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INFORMATION MEETING FOR WIPO MEMBER STATES ON THE ORGANIZATIONAL IMPROVEMENT PROGRAM

Geneva, February 15, 2008

ORGANIZATIONAL IMPROVEMENT PROGRAM

Document prepared by the Secretariat

EXECUTIVE SUMMARY

1. A draft Organizational Improvement Program (OIP) was prepared by the Secretariat, and presented to the Audit Committee in December 2007, in accordance with the decision of WIPO Member States during the General Assembly session in September/October 2007.

2. The draft OIP has been formulated bearing in mind the following key factors:

(i) The draft OIP originates from the Desk-to-Desk Assessment and seeks to address the recommendations of that assessment. Hence, like the Desk-to-Desk Assessment it is formulated within the framework of the Program and Budget of the Organization, including the strategic goals contained therein. Also, the main focus of the draft OIP is on the managerial and administrative measures necessary to implement the change program recommended by the Desk-to-Desk Assessment; a review of the vision or strategic goals of the Organization is not part of the OIP.

(ii) The Organization is facing a transition of leadership. Hence, at this stage the draft OIP concentrates on key projects that would need to be undertaken by any management as part of a comprehensive organizational improvement program. These include the implementation of several major initiatives decided by Member States e.g. the implementation of the new Financial Rules and Regulations (FRR) which have entered into force in 2008 and the preparation for the adoption of International Public Sector Accounting Standards (IPSAS) which will enter into force in 2011. These two initiatives, along with the implementation of the proposed Enterprise Resource Planning (ERP), as well as of certain high priority elements

of the Human Resource (HR) Strategy, are necessary components of any meaningful change program. In themselves, these are complex and wide-ranging projects that will require considerable resources from within the Secretariat and outside. These projects will form the essential building blocks for other projects which have been envisaged under the draft OIP.

(iii) Changes that would need explicit input and guidance from the new leadership of the Organization would be planned for in greater detail, and undertaken, once the new leadership is in place.

(iv) The senior management is to be fully involved in the development and implementation of the program. The staff of the Organization and the Staff Council will be continuously engaged in the implementation of the program.

3. The draft OIP comprises several projects and initiatives carved into four main clusters as follows:

- (i) Regulatory Framework
- (ii) Management and Corporate Strategies
- (iii) Infrastructure (Systems and Processes)
- (iv) Enabling Organization Structure

The projects and initiatives to be implemented under the draft OIP have a clear correspondence with the recommendations from the Desk-to-Desk Assessment. Annex I provides a summary table which sets out the links between the Desk-to-Desk Assessment and the OIP, Annex II provides the revised prioritization of projects being undertaken in the OIP, and Annex III shows the revised roadmap for those projects. The slide presentation containing the draft OIP is provided in Annex IV.

4. The OIP shall be planned, coordinated and overseen by an Organizational Improvement Program Committee (OIPC) that has been appointed by the Director General. The constituent projects under the OIP would be executed by project boards/teams, task forces, and working groups, as needed. These will report progress to the OIPC. In turn, the OIPC shall periodically provide information and report progress to the Member States and the Audit Committee.

5. The Secretariat believes that progress has been made on developing an organizational improvement program through the formulation of the draft OIP and the commencement of a process of obtaining inputs from the Audit Committee, Senior Management and the Staff Council. The Secretariat appreciated the comments and observations made by the Audit Committee during their last meeting, and seeks to address these as described in detail in Annex V of this document. However, the present transitional situation of the Organization limits the ability of the Secretariat to fully address some of the recommendations, particularly those pertaining to the organization structure.

6. The comments and observations of the Member States on the draft OIP will be invaluable in further developing the Organizational Improvement Program, and in ensuring that it results in the desired improvements in the functioning and structure of the Organization.

I. BACKGROUND AND INTRODUCTION

1. The Desk-to-Desk Assessment project, undertaken by the Secretariat in accordance with the decision taken by the 41st session of the Assemblies of the Member States of WIPO, was completed in June 2007. The Final Report was published on the WIPO Web Site on July 2, 2007, and transmitted to all Member States via Note Verbale C.N 2800 dated July 6, 2007.

2. The Secretariat submitted its comments on the Desk-to-Desk Final Report via document WO/GA/34/12 to the 34th session of the WIPO General Assembly. This document had been presented to the WIPO Audit Committee prior to its submission to the General Assembly.

3. The WIPO Audit Committee provided its recommendations via the report of their sixth session WO/AC/6/2. These recommendations were further presented to the 34th session of the WIPO General Assembly by the Chair of the WIPO Audit Committee.

4. The WIPO General Assembly noted the contents of the document WO/GA/34/12 and decided:

(i) To approve the recommendations of the WIPO Audit Committee contained in paragraph 24 of document WO/AC/6/2 namely that:

- (a) the Secretariat develops a comprehensive integrated program for Organizational Improvement along the lines and priorities recommended in PwC's final report, and as recognized by the Secretariat in its report WO/GA/34/12. Because such a program will not only be complex but likely to extend over a period of years, it should be constructed on a SMART C basis (Specific Measurable Attainable Realistic Timely and Consistent);
- (b) the Secretariat should prepare a road map for the implementation of the program showing the organizational and resourcing requirements. This road map should be reviewed by the Committee in its meeting scheduled for the first week of December 2007; and
- (c) the implementation of the program should be periodically reviewed by the Audit Committee.

(ii) That the Secretariat should present, by the end of November 2007, to the WIPO Audit Committee for its consideration a plan and a road map for the implementation of the comprehensive integrated program for organizational improvement, as well as the organizational arrangements for the implementation of the program.

(iii) That an open-ended meeting of Member States be convened, in the first quarter of 2008, to consider the documents to be submitted by the Secretariat to the WIPO Audit Committee in accordance with the preceding sub-paragraph, revised if appropriate in the light of any comments of the WIPO Audit Committee.

5. Pursuant to the above decision of the Member States of the WIPO General Assembly, the Director General established a WIPO Organizational Improvement Program Committee (OIPC) on November 13, 2007, to plan and oversee the implementation of the Organizational Improvement Program.
6. The OIPC commenced work immediately and intensively to prepare a draft Organizational Improvement Program (OIP) in the form of a comprehensive power point slide presentation which elaborated the key objectives, projects and structure of the draft program as envisaged by the Secretariat. The OIPC's intention was to make a systematic presentation of the draft OIP to the WIPO Audit Committee during its seventh session. This presentation is provided in Annex IV to this document.
7. The OIPC, during the seventh session of the WIPO Audit Committee, was grateful for the opportunity to deliver its presentation as planned, and explain the contents to the WIPO Audit Committee. This management presentation, which comprised 40 slides, lasted approximately two hours after which the Audit Committee engaged in lengthy and detailed discussions with the OIPC on the various aspects of the program.
8. The Audit Committee provided its comments and recommendations on the draft OIP in the report of their seventh session (document WO/AC/7/2). The present document also includes, in Annex V, the Secretariat's detailed response to the comments of the Audit Committee in their report WO/AC/7/2.
9. The Secretariat has prepared the present document to provide the necessary background, rationale and explanation of the draft OIP (Section II) to its Member States, to be considered during the open ended meeting to be held on February 15, 2008.

II. THE ORGANIZATIONAL IMPROVEMENT PROGRAM (OIP) AS PROPOSED BY THE SECRETARIAT

10. The draft OIP has been formulated keeping in mind the mandate of the Desk-to-Desk Assessment and a number of factors including the ongoing transition in the leadership of the Organization. These factors have especially been taken into account in determining the scope of the program, and in the planning of the specific activities to be carried out under the program.
11. As pointed out in the previous section, the OIP originates from the Desk-to-Desk Assessment and has been established to follow-up on the recommendations of the Assessment. The Desk-to-Desk Assessment, as mandated by Member States, was undertaken to (i) ascertain whether the current human resources of the Organization are commensurate with the requirements of the programs approved by the Member States in the Program and Budget for 2006/07 and whether these resources are utilized in a cost-effective manner (ii) develop recommendations on how best to align these resources to the achievement of the strategic goals of the Organization and propose a robust and effective staffing structure, and (iii) identify opportunities and develop recommendations to improve the structure and the key business processes of the Organization to better support the achievement of its strategic goals.

12. The assessment was thus undertaken within the framework of the Program and Budget of the Organization that was approved by Member States. The review of the mandate of the Organization, its strategic goals, or the development of a long-term vision was excluded from the scope of the assessment, as decided by Member States (document WO/PBC/10/5).

13. As the OIP is a program to follow-up on the recommendations of the Desk-to-Desk Assessment, it, too, has to be formulated within the framework of the Program and Budget of the Organization, including the strategic goals contained therein. The main focus of the program is thus on the administrative and managerial measures identified in the Desk-to-Desk Assessment final report, and that have been deemed essential for the effective implementation of the required change program.

14. In addition to administrative and managerial matters, the draft OIP addresses some key elements of the regulatory framework of the Organization. While these are not spelt out by the Desk-to-Desk Assessment final report, yet they are essential components of the administration and management of an international organization.

15. The draft OIP has also had to take into account the present transitional phase in the leadership of the Organization, especially in the sequencing of the activities of the program. At this stage, the focus of this draft program has been kept on an initial time horizon of 12 to 18 months during which period a change of leadership would be effected. In this period, the emphasis shall be on activities that would need to be undertaken by any management as part of a change program. These activities are described in greater detail in subsequent sections, and include the implementation of the new Financial Rules and Regulations (FRR), implementation of an improved Performance Appraisal System (PAS), and preparatory work and planning for the Enterprise Resource Planning (ERP) (which is subject to Member States approval). These activities shall be the essential blocks on which further projects shall be built, especially those pertaining to the structure of the Organization. The detailed planning and implementation of the latter category of projects would require the inputs of the new leadership of the Organization.

16. It is important to bear in mind that the draft OIP is still preliminary. It was prepared in the form of a comprehensive *PowerPoint* slide presentation so as to complete a first draft in time for the Audit Committee's seventh session in December 2007, and achieve the objective of obtaining the Audit Committee's response and recommendations at an early stage of program development, as recommended by the Member States. This draft program will be revised taking into account inputs from the Senior Management, the Audit Committee, and the Member States. A systematic process of obtaining these inputs has commenced. The draft OIP shall be a 'living' document, open to modification as required.

Content of the Organizational Improvement Program

17. As the OIP originates from the recommendations of the Desk-to-Desk Assessment, its objectives are closely aligned with those of the Desk-to-Desk Assessment. The objectives of the program are thus to (i) improve performance and accountability with respect to delivery of program objectives and results (ii) improve the alignment of the Organization's resources and structure with the strategic goals, and (iii) ensure more efficient and cost-effective utilization of resources of the Organization.

18. While the Desk-to-Desk recommendations were categorized under three major components namely Leadership and Management, Human Resource Management and Organizational Processes and Systems, the OIP projects/initiatives are grouped under four main clusters namely Regulatory Framework, Management and Corporate Strategies, Infrastructure: processes and systems and Enabling Organizational Structure. This clustering permits a logical grouping of the broad range of initiatives and projects envisaged under the program.

19. The Regulatory Framework cluster of projects comprises the following key projects:

- The definition of a Responsibility, Accountability and Authority (RAA) framework: while not directly recommended by the Desk-to-Desk Assessment, this is a necessary corner stone that would support several of the recommendations of the Desk-to-Desk Assessment. For instance, the definition of such a framework is a fundamental pre-requisite for the establishment of re-engineered processes under the proposed Enterprise Resource Planning (ERP) system. It may be noted that several UN agencies are currently engaged in the development of such accountability frameworks which need to be consistently and clearly understood across the Organization.
- The Implementation of the new Financial Regulations and Rules: the FRR form one of the pillars of the regulatory framework of an international organization. WIPO, at the request of its Member States, has recently revised its FRR based on best practices and models that exist within the UN family of organizations. The FRR have been adopted by the Member States during the 34th session of the General Assembly held in September/October 2007. The new FRR are currently under implementation and will be the basis for financial management in the current biennium. The implementation of the FRR will need extensive changes to roles, responsibilities, processes and systems within the Organization and is, therefore, an integral part of the OIP.
- Strengthening of the Ethics and Integrity Systems: This has several components including strengthening internal justice, developing corporate values as well as the follow-up on certain elements requested by Member States, such as the financial and conflict of interest declaration and disclosure procedure and the establishment of a whistle-blowing system.

- Revision of the Staff Regulations and Rules: These regulations and rules are an essential component of the regulatory framework. These will need to be revised to ensure that these are in step with the changes brought about by the new FRR and the strengthened Ethics and Integrity System.

20. The Management and Corporate Strategies Cluster comprises the following key projects:

- Continued development and implementation of Results Based Management (RBM) which is, in essence, a management strategy aimed at achieving performance in terms of outcomes and impact. It provides the management framework and tools for strategic planning, risk management, performance monitoring and evaluation. While WIPO has established several elements of RBM, as indicated within the OIP presentation, performance monitoring and evaluation are key areas which need to be strengthened.
- Development of an Integrated Resource Management Strategy which would address the principles of allocation of resources, the management of financial, human and extra-budgetary resources, sourcing strategies, guidelines /models for the evaluation for outsourcing any of the Secretariat's activities and roles, responsibilities and decision making. The integrated resource management strategy will form the basis for the re-engineering of the resource management processes and the implementation of the ERP system.
- Implementation of the comprehensive Human Resource (HR) Strategy as presented to, and noted by, the Member States during the session of the General Assembly in September/October 2007 (document WO/GA/34/14). This strategy comprises several key and enabling elements which have been endorsed by the Desk-to-Desk Assessment. These elements are (i) targeted staff and career development, (ii) integrated performance management, (iii) alignment of staff with WIPO's strategic goals, (iv) flexible contractual arrangements, and (v) a stimulating and equitable work environment. The implementation of the HR strategy will be critically dependent on the establishment of re-engineered HR processes and a comprehensive HR system under the ERP project.
- Development of an ICT long-term vision and strategy which would ensure that the IT program effectively enables the achievement of the strategic goals of the Organization. The development of the strategy will be based on WIPO Management's own assessment of the current status of the IT program, inputs provided by an external consultant through the IT Program Assessment undertaken in 2007, and current IT trends and best practices. IT has played, and continues to play, an important role in WIPO, in particular, with respect to delivery of services to the private sector. It is, therefore, essential that the IT program of WIPO is modern, agile and responsive to evolving business needs.

- Development of a risk management strategy. The Secretariat recognizes the need for risk management to be integrated in the management of all WIPO's activities. The existing risk registers and processes in place for the new construction project and within PCD will be reviewed for lessons learnt and good practices prior to establishing a WIPO Enterprise Risk Management Approach. The implementation of a risk management approach across the Organization will involve training of program and other managers.

21. The Infrastructure (Processes and Systems) cluster comprises the following key projects:

- Re-engineering of administrative and resource management processes in line with the resource management strategy and the RAA framework that is to be developed. This re-engineering of processes would need to ensure compliance with the International Public Sector Accounting Standards (IPSAS) whose adoption was decided by the Member States in September/October 2007.
- Design and deployment of the integrated ERP system to support the re-engineered processes across the Finance, Budget, Procurement, Travel and Human Resources functions of the Organization and to deploy a comprehensive integrated management reporting system. It is recalled that the Secretariat submitted to the Member States, in September 2007, a proposal for the implementation of an ERP system at WIPO (documents: A 43/15 and WO/PBC/12/4c).

22. The Enabling Organization Structure cluster includes the Establishment of a Unified Financial Management Structure. This was recommended by the Audit Committee in March 2007 in their report WO/AC/4/2 (paragraph 25) and subsequently by PwC in the Desk-to-Desk Final Report. This cluster would also include measures that would improve alignment of the Organizational Structure with the Program and Budget Structure. Lastly, opportunities would be identified for further streamlining and consolidation of the Organization structure taking into account the recommendations of the Desk-to-Desk Assessment Final Report.

The Link between the OIP and the Desk-To-Desk Recommendations

23. The OIP clusters, as described above, systematically address recommendations under each component of the Desk-to-Desk Assessment. (Refer to the table in Annex I for a list of Desk-to-Desk Recommendations and their corresponding components within the OIP.)

24. The Leadership and Management recommendations of the Desk-to-Desk Assessment are addressed by the Management and Corporate Strategies cluster of the OIP. The recommendations 1.1 on Management Assessment and 1.2 on Management Development will be addressed through the implementation of the HR strategy, more specifically, through the targeted career and staff development projects. The implementation of these recommendations will also be supported by the projects under Regulatory Framework cluster.

25. The HR management recommendations of the Desk-to-Desk Assessment are addressed by the Management and Corporate Strategies cluster and the Infrastructure: systems and processes cluster. The recommendations on performance management (2.1) will be addressed through the Integrated Performance Management component of the HR strategy. A detailed proposal on the implementation of an enhanced performance appraisal system will be presented to the Audit Committee. The recommendations on career and staff development (2.2) will be addressed through the targeted career and staff development component of the HR strategy. The recommendation on HR process design (2.3) will be addressed by the ERP project as this includes the re-engineering of HR processes and implementation of the HR system. Recommendation 2.4 has already been addressed through the re-organization of HRMD undertaken in 2007.

26. The organization, processes and systems recommendations of the Desk-to-Desk Report namely Process Improvement, ERP and other technology, Organizational Design, Job description/ classification and redundancy/ severance policy are addressed by the OIP as follows:

(i) The process improvement (3.1), ERP and other technology (3.2) related recommendations are addressed primarily through the Infrastructure: systems and processes cluster of the OIP.

(ii) The Organizational Design recommendations (3.3) are addressed under the Enabling Organization Structure cluster.

(iii) The job description/ classification (3.4) related recommendations will be addressed under the Management and Corporate strategies cluster which includes the implementation of the HR Strategy.

(iv) The redundancy/severance policy (3.5) related recommendations need to be addressed following an accurate assessment of requirements and definition of a baseline of human resources for each program. Contrary to expectations, such a baseline was not satisfactorily delivered by PwC. Their Analysis by Program was found inaccurate, and was not a reliable basis for defining a baseline. (Refer to WO/GA/34/12 paragraph 13(e)). The assessment of requirements and the development of such a baseline of human resources by program has, therefore, been identified by the OIP as one of the initiatives to be undertaken under the Management and Corporate Strategies cluster.

Program Organization and Structure

27. The OIP comprises a number of projects, grouped into four main clusters, and there exist inter-linkages across projects and across clusters. The Secretariat thus supports an integrated approach for the planning, execution and management of this program as recommended by both the Desk-to-Desk Assessment Final Report and the WIPO Audit Committee.

28. The proposed Program Organization and Structure, as presented to the Audit Committee, described the Governance and Oversight, Senior Management Involvement, Communications, Interactions and Involvement of Staff and the co-ordination and oversight of the constituent projects.

29. The OIP shall be planned, coordinated and overseen by the OIPC appointed by the Director General. The OIPC is delegated authority to undertake these activities on behalf of the Director General and would report periodically to the Director General on progress. The OIPC would also report progress to the WIPO Audit Committee and follow-up on their recommendations. The OIPC would periodically report progress and provide information on the implementation of the program to Member States. The OIPC would consult informally with internal and external auditors as required.

30. The constituent projects under the OIP would be executed by project boards and project teams, task forces or working groups as needed. Project managers, sponsors and other officials responsible for the projects or initiatives will report progress to the OIPC. The Director General has appointed a cross-functional working group for the implementation of the FRR under the supervision of the Controller who has been delegated authority and assigned responsibility for their implementation. The ERP project, if approved by Member States, would be undertaken with a project structure comprising a Project Sponsor, Project Board, Project Manager, Project Teams (functional and technical) and full user involvement. The OIPC's principal role would be to co-ordinate between, and ensure integration of, the various projects as required.

31. The OIPC would ensure full engagement and involvement of Senior Management by regularly briefing, and obtaining guidance and input from, the Senior Management Team. A briefing session for Senior Managers was organized in January 2008. A number of important inputs were received from this session. Most notably, the Senior Managers agreed that there should be a phased, modular approach to the implementation of the OIP, with priority being given to projects that would need to be undertaken by any management. It also emerged from the discussions that the important task of developing a baseline of human resources requirements by program, which was not satisfactorily undertaken by PricewaterhouseCoopers (PwC), should now be carried out by the Secretariat with a suitable methodology and appropriate technical assistance. Finally, suggestions were made on ways to ensure effective communication of the OIP to the Member States and the Staff.

32. The involvement and engagement of staff on a continuous basis has been identified as a critical success factor for the OIP. The engagement of staff will be at multiple levels: the first level of engagement is through the direct involvement of relevant staff and users in the different projects and initiatives as members of project teams, task forces or working groups. The second level of engagement and participation of a large number of staff is through the training, change management and communications components of each of the constituent projects of the program. (For instance, the implementation of the Financial Regulations and Rules will commence such training and communications in February this year.) The third level of involvement and participation of staff will be through the organization of regular briefings for all staff on the overall progress of the program. During these briefings, staff shall be invited to share their views, comments, suggestions and concerns in relation to the implementation of the program. Finally, the OIPC will interact regularly with the Staff Council which will be a vehicle for communicating staff related issues to WIPO Management.

A briefing session was held for the Staff Council in January 2008. Clarifications were provided on a number of aspects of the OIP. A key message that came out of this session was the need for continued interaction with the Staff Council, and for close involvement of the Staff Council with the implementation of projects related to human resources.

33. The current composition of the OIPC is limited to a small team that developed the initial draft program for review by the Audit Committee within the timeframe planned. The Secretariat will, based on the content and direction of the program, expand participation in the OIPC and ensure that it is adequately resourced to perform its tasks.

Prioritization and Timelines

34. The draft OIP contains an initial prioritization of projects and a tentative timeline for the first 12-18 months. This prioritization is based primarily on the logical sequence of initiatives and their inter-relationships. Some priorities such as the implementation of the FRR have been determined by Member State decisions. The timetable proposed is tentative since a full and detailed estimation of resources required is currently under preparation following the first discussion on the OIP with the Audit Committee in December 2007. (The latest versions of the prioritization and timelines of projects are given in Annexes II and III, respectively.)

35. Work on all four clusters of the OIP will commence in 2008. The high priority regulatory framework tasks are the implementation of the Financial Regulations and Rules which have entered into force on January 1, 2008. This implementation will necessitate the appropriate revision of the Staff Regulations and Rules to ensure alignment with the FRR. In addition, the Secretariat has initiated work on the development of a WIPO specific ethics and integrity code which includes key elements such as financial and conflict of interest declaration and disclosure system (already considered by the Program and Budget Committee in June 2007), and the whistle-blowing system mandated by the Internal Audit Charter.

36. The high priority management and corporate strategies initiatives will include the development of a resource management strategy. This will involve the establishment of a post management policy and the assessment of human resource requirements by program. These elements are important pre-requisites for the implementation of an ERP system. The HR strategy implementation will be commenced on a priority basis in 2008 and the high priority tasks in this area have been identified within the OIP. The development of an ICT vision and strategy will also be undertaken in 2008.

37. With respect to the Infrastructure (process and systems) cluster, preparation for International Public Systems Accounting Standards (IPSAS) compliance has been initiated, following the decision of Member States. An external consultant has been engaged for this purpose and work has already commenced within the finance and budget areas to identify the key elements and changes that would need to be addressed in preparing for IPSAS compliance.

38. With respect to the Organizational Structure, priority would be given to completing the alignment of the Organizational structure with the Program and Budget structure. This, to a considerable extent, has been accomplished in 2006/07. A proposal on the remaining part is under consideration

39. The consolidation of the Organizational Structure has been recommended by the Desk-to-Desk Assessment Final Report which proposed a review of the number of direct reports to the Director General and the identification of opportunities to link/cluster programs for management purposes. This is an important component of the Program, and will need the full involvement of the new leadership of the Organization. Hence, projects related to this component will be initiated in the latter half of 2008. The key factors that would need to be considered in developing options for a new organization structure are set out in paragraphs 7-10 of Annex V to this document as they form part of the Secretariat's response to the audit committee's report on the desk-to-desk review.

[Annexes follow]