professional support to Member States. We also commend all the regional groups and Delegates who attended this session. You demonstrated flexibility and a constructive approach to achieving the outcomes of this session. China also thanks the interpreters. We know that the statements this week were quite technical, but the interpreters did an excellent job. Last but not least, we wish all colleagues based in Geneva a nice weekend and all those returning home a safe journey. Thank you.

370. Russian Federation: Thank you, Chair. The member countries of CACEEC wish to thank you, Chair, and your Vice Chairs for your able leadership of this session of the PBC. We would also like to express our gratitude to Delegations of Member States and observers, coordinators of other regional groups, WIPO's management team, the Secretariat of the Committee and the Diplomatic Engagement and Assemblies Affairs Division, the team of specialists of Conference Services and ICT and, of course, the translators and interpreters. We note the work of the IAOC, HRMD, the IOD and the External Auditor. This week we have carried out significant work and we have managed to achieve some significant results. We note that the decisions taken are the result of Member States' constructive involvement in discussions, which demonstrates the viability of the multilateral approach to program and budget matters within WIPO. For our part, the CACEEC Group is willing to continue contributing constructively to improving the global IP system to boost innovation and creativity for the good of each and every one of us. We wish everybody safe travels home to their capitals, and to those staying here an excellent weekend. Thank you.

371. Saudi Arabia: The Kingdom of Saudi Arabia has the honor to deliver this statement on behalf of the APG. The Group would like to thank you, Ambassador Alaa Hegazy, and the Vice Chairs for your able leadership and guidance throughout this session. The Group also wishes to express its appreciation to the Director General, the Secretariat and all colleagues involved in the preparation and conduct of this meeting. The APG appreciates the constructive and productive discussions held under the various Agenda Items before the Committee. The Group values the important contributions of Member States in advancing discussion on oversight, accountability, performance and financial management. The Group also wishes to express its appreciation to the

IAOC, the External Auditor and the IOD for their valuable work in supporting transparency, accountability and good governance within the Organization. In this connection, we would like to emphasize that, according to the Terms of Reference of the IAOC, any request for the IAOC to review or advise on proposed policies, particular activities or projects should be submitted by the General Assembly or the PBC membership as a whole, rather than by individual Member States. The group reaffirms its commitment to constructive engagement and looks forward to continuing cooperation with all Delegations in future sessions of the Committee. The Group further wishes to express its sincere appreciation to the interpreters, conference services staff and all supporting staff, whose dedicated efforts contributed to the smooth conduct of this session. Finally, the APG wishes all Delegations traveling from Geneva a safe journey home and those remaining in Geneva a pleasant weekend.

372. Egypt: The Delegation of Egypt aligns itself with the statement delivered by the Delegation of South Africa on behalf of the African Group. This week, the PBC discussed many important documents and valuable proposals submitted by the Member States regarding the Organization's financial performance and program of work. It has also discussed various audit and oversight reports submitted for the consideration of Member States. The Committee has succeeded in adopting all of them by consensus. The Delegation of Egypt would like to express its appreciation for your wise leadership and valued efforts in chairing this session, which contributed to its successful outcome and to the reaching of consensus on a range of agenda items. We would like also to thank the two Vice-Chairs for their valued efforts in conducting the informal consultations and negotiations between the Member States. The Delegation also wishes to thank the Director General and the Secretariat for their excellent preparation of this session and its related documents. Our thanks go likewise to support staff and the interpreters, without whom we would be unable to achieve effective communication between Member States. The Delegation of Egypt especially welcomes the spirit of cooperation and constructive negotiation which prevailed during the Committee's discussions. That reflected our common desire to ensure good governance and sound financial management in the Organization, foster efficiency and effectiveness in its programs and response to Member States' priorities and development needs, and serve the community of inventors and innovators. In conclusion, I extend to you, Chair, all our best wishes and to all distinguished Member States, continued success. May WIPO continue to progress and flourish. Thank you.

373. Iran (Islamic Republic of): Chair, my Delegation would like to express its appreciation to you, Ambassador Alaa Hegazy, and to the two Vice Chairs for your able leadership and guidance throughout this session. We also wish to thank the Director General and the Secretariat for their constructive engagement and continued efforts in facilitating our work. My Delegation aligns itself with the statement delivered by the APG and would like to make the following remarks in its national capacity. We welcome the constructive and cooperative spirit that has characterized discussions on the various aspects of WIPO's Program of Work and Budget. In this regard, we once again welcome WIPO's strong financial performance and the Organization's continued sound financial management. With respect to the MTSP, we take note of and welcome the assurances provided and the constructive measures undertaken by the Director General. We look forward to the development of a balanced and inclusive plan that reflects the priorities and concerns of all Member States and ensures that development considerations remain an integral component of the Organization's strategic direction. Regarding the External Offices, we would like to thank all Member States that engaged constructively and demonstrated flexibility in providing another opportunity to advance discussion on this long-standing issue. We hope that the revised draft to be prepared by the Secretariat will facilitate the timely finalization of the terms of reference and pave the way for the establishment of new External Offices, particularly in underrepresented regions. As we conclude this session, my Delegation remains committed to working constructively with all

Member States and the Secretariat towards outcomes that advance a more balanced and equitable international IP system. We also extend our sincere thanks to the interpreters, conference services staff and all supporting staff, whose professionalism and dedication have been essential to the smooth conduct of this session. Thank you.

374. Singapore: Thank you, Chair. Over the past week, we have covered much ground and had constructive discussions on key issues, including the MTSP and the Terms of Reference of the 2021 Evaluation of WIPO External Offices. Allow me to share with you my three take-aways. First, we should continue to take a pragmatic approach so that we can make progress on important issues at WIPO. I'm heartened that Member States have shown flexibility and arrived at an amenable solution on the MTSP proposal. We should continue in this spirit of constructive engagement and apply it to the issue of External Offices and more generally in WIPO committees. Second, we should avoid micromanaging the Secretariat and afford them the space to continue their good work. WIPO has been rolling out impactful programs that deliver tangible benefits to Member States and stakeholders. We look forward to the new MTSP from Director General Tang and his team in their second term, based on existing practice. Third, we should recognize the Secretariat's excellent stewardship of WIPO's resources and sound management policies. As we heard during this week's discussion on audit and oversight, as well as on performance and financial review, the Secretariat has continuously undertaken efforts to achieve efficiency, optimization and streamlining of its work in a meaningful way. We must also commend the transparent approach adopted by the Secretariat in managing and reporting any risk or incident. As we heard earlier from Ambassador Mzukisi Qobo, the coordinator of the African Group, there is a popular saying, "if it ain't broke, don't fix it". In case you do not know, this saying was coined in 1977 by an American, Bert Lance, who served as Director of the Office of Management and Budget in the Carter Administration. He used it as the guiding principle against unnecessary regulatory tinkering. In this context, Member States must be judicious in requesting the IAOC to take on work in relation to WIPO's structures, staffing and program. More importantly, Member States must remember that the IAOC's mandate does not directly cover organizational efficiency and performance. In fact, according to its terms of reference, the IAOC advises the WIPO General Assembly and the PBC on fulfilling their oversight responsibilities. Its responsibilities are clearly spelled out in paragraph 3 of its terms of reference, which states that any request for the IAOC to review or advise on proposed policies, activities or projects should be submitted by the entire General Assembly or PBC membership, rather than by individual members. Let me conclude, Chair, by expressing our appreciation to you, Ambassador Alaa Hegazy, and the Vice Chairs for your able stewardship of the PBC. I would also like to register my appreciation for the Secretariat staff and interpreters for their hard work, which has made the smooth running of this PBC meeting possible. Thank you.

375. Indonesia: Thank you, Chair. Director General, Indonesia has the honor to take the floor in its national capacity. At the outset, my Delegation aligns itself with the statement delivered by the distinguished Delegation of the Kingdom of Saudi Arabia on behalf of the APG. Allow me to express our warm appreciation to you, Ambassador Alaa Hegazy, and to the two Vice Chairs for your able and patient leadership throughout this session. My Delegation also extends its sincere gratitude to the Director General, Mr. Daren Tang, and to the dedicated Secretariat for the excellent preparation, the high quality of the documentation and the able conduct of this meeting. Indonesia commends WIPO for its continued strong performance and for the professionalism with which the Organization carries out its mandate. We are encouraged by WIPO's ongoing efforts to modernize its services and to strengthen its governance and we are pleased to have engaged in this session in a constructive and solution-oriented spirit. My Delegation reaffirms that the work of the Organization, including its programs and the management of its resources, should continue to advance the WIPO Development Agenda and the Sustainable Development Goals, which remains an important lens through which we appreciate WIPO's relevance and impact for all Member

States. Indonesia warmly values processes that are credible, rigorous, independent and meaningful and that reflect current realities. We likewise welcome WIPO's attention to the resilience and continuity of its services and we commend the Secretariat's continued efforts to further strengthen governance, accountability, transparency and sound financial management, supported by effective and independent oversight. Indonesia reaffirms its commitment to constructive engagement and looks forward to continuing our excellent cooperation with the Secretariat and with all Delegations in the work of this Committee. Thank you.

376. Viet Nam: Vietnam aligns itself with the closing statement delivered by the Delegation of Saudi Arabia on behalf of the APG. We would like to thank you, Ambassador Hegazy, and the Vice Chairs for your able guidance throughout these sessions. We also thank the Director General, the Secretariat, the interpreters, Conference Services and all supporting staff for their hard work and professionalism during the week. Viet Nam appreciates the constructive spirit shown by Delegations under the various Agenda Items, including oversight, accountability, performance, financial management and strategic planning. Viet Nam remains committed to engaging constructively with all Member States and the Secretariat to support a strong, balanced, inclusive and development-oriented WIPO. We wish all Delegations a pleasant weekend. Thank you.

377. Chair: I thank Viet Nam. This concludes the speakers on my list. Allow me to say a few words as we approach our end of the session. I would like to express my appreciation to my two Vice Chairs, Christian and Alison, for their valuable support and cooperation throughout the session. Thank you. I would like to thank the Director General, Mr. Tang, all the Member States and the Secretariat for their professionalism and tireless efforts, which have contributed to the session's success. The PBC has examined all the items on its agenda and taken important decisions regarding them all. This reflects the constructive spirit and mutual respect among Member States. The PBC has again demonstrated its ability to achieve tangible and meaningful results in support of the Organization's objectives and mandate. I would like to thank the interpreters and support staff of the Secretariat. I wish you all the Delegations a safe trip home and an excellent and well-deserved weekend. Thank you very much to all of you. With that, we conclude the meeting.

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