

Program and Budget Committee

Thirty-Seventh Session
Geneva, June 10 to 14, 2024

ANNUAL FINANCIAL REPORT AND FINANCIAL STATEMENTS 2023

prepared by the Secretariat

1. The Financial Statements of the World Intellectual Property Organization (WIPO) for the year ended December 31, 2023, are transmitted to the Program and Budget Committee (PBC) in accordance with Regulation 6.12 of the Financial Regulations and Rules which requires that the PBC examines the financial statements and the audit reports thereon and forwards them to the General Assembly with comments and recommendations, as appropriate.
2. The 2023 Financial Statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS).
3. This document also includes WIPO's Statement on Internal Control signed by the Director General.
4. The report of the External Auditor on the audit of the 2023 Financial Statements, together with his recommendations and the Secretariat's response thereto, are contained in document WO/PBC/37/3.
5. *The Program and Budget Committee (PBC) recommended to the Assemblies of WIPO, each as far as it is concerned, to approve the "Annual Financial Report and Financial Statements 2023" (document WO/PBC/37/9).*

[Annual Financial Report and Financial Statements 2023 follow]

World Intellectual Property Organization

Annual Financial Report and Financial Statements

Year to December 31, 2023

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ANNUAL FINANCIAL REPORT

INTRODUCTION

The financial statements of the World Intellectual Property Organization (WIPO) for the year ended December 31, 2023, are submitted to the Assemblies of the Member States of WIPO (“WIPO Assemblies”) as required by Regulation 4.3 of the WIPO Financial Regulations and Rules (FRR). The financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS), developed and approved by the International Public Sector Accounting Standards Board (IPSASB), as required by Regulation 4.2 of the FRR.

The report of the External Auditor on the audit of the 2023 financial statements, together with his opinion on the financial statements, are also submitted to the WIPO Assemblies as prescribed under Regulation 6.12 and Annex II of the FRR.

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

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

The following financial statement discussion and analysis includes an overview of the Organization’s operations and environment, financial objectives and strategies, risk management strategy, financial performance and financial position during the year ended December 31, 2023. The discussion and analysis has been prepared in accordance with IPSASB Recommended Practice Guideline 2, and is intended to provide an explanation of the significant items, transactions, and events presented in the financial statements and the factors that influenced them. This discussion and analysis is not part of WIPO’s financial statements; however it should be read together with WIPO’s financial statements.

Operations and Environment

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

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

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

WIPO generates most of its revenue from fees that are paid by users of its intellectual property services for patents, trademarks and industrial designs. These services are provided through the Patent Cooperation Treaty (PCT), Madrid and Hague systems. In 2023, fees from these activities represented 94.2 per cent of the Organization’s total revenue, with PCT system fees alone representing 75.3 per cent. The driver for revenue from these fee-based services is the international demand for intellectual property titles. Other external factors that may influence the Organization’s revenue from its fee-based services include research and development investment levels, technological confidence levels, and exchange rate fluctuations.

Financial Objectives and Strategies

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

Every two years, the Director General presents a Program of Work and Budget to Member States for approval. It details expected results, performance measures and budgetary planning for all proposed activities. The Program of Work and Budget for the 2022/23 biennium was approved by the Assemblies of the Member States of WIPO in October 2021. The Program of Work and Budget provides the planning for the biennium within the overall strategic context of the Medium-Term Strategic Plan.

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

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

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

Risk Management

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

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

Sustainability

The WIPO High-Level Policy on Environmental Responsibility was issued in December 2022. During 2023, WIPO worked on the preparation of an Environmental Management System (EMS) that translates the policy into specific objectives, baselines and targets, actions and monitoring, for all WIPO activities at headquarters and worldwide, to be deployed for the years to come. The EMS will streamline sustainability efforts throughout the Organization and will aid in further lowering WIPO's environmental footprint.

Several key initiatives have been undertaken in the area of Sustainable Information Communications Technology (ICT). This includes the publication of the Sustainable ICT manual, the drafting of an e-waste manual, and the review and implementation of an action plan in collaboration with various IT and business stakeholders. A major step towards reducing the IT environmental footprint was the initiation of activities related to the implementation of a Single-Device Policy, which aims to minimize the number of computing devices issued to employees. This reduces energy consumption, water and abiotic resource use, electronic waste, and the environmental impact associated with the production and disposal of these devices.

WIPO continues to prioritize environmental sustainability on-site by preserving biodiversity on its campus and having an environmental criterion for assessing and implementing renovations and maintenance of the WIPO campus. This is clearly illustrated by a number of projects which are an integral part of the annual program of work: 100 per cent local hydroelectricity provision; LED light fixtures and presence detection to reduce electricity consumption; cooling using the Lake Geneva water system; and water consumption management.

WIPO participated actively in the Greening the Blue initiative of the United Nations Environment Programme (UNEP) and participates in the reporting of greenhouse gas emissions and other environmental data along with over 50 UN agencies and programs. From 2014, WIPO has offset its remaining unavoidable emissions by purchasing credits through the UN-wide mechanism managed by the United Nations Framework Convention on Climate Change (UNFCCC). WIPO also continues its active involvement in the local 2050Today initiative whose aim is to reduce GHG emissions by 50 per cent by 2030 in the Canton of Geneva, with the ultimate goal of net zero emissions by 2050.

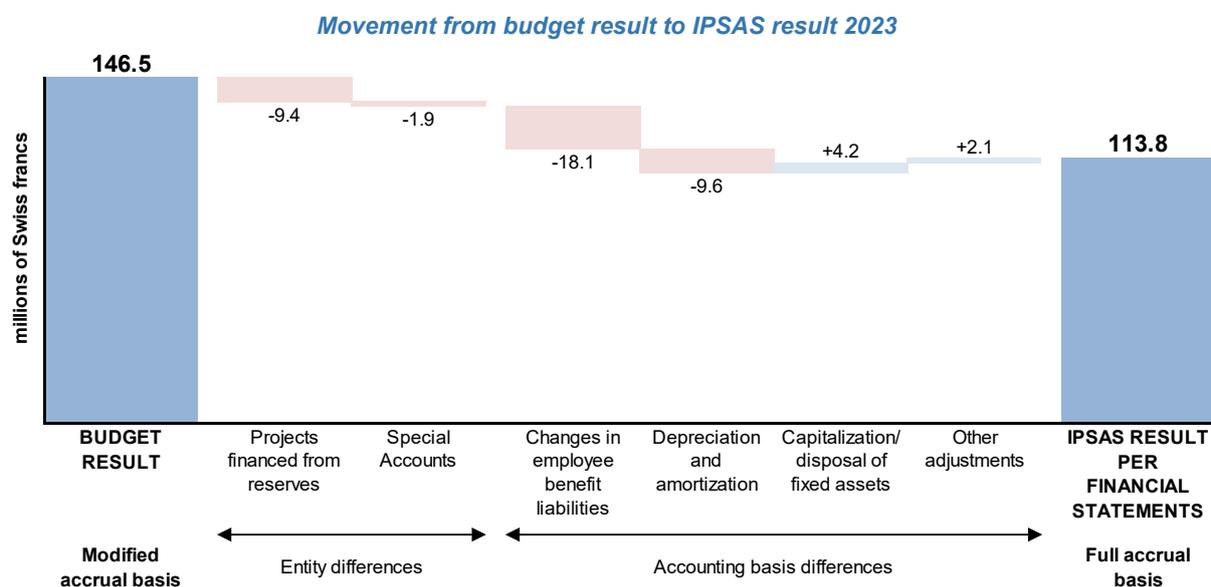
WIPO promotes the incorporation of sustainability considerations in procurement actions where they may be relevant. WIPO uses the UN definition of sustainability, which encompasses the three pillars (environmental, social, and economic) of sustainability. Regarding accessibility, the entire WIPO procurement process and documentation are fully accessible for the visually impaired. WIPO has sought to promote sustainable procurement while ensuring fairness and effective competition. Depending on market maturity, suppliers' sustainability efforts should be documented for information only, or as part of the overall bid evaluation.

Financial Performance 2023

The Organization's results for 2023 showed a surplus for the year of 113.8 million Swiss francs, with total revenue of 489.3 million Swiss francs, total expenses of 427.7 million Swiss francs, and investment gains of 52.2 million Swiss francs. This can be compared to a surplus of 7.7 million Swiss francs in 2022, with total revenue of 498.5 million Swiss francs, total expenses of 402.8 million Swiss francs, and investment losses of 88.0 million Swiss francs. Removing the impact of the investment gains and losses recorded in 2023 and 2022 respectively reveals that the Organization's operating surplus fell by 36 per cent in 2023 (operating surplus of 61.6 million Swiss francs in 2023 compared with an operating surplus of 95.7 million Swiss francs in 2022). The Program of Work and Budget result for 2023 prepared on a modified accrual basis (i.e. not including all IPSAS adjustments) was a surplus of 146.5 million Swiss francs. The 2023 result for the Organization under IPSAS includes Special Accounts, Projects financed from reserves, and the impact of adjustments related to full accrual accounting in accordance with IPSAS:

	Program and Budget	Special Accounts	Projects Financed from Reserves	IPSAS Adjustments	Total	Total
	2023	2023	2023	2023	2023	2022
<i>(in millions of Swiss francs)</i>						
Total revenue	480.2	8.3	-	0.8	489.3	498.5
Total expenses	-385.8	-10.3	-9.4	-22.2	-427.7	-402.8
Operating surplus/(deficit)	94.4	-2.0	-9.4	-21.4	61.6	95.7
Investment gains/(losses)	52.1	0.1	-	-	52.2	-88.0
Total surplus/(deficit)	146.5	-1.9	-9.4	-21.4	113.8	7.7

The chart below summarizes the principal differences between the Program of Work and Budget surplus of 146.5 million Swiss francs, and the surplus for the whole Organization prepared on an IPSAS basis of 113.8 million Swiss francs:

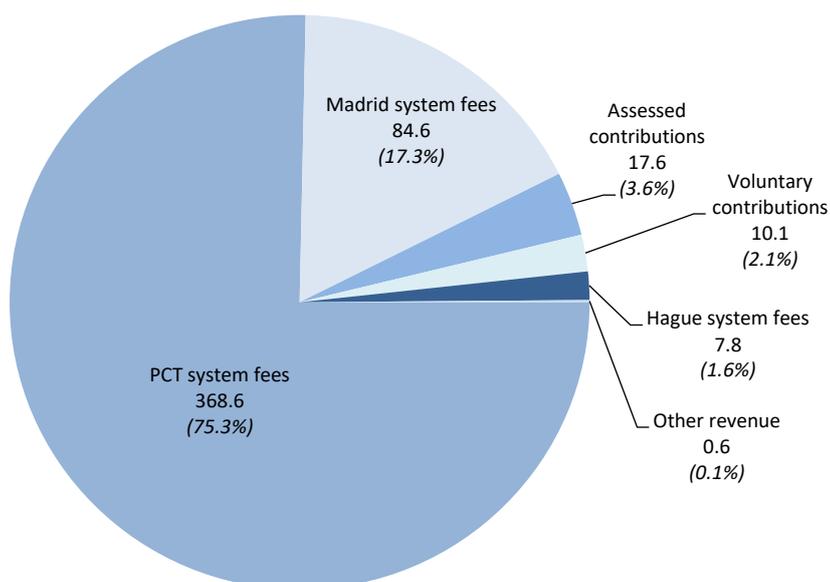


The WIPO financial statements as prepared in accordance with IPSAS include all areas and activities of the whole Organization. The inclusion of the results before IPSAS adjustments of Projects financed from reserves (deficit of 9.4 million Swiss francs) and Special Accounts (deficit of 1.9 million Swiss francs) represent 'entity differences' between the budget result and the surplus per the IPSAS financial statements. The application of full accrual basis accounting in accordance with IPSAS leads to a number of 'accounting basis differences' which impact the result for the year. The net impact of these adjustments is a 21.4 million Swiss francs reduction in the surplus. The principal accounting differences include:

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

Revenue

Composition of 2023 revenue on an IPSAS basis
(in millions of Swiss francs)



Total revenue of the Organization for 2023 was 489.3 million Swiss francs, representing a decrease of 1.8 per cent compared to the 2022 total revenue of 498.5 million Swiss francs. The largest source of revenue during 2023 was PCT system fees, accounting for 75.3 per cent of total revenue. Revenue from PCT system fees fell by 3.2 per cent compared to 2022.

Madrid system fees were the second largest source of revenue during the year 2023, representing 17.3 per cent of total revenue. Revenue from Madrid system fees fell by 0.8 per cent compared to 2022. Hague system fees, Lisbon system fees, assessed contributions, voluntary contributions (contributions by donors to Special Accounts) and other revenue (publications, arbitration and mediation and other/miscellaneous revenue) comprise the remaining 7.4 per cent of the Organization's total revenue. The table on the following page provides a summary of the changes by revenue type compared to the prior year:

Revenue variance 2022-2023

		2023	2022	Net Change	Net Change
(in millions of Swiss francs)					%
Revenue					
Assessed contributions	↓	17.6	17.7	-0.1	-0.6
Voluntary contributions	↑	10.1	7.2	2.9	40.3
Publications revenue	↑	0.6	0.4	0.2	50.0
Fees					
PCT system	↓	368.6	380.8	-12.2	-3.2
Madrid system	↓	84.6	85.3	-0.7	-0.8
Hague system	↑	7.8	7.2	0.6	8.3
Lisbon system	↑	0.3	-	0.3	9,133.3
Sub-total fees	↓	461.3	473.3	-12.0	-2.5
Arbitration and Mediation	↓	2.5	2.9	-0.4	-13.8
Other/miscellaneous revenue	↑	-2.8	-3.0	0.2	-6.7
Total revenue	↓	489.3	498.5	-9.2	-1.8

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

Detail of PCT system fees – 2019-2023

	2023	2022	2021	2020	2019
(in millions of Swiss francs)					
International filing fees	381.9	382.6	363.1	366.9	335.6
Other fees	2.8	3.0	3.1	3.2	3.4
Exchange gain/(loss) on fees received	-11.3	-7.2	-3.3	-8.6	-2.6
Other exchange gain/(loss)	-4.8	2.4	-1.1	-2.9	1.7
Total PCT system fees	368.6	380.8	361.8	358.6	338.1

Revenue from PCT system fees on an IPSAS basis fell by 3.2 per cent compared to 2022. In the financial statements prepared under IPSAS, revenue for international filing fees from PCT applications is recognized only on publication of the application. In 2023 there were 266,553 publications compared to 272,313 in 2022. In addition to lower publications, the Organization experienced higher losses on fees received due to fluctuations in exchange rates. When looking at revenue from PCT international filing fees as recognized in accordance with IPSAS, the following graph shows how annual revenue has moved in line with the number of published applications in the year:



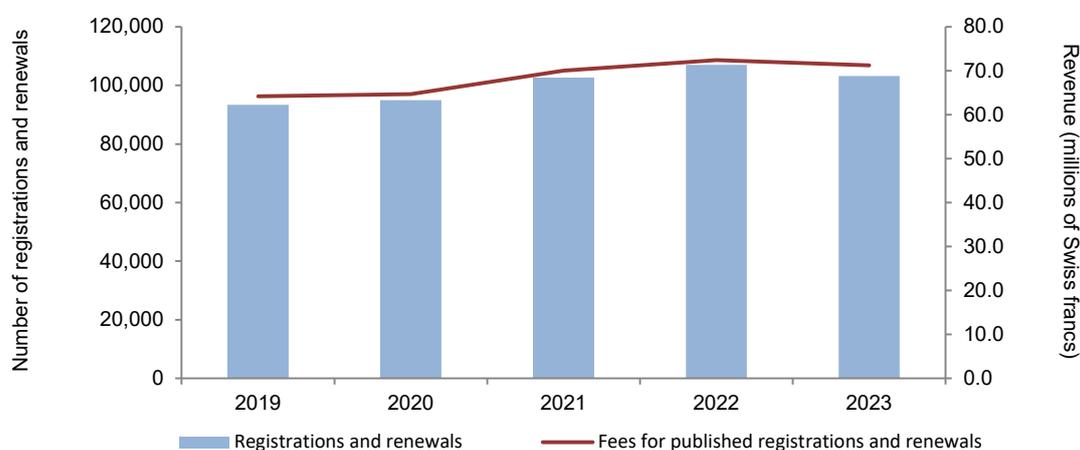
Madrid system fees principally comprise basic fees received from applications for registrations or renewals and fees for subsequent designations:

Detail of Madrid system fees – 2019-2023

	2023	2022	2021	2020	2019
<i>(in millions of Swiss francs)</i>					
Basic fees (registrations and renewals)	71.2	72.4	70.0	64.7	64.2
Subsequent designations	6.5	6.4	6.3	6.0	6.4
Other fees	6.9	6.5	6.1	5.5	6.2
Total Madrid system fees	84.6	85.3	82.4	76.2	76.8

In accordance with IPSAS, revenue from Madrid fees for registrations, renewals and subsequent designations is recognized in the financial statements upon publication. Revenue from registrations and renewals as recognized in accordance with IPSAS has moved in line with the number of registrations and renewals in the year. Between 2022 and 2023, the number of registrations decreased from 68,589 to 63,618. In the same period the number of renewals rose from 38,364 to 39,546:

Madrid - Basic fees and registrations/renewals 2019-2023



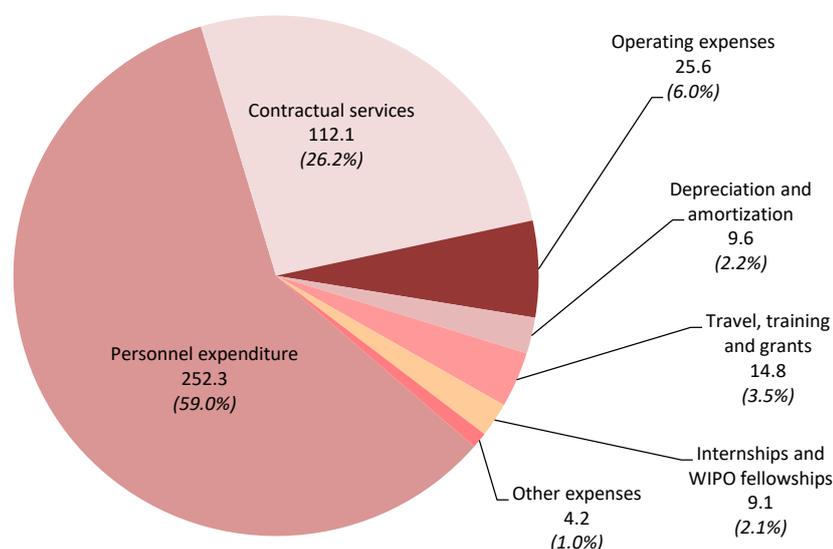
Revenue from Hague system fees totaled 7.8 million Swiss francs for 2023, representing an increase of 8.3 per cent compared to the 2022 figure of 7.2 million Swiss francs. Registrations under the Hague system rose from 7,725 in 2022 to 8,366 in 2023. Lisbon system fees totaled 277,000 Swiss francs in 2023, compared to 3,000 Swiss francs in 2022. This significant increase reflects the impact of accessions to the Geneva Act of the Lisbon Agreement during 2021 and 2022, generating fees for registrations and modifications in 2023.

Revenue from assessed contributions of 17.6 million Swiss francs in 2023 represents 3.6 per cent of total revenue, while revenue from voluntary contributions of 10.1 million Swiss francs in 2023 represents 2.1 per cent of total revenue. Revenue from voluntary contributions is recognized as work is performed and expense incurred in line with the relevant agreement. The actual receipt of voluntary contributions in 2023 was 8.5 million Swiss francs, compared to 8.4 million Swiss francs in 2022.

Arbitration and mediation revenue of 2.5 million Swiss francs was down by 0.4 million Swiss francs on the prior year, while publications revenue of 0.6 million Swiss francs increased by 0.2 million Swiss francs compared to 2022. Other/miscellaneous revenue totaled -2.8 million Swiss francs in 2023, compared to -3.0 million Swiss francs in 2022. The Organization includes exchange gains/losses as part of other/miscellaneous revenue, and in 2023 recognized net losses of 3.6 million Swiss francs, compared to net losses of 5.3 million Swiss francs in 2022. These exchange losses correspond to the revaluation of bank accounts and operating cash short-term investments held in currencies other than Swiss francs.

Expenses

Composition of 2023 expenses on an IPSAS basis
(in millions of Swiss francs)



Detailed breakdown of 2023 expenses
(in millions of Swiss francs)

Personnel expenditure 252.3	Posts	240.3	Depreciation and amortization 9.6	Buildings depreciation	8.9
	Temporary staff	10.7		Equipment depreciation	0.2
	Other staff costs	1.3		Intangible assets amortization	0.5
Contractual services 112.1	Conferences	4.9	Travel, training and grants 14.8	Staff missions	4.5
	Individual contractual services	19.5		Third-party travel	8.8
	Commercial translation services	30.5		Training and related travel grants	1.5
	IT services	37.3	Internships and WIPO fellowships 9.1	Internships	0.6
	Other contractual services	19.9		WIPO fellowships	8.5
Operating expenses 25.6	Premises and maintenance	23.1	Other expenses 4.2	Equipment and supplies	4.0
	Communication	0.8		Finance costs	0.2
	Representation & other operating expenses	0.9			
	United Nations joint services	0.8			

Total expenses of the Organization for 2023 were 427.7 million Swiss francs, representing an increase of 6.2 per cent compared to 2022 total expenses of 402.8 million Swiss francs. The largest expense for the Organization was personnel expenditure of 252.3 million Swiss francs, representing 59.0 per cent of total expenses. Contractual services of 112.1 million Swiss francs were the second largest expense for the Organization, followed by operating expenses of 25.6 million Swiss francs. The table on the following page provides a summary of the changes by expense type compared to the prior year:

Expenses variance 2022-2023

	2023	2022	Net Change	Net Change
	<i>(in millions of Swiss francs)</i>			%
Expenses				
Personnel expenditure	252.3	249.6	2.7	1.1
Internships and WIPO fellowships	9.1	7.7	1.4	18.2
Travel, training and grants	14.8	8.3	6.5	78.3
Contractual services	112.1	99.2	12.9	13.0
Operating expenses	25.6	25.3	0.3	1.2
Equipment and supplies	4.0	2.8	1.2	42.9
Depreciation and amortization	9.6	9.6	-	-
Finance costs	0.2	0.3	-0.1	-33.3
Total expenses	427.7	402.8	24.9	6.2

Total personnel expenditure in 2023 of 252.3 million Swiss francs has increased by 1.1 per cent compared to total personnel expenditure of 249.6 million Swiss francs in 2022. Personnel expenditure comprises principally net base salary and post adjustments for staff in posts or temporary positions. Combined these represent 147.9 million Swiss francs, 58.6 per cent of total personnel expenditure for 2023, and close to the prior year figure of 147.5 million Swiss francs. The 2023 net impact of movements in long-term employee benefit liabilities recognized through personnel expenditure was largely aligned with the prior year. However, other staff costs were 1.6 million Swiss francs higher than in 2022 due to movements in WIPO's liability for the Closed Pension Fund. The cost of internships and WIPO fellowships, which is not included as part of personnel expenditure, also increased compared to 2022, rising by 18.2 per cent to 9.1 million Swiss francs. This is in part linked to the expansion of the Organization's Young Experts Program, which recruited a second group of young professionals in 2023.

Travel, training and grants increased from 8.3 million Swiss francs in 2022, to 14.8 million Swiss francs in 2023. Despite this significant increase, expenditure in this area was still below the 2019 figure of 17.5 million Swiss francs prior to the impact of the COVID-19 pandemic. The increase in 2023 was noted for both staff missions (4.5 million Swiss francs in 2023, compared to 2.1 million Swiss francs in 2022), and third-party travel (8.8 million Swiss francs in 2023, compared to 5.1 million Swiss francs in 2022).

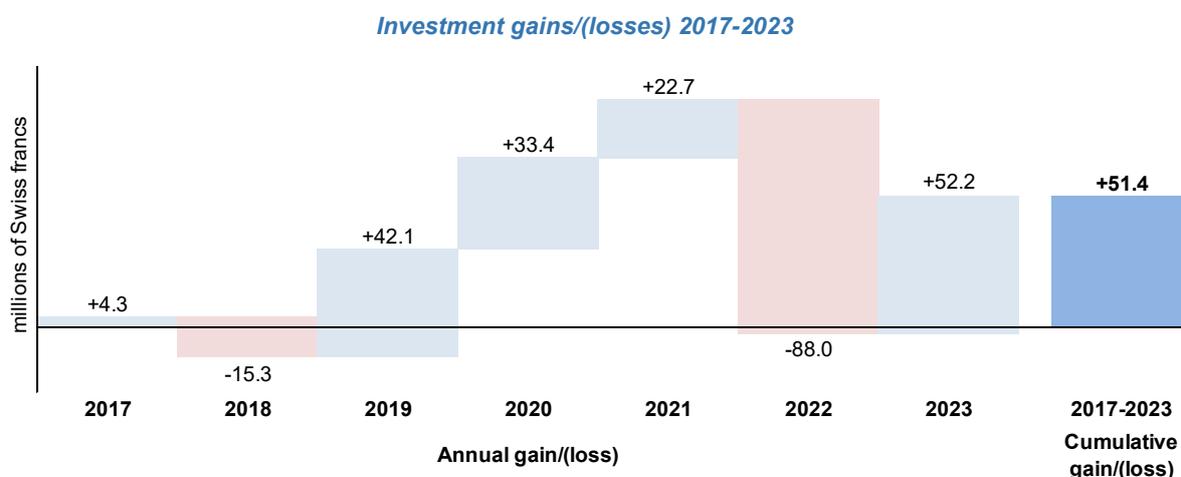
Contractual services in 2023 totaled 112.1 million Swiss francs. These expenses increased by 12.9 million Swiss francs compared to the 2022 figure. Contractual services in the year 2023 concern primarily commercial translation services (30.5 million Swiss francs), IT services (37.3 million Swiss francs), and individual contractual services (19.5 million Swiss francs). Within these areas, expenses for both IT services and individual contractual services increased compared to 2022 (by 4.7 million Swiss francs and 2.6 million Swiss francs respectively), whereas expenses for commercial translation services fell by 0.6 million Swiss francs against the prior year.

Operating expenses in 2023 totaled 25.6 million Swiss francs, a slight increase of 1.2 per cent compared to the 2022 total of 25.3 million Swiss francs. Premises and maintenance costs constitute by far the largest category of operating expenses, and these rose by 0.2 million Swiss francs compared to 2022. Expenses for equipment and supplies climbed from 2.8 million Swiss francs in 2022 to 4.0 million Swiss francs in 2023, while depreciation and amortization of capitalized fixed assets was in line with the prior year, again totaling 9.6 million Swiss francs.

Investment gains/(losses)

In 2023, the Organization reported net investment gains of 52.2 million Swiss francs, compared to net investment losses of 88.0 million Swiss francs in 2022. As noted in the prior year, economic conditions and higher inflation in 2022 resulted in unprecedented price declines in many markets, particularly in fixed income. It is important to note that 2022 investment losses represented the unrealized decreases in the fair value of the Organization's investments. In 2023 the Organization managed to recoup a large proportion of those losses, as the end of the year in particular saw higher prices and reduced market volatility.

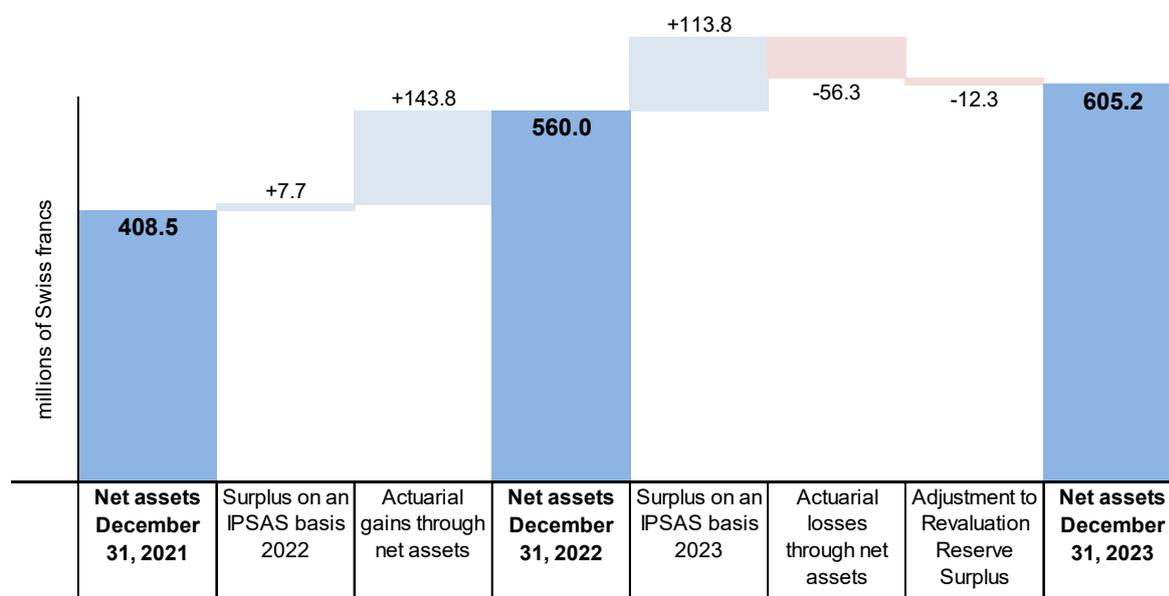
WIPO's Policy on Investments includes specific investment policies for operating cash, core cash and strategic cash. Operating cash balances are invested over the short term (periods not exceeding twelve months to maturity). Core cash balances are invested with the objective of generating a positive return over rolling five-year periods, whilst strategic cash balances are invested over the long term. The policies are designed to withstand short-term volatilities in the financial markets. WIPO's total core cash and strategic cash investments balance has grown from 268.3 million Swiss francs at the end of 2017, to 1,018.5 million Swiss francs at the end of 2023, principally due to additional investments made during the period. The table below summarizes the Organization's investment gains and losses during the same period, and shows an overall net gain of 51.4 million Swiss francs:



Financial Position 2023

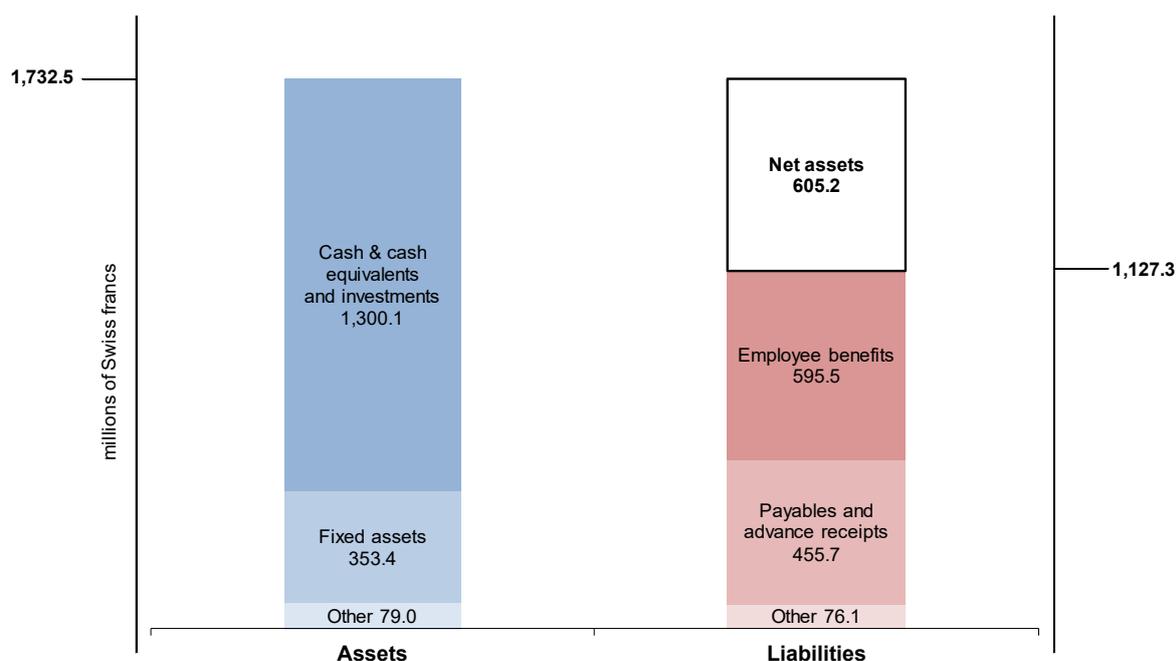
As at December 31, 2023, the Organization had net assets of 605.2 million Swiss francs, with total assets of 1,732.5 million Swiss francs and total liabilities of 1,127.3 million Swiss francs. During 2023, the Organization's net assets increased by 45.2 million Swiss francs. This increase was due to the surplus for the year of 113.8 million Swiss francs, partly offset by actuarial losses related to WIPO's liability for ASHI totaling 56.3 million Swiss francs and a 12.3 million reduction in the Revaluation Reserve Surplus following a revaluation of the land owned by WIPO:

Movement in net assets 2021-2023



The following chart provides a summary of the Statement of Financial Position of WIPO as at December 31, 2023. Total assets of 1,732.5 million Swiss francs are composed primarily of cash, cash equivalents, investments and fixed assets. Total liabilities of 1,127.3 million Swiss francs are principally employee benefits, and payables and advance receipts:

Summary of assets and liabilities December 31, 2023



Assets

At the end of 2023, the Organization held cash, cash equivalents and investment balances of 1,300.1 million Swiss francs, representing 75.0 per cent of total assets. This total balance was 129.3 million Swiss francs higher than the balance of 1,170.8 million Swiss francs at the end of 2022. Within this, cash and cash equivalents fell by 153.8 million Swiss francs compared to 2022, whereas current investments increased by 139.1 million Swiss francs. This movement reflects the Organization's investment of cash balances in financial instruments with maturities less than twelve months, which are classified as current investments, to further benefit from positive interest rates. The Organization's non-current investments also increased, by 144.0 million Swiss francs, compared to the prior year.

The Organization holds significant fixed assets (land, buildings, intangible assets and equipment) with a total net book value of 353.4 million Swiss francs. During 2023, costs totaling 4.4 million Swiss francs were capitalized for additions and improvements to fixed assets. The total depreciation and amortization charge against all fixed assets was 9.6 million Swiss francs for 2023. Land owned by the Organization is held at fair value, and for 2023 a valuation by an independent appraiser reduced this by 12.3 million Swiss francs, reflecting market price decreases and a rise in expected yields. Other assets of the Organization totaling 79.0 million Swiss francs included accounts receivable and advance payments. Within this, the most significant balance was PCT debtors totaling 57.2 million Swiss francs. At any point during the year, a significant number of PCT applications have been filed with receiving Offices and possibly received by WIPO, for which no corresponding fee payment has yet been received by the Organization. The balance of PCT debtors decreased compared to the prior year, when it totaled 60.1 million Swiss francs.

Liabilities

Employee benefit liabilities of 595.5 million Swiss francs were mainly comprised of the ASHI liability of 557.3 million Swiss francs, representing 93.6 per cent of the total employee benefits liability as at December 31, 2023. The ASHI liability increased by 88.7 million Swiss francs compared to the 2022 balance of 468.6 million Swiss francs. The calculation of the ASHI liability is performed by an independent actuary. In accordance with IPSAS requirements, the ASHI liability recognized in the financial statements represents the present value of all expected future benefits to existing retirees and their dependents, and all accrued post-employment benefits of active staff. On average, medical costs increase with age, so the most significant expected medical costs remain to be paid in the future. To manage the cost and risk of its collective medical insurance plan, WIPO has secured an insurance contract that allows a level per person premium to be paid for existing retirees and active staff, thus reducing the cash paid on behalf of older retirees relative to their incurred medical cost.

The ASHI liability calculation incorporates a number of actuarial assumptions. These include the discount rate, medical cost trend rates, annual medical claims cost, retirement rates and mortality rates. Changes to these assumptions year on year lead to actuarial gains and losses which are recognized as part of the liability in the Statement of Financial Position. A breakdown of the movement in the liability due to actuarial gains and losses is provided in Note 9 of these financial statements. The increase in the liability in 2023 was due to a decrease in the discount rate, which fell from 2.50 per cent to 1.80 per cent. The discount rate was determined using AA corporate bond yield curves. The increase resulting from the discount rate change was partly offset by the impacts of a decrease in the ultimate medical cost trend rate from 2.80 per cent to 2.60 per cent. The following graph shows how the ASHI liability has developed since 2019, and includes actuarial forecasts for 2024-2027 (applying the same assumptions as for the 2023 calculation). The graph also shows how discount rates and medical cost trend rates have changed since 2019:



The projections of the ASHI liability for 2024-2027 do not consider gains or losses from possible future changes in actuarial assumptions, which could significantly impact calculations in subsequent years. The projected increase in the liability for 2024-2027 reflects the demographic make-up of participants in WIPO's collective medical insurance plan. Projected additional ASHI benefits accrued by active staff (which increase the ASHI liability) outweigh projected medical costs paid to retirees (which reduce the ASHI liability).

As at December 31, 2023, payables and advance receipts totaled 455.7 million Swiss francs, and mainly included deferred revenue for the processing of international applications (under the PCT, Madrid and Hague systems) of 294.2 million Swiss francs. This deferred revenue balance principally concerns PCT system fees of 290.9 million Swiss francs. Revenue from fees relating to the processing of international applications is deferred until the related application is published. At any given time during the year, a number of PCT applications will have been filed with either receiving Offices or WIPO which have yet to be published. As at December 31, 2023, for applications with a 2022 or 2023 filing date, it is estimated that approximately 206,800 applications were unpublished. At the end of the prior year 2022, approximately 210,000 applications filed in 2021 or 2022 were unpublished and the deferred revenue balance for PCT system fees was 298.6 million Swiss francs.

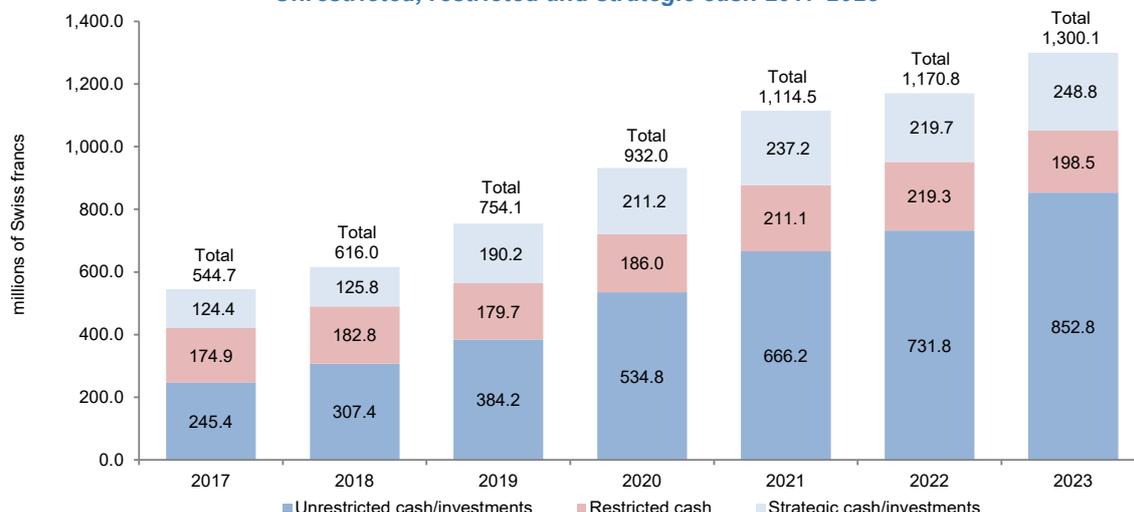
Cash Flow 2023

The Organization's cash, cash equivalents and investments balance has continually increased since 2011. A further increase of 129.3 million Swiss francs was achieved in 2023. This included fair value increases of 33.4 million Swiss francs on the Organization's medium-term investment portfolio, and 12.6 million Swiss francs on the Organization's long-term investment portfolio. The principal cash inflows to the Organization are payments of PCT system fees. Monthly cash inflows from PCT system fees averaged 30.3 million Swiss francs during the year 2023 compared to 31.9 million Swiss francs during the year 2022. The Organization generally holds its cash deposits in instant access bank accounts. During 2023, the Organization also continued to hold balances in term deposit accounts (for periods up to 12 months).

As at December 31, 2023, WIPO's medium-term investment portfolio (core cash investments) had a fair value of 789.0 million Swiss francs, and the long-term investment portfolio (strategic cash investments) had a fair value of 229.5 million Swiss francs. WIPO's non-current investments are held at fair value in the Statement of Financial Position. Fair value movements in these investment portfolio assets, as noted above, may reflect short-term market volatility. Core cash balances are invested with the objective of generating a positive return over rolling five-year periods, and strategic cash balances are invested over the long term. WIPO's investments generated dividends of 6.9 million Swiss francs during 2023.

Cash, cash equivalents and investments can be presented separately between unrestricted, restricted and strategic cash balances. There are several elements of cash and cash equivalents which are classified as restricted. Restricted cash includes current accounts held for third parties (applicants under the PCT, Madrid and Hague systems, and also certain contracting parties), fees collected on behalf of contracting parties, deposits received in connection with pending procedures related to trademarks, and Special Accounts held on behalf of donors of voluntary contributions. Strategic cash represents the funds held by the Organization which have been allocated for the future financing of after-service employee benefit liabilities, including ASHI. The balance of strategic cash was 248.8 million Swiss francs as at December 31, 2023. This comprised the long-term investment portfolio (including unrealized gains and losses) of 229.5 million Swiss francs, and cash deposits amounting to 19.3 million Swiss francs held in instant access bank accounts. These balances included an additional 16.0 million Swiss francs generated in 2023 from charges applied to the cost of posts for the funding of after-service employee benefit liabilities.

Unrestricted, restricted and strategic cash 2017-2023



STATEMENT ON INTERNAL CONTROL 2023

Scope of responsibility

As Director General of the World Intellectual Property Organization (WIPO), I am accountable, in accordance with the responsibility assigned to me in the Financial Regulations and Rules (FRRs) as applicable in 2023, in particular:

Regulation 5.2

The Director General shall establish an internal control framework and system in accordance with relevant and prevailing best practices.

Regulation 5.3

The Director General establishes and signs an annual Statement on Internal Control, providing assurance to stakeholders. The Statement on Internal Control is supported by assurances from designated officials and will draw upon the internal oversight opinion of WIPO's governance, risk management and control environment.

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

Purpose of the system of internal control

Our system of internal control is a process, effected by the Governing Bodies, the Director General, senior management and other personnel, designed to provide reasonable assurance of the Organization's ability to reach its strategic objectives and Expected Results. The aim of this system of internal control is to manage risk in line with the WIPO Risk Appetite Statement (WO/PBC/34/13), rather than to eliminate it entirely. As such, it sets out to provide reasonable assurance over the following three areas:

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

This statement is presented in line with the seven components of WIPO's Accountability Framework (WO/PBC/29/4), which itself is aligned to the COSO¹ Internal Control framework, and the Three Lines Model².

My current statement on WIPO's internal control processes, as described above, applies for the year ended December 31, 2023, and as at the date of the approval of the Organization's 2023 financial statements.

1. Results based planning

Resource needs are driven by the substantive work program planned for implementation during a biennium, in accordance with the Medium-Term Strategic Plan (MTSP). Member States' approval of the 2022/23 Program of Work and Budget set the implementation parameters for the biennium, and control processes centered on the WIPO FRRs ensured that our work was implemented in accordance with those approvals.

We implemented a new system for annual workplanning, implementation and monitoring in 2023, that will continue to be refined in 2024/25.

2. Performance and risk management

The 2022/23 Program of Work and Budget was developed taking into account pandemic recovery, changing business models, inflationary pressures and the geopolitical climate. While we could not eliminate these external risks, we took responsible actions to respond to them. At the Organizational level, I continued to chair the Risk Management Group that oversees the management of risk at WIPO, where I have rotated invites to my Sector

¹ Committee of Sponsoring Organizations of the Treadway Commission

² <https://www.theiia.org/globalassets/site/about-us/advocacy/three-lines-model-updated.pdf>

Leads to present key Sector Risks and discuss key risks. During 2023, we operationalized the WIPO Risk Appetite Statement, presented to Member States in 2022, which sets out the target level of risk by Expected Result, intrinsically linking performance and risk management. These guardrails allow managers to take calculated risk in pursuit of objectives.

The following key risks were monitored in 2023 and continue to be relevant:

Key Risk	Risk Description	Control and Response
Treaty Risk	Two Diplomatic Conferences represent a significant opportunity for WIPO to address: (i) the proposed International Legal Instrument Relating to Intellectual Property, Genetic Resources and Traditional Knowledge Associated with Genetic Resources; and, (ii) the proposed Design Law Treaty. If the Diplomatic Conferences do not achieve their respective goals, it may affect the perception of WIPO's ability to build a balanced and effective normative framework for IP.	Active engagement with Member States and stakeholders to facilitate and create, in a technical and neutral way, a conducive environment for the Diplomatic Conferences to achieve their respective goals, whilst respecting that the outcomes will be Member State driven.
Cyber Risk	WIPO and its external service providers are exposed to the risk of a breach of security, cyber crime or cyber insecurity leading to the accidental or unlawful destruction, loss, alteration, unauthorized disclosure of, or access to, confidential and/or personal data that is transmitted, stored or otherwise processed by the Organization.	The implementation of our comprehensive information security strategy, including provisions for awareness-raising, monitoring and surveillance, enhanced oversight of external service providers, and independent security testing, responds to the risk of data breaches.
Sustainability Risk	In the context of global economic uncertainty, a reduction in filings for revenue generating activities, owing to an economic downturn, inflation or other reasons reduces the biennial income received in real terms that thus threatens the Organization's financial sustainability.	Member States set our Reserves level at approximately 25% of biennial budget. We undertake prudent financial management and monitoring as well as rolling economic and filing forecasts, placing the Organization in a sound financial position with the ability to recognize and respond in an agile manner to changes.
Political Risk	Confidence in intellectual property (IP) frameworks declines or the engagement of Member States or stakeholders diminishes reducing WIPO's role, credibility or influence.	We demonstrate the value of IP in a pragmatic and impactful manner by supporting innovators and creators, and showing how IP can contribute to enterprise and economic growth. We proactively engage and communicate about IP beyond a technical audience to the general public and emerging stakeholders, such as youth, about the relevance and importance of IP. We facilitate and actively support a conducive and efficient environment for Member State deliberations and activities about areas of IP work relevant to them.

3. Monitoring, Oversight, Complaints and Response Mechanisms

As Director General of WIPO, I am ultimately accountable for the effectiveness of the system of internal control. My assertion is supported and informed by the following assurance mechanisms, none of which raised any significant issues or concerns that would prevent my signing of this statement:

First Line	Second Line	Third Line
<p>Sector Leads, and their teams, in pursuit of the Organization’s Expected Results have signed MRLs from which I derive assurance. These letters recognize their responsibility for having and maintaining, in the Sectors for which they were responsible, well-functioning systems and a mechanism for internal control aimed at preventing and/or detecting instances of fraud and major errors.</p> <p>I also take into account the commitment that each officer with delegated financial authority (“Alternate”) formally makes when accepting that designation. Taking these elements into account, I conclude the ‘first line’ is sound.</p>	<p>Management’s role is to address enterprise risks, including compliance with our regulatory framework, ethical behavior, information and technology security, sustainability, and quality assurance. We continue to work streamlining processes and using data analytics to efficiently monitor the control activities that are initiated in the first line.</p> <p>The Risk Management Group’s purpose is to promote a culture of responsible risk management in WIPO, to review and monitor WIPO’s financial situation and the key risks to the achievement of Expected Results and this present statement together with the evidence that supports it, I am confident our ‘second line’ approach is robust.</p>	<p>Internal Oversight Division (IOD), on whose assurance and advisory services I rely, through the annual report by the Director of IOD³, reports of internal audit and evaluation as well as management implication reports resulting from investigations.</p> <p>Internal Audit reports issued by IOD in 2023 included a Combined Audit and Evaluation of the Office of the Legal Counsel, an Audit and Evaluation of the PCT Operations and Customer Relations – Part 1, an Audit of the WIPO Global Innovation Index (GII), an Audit of the Madrid Registry, and an Audit of the Implementation of the WIPO Data Privacy Policy and Standards.</p> <p>I acknowledge the importance of the third line and commit that management will implement the agreed recommendations in any areas identified as benefitting from improvement.</p>

My assertion is also supported and informed by:

GOVERNANCE		
<p>External Auditor</p> <p>The External Auditor’s audit aims to provide independent assurance to Member States, to add value to WIPO’s financial management and governance, and to support its objectives through the external audit process.</p> <p>I take into account the External Auditor’s recommendations, and am assured by their work.</p>	<p>Independent Advisory Oversight Committee (IAOC)</p> <p>Governing Bodies’ observations are complemented throughout the year through oversight provided by the IAOC. Its mandate includes the promotion of risk management and internal controls, reviewing the effectiveness and operational independence of the internal oversight function and reviewing and advising on the ethics function.</p>	<p>Joint Inspection Unit of the United Nations System (JIU)</p> <p>The JIU is mandated to conduct evaluations, inspections and investigations system-wide. WIPO prepares an analysis on the implementation of JIU recommendations, which is presented to Member States at the Program and Budget Committee.</p>

I further ensure that feedback mechanisms are in place for Member States and that customer complaint resolution services are in place for clients.

³ The role of Director, IOD was undertaken ad interim between February and September 2023.

4. Control Activities

A comprehensive framework of management controls is recorded to ensure the effective and efficient functioning of end-to-end business processes in compliance with the Organization’s regulatory framework. Control assessments are undertaken annually and reported in the WIPO Assurance Summary to the RMG and the IAOC.

In 2022, in response to the External Auditor’s 2021 recommendation to reassess its control approach, focusing on the key controls, WIPO undertook a significant consolidation of its controls. This consolidation led to a 32 per cent reduction in the total number of control records and facilitated a fresh review of the key controls that safeguard against critical or material risks. Continuing this approach in 2023, the Organization focused on enhancing the control and implementation descriptions where necessary and increasing the evidence demonstrating the deployment and reliable execution of the key controls. The overall number of controls increased slightly from 297 to 300, and the number of key controls increased slightly from 74 to 76 (Figure 1). The design and operating effectiveness of these key controls are satisfactory, and no material weaknesses were observed.

Figure 1– Number of control records by year

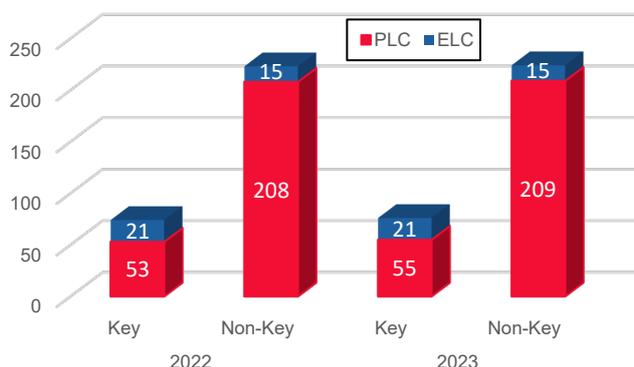
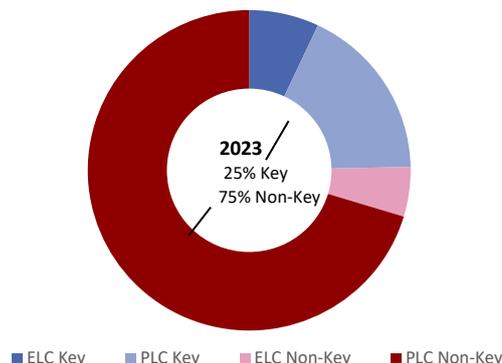


Figure 2– Percentage of all controls Key or Non-Key



WIPO continues to seek to reduce redundant “in line” controls and favor streamlined processes with key controls that utilize data analytics and ex-post facto positive assurance validation in line with materiality and risk. The planned migration of the current Enterprise Risk Management and Business Intelligence systems to the Cloud, originally planned for 2023, has been rescheduled to 2024. This postponement has impacted our implementation of the internal control data analytics strategy. However, we remain committed to executing this strategy, focusing on harnessing its advanced capabilities to enhance and streamline our controls. Business process re-engineering also commenced in 2023 using evidenced based methodology and existing data analytics. This process will continue in 2024 and will streamline administrative processes and to ensure that WIPO is ready for the implementation of new Enterprise Resource Planning system in the future.

5. Information and Communication

The RMG is kept informed of risks and controls through access to our business intelligence system. Quarterly risk reports and annual risk management reports allow the RMG to take stock of the evolving risk landscape. In 2023, a Chief Data Officer was appointed, and in 2022 the Data Protection Officer role was assigned responsible to manage the implementation of WIPO’s data protection program.

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

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

6. Ethical Standards and Integrity

The Ethics Office was established in 2010, to serve WIPO’s international workforce in Geneva headquarters and WIPO external offices. The office is headed by a Chief Ethics Officer⁴ who reports to the Director General and

⁴ The role of Chief Ethics Officer was staffed *ad interim* from October 2023, pending recruitment.

enjoys functional and operational independence in the exercise of their function. The office supports the Director General in helping to ensure that all WIPO personnel perform their functions consistent with the highest standards of ethics and integrity required by the Convention establishing WIPO, the WIPO Staff Regulations and Rules, the Standards of Conduct for the International Civil Service, the WIPO Code of Ethics and other relevant policies and procedures.

The activities of the office aim to promote an organizational culture of ethics based on shared values of independence, loyalty, impartiality, integrity, accountability, and respect for human rights. The office has specific responsibility for:

- (i) providing confidential advice and guidance to personnel on ethical issues;
- (ii) raising awareness and developing training on ethics issues;
- (iii) developing standards and policy advocacy; and
- (iv) managing and administering policies assigned to the office.

The fully independent whistleblower protection role of the Ethics Office contributes to an environment of trust and enhances the capacity for WIPO to respond to wrongdoing. The Ethics Office also administers WIPO's Policy on Financial Disclosure and Declaration of Interests, which aims to: (i) promote transparency and accountability; (ii) enhance internal and external public trust in the integrity of the Organization; and (iii) assist the Organization to manage the risk of actual, potential and perceived conflicts of interest through disclosure, mitigation and prevention.

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

7. Control Environment

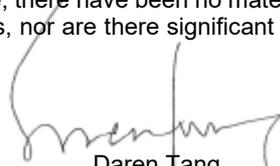
WIPO's Accountability Framework lays out the components that ensure good governance through reasonable assurance regarding the reliability of reporting, the effectiveness and efficiency of operations, compliance with applicable policies, regulations and rules, and the safeguarding of resources. The WIPO Control Environment includes Entity Level Controls, based on COSO, that describe the overarching measures in place at the Organizational level. It also includes the Process Level Controls, which are operated to ensure WIPO's regulatory framework is respected and that operations are smooth functioning. Either category can be Key Controls.

The Organization's regulatory framework is kept under review, as external and internal factors change. The internal regulatory framework introduced in 2022 with the purpose of further enhancing clarity and access to the internal policies, frameworks and procedures continued to be implemented in 2023. WIPO's procurement policy and procedures include a robust delegation model for procurement authority as well as additional controls and reporting. The WIPO Vendor Sanctions policy and the Code of Conduct for Staff Involved in Procurement actions represent important control processes and formal and informal conflict resolution mechanisms are in place for personnel.

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

Conclusion

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



Daren Tang

Director General

Date: May 8, 2024

FINANCIAL STATEMENTS

STATEMENT I: Statement of Financial Position

as at December 31, 2023
(in thousands of Swiss francs)

	Note	December 31, 2023	December 31, 2022
ASSETS			
Current assets			
Cash and cash equivalents	3	88,806	242,638
Investments	4	192,819	53,648
Contributions receivable	5	2,013	1,981
Exchange transactions receivable	5	77,012	77,189
		<u>360,650</u>	<u>375,456</u>
Non-current assets			
Investments	4	1,018,483	874,493
Intangible assets	6	26,389	24,985
Property, plant, and equipment	7	326,952	346,126
		<u>1,371,824</u>	<u>1,245,604</u>
TOTAL ASSETS		<u>1,732,474</u>	<u>1,621,060</u>
LIABILITIES			
Current liabilities			
Payables and accruals	8	21,784	18,077
Employee benefits	9	18,236	16,523
Transfers payable	10	103,906	115,095
Advance receipts	11	326,598	333,800
Finance lease		-	139
Provisions	12	264	571
Current accounts		75,817	84,843
		<u>546,605</u>	<u>569,048</u>
Non-current liabilities			
Employee benefits	9	577,241	488,356
Finance lease		-	171
Advance receipts	11	3,459	3,519
		<u>580,700</u>	<u>492,046</u>
TOTAL LIABILITIES		<u>1,127,305</u>	<u>1,061,094</u>
Accumulated Surpluses		802,314	678,987
Special Projects Reserve		21,868	31,366
Revaluation Reserve Surplus		8,056	20,368
Actuarial gains/(losses) through Net Assets		-233,411	-177,097
Working Capital Funds		6,342	6,342
NET ASSETS		<u>605,169</u>	<u>559,966</u>

The accompanying notes form an integral part of these financial statements

Director General



STATEMENT II: Statement of Financial Performance

for the year ended December 31, 2023
(in thousands of Swiss francs)

	Note	2023	2022
REVENUE			
Assessed contributions		17,574	17,675
Voluntary contributions		10,148	7,240
Publications revenue		599	398
Fees			
PCT system		368,630	380,786
Madrid system		84,586	85,289
Hague system		7,775	7,206
Lisbon system		277	3
Sub-total fees		461,268	473,284
Arbitration and Mediation		2,509	2,944
Other/miscellaneous revenue		-2,808	-3,008
TOTAL REVENUE		489,290	498,533
EXPENSES			
	16		
Personnel expenditure		252,288	249,636
Internships and WIPO fellowships		9,109	7,756
Travel, training and grants		14,723	8,282
Contractual services		112,117	99,226
Operating expenses		25,585	25,312
Equipment and supplies		3,960	2,788
Depreciation and amortization		9,638	9,557
Finance costs		225	256
TOTAL EXPENSES		427,645	402,813
OPERATING SURPLUS/(DEFICIT)		61,645	95,720
Investment gains/(losses)	17	52,184	-88,055
TOTAL SURPLUS/(DEFICIT) FOR THE PERIOD		113,829	7,665

STATEMENT III: Statement of Changes in Net Assets

for the year ended December 31, 2023
(in thousands of Swiss francs)

	Accumulated Surpluses	Special Projects Reserve	Revaluation Reserve Surplus	Actuarial gains/(losses) through Net Assets	Working Capital Funds	Net Assets Total
Net Assets at December 31, 2021	667,854	34,834	20,368	-320,901	6,342	408,497
Surplus/(deficit) for the year 2022	15,498	-7,833	-	-	-	7,665
Transfer to/from Special Projects Reserve	-8,504	8,504	-	-	-	-
Adjustment to Accumulated Surpluses	4,139	-4,139	-	-	-	-
Actuarial gains/(losses)	-	-	-	143,804	-	143,804
Net Assets at December 31, 2022	678,987	31,366	20,368	-177,097	6,342	559,966
Surplus/(deficit) for the year 2023	121,063	-7,234	-	-	-	113,829
Transfer to/from Special Projects Reserve	103	-103	-	-	-	-
Adjustment to Accumulated Surpluses	2,161	-2,161	-	-	-	-
Actuarial gains/(losses)	-	-	-	-56,314	-	-56,314
Revaluation of land	-	-	-12,312	-	-	-12,312
Net Assets at December 31, 2023	802,314	21,868	8,056	-233,411	6,342	605,169

STATEMENT IV: Statement of Cash Flow

for the year ended December 31, 2023
(in thousands of Swiss francs)

	Note	2023	2022
Cash flows from operating activities			
Surplus (deficit) for the period	Statement II	113,829	7,665
Depreciation and amortization	6 & 7	9,638	9,557
(Increase) decrease in receivables	5	146	8,287
Increase (decrease) in advance receipts	11	-7,262	-1,856
Increase (decrease) in payables and accruals	8	3,707	-1,469
Increase (decrease) in transfers payable	10	-11,189	7,684
Increase (decrease) in provisions	12	-307	79
Increase (decrease) in current accounts		-9,026	-1,093
Movement in employee benefits (1)		34,284	32,889
Interest, dividends, investment and exchange gains/losses (2)		-48,203	95,821
Net cash flows from operating activities		85,617	157,564
Cash flows from investing activities			
Additions to property, plant, and equipment	7	-2,585	-4,023
Disposals of property, plant, and equipment	7	264	117
(Increase) decrease in intangible assets	6	-1,860	-1,382
(Increase) decrease in investments	4	-283,161	38,819
Increase (decrease) in fair value of investments	4	45,996	-97,285
Dividends and interest on investments	17	6,886	6,530
Net cash flows from investing activities		-234,460	-57,224
Cash flows from financing activities			
Increase (decrease) in finance lease obligations		-310	-143
Net cash flows from financing activities		-310	-143
Effect of exchange rate changes on cash and cash equivalents		-4,679	-5,066
Net increase (decrease) in cash and cash equivalents		-153,832	95,131
Cash and cash equivalents at beginning of year	3	242,638	147,507
Cash and cash equivalents at end of year	3	88,806	242,638

(1) Movement does not include the effect of actuarial gains/losses recognized through net assets;

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

STATEMENT V: Statement of Comparison - Budget and Actual Amounts Revenue 2023

for the year ended December 31, 2023
(in thousands of Swiss francs)

	Original Budget 2023	Updated Budget 2023	Actual Revenue on comparable basis 2023	Difference 2023
	(1)	(2)		(3)
Assessed contributions	17,498	17,498	17,613	115
Fees				
PCT system	374,490	366,280	368,630	2,350
Madrid system	81,510	83,550	84,586	1,036
Hague system	6,393	7,610	7,775	165
Lisbon system	75	75	277	202
Sub-total fees	462,468	457,515	461,268	3,753
Arbitration and Mediation	1,800	1,800	2,509	709
Publications	490	490	599	109
Other/miscellaneous	1,580	1,580	-1,781	-3,361
TOTAL REVENUE	483,836	478,883	480,208	1,325

(1) Original Budget represents the second year of the approved Program of Work and Budget for the 2022/23 biennium. The biennial revenue amounts to 951.8 million Swiss francs, and was approved by the Assemblies of Member States of WIPO in October 2021.

(2) Updated Budget includes updated revenue estimates for the PCT, Madrid and Hague systems as per the October 2023 Forecast from the Department for Economics and Data Analytics.

(3) Represents the difference between the Updated Budget 2023 and Actual Revenue on a comparable basis for the year ended December 31, 2023.

STATEMENT V: Statement of Comparison - Budget and Actual Amounts Expenses 2023

for the year ended December 31, 2023
(in thousands of Swiss francs)

	Original Budget 2023	Final Budget after Transfers 2023	Actual Expense on a comparable basis 2023	Difference 2023
	(1)			(2)
Sector				
Patents and Technology	115,419	121,115	103,887	17,228
Brands and Designs	40,367	40,361	37,533	2,828
Copyright and Creative Industries	15,922	20,678	18,540	2,138
Regional and National Development	34,670	41,622	36,844	4,778
Infrastructure and Platforms	18,935	20,867	18,275	2,592
Global Challenges and Partnerships	12,786	15,010	14,028	982
IP and Innovation Ecosystems	22,167	25,187	24,630	557
Administration, Finance and Management	131,892	145,698	132,059	13,639
Unallocated	5,973	1,713	-	1,713
TOTAL EXPENSES	398,131	432,251	385,796	46,455
INVESTMENT GAINS/(LOSSES) (3)	-	-	52,101	52,101
NET SURPLUS/(DEFICIT)	85,705	46,632	146,513	99,881
IPSAS adjustments to surplus (4)			-21,404	
Special Accounts and Projects financed from reserves			-11,280	
ADJUSTED NET SURPLUS PER IPSAS			113,829	

(1) Original Budget represents the budget of the second year of the approved Program of Work and Budget for the 2022/23 biennium. The biennial budget amounts to 793.8 million Swiss francs, and was approved by the Assemblies of the Member States of WIPO in October 2021.

(2) Represents the difference between Final Budget after Transfers 2023 and Actual Expense on a comparable basis for the year ended December 31, 2023.

(3) Investment gains/(losses) estimates were excluded from the Program of Work and Budget 2022/23.

(4) The IPSAS adjustments to the surplus are detailed in Note 15 of these financial statements.

STATEMENT V: Statement of Comparison - Budget and Actual Amounts Revenue 2022/23

for the biennium ended December 31, 2023
(in thousands of Swiss francs)

	Original Budget 2022/23	Updated Budget 2022/23	Actual Revenue on comparable basis 2022/23	Difference 2022/23
	(1)	(2)		(3)
Assessed contributions	34,996	34,996	35,218	222
Fees				
PCT system	736,925	742,880	749,416	6,536
Madrid system	159,961	170,690	169,875	-815
Hague system	12,226	14,290	14,981	691
Lisbon system	150	150	280	130
Sub-total fees	909,262	928,010	934,552	6,542
Arbitration and Mediation	3,400	3,400	5,453	2,053
Publications	980	980	997	17
Other/miscellaneous	3,124	3,124	-4,066	-7,190
TOTAL REVENUE	951,762	970,510	972,154	1,644

(1) Original Budget represents the approved Program of Work and Budget for the 2022/23 biennium. The biennial revenue amounts to 951.8 million Swiss francs, and was approved by the Assemblies of Member States of WIPO in October 2021.

(2) Updated Budget includes updated revenue estimates for the PCT, Madrid and Hague systems as per the October 2023 Forecast from the Department for Economics and Data Analytics.

(3) Represents the difference between the Updated Budget 2022/23 and Actual Revenue on a comparable basis for the biennium ended December 31, 2023.

STATEMENT V: Statement of Comparison - Budget and Actual Amounts Expenses 2022/23

for the biennium ended December 31, 2023
(in thousands of Swiss francs)

	Original Budget 2022/23	Final Budget after Transfers 2022/23	Actual Expense on a comparable basis 2022/23	Difference 2022/23
	(1)			(2)
Sector				
Patents and Technology	230,374	226,630	207,412	19,218
Brands and Designs	80,430	78,101	75,128	2,973
Copyright and Creative Industries	31,735	35,628	33,383	2,245
Regional and National Development	69,146	73,931	68,167	5,764
Infrastructure and Platforms	37,682	37,918	35,042	2,876
Global Challenges and Partnerships	25,480	26,846	25,684	1,162
IP and Innovation Ecosystems	43,975	45,852	45,161	691
Administration, Finance and Management	263,023	267,173	252,790	14,383
Unallocated	11,947	1,713	-	1,713
TOTAL EXPENSES	793,792	793,792	742,767	51,025
INVESTMENT GAINS/(LOSSES) (3)	-	-	-35,954	-35,954
NET SURPLUS/(DEFICIT)	157,970	176,718	193,433	16,715
IPSAS adjustments to surplus (4)			-49,939	
Special Accounts and Projects financed from reserves			-22,000	
ADJUSTED NET SURPLUS PER IPSAS			121,494	

(1) Original Budget represents the approved Program of Work and Budget for the 2022/23 biennium. The biennial budget amounts to 793.8 million Swiss francs, and was approved by the Assemblies of the Member States of WIPO in October 2021.

(2) Represents the difference between Final Budget after Transfers 2022/23 and Actual Expense on a comparable basis for the biennium ended December 31, 2023.

(3) Investment gains/(losses) estimates were excluded from the Program of Work and Budget 2022/23.

(4) The IPSAS adjustments to the surplus are detailed in Note 15 of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Note 1: Objectives and Budget of the Organization

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

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

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

Note 2: Significant Accounting Policies

Basis of Preparation

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

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

IPSAS 42 *Social Benefits*, was published in January 2019 with an original implementation date of January 1, 2022, subsequently deferred to January 1, 2023 due to the COVID-19 pandemic. This standard does not impact the Organization's financial statements.

IPSAS 43 *Leases*, was published in January 2022 with an implementation date of January 1, 2025. Management has reviewed the Organization's leases against IPSAS 43, and the standard does not have a material impact on the financial statements. Therefore, for all leases WIPO recognizes the lease payments as an expense on a straight-line basis over the lease term.

IPSAS 44 *Non-Current Assets Held for Sale and Discontinued Operations*, was published in May 2022 with an implementation date of January 1, 2025. It is not expected that this standard will impact the Organization's financial statements.

IPSAS 45 *Property, Plant, and Equipment*, was published in May 2023 with an implementation date of January 1, 2025. WIPO is currently analyzing the impacts of this standard.

IPSAS 46 *Measurement*, was published in May 2023 with an implementation date of January 1, 2025. WIPO is currently analyzing the impacts of this standard.

IPSAS 47 *Revenue*, was published in May 2023 with an implementation date of January 1, 2026. WIPO is currently analyzing the impacts of this standard.

IPSAS 48 *Transfer Expenses*, was published in May 2023 with an implementation date of January 1, 2026. WIPO is currently analyzing the impacts of this standard.

IPSAS 49 *Retirement Benefit Plans*, was published in November 2023 with an implementation date of January 1, 2026. It is not expected that this standard will impact the Organization's financial statements.

Cash and Cash Equivalents

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

Investments

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

Foreign Currency Transactions

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

Revenue Recognition

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

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

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

Expense Recognition

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

Receivables

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

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

Property, Plant, and Equipment

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

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

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

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

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

Intangible Assets

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

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

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

The rights to use property in the Canton of Geneva acquired by the Organization through purchase have been recognized at historic cost and are amortized over the remaining period of the grant. The rights to use property

granted by the Canton of Geneva acquired without cost, that revert back to the Canton at the end of the grant, are not valued in the financial statements.

Financial Assets

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

Financial Liabilities

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

Derivative Financial Instruments

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

Employee Benefits

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

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

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

Leases

Agreements that convey the right to control an identified asset for a period of time in exchange for consideration are accounted for as leases. Lease payments are recognized as an expense on a straight-line basis over the lease term.

Provisions

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

Net Assets

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

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

Segment Reporting

Segment reporting is based upon the Unions that form WIPO. Revenue and expenses incurred by the Organization are allocated among the Unions in accordance with an allocation methodology approved by the WIPO Assembly (Program of Work and Budget 2022/23, Annex IV). The methodology allocates revenue and expenses to each Sector and then to each Union based on a combination of direct revenue and expense, staff head count and each Union's "capacity to pay". Direct Union expenses are allocated to Unions either fully or on the basis of estimates by Sector. Direct administrative expenses are allocated to the Unions based on relative headcount shares. Indirect Union expenses and indirect administrative expenses are allocated to the Unions based on the "capacity-to-pay" principle. If the Union has a reserve level above its reserve target, it is deemed to be able to support indirect activities not directly linked to the Union. The "capacity to pay" is calculated as the difference between a Union's projected biennial income and its direct Union and direct administrative expenses. The extent to which this support can be provided by each Union is calculated by considering the relative extent to which the Union's income exceeds its direct expenditure. The only inter-segment charge represents the costs of program support incurred by the Unions in support of Special Accounts. Program support costs are charged to the Special Accounts based on a percentage of total direct expenditure specified in the agreement with the donor making the voluntary contribution. WIPO's assets and liabilities are not allocated to individual segments, since ownership rests with the Organization as a whole, however, each Union's share of the Organization's net assets including Reserves and Working Capital Funds is recognized by segment.

Use of Estimates

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

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

Note 3: Cash and Cash Equivalents

	December 31, 2023	December 31, 2022
<i>(in thousands of Swiss francs)</i>		
Cash on hand	48	35
Deposits with banks	22,619	87,713
Term deposits less than 3 months	38,000	127,746
Notice accounts	8,806	19,361
Total operating and core cash	69,473	234,855
Deposits with banks	19,333	7,783
Total strategic cash	19,333	7,783
Total cash and cash equivalents	88,806	242,638

Note 4: Investments

	December 31, 2023	December 31, 2022
<i>(in thousands of Swiss francs)</i>		
Short term investments (operating cash)	183,888	51,319
Derivative financial instruments	8,931	2,329
Current investments	192,819	53,648
Medium term Investment portfolio (core cash)	788,981	662,560
Long term Investment portfolio (strategic cash)	229,502	211,933
Non-current investments	1,018,483	874,493
Total investments	1,211,302	928,141

Derivative financial instruments are forward foreign exchange contracts. The movement in the value of operating cash, core cash, and strategic cash investments during the year ended December 31, 2023 is as follows:

	Operating cash investments	Core cash investments	Strategic cash investments
<i>(in thousands of Swiss francs)</i>			
Investments fair value at December 31, 2022	51,319	662,560	211,933
Additional investments made	133,051	137,935	7,734
Dividends on investments invested	254	2,780	1,440
Disposal of investments	-500	-38,000	-
Forex gains/(losses) on investments	-	-9,678	-4,217
Fair value increase/(decrease)	-236	33,384	12,612
Investments fair value at December 31, 2023	183,888	788,981	229,502

Note 5: Receivables

	December 31, 2023	December 31, 2022
<i>(in thousands of Swiss francs)</i>		
Assessed contributions	2,013	1,981
Contributions receivable	2,013	1,981
PCT debtors	57,247	60,092
Madrid debtors	305	213
Other receivables	12,903	10,892
Advances and prepayments	6,557	5,992
Exchange transactions receivable	77,012	77,189
Total accounts receivable	79,025	79,170

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

Note 6: Intangible Assets

Movement 2023	Land surface rights	Software externally acquired	Software internally developed	Intangible assets under development	Total
<i>(in thousands of Swiss francs)</i>					
December 31, 2022					
Gross carrying amount	34,290	772	4,419	2,460	41,941
Accumulated amortization	-11,796	-741	-4,419	-	-16,956
Net carrying amount	22,494	31	-	2,460	24,985
Movements in 2023					
Additions	-	69	-	1,791	1,860
Transfers	-	-	-	-	-
Disposals	-	-	-	-	-
Disposals amortization	-	-	-	-	-
Amortization	-440	-16	-	-	-456
Total movements in 2023	-440	53	-	1,791	1,404
December 31, 2023					
Gross carrying amount	34,290	841	4,419	4,251	43,801
Accumulated amortization	-12,236	-757	-4,419	-	-17,412
Net carrying amount	22,054	84	-	4,251	26,389
Movement 2022	Land surface rights	Software externally acquired	Software internally developed	Intangible assets under development	Total
<i>(in thousands of Swiss francs)</i>					
December 31, 2021					
Gross carrying amount	34,290	772	4,419	1,078	40,559
Accumulated amortization	-11,357	-733	-4,344	-	-16,434
Net carrying amount	22,933	39	75	1,078	24,125
Movements in 2022					
Additions	-	-	-	1,382	1,382
Transfers	-	-	-	-	-
Disposals	-	-	-	-	-
Disposals amortization	-	-	-	-	-
Amortization	-439	-8	-75	-	-522
Total movements in 2022	-439	-8	-75	1,382	860
December 31, 2022					
Gross carrying amount	34,290	772	4,419	2,460	41,941
Accumulated amortization	-11,796	-741	-4,419	-	-16,956
Net carrying amount	22,494	31	-	2,460	24,985

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

Note 7: Property, Plant and Equipment

Movement 2023	Buildings	Land	Equipment	Total
<i>(in thousands of Swiss francs)</i>				
December 31, 2022				
Gross carrying amount	404,993	33,922	5,980	444,895
Accumulated depreciation	-94,221	-	-4,548	-98,769
Net carrying amount	310,772	33,922	1,432	346,126
Movements in 2023				
Additions	2,345	-	240	2,585
Revaluation	-	-12,312	-	-12,312
Disposals and derecognition	-	-	-1,171	-1,171
Disposals and derecognition depreciation	-	-	907	907
Depreciation	-8,916	-	-267	-9,183
Total movements in 2023	-6,571	-12,312	-291	-19,174
December 31, 2023				
Gross carrying amount	407,338	21,610	5,049	433,997
Accumulated depreciation	-103,137	-	-3,908	-107,045
Net carrying amount	304,201	21,610	1,141	326,952
Movement 2022	Buildings	Land	Equipment	Total
<i>(in thousands of Swiss francs)</i>				
December 31, 2021				
Gross carrying amount	404,280	33,922	6,697	444,899
Accumulated depreciation	-88,671	-	-4,973	-93,644
Net carrying amount	315,609	33,922	1,724	351,255
Movements in 2022				
Additions	3,875	-	148	4,023
Revaluation	-	-	-	-
Disposals	-3,162	-	-865	-4,027
Disposals depreciation	3,094	-	816	3,910
Depreciation	-8,644	-	-391	-9,035
Total movements in 2022	-4,837	-	-292	-5,129
December 31, 2022				
Gross carrying amount	404,993	33,922	5,980	444,895
Accumulated depreciation	-94,221	-	-4,548	-98,769
Net carrying amount	310,772	33,922	1,432	346,126

WIPO holds fully depreciated equipment which is still in use for a gross carrying amount of 2.3 million Swiss francs. The land upon which the New Building was constructed was initially acquired by the Organization at a cost of 13.6 million Swiss francs in 1998, but is held at fair value based on International Valuation Standards as determined by an independent appraiser. The net result of all periodic revaluations totaling 8.0 million Swiss francs is included in the Revaluation Reserve Surplus which forms part of WIPO's net assets. The most recent valuation of the land,

performed by an independent appraiser during 2023, indicated a fair value of 21.6 million Swiss francs. This valuation represented a decrease of 12.3 million Swiss francs in the fair value of the land compared to the previous valuation performed in 2020, which indicated a fair value of 33.9 million Swiss francs. Market value was estimated by capitalizing at an appropriate investment yield the future potential income stream from the property. The potential income was based on comparable rentals in the market, taking into account the quality of the spaces as well as the location. The yield was selected by reference to the perceived quality and duration of the income and the potential for further rental growth and was cross-referenced by the evidence provided by comparable sales.

WIPO holds heritage assets, referred to as works of art, representing items donated or loaned to the Organization by representatives or officials of Member States or other public or private entities or individuals. The works of art held by WIPO include paintings, sculptures, decorative objects, historical documents and other items. As at December 31, 2023, the Organization held a total of 795 items classified as works of art. WIPO has elected not to recognize works of art as assets in the Statement of Financial Position, in accordance with IPSAS 17. The 795 items are classified as follows:

Number of Works of Art	2023	2022
Framed artwork	218	193
Decorative objects	113	113
Sculptures	82	82
Other commemorative objects	78	60
Furniture	38	38
Tapestries/carpets	40	35
Ceramic/porcelain	30	26
Primitive arts	25	23
Silverware	21	20
Other works of art	150	150
Total	795	740

Under the WIPO Policy on Property Management and the related Property Management Manual, the Organization has established processes and procedures for the management of works of art, including the final determination as to whether an item is deemed to be a work of art. Works of art are held in controlled access storage until such time as a decision is taken in relation to the placement of an item. Works of art are included in the Organization's annual physical inventory process, and formal confirmations that works of art are held by WIPO are provided to donors upon request.

Note 8: Payables and Accruals

	December 31, 2023	December 31, 2022
<i>(in thousands of Swiss francs)</i>		
Trade creditors - accounts payable	19,971	16,126
Miscellaneous transitory liabilities	735	1,019
Other trade creditors	1,078	932
Total payables and accruals	21,784	18,077

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

Note 9: Employee Benefits

	December 31, 2023	December 31, 2022
<i>(in thousands of Swiss francs)</i>		
Accumulated leave (posts)	1,777	1,234
Accumulated leave (temporary staff)	490	378
Separation benefits	563	410
Closed Pension Fund	310	351
Repatriation grant and travel	2,986	2,515
Home leave	471	812
Overtime and credit hours	38	46
Education grant	2,225	2,160
Performance rewards	604	640
After-Service Health Insurance	8,669	7,874
Other employee benefits	103	103
Total current employee benefit liabilities	18,236	16,523
Closed Pension Fund	1,567	994
Accumulated leave (posts)	16,317	15,797
Repatriation grant and travel	10,721	10,805
After-Service Health Insurance	548,636	460,760
Total non-current employee benefit liabilities	577,241	488,356
Total employee benefit liabilities	595,477	504,879

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

ASHI: Staff members (and their spouses, dependent children and survivors) retiring from service are eligible for After-Service Health Insurance (ASHI) coverage if they continue to participate in the collective medical insurance plan after separation from service. In accordance with WIPO's SRR, a share of 65 per cent of the monthly medical insurance premium is paid by the Organization. From January 1, 2024, monthly medical premiums amount to 696.00 Swiss francs for adults and 307.80 Swiss francs for children.

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

Accumulated leave (posts): Accumulated annual leave is classified as a long-term employee benefit for staff members holding permanent, continuing or fixed term contracts. Staff in posts may accrue up to 15 days of annual leave in a given year, and a total accumulated balance of 60 days. On separation from service, staff in posts who

have accumulated annual leave can receive a payment in lieu of an amount equivalent to their salary for the period of accumulated annual leave, up to a maximum of 60 days.

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

	December 31, 2023	December 31, 2022
After-Service Health Insurance		
Discount rate	1.80%	2.50%
Discount rate currency	CHF, EUR, USD (weighted)	CHF, EUR, USD (weighted)
Medical cost trend rate - initial	3.20%	2.80%
Medical cost trend rate - ultimate	2.60%	2.80%
Annual medical claims cost (by age):	Claims cost CHF	Claims cost CHF
50	5,712	5,556
55	6,368	6,195
60	7,453	7,250
65	9,879	9,610
70	11,661	11,343
75	12,744	12,397
80	17,196	16,728
85	17,716	17,233
Repatriation Grant and Travel		
Discount rate	4.90%	5.10%
Discount rate currency	USD	USD
Rate of salary increase	3.27%	2.88%
Accumulated leave (posts)		
Discount rate	1.40%	2.10%
Discount rate currency	CHF	CHF
Rate of salary increase	Comprised of:	Comprised of:
	Inflation 1.20%	Inflation 1.20%
	Productivity 0.50%	Productivity 0.50%
	Merit scale 0.97%-6.07%	Merit scale 0.97%-6.07%

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

	December 31, 2023	December 31, 2022
<i>(in thousands of Swiss francs)</i>		
Interest cost	11,617	2,852
Current service cost	25,554	40,211
Expense recognized in the Statement of Financial Performance	37,171	43,063

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

	December 31, 2023	December 31, 2022
	<i>(in thousands of Swiss francs)</i>	
Defined benefit obligation at beginning of year	468,634	573,723
Interest cost	11,617	2,852
Current service cost	25,554	40,211
Contribution paid	-4,814	-4,348
Actuarial (gain)/loss on obligation:		
Experience (gain)/loss	-4,223	-3,748
Medical cost trend rate	-9,300	42,902
Discount rate	70,167	-239,904
Other	-	1,780
(Gain)/loss on change in financial assumptions	60,867	-195,222
Medical claims cost	-	54,317
Other demographic assumptions	-330	849
(Gain)/loss on change in demographic assumptions	-330	55,166
Defined benefit obligation recognized at end of year	557,305	468,634

As can be seen in the table above, the most significant movement in the 2023 ASHI liability was the result of actuarial losses due to a decrease in the discount rate, which moved from 2.50 per cent to 1.80 per cent. This was partially offset by actuarial gains due to a decrease in the ultimate medical cost trend rate, which moved from 2.80% to 2.60%. For 2023, the medical claims cost at each age was increased by 2.80%, the trend rate from the prior year valuation. Medical claims costs are updated by a full medical claims experience study typically every 3 to 5 years, and this was last performed in 2021.

Contributions, representing the premium share paid by the Organization for ASHI, totaled 4.8 million Swiss francs for 2023 (4.3 million Swiss francs in 2022). Expected contributions to ASHI in 2024, representing medical claims costs, are 8.7 million Swiss francs. The weighted average duration of the defined benefit obligation as at December 31, 2023, was 20 years. The following table details the present value of the defined benefit obligation and experience adjustments on the ASHI liability for 2023 and the previous four years.

	2023	2022	2021	2020	2019
	<i>(in thousands of Swiss francs)</i>				
Defined benefit obligation	557,305	468,634	573,723	452,755	313,694
Experience (gain)/loss adjustments on plan liability	-4,223	-3,748	-4,430	2,400	-37,983

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

	1 per cent decrease in discount rate 0.80%	Discount rate as applied 1.80%	1 per cent increase in discount rate 2.80%
	<i>(in thousands of Swiss francs)</i>		
Defined benefit obligation as at December 31, 2023	683,862	557,305	460,803
Per cent variation	22.7%		-17.3%
	1 per cent decrease in medical cost trend rate 2.20% to 1.60%	Medical cost trend rate as applied 3.20% to 2.60%	1 per cent increase in medical cost trend rate 4.20% to 3.60%
	<i>(in thousands of Swiss francs)</i>		
Defined benefit obligation as at December 31, 2023	464,089	557,305	676,548
Per cent variation	-16.7%		21.4%

United Nations Joint Staff Pension Fund

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

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

The latest actuarial valuation for the Fund was completed as of December 31, 2021, and the valuation as of December 31, 2023 is currently being performed. A roll forward of the participation data as of December 31, 2021 to December 31, 2022 was used by the Fund for its 2022 financial statements.

The actuarial valuation as of December 31, 2021 resulted in a funded ratio of actuarial assets to actuarial liabilities of 117.0 per cent. The funded ratio was 158.2 per cent when the current system of pension adjustments was not taken into account.

After assessing the actuarial sufficiency of the Fund, the Consulting Actuary concluded that there was no requirement, as at December 31, 2021, for deficiency payments under Article 26 of the Regulations of the Fund as the actuarial value of assets exceeded the actuarial value of all accrued liabilities under the plan. In addition, the market value of assets also exceeded the actuarial value of all accrued liabilities as of the valuation date. At the time of this report, the General Assembly has not invoked the provision of Article 26.

Should Article 26 be invoked due to an actuarial deficiency, either during the ongoing operation or due to the termination of the Fund, deficiency payments required from each member organization would be based upon the proportion of that member organization's contributions to the total contributions paid to the Fund during the three years preceding the valuation date. Total contributions paid to the Fund during the preceding three years (2020, 2021 and 2022) amounted to 8,937.68 million US dollars, of which 1.60 per cent was contributed by WIPO (including participants and Organization contributions).

During 2023, WIPO contributions (including Organization contributions only) paid to the Fund amounted to 30.5 million Swiss francs (30.4 million Swiss francs in 2022). Expected contributions due in 2024 are approximately 29.6 million Swiss francs.

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

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

Note 10: Transfers Payable

	December 31, 2023	December 31, 2022
<i>(in thousands of Swiss francs)</i>		
Madrid Union fees	59,914	71,645
Madrid Union deposits	22,755	28,150
Hague Union distribution	1,228	1,079
Madrid and Hague Union repartition fees	16,082	10,027
AMC deposits	1,888	1,797
PCT International Searching Authorities	1,406	1,654
RO search fees due to International Searching Authorities	633	732
Lisbon Union fees	-	11
Total transfers payable	103,906	115,095

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

Note 11: Advance Receipts

	December 31, 2023	December 31, 2022
<i>(in thousands of Swiss francs)</i>		
Madrid Union deposits	8,628	7,393
Industrial design deposits	2,116	2,475
Lisbon Union deposits	300	436
PCT/IBRO deposits	397	303
Advance payment of contributions	5,377	3,442
PCT system deferred revenue	290,860	298,614
Madrid system deferred revenue	2,366	3,121
Hague system deferred revenue	948	793
Non-exchange deferred revenue	15,547	17,164
FIPOI deferred revenue	59	59
Total current advance receipts	326,598	333,800
FIPOI deferred revenue	3,459	3,519
Total non-current advance receipts	3,459	3,519
Total advance receipts	330,057	337,319

Note 12: Provisions

	<i>(in thousands of Swiss francs)</i>
Balance as at December 31, 2021	492
Movements in 2022	
Additional provisions made	214
Amounts used	-1
Unused amounts reversed	-134
Balance as at December 31, 2022	571
Movements in 2023	
Additional provisions made	40
Amounts used	-190
Unused amounts reversed	-157
Balance as at December 31, 2023	264

Provisions at December 31, 2023 include cases where WIPO personnel have filed a legal challenge before the Director General, the WIPO Appeal Board (WAB), or the ILO Administrative Tribunal (ILOAT).

Note 13: Contingent Assets and Liabilities

The estimated value of contingent liabilities for possible payments by the Organization for claims arising from cases before the WIPO Appeal Board (WAB) and the ILO Administrative Tribunal (ILOAT) is 67,000 Swiss francs at the reporting date.

The International Computing Centre (ICC) was established in January 1971 pursuant to Resolution 2741 (XXV) of the United Nations General Assembly. ICC provides Information Technology and Communications services to Partners and Users in the United Nations System. As a Partner bound by the Mandate of the ICC, WIPO would be proportionately responsible for any third party claim or liability arising from or related to service activities of the ICC as specified in the ICC Mandate. At December 31, 2023 there are no known claims that impact WIPO. Ownership of assets is with ICC until dissolution. Upon dissolution, the division of all assets and liabilities amongst Partner Organizations shall be agreed by the Management Committee by a formula defined at that time.

Note 14: Related Party Transactions

	2023		2022	
	Number of Individuals	Aggregate remuneration	Number of Individuals	Aggregate remuneration
	<i>(full-time equivalent basis)</i>	<i>(in thousands of Swiss francs)</i>	<i>(full-time equivalent basis)</i>	<i>(in thousands of Swiss francs)</i>
Director General, Deputies and Assistants	9.00	3,350	9.00	3,351
Senior Officers	11.42	3,656	11.25	3,552

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

WIPO has no controlled entities and no interests in other entities which would require disclosure under IPSAS 34-38. WIPO is a member of the UNJSPF and certain of its former staff are members of WIPO's CROMPI. WIPO has a relationship with the International Union for the Protection of New Varieties of Plants (UPOV) whereby the Director General of WIPO serves as Secretary General of UPOV. The office of UPOV exercises its functions in complete independence of WIPO. WIPO is responsible for providing space, personnel administration, financial administration, procurement services and other administrative support to UPOV in accordance with the terms of an agreement between WIPO and UPOV dated November 26, 1982. UPOV reimburses WIPO for the cost of such services in accordance with the terms of said agreement. In 2023 WIPO received 618 thousand Swiss francs from UPOV to cover the cost of these services. In addition, WIPO receives reimbursement of funds disbursed on behalf of UPOV.

Note 15: Reconciliation of Statement V and Statement II

The WIPO Program of Work and Budget is established on a modified accrual basis in accordance with the Financial Regulations and Rules, and is approved by the Assemblies of the Member States. WIPO's budget is adopted by the Assemblies on a biennial basis, however, separate estimates are prepared for each of the two annual periods. The Program of Work and Budget for the 2022/23 Biennium established a budget for the biennium of expenditure of 793.8 million Swiss francs. The WIPO Performance Report for 2022/23 provides detail of the changes between the original and final budget after transfers, and explanation of the material differences between the budget and the actual amounts. WIPO's budget and financial accounts are prepared using two different bases. The Statement of Financial Position, Statement of Financial Performance, Statement of Changes in Net Assets and Statement of Cash Flow are prepared on a full accrual basis, whereas the Statement of Comparison of Budget and Actual Amounts (Statement V) is prepared on a modified accrual basis. As required by IPSAS 24, reconciliation is provided between the actual amounts on a comparable basis as presented in Statement V and the actual amounts in the financial accounts identifying separately any basis, timing and entity differences.

Reconciliation for the year 2023				
	Operating	Investing	Financing	Total
	<i>(in thousands of Swiss francs)</i>			
Actual amount on comparable basis (Statement V)	146,513	-	-	146,513
Depreciation and amortization	-9,638	-	-	-9,638
Capitalization/disposal PPE and intangible assets	-	4,181	-	4,181
Lease adjustments	-	-	310	310
Changes in employee benefit liabilities	-18,112	-	-	-18,112
Receivables adjustments	-42	-	-	-42
Special Accounts revenue recognition	1,897	-	-	1,897
Total Basis differences	-25,895	4,181	310	-21,404
Projects financed from reserves	-9,391	-	-	-9,391
Special Accounts	-1,889	-	-	-1,889
Total Entity differences	-11,280	-	-	-11,280
Actual amount in the Statement of Financial Performance (Statement II)	109,338	4,181	310	113,829
Reconciliation for the biennium 2022/23				
	Operating	Investing	Financing	Total
	<i>(in thousands of Swiss francs)</i>			
Actual amount on comparable basis (Statement V)	193,433	-	-	193,433
Depreciation and amortization	-19,195	-	-	-19,195
Capitalization/disposal PPE and intangible assets	-	9,469	-	9,469
Lease adjustments	-	-	453	453
Changes in employee benefit liabilities	-41,379	-	-	-41,379
Receivables adjustments	28	-	-	28
Special Accounts revenue recognition	685	-	-	685
Total Basis differences	-59,861	9,469	453	-49,939
Projects financed from reserves	-21,353	-	-	-21,353
Special Accounts	-647	-	-	-647
Total Entity differences	-22,000	-	-	-22,000
Actual amount in the Statement of Financial Performance (Statement II)	111,572	9,469	453	121,494

Note 16: Expenses

	2023	2022
	<i>(in thousands of Swiss francs)</i>	
Posts	240,334	241,272
Temporary staff	10,704	8,718
Other staff costs	1,250	-354
Total Personnel expenditure	252,288	249,636
Internships	588	459
WIPO fellowships	8,521	7,297
Total Interns and WIPO fellowships	9,109	7,756
Staff missions	4,450	2,078
Third-party travel	8,743	5,118
Training and related travel grants	1,530	1,086
Total Travel, training and grants	14,723	8,282
Conferences	4,838	3,567
Publishing	7	4
Individual contractual services	19,532	16,928
Commercial translation services	30,526	31,087
IT services	37,316	32,572
Other contractual services	19,898	15,068
Total Contractual services	112,117	99,226
Premises and maintenance	23,119	22,892
Communication	831	828
Representation and other operating expenses	879	769
United Nations joint services	756	823
Total Operating expenses	25,585	25,312
Supplies and materials	3,754	2,740
Furniture and equipment	206	48
Equipment and supplies	3,960	2,788
Depreciation and amortization	9,638	9,557
Finance costs	225	256
Total expenses	427,645	402,813

Note 17: Investment Gains/(Losses)

	2023	2022
	<i>(in thousands of Swiss francs)</i>	
Fair value increase/(decrease) on investments	45,760	-97,285
Dividends	6,884	6,530
Interest on current accounts and deposits	4,186	241
Interest on investments	2	-
Investment management and administration cost	-553	-577
Exchange gain (loss) on investments	-13,896	2,155
Exchange gain (loss) on derivative financial instruments	9,801	881
Total investment gains/(losses)	52,184	-88,055

The fair value increase on investments of 45.8 million Swiss francs represents movements in the valuation of the Organization's core cash and strategic cash portfolio assets at the reporting date.

Note 18: Financial Instruments

Financial Instruments Overview

Financial instruments are categorized as follows:

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

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

	December 31, 2023	December 31, 2022
	<i>(in thousands of Swiss francs)</i>	
Financial assets		
Amortized cost	345,162	367,135
Fair value through surplus and deficit	1,027,414	876,822
Total carrying value	1,372,576	1,243,957
Financial liabilities		
Amortized cost	201,507	218,325
Total carrying value	201,507	218,325

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

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

Fair Values

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

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

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

Fair Value Hierarchy

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

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

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

Credit Risk

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

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

In accordance with the Organization's Policy on Investments, deposits may only be held with institutions with a minimum short-term credit rating of A-2/P-2 or a minimum long-term credit rating of A/A2. Money market investments, bonds, notes or other obligations and other fixed income products purchased directly by WIPO may only be held with institutions with a minimum short-term credit rating of A-3/P-3 or a minimum long-term credit rating of BBB-/Baa3. Where these are acquired as shares in pooled market traded funds, at least 65 per cent of the portfolio holdings must be in Investment Grade (AAA/Aaa to BBB-/Baa3), while the balance of up to 35 per cent may be held in high yield bonds (BB+/Ba1 to C/Ca). The credit ratings attached to cash and cash equivalents and investments as at December 31, 2023, are as follows:

Short-Term Credit Rating	A-1+	A-1	A-2/P-2	Unrated (1)	Total
December 31, 2023					
<i>(in thousands of Swiss francs)</i>					
Cash and cash equivalents	35,305	19,744	33,699	58	88,806
Investments	15,000	38,032	65,337	1,084,002	1,202,371
	50,305	57,776	99,036	1,084,060	1,291,177
<i>Per cent</i>	3.9%	4.5%	7.7%	83.9%	100.0%

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

Liquidity Risk

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

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

Currency Risk

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

Where investments are held in currencies other than the Swiss franc, the Organization may use derivative financial instruments to minimize the risk arising from the fluctuation of the currency of the investment against the Swiss franc. Investment in derivatives for speculative purposes is not permitted. As at December 31, 2023, the Organization held US dollar and Euro investments totaling 145.8 million Swiss francs and 72.4 million Swiss francs respectively. The sensitivity of these investments to exchange rate fluctuations is monitored, and derivative financial instruments are used to minimize this risk.

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

Market Risk

Market risk is the risk of changes in market prices, including interest rates, affecting the Organization's income or the value of its financial instrument holdings. Investment revenue is excluded from the Organization's income estimates for the 2022/23 Program of Work and Budget. The Organization does not currently use financial instruments to hedge interest rate risk. WIPO's medium-term investment portfolio (core cash) and long-term investment portfolio (strategic cash) are subject to the risk of movements in market prices of the underlying investment funds. Based on historical experience for the investment strategies applied to these portfolios, the expected volatility for core cash and strategic cash is 4.70 per cent and 6.20 per cent respectively.

Note 19: Events After the Reporting Date

WIPO's reporting date is December 31, 2023 and its financial statements were authorized for issue on the same date as the External Auditor's opinion.

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

Note 20: Segment Reporting

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

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

- Note 1: The Madrid Union has assumed the financing of the Hague Union's contribution of 3 million Swiss francs to the IT Modernization Program of the Madrid and Hague international registration systems. The amount will be reimbursed by the Hague Union to the Madrid Union as soon as the level of reserves of the Hague Union Reserve Fund so allows.
- Note 2: In accordance with the decision of the Assemblies of the Member States of WIPO at their 55th Series of Meetings in 2015, the Contribution-financed Unions have assumed the financing of the deficit of the Lisbon Union in the biennium 2016/17 amounting to 56,157 Swiss francs. The amount will be reimbursed by the Lisbon Union to the Contribution-financed Unions as soon as the level of reserves of the Lisbon Union so allows.
- Note 3: In accordance with the decision of the Assemblies of the Member States of WIPO at their 57th Series of Meetings in 2017: a) the Contribution-financed Unions have assumed the financing of the deficit of the Lisbon Union in the biennium 2018/19 amounting to 1,662,315 Swiss francs; and b) the PCT Union has assumed the financing of the deficit of the Hague Union amounting to 18,135,044 Swiss francs. The amounts will be reimbursed by the Lisbon Union and the Hague Union, respectively, as soon as the level of reserves of the Unions so allow.
- Note 4: In accordance with the decision of the Assemblies of the Member States of WIPO at their 59th Series of Meetings in 2019: a) as the Contribution-financed Unions do not have sufficient reserves above the target to cover the deficit of the Lisbon Union amounting to 3,509,153 Swiss francs in 2020/21 and 2,746,197 Swiss francs in 2022/23, the PCT Union has assumed the financing of the deficit of the Lisbon Union in 2020/21 and in 2022/23; b) the PCT Union has assumed the financing of the deficit of the Hague Union amounting to 23,667,978 Swiss francs in 2020/21 and 20,093,047 Swiss francs in 2022/23. The amounts will be reimbursed by the Lisbon Union and the Hague Union to the PCT Union, as soon as the level of reserves of the Unions so allow.
- Note 5: Actuarial gains/(losses) as at December 31, 2023 have been allocated based on the relative share of headcounts for 2023.

Sector Title	UNIONS						Total
	Contribution Financed	PCT	Madrid	Hague	Lisbon	Special Accounts	
	<i>(in thousands of Swiss francs)</i>						
REVENUE							
Contributions	17,613	-	-	-	-	8,231	25,844
Fees	-	368,630	84,586	7,775	277	-	461,268
Publications	1	568	30	-	-	-	599
Other/miscellaneous	163	-3,138	703	255	236	2	-1,779
Arbitration and Mediation	452	427	1,154	476	-	-	2,509
Sub-total revenue excluding Reserve revenue and IPSAS adjustments	18,229	366,487	86,473	8,506	513	8,233	488,441
Miscellaneous revenue projects financed from reserves	-	4	-	-	-	-	4
IPSAS adjustments to revenue	-40	-1	-	-	-	886	845
TOTAL REVENUE	18,189	366,490	86,473	8,506	513	9,119	489,290
EXPENSES							
Patents and Technology	159	103,625	103	-	-	-	103,887
Brands and Designs	567	-	29,439	6,469	1,058	-	37,533
Copyright and Creative Industries	10,876	6,830	834	-	-	-	18,540
Regional and National Development	230	30,961	4,704	898	51	-	36,844
Infrastructure and Platforms	324	14,216	3,303	432	-	-	18,275
Global Challenges and Partnerships	4,168	8,888	972	-	-	-	14,028
IP and Innovation Ecosystems	1,317	16,852	5,071	1,390	-	-	24,630
Administration, Finance and Management	6,583	85,880	31,170	7,924	502	-	132,059
Sub-total expenses on budgetary basis	24,224	267,252	75,596	17,113	1,611	-	385,796
Expenses on projects financed from reserves	2	6,599	2,420	375	-	-	9,396
Sub-total expenses on budgetary basis including reserve expenses	24,226	273,851	78,016	17,488	1,611	-	395,192
Special Accounts	-	-	-	-	-	10,252	10,252
IPSAS adjustments to budgetary expenses and special accounts	1,585	17,601	4,958	1,120	106	-1,011	24,359
IPSAS adjustments to projects financed from reserves	-	-333	-1,474	-351	-	-	-2,158
TOTAL EXPENSES	25,811	291,119	81,500	18,257	1,717	9,241	427,645
Investment gains/(losses)	980	46,109	5,012	-	-	130	52,231
IPSAS adjustments to Investment gains/(losses)	-1	-42	-4	-	-	-	-47
SURPLUS/(DEFICIT) FOR THE YEAR	-6,643	121,438	9,981	-9,751	-1,204	8	113,829
Net Assets as at December 31, 2022 - Actuarial Gains/(losses) excluded	20,323	703,583	98,374	-77,579	-7,743	105	737,063
Actuarial Gains/(Losses) as at December 31, 2022	-8,042	-124,958	-35,479	-7,908	-710	-	-177,097
Net Assets as at December 31, 2022	12,281	578,625	62,895	-85,487	-8,453	105	559,966
2023 surplus/(deficit)	-6,643	121,438	9,981	-9,751	-1,204	8	113,829
Adjustment to Revaluation Reserve Surplus	-773	-8,529	-2,413	-546	-51	-	-12,312
Net Assets as at December 31, 2023 - Actuarial Gains/(losses) excluded	12,907	816,492	105,942	-87,876	-8,998	113	838,580
Actuarial Gains/(Losses) as at December 31, 2023	-10,795	-166,224	-45,648	-9,812	-932	-	-233,411
Net Assets as at December 31, 2023	2,112	650,268	60,294	-97,688	-9,930	113	605,169

ANNEX – EX GRATIA PAYMENTS (AUDITED INFORMATION)

Financial Regulation 3.21 states that a summary statement of ex gratia payments for the calendar year shall be included in the annual financial statements of the Organization. There were no such payments made during 2023 and therefore no summary statement is required.