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## **Program and Budget Committee**

**Twenty-Sixth Session**  
**Geneva, July 10 to 14, 2017**

### **REPORT**

*adopted by the Program and Budget Committee*

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ANNEX LIST OF PARTICIPANTS

1. The 26th session of the WIPO Program and Budget Committee (PBC) was held at the Headquarters of WIPO from July 10 to 14, 2017.
2. From October 2015 to October 2017, the Committee is composed of the following Member States: Argentina, Armenia, Azerbaijan, Bangladesh, Belarus, Brazil, Cameroon, Canada, Chile, China, Colombia (2015/16), Congo, Czech Republic, Ecuador, Egypt, El Salvador, Estonia (2016/17), Ethiopia, France, Germany, Greece, Guatemala, Hungary, India, Iran (Islamic Republic of), Italy, Japan, Latvia (2015/16), Malaysia, Mexico, Morocco, Nigeria, Pakistan, Panama, Poland, Republic of Korea, Romania, Russian Federation, Senegal, Singapore, Slovakia, Slovenia, South Africa, Spain, Sri Lanka, Sweden, Switzerland (ex officio), Tajikistan, Trinidad and Tobago (2016/17), Turkey, Uganda, United Kingdom, United States of America, Viet Nam, Zimbabwe (53).

3. Members of the Committee represented at this session were: Argentina, Azerbaijan, Bangladesh, Brazil, Cameroon, Canada, Chile, China, Czech Republic, Ecuador, Egypt, El Salvador, Ethiopia, France, Germany, Greece, Guatemala, Hungary, India, Iran (Islamic Republic of), Italy, Japan, Malaysia, Mexico, Morocco, Nigeria, Pakistan, Panama, Poland, Republic of Korea, Romania, Russian Federation, Senegal, Singapore, Slovakia, Slovenia, Spain, Sri Lanka, Sweden, Switzerland (ex officio), Tajikistan, Turkey, Uganda, United Kingdom, United States of America, Zimbabwe (46). In addition, the following States, members of WIPO but not members of the Committee, were represented as observers: Albania, Algeria, Angola, Australia, Austria, Bahamas, Belgium, Benin, Bosnia-Herzegovina, Bhutan, Bulgaria, Burundi, Colombia, Côte d'Ivoire, Cyprus, Gabon, Georgia, Indonesia, Israel, Lithuania, Kuwait, Malta, Mauritania, Monaco, Montenegro, Namibia, Nicaragua, Portugal, Qatar, Republic of Moldova, Saudi Arabia, Serbia, Thailand, Tunisia, Ukraine, United Arab Emirates, Uruguay (37).

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

4. The Chair opened the twenty-sixth session of the Program and Budget Committee, indicating that she hoped for fruitful discussions in the intense week of work ahead, and invited the Director General to present his initial comments.

5. The Director General wished to address a number of issues, in particular the presentation of the Draft Program and Budget for the 2018/19 biennium. In this regard, the Director General recalled that the Organization was now 18 months into the current 2016/17 biennium, and that the results of the first year were very good. The Organization had ended the year with an overall financial result of a surplus of 32 million Swiss francs, having taken IPSAS adjustments into account. This had caused the net assets of the Organization to rise to approximately 311 million Swiss francs, enabling the Organization to increase the percentage of liquid assets in the overall reserves. Recalling that the target, set by Member States, had been to increase the proportion of liquid assets in the reserves from 22 per cent to 25 per cent, the Director General noted that this was a very good result. The Director General added that the good results were not only financial, but covered a number of matters. In particular, about 72 per cent of the Program performance indicator targets were well on track at the mid-biennial stage. The Director General added that, although the results for this year were very much provisional, the Organization was well on track to repeat the performance of the first year of the biennium. The Director General hoped that, all things being equal, the Organization would achieve the same good results this year as during the previous year. Turning to the Draft Program and Budget for 2018/19, it was estimated that the revenue of the Organization would rise by some 10.4 per cent, taking the overall revenue of the Organization to 826 million Swiss francs. This would be the first time that the Organization had achieved revenue of over 800 million Swiss francs in a given biennium. These estimates of revenue, explained the Director General, were based on the work of the Chief Economist's Office, which tracked historical and recent demand, and the projections of the International Monetary Fund (IMF) with respect to

GDP in the countries which had the highest rate of filings with the Organization. Over the last four or five biennia, the estimates of the Chief Economist's Office had been validated, so the Director General felt comfortable going forward on that basis and noted that, of course, the Organization adopted a conservative view of the projections, which provided a high-case, low-case and a base-case. In terms of expenditure, and in an endeavor to address the concerns that had been expressed by the Member States, it was proposed that expenditure be limited to an increase of 2.7 per cent, which was below the estimated increase in revenue. Significantly, the increase in staff costs would be contained to 0.8 per cent. This was a concern that had been expressed repeatedly in the meetings of the Program and Budget Committee in previous years, and the Director General thought that the Organization had succeeded in addressing this concern in recent years, and would continue to do that in the new biennium. There were a number of things of which the Organization was proud, in terms of management, in the course of the last several years. The Director General recalled that the Organization had been able to achieve its results without any fee increase over several biennia. This compared extremely favorably with the record of national and regional Intellectual Property Offices. The Director General continued that no new posts were being proposed in the Organization for the next biennium. This was another concrete example of the containment of staff costs. In fact, this was the fifth successive biennium in which no new posts had been requested in the Organization. This was a consequence of, first of all, the increased productivity that had been brought about by the Organization's IT systems which supported the global systems of the PCT, Madrid and the Hague and other areas, as well as the pursuit of prudent management practices. Besides the overall financial situation, the Director General wished to mention that a Capital Master Plan would be presented, which was based on a multi-year projection of the capital costs that the Organization would incur in the coming period of ten years, but which was limited to a specific request for the coming biennium of 2018/19. The Capital Master Plan addressed the main areas which the Organization believed to represent the capital expenditure requirements were additional investments were required – physical security and safety, and cybersecurity. The Organization had been undertaking that additional investment, and it was proposed to continue down that track to ensure, first of all, the physical safety of the staff, Delegations and all visitors to the Organization, but also the security of the information technology (IT) systems which underlay the good performance of the Organization's Global IP Systems. The second area was investment in the Organization's IT platforms themselves. Considerable productivity gains had been achieved as a consequence of the IT platforms, but these required constant renewal. The Director General recalled that there were quite a large number of projects underway in this area. These included the continuing improvement of the e-PCT environment, that is, the electronic environment in which the PCT operated. Additionally, there was a proposed renewal of the IT environment for the Madrid System and for the Hague System. The extent to which synergies could be obtained through a single, global platform for all of the Organization's services was under consideration. The Organization wished to present a seamless user experience, to the extent possible, for users who commonly used all of the systems, as opposed to just one single system. The Organization was also placing emphasis on the IT platforms which enabled the improvement of, and contribution to, sustainable development programs. The Director General mentioned the Intellectual Property Automation System (IPAS), which was deployed in over 80 developing countries and transition economies across the world. This was a very popular program and the demand was extremely high, resulting in the requirement for continuing investment. The Organization's Technology and Information Support Centers (TISCs) were another area of investment which had a direct impact on the development program. The Director General added that the Organization had been able to achieve a very good outcome with the use of deep neural machine learning for translation. As had been reported on earlier in the year, this was the Organization's first application of Artificial Intelligence. The results achieved were extremely good, comparing favorably with any other available systems throughout the world. The Organization was now on the threshold of more significant Artificial Intelligence applications. An example of this was the proposal to explore the development of a digital tutor in the Academy, to assist human capacity building. The Director General recalled that some 60,000 students undertook the Organization's distance

learning programs every year and, since the preliminary results in this area obtained elsewhere had been very promising, the Organization felt that this was an area that it should explore at this stage. The third area of major concern for capital expenditure, besides safety and security and IT platforms, was the maintenance of the life cycle of the Organization's buildings to avoid large one-off expenditure requirements for renovation. Going forward, the maintenance of the campus was an important item which would enable significant savings to be made in the future. On long-term liabilities, the Director General noted that the most significant item was the After-Service Health Insurance item, which had been a subject of discussion in the Committee in previous years and, earlier, in consultations. The Director General reported that the Organization had been funding this liability, the funding of which stood at around 60 per cent. The Organization was participating in a United Nations system-wide exercise that was being undertaken in the Finance and Budget Network and in the High Level Committee on Management. The Director General noted that those exercises were still in progress. No recommendations or decisions had yet emerged from those processes and exercises, but the Organization was participating fully in these discussions and watching the progress made very carefully. The results and proposals for any appropriate action would be reported at the requisite time. The Director General wished to cover two other items very briefly. On general program items, the Director General remarked that WIPO had taken care to ensure that the Sustainable Development Goals and the Development Agenda were guiding principles for the development of the Organization's programs, which was reflected in the results framework. The Director General also recalled that Member States had been discussing the question of the identification of External Offices (EOs), being one for the current biennium and up to three for the next biennium. It had been reported to the Secretariat that no agreement had yet been reached. From a budgetary point of view, provision had been made for the four offices. It was then a question of the Member States identifying the four offices with which they wished to go forward. Finally, the Director General referred to the recent decision of the International Civil Service Commission (ICSC) on a downward adjustment to the post adjustment multiplier for Geneva. This had been the subject of widespread discussion, particularly in Geneva, which was the duty station affected by that particular decision. The Geneva-based agencies had undertaken a collective exercise of due diligence with respect to the decision of the ICSC, in assessing the question of its application. This exercise of due diligence was mandated, in WIPO's understanding, by the jurisprudence of the International Labour Organization (ILO) Administrative Tribunal, which counselled that Executive Heads should not apply blindly the decisions of the ICSC, but that they had a duty of due diligence to ensure that a decision was taken on correct grounds. A collective submission had been made by all the Geneva-based agencies to the ICSC, which was due to meet in Vienna later in the week. The Director General further reported that the collective review that had been undertaken had revealed what the Organization believed to be a number of significant flaws, in both the methodology, and the application of the methodology, as well as the data collection which underlay the ICSC decision. The Organization had been in constant dialogue with the ICSC about these matters, and was waiting to see whether the ICSC, at its meeting, would confirm its decision, modify its decision or, as had been suggested to them, would re-conduct the survey and apply the methodology in what was believed to be a correct manner. With regard to the impact of the decision that would ultimately be made by the ICSC, and given the uncertainty in respect of that decision because of what the Organization considered, after an extremely thorough exercise, to be significant methodological flaws, the Director General suggested providing information on the amount of the proposed expenditure that would be affected. This amount was approximately 183 million Swiss francs, which represented the salary amount of the P, D and E categories of staff who would be affected by the decision. Thereafter, 7.7 per cent or 5, 10 or 2 per cent could be applied to that figure to obtain the result of what the impact of the decision, or any modification of that decision, would be.

**ITEM 2 ADOPTION OF THE AGENDA**

6. Discussions were based on document WO/PBC/26/1 Prov.2.

7. The Chair introduced the draft agenda and explained that in order to facilitate the Program and Budget Committee's discussions, the agenda items in the document had been grouped into four different segments, namely Program Performance and Financial Reviews, Planning and Budgeting, Proposals, and Items following decisions of PBC 25 and the 2016 Assemblies of WIPO Member States. The Chair inquired whether delegations were in agreement to adopt the draft agenda. As there were no comments, the decision was gavelled.

8. The Program and Budget Committee (PBC) adopted the agenda (document WO/PBC/26/1 Prov.2).

9. In introducing the tentative timetable, the Chair announced that the tentative agenda item planning had taken into account a calculation of the necessary time allotted to each item and that the aim was to have a balanced discussion of all items. With the exception of agenda item 10 on the opening of new WIPO External Offices, the program followed the order of the agenda items. Items 3 (Program Performance Report for 2016) and 4 (Financial Situation as of End 2016: Preliminary Results) would be taken up the same day. Item 5 on the Draft Proposed Program and Budget for the 2018/19 Biennium would be examined on Tuesday and concluded by Wednesday afternoon. Items 6 (Amendments to Investment Policy) and 8 (After-Service Health Insurance) would be taken up on Wednesday morning. Items 7 (Proposed Amendments to the Financial Regulations and Rules (FRR) including Amendments to the Procurement Framework) and 9 (Governance Issues) would be taken up on Thursday afternoon. Items 9 and 10 would be concluded on Friday morning. The Chair also announced that if the discussion on specific items were not concluded in the assigned time, the next item of the agenda would be taken up and the uncompleted discussions would be renewed at a further date. If the examination of an agenda item was concluded before the time allotted, then the discussion on the next subject would be brought forward. The Chair stated that the morning sessions would start at 10 a.m. until 1 p.m. and that it would resume at 3 p.m. in the afternoon. The Chair assured that an effort would be made to avoid night sessions but that there might be informal consultations on Thursday on the opening of new WIPO External Offices. Regarding general statements, the Chair requested WIPO Regional Groups and Member States to put forward briefly the essential points of their statements and to hand in their complete version of their statement to the Secretariat to be included in the records of this session, bearing in mind the fact that they would have the opportunity of contributing to agenda items at the time they would be taken up. The Chair opened the floor to general statements by the WIPO Regional Groups.

10. The Delegation of Japan, speaking on behalf of Group B, congratulated the Chair on her election and expressed confidence in the Chair's experience to provide wise guidance to Member States to move things in the right direction. Group B was confident that the Program and Budget Committee would achieve successful results under the Chair's leadership. The Group thanked the Secretariat for the preparation of the meeting, especially for the preparation of the Draft Proposed Program and Budget for the 2018/19 Biennium and for timely submission of the documents. Group B also expressed their appreciation for the preparation of WIPO Regional Groups briefings. The Group highlighted the importance of approving a Draft Proposed Program and Budget for the 2018/19 Biennium by the Assemblies of WIPO, which should have a firm and appropriate basis for the upcoming biennium. Group B expresses its readiness to engage in the discussion on the Draft Proposed Program and Budget for the 2018/19 Biennium to achieve that goal, building on the good basis provided by the Secretariat. In addition to a sound basis for its activities during the next biennium, WIPO also needed to have a modern and robust infrastructure that was adapted to its needs, in particular to needs arising from operational activities in the long term. Group B therefore welcomed the proposal by the Secretariat for the next ten years (Capital Master Plan). The Group also took note of the generally positive preliminary results for 2016, including an estimated surplus of 32 million

Swiss francs and that, on an IPSAS basis, PCT fees constituted 75 per cent of income while moderate system fees constituted 15.4 per cent. The driver for revenue from the fee paid services was the international demand for IP titles. Since 2010 global Intellectual Property filing activity had continued to grow despite a slow economic recovery from the global financial crisis that began in 2008. Nevertheless the Group reiterated its statement calling for prudence and cautious management given the fragile international financial environment under which WIPO had to operate. Group B also stated, regarding agenda item 9 on Governance Issues, that Member States together with the Secretariat as well as proactive Chairs and facilitators had made great improvement regarding the approach to WIPO meetings over the past two or three years and had demonstrated the ability to engage effectively in a timely and disciplinary manner. The Group cautioned however that this was an effort that required continuous attention and effort. In order to consider potential measures for continuous improvement, Group B sought clarifications from the Secretariat on the following items: (i) the cost of a one-week meeting, in particular the cost per day when on schedule; (ii) the cost per hour for overtime for interpretation; (iii) the additional cost of facilities for each hour of extra meeting time; and (iv) the cost per day of an ad hoc intersessional meeting. The Group recalled that Assemblies of WIPO had adopted in 2015 the guiding principles with respect to the establishment of new WIPO External Offices and expressed confidence that the Program and Budget Committee would be able to recommend to the 2017 Assemblies of WIPO the most appropriate way forward to implement that important decision. Group B supported the methodology and the fact that no more than three WIPO External Offices should be established for the current biennium. Group B recalled the decision of 2016 Assemblies of WIPO for the opening of two new WIPO External Offices respectively in Algeria and Nigeria, whereby a lot of time was spent on this issue thus impeding on the time allotted to other issues. Group B was confident that discussions on the issue would be conducted in an efficient manner under the leadership of the Chairs of the Program and Budget Committee and of the 2017 Assemblies of WIPO. Group B stated that the identification for the current biennium should be solved as a matter of high priority. The Group also stated that they remained committed to engaging in the discussion in a constructive manner, bearing in mind that the limited time for the discussion should be not be entirely devoted to this issue. For the process of establishing new WIPO External Offices in the 2018/19 biennium, Group B had already submitted four questions to the applicants through regional coordinators. Group B recalled that due to the limited time, it would welcome the applicants' response, in advance, prior to the Thursday morning sessions and preferably in written form. Group B also addressed the issue of the use of two sessions of the Program and Budget Committee, that is, discussions on the items and programs on which all Member States could agree at the 26<sup>th</sup> session of the PBC should be closed in order to focus on the remaining issues at the 27<sup>th</sup> session of the PBC. In order to save time for the discussion of the items on the agenda, Group B would leave its comments for the respective agenda items.

11. The Delegation of Paraguay, speaking on behalf of the Group of Latin American and Caribbean Countries (GRULAC) congratulated the Chair on her election and expressed their contentment in seeing her chair the PBC, a Committee that had gained more prominence at WIPO since it was the forum where Member States took budgetary and financial decisions having a direct impact on the results expected in the 2018/19 biennium. GRULAC also expressed all their support in order to make progress on the different issues that would be addressed during the week in order to prepare an ambitious document that could be adopted at the next Assemblies of WIPO. The Group expressed its appreciation of the efforts of the Director General to promote gender equality in the Secretariat. Recognizing that, as in other international organizations great challenges were being faced in that area, the Group encouraged any future action in favor of this agenda. GRULAC also expressed its commitment to move forward on the balanced geographical representation of all regions at the level of directors and members of staff. Thus the Group would continue to participate in the discussions that were to take place in the Coordination Committee. For GRULAC good human resources management in WIPO and the effective and transparent use of its assets were of the utmost importance in fulfilling WIPO's mandate. The Group encouraged the Director General to continue implementing best practices in this area and to provide the necessary resources to the

Ethics Office to fulfill its mandate. GRULAC welcomed the alignment of all Programs with the WIPO Development Agenda and the 2030 Agenda for Sustainable Development, which would undoubtedly be very useful in guiding WIPO's work within the United Nations. GRULAC recognized the role and impact of innovation on several of the Sustainable Development Goals and insisted on the universal, integrated and indivisible nature of the 17 Sustainable Development Goals. GRULAC expressed its confidence that during this session of the Committee, Member States would agree on the promotion of Treaties, which promote these objectives. GRULAC remained committed to the implementation of the Marrakesh Treaty, which is an important contribution by WIPO towards the protection of Human Rights. Thus GRULAC stated that it was important to ensure adequate resources were deployed for technical assistance activities for the accessible books consortium and also for the expansion of the number of members of the Marrakesh Treaty. GRULAC thanked the Secretariat for the support given to Intellectual Property Offices which was of great importance for the region. GRULAC recalled the importance therefore to guarantee resources to increase technical assistance, development, and cooperation provided to the offices under the IPAS system. More than 80 Intellectual Property Offices throughout the world used it. GRULAC recognized the IPAS system as an essential resource for promoting Intellectual Property in line with the Director General's statement during the morning. The Group stated that WIPO External Offices were a priority for its Member States and wished to put the consensus of this Group for the nomination of Columbia. The proposal had been formally presented at the 25<sup>th</sup> session of the PBC. GRULAC highlighted the importance for the Group to remind Member States and those participating in the Committee of the main elements of the proposal for the purposes of discussion of this agenda item. GRULAC reiterated the importance in that context of implementing the decision of establishing new WIPO External Offices and recognized the progress made at the 2016 Assemblies of WIPO regarding the establishment of new WIPO External Offices in Algeria and Nigeria. GRULAC expressed its confidence in following up on this positive dynamic and reaching a win-win outcome. GRULAC thanked the Director General and its team for the availability of the WIPO premises for the holding of events on national days of Member States.

12. The Delegation of Georgia, speaking on behalf of the Group of Central European and Baltic States (CEBS), congratulated the Chair on her election and expressed confidence in her able guidance for the work ahead of the Committee during the upcoming week. Taking into consideration that it was a budget year, the Group expressed confidence that the Committee would achieve progress under the Chair's leadership and provide budgetary recommendations to the 2017 Assemblies. The CEBS Group thanked the Secretariat for preparing the relevant documents in a timely and professional manner, especially the Draft Proposed Program and Budget for the 2018/19 Biennium. The Group also commended the quality of the documents and the meetings held for the preparation of the Committee. The CEBS Group, while putting forward its priorities for the Global IP Services, also highlighted the importance of initiatives promoting IP standards, which were of political and economic interest for the Group. The CEBS Group continued to explore possibilities that WIPO offered through the technical assistance initiatives. Demand was growing in the region for improved participation in the different WIPO activities serving to develop regional cooperation and implement technical assistance initiatives, notably Member States demand-driven projects through the Program 10, Program 11 and Program 13. The CEBS Group was looking forward to the fruitful discussions on the Draft Proposed Program and Budget for the 2018/19 Biennium, the establishment of new WIPO External Offices and other important agenda items. The Group reiterated its support for the Guiding Principles for the establishment of new WIPO External Offices as agreed at the 2015 Assemblies of WIPO, which stated that priority should be given to regions without any WIPO External Office and equitable geographical distribution should be considered and respected. The CEBS Group reiterated that the CEBS region remained the only region without any WIPO External Office and submitted a candidacy to host a WIPO External Office. The Group concluded by reiterating its commitment to the work of the Committee and its constructive engagement.

13. The Delegation of Tajikistan, speaking on behalf of the Central Asian, Caucasus and Eastern European Countries (CACEEC), congratulated the Chair on her election and was confident that under her able leadership and professional approach, the work of the Committee would be progressive and results-oriented. The Group thanked the Secretariat for its tireless work in the preparation and dissemination of the working documents ahead of the Committee, which had allowed members of the Group a better and efficient preparation for the session. The CACEEC Group also thanked the Director General for his introductory remarks. The Group recognized the operations of this Committee were very efficient in learning lessons from the past and incorporating them into future WIPO activities. The Group noted that WIPO was enjoying a stable and improving financial situation due to quality services provided and sound management of the Global IP System. Based on the reports provided, the estimates showed that the revenue in the 2018/19 biennium was expected to increase by 10.4 per cent or 826 million Swiss francs with a surplus of 61 million Swiss francs. The Group stated that in its view funds from the surplus could be redirected to technical assistance and capacity building for the developing countries and countries in transition as well as to the implementation of Sustainable Development Goals, particularly Goal 9. The Group also took note and welcomed the proposal for the decrease of 10 per cent in the contributions of Member States in 2018/19 biennium. The CACEEC Group expressed confidence that these funds would be an added value for governments in promoting and enforcing IP at the national level. The Group undertook negotiations with the aim of having results-oriented discussions. Acknowledging that the agenda before them was substantive and in the interest of time, the Group should make its comments on particular agenda items during the course of the Committee meetings. The Group also thanked Director General and his dedicated team for providing the opportunity for the members of the Group to host their side events in WIPO premises back-to-back with the meetings. The Group stated that these types of events further enabled its members to promote IP from a national perspective. The CACEEC Group concluded by assuring the Chair of the Group's engagement to contribute in a constructive manner to a successful completion of the work of the session.

14. The Delegation of Senegal, speaking on behalf of the African Group, was pleased to see the Chair leading the Committee and expressed gratitude for her efforts. The Group renewed its confidence in the Chair and her professionalism as well as her leadership. The African Group expressed confidence that under the Chair's leadership, the PBC would achieve good results. The African Group also thanked the Director General and the Secretariat for all they had done to prepare for this session. The Group took note of the Program Performance Report for 2016, of the financial situation in document WO/PBC/26/INF/1, of the Draft Proposed Program and Budget for the 2018/19 Biennium and the Capital Master Plan respectively in documents WO/PBC/26/3 and WO/PBC/26/9. The African Group took note that the results outlined in those reports accounted for the work of the Organization during the period but also provided a prospective view for the upcoming Program and Budget. The Group attached great importance to the PBC's work as it was the foundation of the Organization and also provided guidance on the ambitions and direction to be taken by WIPO. The Group strongly supported equity and balance in the allocation of resources for the development activities notably in LDCs and developing countries. The African Group also took note of the proposals to amend policies regarding investments, the changes to the financial rules and regulations and also procurement. Regarding WIPO External Offices, the Group was in favor of extending WIPO's network throughout the world as that would include, among other advantages, covering more territory and bringing WIPO closer to Member States. The African Group thanked all Member States for their interest in that subject and congratulated them on their commitment as well as the quality dossiers presented by the respective candidates. The African Group concluded by saying that it looked forward to participating in the discussions on the items on the agenda and hoped to contribute in a constructive way to the debates throughout the week. It also hoped that the session would lead to a recommendation to the 2017 Assemblies of WIPO.

15. The Delegation of Indonesia, speaking on behalf of the Asia and the Pacific Group (Asian Group), expressed its enthusiasm to the Chair for chairing this important session. The

Group supported the draft agenda and tentative program and considered that the Chair's experience and able leadership would guide Member States towards reaching constructive conclusions in that session. The Asian Group thanked the Secretariat for its hard work and preparation for that meeting and for the provision of all relevant documents especially the Draft Proposed Program and Budget for the 2018/19 Biennium. After having examined the various documents presented to the PBC, the Group was hopeful that the material before the Committee would encourage Member States to take stock of the current situation and provide an opportunity to put forward ideas and recommendations, which would contribute to the further optimization of the functioning of the Organization. The Asian Group had studied document WO/PBC/26/INF/1 on the financial situation as well as document WO/PBC/26/2 on the Program Performance Report for 2016. The Group was happy to learn that out of a total of 455 performance indicators, 329 or 72 per cent had been assessed as on track. The Group acknowledged that progress continued to be made in the normative framework for IP albeit at a slightly slower pace than anticipated. By the end of 2016 several outstanding issues remained but the Group remained optimistic that outstanding issues on normative framework goals and activities would be resolved as soon as feasible. The Asian Group took note that the year 2016 represented a record year for WIPO's registration systems, demonstrating growth for the seventh year. Furthermore, the Asian Group was delighted to learn that IP for empowerment of developing countries and countries in transition and harnessing IP for enhancing national innovation potential and capacities remained a priority in 2016. The Asian Group had also studied document WO/PBC/26/3 regarding the Draft Proposed Program and Budget for the 2018/19 Biennium. Revenue growth for the Organization was of 10.4 per cent and expenditure increase was capped at 2.7 per cent. The Group also noted that based on the excellent financial performance of the Organization, there was a proposal to decrease the contributions of Member States in the 2018/19 biennium by 10 per cent. Regarding the latter, the Group wished to see the costs and benefits of such a proposal and would contribute actively to discussions on the matter. The Asian Group also took note of the program trends and highlights within the Draft Program and Budget and was happy to see that the Global IP System would continue to be a principal focus for the 2018/19 biennium. The Group was delighted that there was optimism regarding the progress on the possibility of convening a Diplomatic Conference or Diplomatic Conferences, should the Member States reach agreement in one or more of the many major areas of discussions to take the final step towards the conclusion of a Treaty or Treaties. The Asian Group noted that the Draft Proposed Program and Budget for the 2018/19 Biennium had allowed for the development dimension to be integrated into all Programs of the Organization while being coordinated through the development sector and Development Agenda. The Group supported that it continued to be a major priority for the Organization and all of its Programs including the Sustainable Development Goals, the SDGs, which should feature prominently in program design and delivery. Member States of the Group would take the floor on this matter to discuss further the extent of the integration of development and SDGs in program design and delivery. The Group remained optimistic that discussion, comments and recommendations, including possible amendments to documents presented before them, made during this session and possibly during the upcoming 27th session of the PBC, would lead to an agreed Program and Budget for the next biennium to be approved during the upcoming Assemblies. The Asian Group would contribute constructively to achieve mutually agreed outcomes and decisions including on the Capital Master Plan for the next ten years in order to foresee and meet in a prudent manner the future capital liabilities of the Organization and also on the amendments to the Financial Regulations and Rules (FRR), including on the procurement framework as well as Amendments to Investment Policy. The issue of governance at WIPO was an important issue for the Group, who believed that finding a solution on this issue required mutual trust among the Member States. Therefore members of the Group would work towards contributing positively on this agenda item so that consensus could be reached. Regarding the opening of new WIPO External Offices the Asia and Pacific group would remain constructive. The guiding principles had been approved after lengthy negotiations and reflected the diversity of views on the subject. With six applicants, India, Iran (Islamic Republic of), Oman, Republic of Korea, Saudi Arabia and the United Arab Emirates, the Asian Group stood

ready to contribute actively in a constructive spirit to the decision on new WIPO External Offices.

16. The Delegation of China congratulated the Chair on her election and wished for a successful session under her leadership. The Delegation thanked the Secretariat for the informative documents and all logistic preparations for the meeting. In 2016 WIPO had achieved positive results in the realization of its nine Strategic Goals. Indeed the global IP registration system had maintained impressive growth for the seventh year in a row. This had formed a sound financial basis for WIPO. Development Agenda projects advanced smoothly bringing benefits to more and more developing and least developed countries. The global database continued to grow in data volume and a specific machine translation tool had been developed, facilitating the use of patent information. The Delegation appreciated these results and hoped that, under the leadership of the Director General and his team, WIPO would achieve all the Expected Results by the end of the biennium. The Delegation stated that the 26<sup>th</sup> session of the PBC was a very important one. Indeed, a Draft Proposed Program and Budget for the 2018/19 Biennium, which would guarantee the smooth functioning of the Organization during the next biennium, had to be discussed and approved. The Delegation hoped that the document would be adopted smoothly. The Delegation welcomed the priorities listed for the next biennium and the implementation strategies for the different Programs including the expansion of the global IP registration system, the integration of global IP ICT platforms as well as the continuation of development of global infrastructures and the mainstreaming of development into all Programs. Looking forward, the Delegation hoped WIPO would demonstrate further its leadership in norm setting and promotion of Treaties so as to promote inclusive and balanced development of the Global IP System which was beneficial for all. The Delegation also hoped that WIPO would continue to pay attention to sustainable development and would allocate more resources to advance its work related to development. In 2014 China had established a Funds-in-Trust agreement and had since contributed to the fund every year. In the future, the Delegation would continue to assist WIPO's work in its capacity and participate in technical assistance for developing and least developed countries under WIPO's coordination. The Delegation concluded by reiterating its commitment to continue to work with other Delegations to participate in discussions on all items in an active and open manner and hoped that the session would achieve constructive results.

17. The Delegation of Bangladesh, speaking on behalf of the least developed countries Group (LDCs), was happy to see the Chair elected to lead the session confident that with her guidance, experience and efforts the Committee could reach decisive conclusions and achieve expected success for all concerned. The Group thanked the Director General for his valuable introductory remarks highlighting key aspects of the proposed budget. The Group acknowledged the contribution of the Secretariat for the preparation of documents and for excellent logistical elements. The Group also thanked the LDC officials for the great support to LDC members of WIPO. The Group was happy to note the projection of a very satisfactory 10.4 per cent increase of revenue and that proposed expenditure would be kept at 2.7 per cent. The Group further noticed that the proposed allocation for LDCs in the next biennium was also increased. The latter deserved recognition for excellent and efficient management by the Director General and his team in charge of administration. The Group also supported and thanked the Director General for proposing a decrease of the contribution of the Member States by 10 per cent. However the Group hoped that no reduction would be made from the development expenditure as a result. The group hoped that WIPO would always champion the issue of development without compromising the future of LDCs and would base all activities on the Development Agenda. Cutting across the board in different Organizations, the realization of SDGs had become the priority issue for LDCs everywhere and the Group thanked WIPO for remaining engaged with other International Organizations. The Group was pleased to see that focus had been provided to leverage WIPO's expertise and knowledge to support SDG implementation and that this had been included in the results framework of the Organization in the context of Strategic Goals and Expected Results as the Director General had also mentioned. The Group considered that WIPO's contribution would be required for achieving a

number of SDGs and WIPO's engagement would be wide, diversified and continuous. The Group hoped that Member States would encourage any expenditure related to the realization of SDGs. The Group was happy to see that human capacity building was getting priority attention in the proposed Program and Budget, in particular the work under the WIPO Academy. The LDCs Group further hoped that the proposed new digital program for distance learning aided by Artificial Intelligence would benefit the learners from the LDCs as they had almost no access to quality IP education around them. The Group thanked the Director General and his team for introducing this innovative system. The Group stated that the PBC was an extremely important Committee for all the Member States and especially for the LDCs as it played a crucial role in providing oversight and analysis for WIPO to define how IP would promote development. It set out the roadmap for all future activities and engagements and for ways and means of securing revenues for the Organization. In that context, the LDCs Group wished to highlight some of the priority areas of focus and for subsequent implementation under the proposed budget for the next biennium. Previously the LDCs greatly benefitted from a number of partnerships with WIPO, like projects on appropriate technology transfer, country specific project based technical assistance activities on policy making, training and institutional and infrastructural development, et cetera. Tripartite relationships between the LDCs and WIPO and other systems brought huge gains in the areas of IP and development. The Group wished to seek continued resources to support WIPO's effort in the areas mentioned. The Group emphasized the need to have quality professional human resources so that the productive sectors of the LDCs mentioned in the Istanbul Programme of Action could be well serviced on behalf of WIPO. The Group wished to refer to the report of the oversight division that had completed a comprehensive evaluation of WIPO's assistance to LDCs. The evaluation highlighted many positive outcomes which were in continuation of WIPO's assistance to LDCs through the LDCs Division and through the Regional Bureaus, which ensured continuity. The Group consisted of more than one fourth of total WIPO membership and pledged its cooperation and support to the Committee. The members of the Group would make their interventions during the discussion on specific agenda items as and when necessary. The Group reiterated its confidence in the success of the Committee under the Chair's guidance.

18. The Delegation of the United States of America congratulated the Chair on her election as Chair of the PBC and was very confident that the Chair would ably guide the Committee's discussions. The Delegation thanked the Secretariat for preparing the documents for this session of the PBC and thanked the Director General for his opening remarks. The Delegation added that it supported the statement made by the Delegation of Japan on behalf of Group B. That meeting of the WIPO Program and Budget Committee represented the first reading of the Draft Proposed Program and Budget for 2018/19. Together with the next session in September, it provided an excellent opportunity for Member States to agree on several key issues for the upcoming Assemblies including the adoption of a Program and Budget for the next biennium. The Delegation congratulated WIPO on its financial health and appreciated the proposal to decrease Member State contributions by 10 per cent. The Delegation was taken by surprise by that proposal however as it had not been included in the Medium Term Strategic Plan for 2016 through 2021 and was unclear how the proposal would fit in with the ever growing fee income surplus as well as the master capital plan being proposed. The Delegation was not yet prepared to take a decision on the proposal because it felt it was important to have more information and further study the potential benefits and ramifications of the proposal as well as what alternatives might be available. If the contribution-financed union income was decreased the money for those operations must come from somewhere and that appeared to be the Madrid and PCT fee system revenue. The Delegation objected to the use of the Madrid and PCT fees to fund the unsustainable Lisbon system. The 10 per cent reduction in the unitary contributions could be seen as doing just that, albeit indirectly. Thus, it raised questions and concerns from that perspective. WIPO was disproportionately funded by fees collected under the Patent Cooperation Treaty, which made up a full 75 per cent of WIPO's full funding and the PCT system continued to grow a large surplus each year. The Delegation understood that the PCT Assembly was considering fee reductions at the suggestion of Brazil and believed that Brazil's suggestion to give a fee discount should be considered along with the possibility of

additional discounts. The Delegation also supported, further across the board, reduction of PCT fees being considered by the PCT Assembly. The Delegation also noted that the Madrid Union required that its excess receipts be returned to contributing parties in equal parts. The Delegation proposed that this should have been done in the previous biennium. On the one hand there were Member States calling for PCT fee discounts and for surplus fee revenues to be returned to the contracting parties of the Madrid System because of the surplus of these funds. On the other hand, new expenditures under the Capital Master Plan, together with a decrease of Member States contributions, were being proposed. The Delegation stated that their stakeholders would raise serious questions and concerns about the proposal, and that it would need additional time to evaluate it. The Delegation stated that it was not prepared to approve at that time the funding under the master capital plan. The Delegation wished to highlight two additional budget items of significant importance and stated that it was prepared to discuss these and other items in greater detail when the relevant items of the agenda were open for discussion. The Delegation noted that a provision had been made for a Diplomatic Conference in the next biennium under allocated per page 15 of the Draft Proposed Program and Budget for the 2018/19 Biennium. It was also mentioned in the context of the Design Law Treaty on page 30 and the IGC on page 39. The United States was not in a position to support the provision of a Diplomatic Conference in the budget unless it was subject to two fundamental conditions. First, any Diplomatic Conference must be conditional upon the full participation of all WIPO Member States and second any Diplomatic Conference should be convened by the Director General only upon a consensus decision by all WIPO Member States. The Delegation stated that WIPO took decisions by consensus except in rare circumstances. Changing the way decisions were taken in WIPO, the Delegation believed, would alter its fundamental character and could jeopardize its successful operation. Any results achieved without the support of full membership would also be unsatisfactory. The Delegation noted that the question of the administration of the Geneva Act was not immediately before the PBC or Assemblies that year since there had been no WIPO members that had ratified the Geneva Act to date, but that Member States were being asked to approve an unallocated Diplomatic Conference for the next biennium. The Delegation wished to be clear so as to avoid any misstep along the lines that were taken with regard to the Geneva Act. The Delegation could agree to the provision of a Diplomatic Conference if it was clear that a Diplomatic Conference would be convened after agreement of all WIPO Member States and that it would be open to the full participation of WIPO Member States. The Delegation was confident that language could be found that would permit the work to proceed without prejudicing the position of the Delegation on the Geneva Act, the Lisbon agreement or on the future Diplomatic Conference when a budget would be adopted for the next biennium. The Delegation added that it looked forward to the detailed discussions during the course of the week.

19. The Delegation of Iran (Islamic Republic of) was pleased to see the Chair presiding over an important Committee and expressed its confidence in her able leadership to direct discussions to a successful outcome. The Delegation also extended its gratitude to the Secretariat for the hard work undertaken in preparation of the session, in particular by drafting a Program and Budget for the next biennium. The Delegation aligned itself with the statement delivered by Indonesia on behalf of the Asia and Pacific group. The Delegation was of the view that transparency, clarity and openness within WIPO in particular on the budgeting process were of utmost importance. The Delegation wished to see WIPO's budget and creativity for the economic social and cultural development of all countries through a balanced and effective international Intellectual Property system. Clear roadmaps and initiatives that effectively addressed the challenges were a necessity. The Delegation was of the firm belief that the Development Agenda recommendations should be regarded as a process that needed to be constantly mainstreamed in all WIPO Committees and activities. Indeed, taking into account those recommendations and substantive programs in the course of the biennium was a key priority for the Organization and Member States. An enhanced South-South cooperation should be projected in the WIPO Program and Budget including through the establishment of a dedicated coordination mechanism. While recalling that norm setting activities should be inclusive and member driven, the Delegation wished to highlight the importance of the

improvement of all issues on the normative work agenda that would be based on mutual spirit and political needs to achieve outcomes benefitting all Member States. The Delegation also highlighted the significance of the technical assistance in the Program and Budget of the next biennium and resources allocated to the activities of WIPO Academy. The Delegation recognized the prominence of Small and Medium Enterprises (SMEs) for innovation and that due consideration should be given to the latter in the Program and Budget. The Delegation encouraged successful activities for the WIPO Academy and for SMEs during the next biennium. Promotional activities and the provision of high quality services to the global Intellectual Property system being one of the main functions of WIPO, particular focus should be placed on promoting the PCT, Madrid and Hague and Lisbon international registration systems. In this regard, the Delegation was of the view that the financial sustainability of the Lisbon system should not be compared with other global registration systems such as the Madrid and PCT systems. They were based on geographical names and corresponding applications. The Delegation recalled that WIPO had to fulfill the mandate of making its global Intellectual Property services, including the Lisbon system, more and more attractive for users. This required the necessary allocation of financial resources, not only for the effective administration of the Lisbon registry, but also for information and promotion activities. The Delegation was of the view that equal prominence should be given to the Lisbon Union. Regarding the establishment of new WIPO External Offices, the Delegation was of the view that the process should be in full conformity with the guiding principles. Such a decision should be taken in full transparency, taking into account the principle of geographical distribution. The Delegation would engage in negotiations in the course of the Committee's deliberation on each agenda item.

### **ITEM 3 PROGRAM PERFORMANCE REPORT FOR 2016**

20. Discussions were based on document WO/PBC/26/2.

21. The Chair noted that the PPR for 2016 was a mid-biennium report that showed the progress made in achieving the Expected Results (ERs) with the approved budget resources under the Program and Budget for the current biennium. The Chair invited the Secretariat to present the document.

22. The Secretariat introduced document WO/PBC/26/2, the Program Performance Report (PPR) for 2016. The Secretariat explained that the PPR was its principal accountability tool for reporting back to Member States and formed an integral part of WIPO's Results Based Management (RBM) framework. The Secretariat added that the PPR was also very important from the perspective of learning and improving the performance of the Organization, and reiterated that the PPR for 2016 was a mid-biennium report that focused on the progress made towards achieving the Expected Results (ERs) with the resources that had been approved in the Program and Budget 2016/17. The Secretariat informed the Committee that a new simplified format had been introduced for the PPR for 2016 in order to better distinguish between the PPR for the first year of the biennium (reporting on progress) and the one of the second year (reporting on achievements). The Secretariat notified that, based on the assessment of the performance for each Performance Indicator and target for 2016, 329 indicators or 72 per cent were "On track", 82 performance indicators were "Not on track", 20 were assessed to be Not Available, 18 Not Assessable, and 6 performance indicators were Discontinued. The Secretariat considered 72 per cent "On track" as a good mid-term situation. It was added that, in the Program and Budget 2016/17, the assessment of the impact of risks identified had been taken into consideration and a more in-depth risk analysis and impact on delivery of results would be provided to the Member States in the PPR for 2016/17. The Secretariat concluded that the design and planning of WIPO's activities would continue to be guided by the PPR and the implementation of the Development Agenda (DA) would be provided in the PPR 2016/17.

23. The Chair thanked the Secretariat and gave the floor to the Member States for comments.

24. The Delegation of Japan, speaking on behalf of Group B, thanked the Secretariat for preparing the PPR for 2016 (WO/PBC/26/2). Group B welcomed the fact that 72 per cent of the performance indicators had been assessed as "On track", and it wished to express a general feeling that WIPO had done good work during 2016, which was supported by the concrete figures of the performance indicators. With respect to norm setting, Group B noted that it was taking a long time to reach a concrete outcome and that WIPO had been facing these challenges that were subject to Member States' decisions. Group B acknowledged that, concerning the Strategic Goal II (Provision of Premier Global IP Services) and Strategic Goal IV (Coordination and Development of Global IP Infrastructure), which were strongly connected to the core mandate of the Organization, they had achieved the outcomes. Group B observed that ratifications and accession to the authorities are subject to Member States' decisions, and therefore, it was difficult to accurately predict how long it would take for Member States to accede if they decided to do so. Group B also observed that the highest rate of Indicators "Not on track" was under Strategic Goal VII, in relation to IP and Global Challenges (Program 18), in particular the Performance Indicator "No. of records in the WIPO Re:Search Database", "No. of records in the WIPO GREEN Database", and participation of stakeholders in the WIPO's Platforms. It noted that these performance indicators were primarily subject to the interest of stakeholders. Therefore, Group B encouraged the Secretariat to continue its effort to enable Member States to better understand the reasons why some performance indicators were assessed as "Not on track", and what mitigation strategies were foreseen to bring them back as "On track" in the following year. Group B looked forward to seeing the PPR for the 2016/17 biennium in the Program and Budget Committee of the following year.

25. The Delegation of Senegal, speaking on behalf of the African Group, took note of the PPR for 2016 and thanked the Secretariat for preparing it. The African Group noted that despite the great progress made, it was obvious that the different Programs were executed at different speeds or at different rates. It expressed its concern about the high percentage of performance indicators that were "Not on track" or Not Assessable, which represented 28 per cent of the overall, bearing in mind the cautious margins and any possible risks that they would cover. The African Group considered of particular interest the development activities for developing countries and Least Developed Countries (LDCs), in particular those that had promoted access to knowledge and technology and those aimed at increasing the balance in the Global IP System. The Group then expressed its concern about the medium level of execution of projects for developing countries, given that 60 per cent were aimed at giving these countries tools to strengthen their capacity. Concerning Program 4 (Traditional Knowledge, Traditional Cultural Expressions and Genetic Resources), the African Group noted that it did not have a very good achievement level (50 per cent). The Group believed that to reverse this trend, particular attention should be given to Expected Result (ER) III.2 in order to meet the numerous requirements regarding the effective use of Intellectual Property in the service of development in the developing countries, LDCs and transition countries, while waiting for the conclusion of the normative work in the Intergovernmental Committee on Intellectual Property and Genetic Resources, Traditional Knowledge and Folklore (IGC). With respect to Program 8 (Development Agenda Coordination), the African Group observed that there were no indicators on technical assistance carried out by WIPO in view of the scope of the Development Agenda (DA) and its projects. Under Program 9 (Africa, Arab, Asia and the Pacific, Latin America and the Caribbean Countries), it was noted that there were many projects that were not in the process of being achieved under ER II.1 (Wider and more effective use of the PCT System for filing international patent applications), which was causing the Group some concerns. With regard to Program 30 (Small and Medium Enterprises (SMES) and Entrepreneurship Support), the African Group considered the achievement level of 30 per cent rather alarming, in particular, in respect to ER III.1 (National innovation and IP strategies and plans consistent with national development objectives) and III.6 (Increased capacity of SMEs to successfully use IP to support innovation). The African Group noted its interest in the final report.

26. The Delegation of Georgia, speaking on behalf of the Group of Central European and Baltic States (CEBS), thanked the Secretariat for preparing the PPR for 2016. The CEBS Group noted with satisfaction that 72 per cent of the performance indicators had been fully achieved, further noting its full awareness that some indicators were directly influenced by the norm setting activities that fell under the responsibility of the Member States. The CEBS Group also noted with satisfaction that almost all the performance indicators for the ERs under Program 10 (Transition and Developed Countries) had been achieved, and it commended the excellent work of the Secretariat. The CEBS Group welcomed the assessment of the risks and implementation of the mitigation strategies, believing that these types of measures would assist the Secretariat in achieving the Strategic Goals and would help the Organization to fulfill its mandate in a more effective manner.

27. The Delegation of China thanked the Secretariat for the detailed and informative PPR for 2016. The Delegation of China appreciated that 72 per cent of indicators had been validated as "On track", showing that in 2016 WIPO had functioned smoothly, that progress had been made and that results had been achieved in different areas. The Delegation of China noted several points. First, concerning the norm setting areas, China noted its pleasure that the Marrakesh Treaty had entered into force, the Patent Cooperation Treaty (PCT) and the WIPO Copyright Treaty had expanded their memberships, and the IGC had resumed its consultations. Secondly, China noted that the Global IP registration system had maintained significant growth for the seventh year in a row, bringing greater workloads and efforts to the PCT department, and expressed its appreciation of the efficiency and the quality of PCT formalities examination that had increased and of the cost per application that had decreased. Thirdly, the Delegation of China welcomed the smooth advancement of the Development Agenda (DA) projects, which brought more benefits to more and more countries. Fourthly, the Delegation appreciated that the machine translation tool specialized in patent documentation covered English and three other languages, including Chinese, and this was considered to facilitate the use of patent information by the users. Lastly, the Delegation commented on the WIPO External Office in China (WOC), stating that, with the support of the Chinese Government, the WOC had continued its communication exchange with the Chinese authorities, had provided legal and technical services for IP users, and had promoted the PCT, Madrid and the Hague Systems as well as WIPO arbitration and mediation services according to users' needs. The Delegation hoped that WIPO would continue its work and realize all its objectives by the end of 2017. Concerning those indicators that had been evaluated as "Not assessable" and "Discontinued", the Delegation hoped that the Secretariat would make an analysis to ensure that all indicators reflect the objectives and the activities of the Organization, so as to be adjusted timely in the future Program and Budget and PPRs.

28. The Delegation of Brazil was pleased to see a representative from its region presiding over the meeting and expressed confidence in the Chair's able leadership to guide the Member States and to reach an agreement by the end of the week. The Delegation thanked the Secretariat for its hard work in preparing the PPR, which greatly assisted Member States to understand the progress made by WIPO under its Strategic Goals, and stated that it carefully considered the self-assessment made by the Secretariat. The Delegation observed the different levels of target achievements, noting that 72 per cent of targets were "On track", which was a positive result. Nevertheless, the Delegation further noted that many of the indicators with a direct impact on developing countries and LDCs had a low level of target achievement. With regard to Strategic Goal I, the Delegation highlighted the entry into force of the Marrakesh Treaty, which was considered as a major achievement for the Organization, and underlined that continuous efforts had to be made for its implementation in the contracting parties who had already ratified it, both in terms of legislative assistance and of technological platforms that facilitate the cross border exchange of adaptive works. The Delegation further stated that additional efforts for promotion of the Treaty among non-contracting parties should be taken into account in the following years. In addition, the Delegation noted that the IGC had also resumed its meetings and that the biennium allowed progress in the negotiations of one or more instruments for the protection of Genetic Resources (GRs), Traditional Knowledge (TK), and

Traditional Cultural Expressions (TCEs). The Delegation also noted that, under Strategic Goal II, the performance indicators related to the increase of developing countries in the PCT and Madrid Systems were “Not on track” and hoped that the results would improve in the following PPR through measures, such as targeting the fee reductions that Brazil had proposed in the PCT Working Group. Concerning the Strategic Goal III, the Delegation noted that many indicators related to those countries were “Not on track” and hoped that measures could be undertaken by the Secretariat in order to improve the results. The Delegation looked forward to reading the detailed report on the implementation of the Development Agenda the following year and asked for clarification on the reasons why such a report was not presented in the documents for that PBC session. In addition, the Delegation welcomed the results of Strategic Goal IV (Coordination and Development of Global IP Infrastructure), which was particularly important for developing countries. The Delegation recalled that the Director General mentioned that in his opening remarks, where it was underlined that the demand for the Industrial Property Automation System (IPAS) was extremely high. With regard to Strategic Goal VIII (A Responsive Communications Interface between WIPO, its Members and all Stakeholders), Program 20 (External Relations, Partnership and External Offices), the Delegation commended the work of the WIPO Brazil Office (WBO), which had led to all targets being “On track”. The Delegation highlighted the support of the Government of Brazil to the work of the WBO, which was of great assistance for the dissemination of the IP culture in the country through training activities and awareness raising activities. On Strategic Goal IX (Efficient Administrative and Financial Support), the Delegation recalled that the biennium saw the approval of the revised Oversight Charter. The Delegation also wished to address the important issue of gender balance among WIPO staff, and noted that the data provided in the PPR had showed that much remained to be done to reach parity in gender representation. The Delegation recognized the challenges involved in that matter and hoped that progress would be made in the following biennium. Lastly, the Delegation noted that the imbalance in geographical representation persisted in WIPO, although progress had been made since 2014.

29. The Delegation of the United States of America wished to thank the International Bureau for the comprehensive Program Performance Report (PPR) for 2016, and commended WIPO on its overall performance in 2016. The Delegation noted that WIPO's progress in all areas of its diverse Programs was evident from the performance dashboards included under all of WIPO's nine Strategic Goals. The Delegation shared a primary point of concern for the United States of America, which was the underperformance of the Lisbon System and its failure to generate sufficient funds from either fees or its own members to fund its activities. Another area of concern regarded the External Offices and the presentation of their performance in the PPR. The Delegation observed that it could be that the performance targets that had been established in the Program and Budget did not adequately capture the activities of the External Offices or that the PPR might not be clear. It added that, whatever the case, it was difficult to see what activity each Office had actually performed. The Delegation believed it to be an area that would need improvement in the following biennium, particularly as WIPO was entering a phase of establishing additional External Offices that would be followed by a system-wide evaluation of the External Office network. With regard to the traffic light system, the Delegation found it to be very helpful and asked for some additional explanation for the “Not applicable 2016”, “Not assessable” and “Discontinued” designations and activities for which those were applied.

30. The Delegation of Canada thanked the Secretariat for the preparation of the massive report, which had been reviewed with interest, and it echoed the comments made by Group B as well as others before regarding the overall good performance of the Organization in that year. The Delegation observed and appreciated that the PPR for 2016 had continued to reflect comments made by Canada a few sessions before regarding the presentation of information. While it was noted that certain Programs had displayed shortfalls, including Programs that did not display any in the previous, comparable PPR for 2014, the Delegation also acknowledged that the number of those performance issues were not directly attributable to the Secretariat. The Delegation considered that not to be an issue in the PPR itself but more with the Program

and Budget, stating that it would keep that in mind to see whether improvements could be made, including through the contribution of Member States and the design of indicators. The Delegation also acknowledged that a number of Programs had displayed performance improvements as compared to the PPR 2014, which was to be commended. The Delegation of Canada continued to welcome the PPR as a key tool for Member States, and particularly for members of the PBC, in assessing the Organization's performance. The Delegation understood that the Secretariat had proposals under PBC item 7 (Proposed amendments to the Financial Regulation and Rules- FRR- including amendments to the Procurement Framework) that, in its opinion, would have implications for the PPR, and looked forward to hearing more about those.

31. The Delegation of Mexico congratulated the Chair on the appointment as Chair of the Committee, and welcomed the PPR for 2016 regarding the achievement of the Expected Results for the biennium 2016/17. The Delegation recognized the effort made by the Organization and its Member States regarding the outcomes of each strategic objective. Regarding Strategic Goal VI (International Cooperation on Building Respect for IP) and Strategic Goal V (World Reference Source for IP Information and Analysis), the Delegation was particularly interested in the program of assistance to inventors under the Marrakesh Treaty. Regarding the Patent Cooperation Treaty (PCT), the Delegation noted the increase in applications in 2015, as well as the increase in applications to Madrid and the Hague Systems, and the number of registrations under the Lisbon agreement. Finally, the Delegation noted with pleasure the results in the PPR on the application of measures to improve cost efficiencies.

32. The Delegation of Japan, speaking in its national capacity, congratulated the Chair on the election, and thanked the Secretariat for its hard work in preparing the PPR for 2016. The Delegation noted that the report had stated that 329 indicators or 72 per cent out of the total of 455 performance indicators in the Program and Budget for the 2016/17 biennium had been assessed as "On track". It was pleased to see the steady effort made by the Secretariat to implement the Programs. The Delegation stressed the importance of putting performance indicators that were "Not on track" back "On track" in the following year. In this regard, the Delegation considered that the PPR should clearly indicate what strategy the Secretariat had implemented to mitigate the risk that the "Not on track" indicators would continue to be dealt with in the following year. The Delegation added that, in light of the fact that 21 per cent of the indicators of Strategic Goal II were "Not on track", it was especially interested in the indicators that were directly linked with Global IP Services, such as the PCT System, because it considered them to be the most fundamental businesses of the Organization. The Delegation clarified that it was not its intention to micro-manage the Secretariat's work but it strongly hoped that meaningful measures would be adopted to mitigate those issues and would also be appropriately reflected in the Program and Budget for the following biennium.

33. The Delegation of Australia congratulated the Chair on the election as Chair of the meeting and welcomed the presentation of the report. The Delegation wished to thank the Secretariat for its work in preparing the PPR for 2016 for the session. The Delegation stated that, in general, it supported the ongoing assessment to review performance of initiatives in order to identify opportunities for strengthening existing work. The Delegation welcomed the approach that had been taken in the current reporting to better distinguish between PPRs reporting on the progress for 2016 and for the achievements to be reported for 2017. The Delegation also welcomed the fact that, based on the current performance indicators for the 2016/17 budget, 72 per cent had been assessed as being "On track". The Delegation viewed that as a sign that WIPO was performing well and its Programs were being managed well. The Delegation observed that external factors, which were often outside the control of the Organization, might influence the performance of Programs. The Delegation continued to support the work of WIPO in assisting developing countries and LDCs in the design and implementation of national IP strategies.

34. The Chair gave the floor to the Secretariat to reply on the comments, noting that there were no other requests from Member States.

35. The Secretariat thanked the Delegations for their appreciation of the reporting done through the PPR, highlighting that it was a comprehensive exercise for all Programs involving the Directors and staff across the Organization, which was a big undertaking. The Secretariat noted the concerns about the performance indicators that were “Not on track” or for which data were not available that several Delegations had mentioned. The Secretariat assured all Delegations that the PPR was a process of continuous improvement and reiterated, as was mentioned at the outset, that the PPR was a tool for learning. The Secretariat further stressed that that was exactly the endeavor that was done, i.e. that the Secretariat had looked at what had not gone well, noting that the Program Managers were completely tuned in to that process and were making every effort to identify strategies or measures that would improve the performance through the rest of the biennium. Regarding more specific questions, the Secretariat first answered the questions from the Delegation of Brazil on the reporting on the Development Agenda recommendations. The Secretariat recalled that the mainstreaming of the Development Agenda recommendations in the work of the Programs had been so embedded that the Secretariat had been reporting on them in terms of substance in each of the Programs. The Secretariat added that, in the full biennium report, as usual, there would be a specific report on which recommendations were taken into account or that had guided the work of each Program, and in what way. The Secretariat then addressed two specific questions from the Delegation of the United States of America regarding the traffic light system, in particular, the use or mention of “Not applicable 2016” or “Discontinued.” The Secretariat explained that “Not applicable” or “Not assessable” were used in those cases where data were only collected on a biennial basis, which could mean that in some cases surveys were run on a biennial basis. The Secretariat then provided the example of the big customer service surveys in the international registration systems, which were performed on a biennial basis and not an annual basis. The Secretariat further explained that in cases where baselines or targets had neither been indicated in the Program and Budget nor in the updated version after the internal exercise of updating the baselines and targets, that the performance could not be assessed. In the case of discontinued performance indicators, the Secretariat explained that in some cases indicators were not relevant anymore, mentioning the example reported on page 34 in the English version of the PPR, referring to the indicator in Program 3 (No. of publishers signing ABC Charter for Assessable Publishing (“Charter”)). The Secretariat highlighted that, although it was an indicator approved in the Program and Budget, a decision was taken at the beginning of 2016 by the ABC board, including the International Publishers Association, not to promote the ABC Charter with commercial publishers, which led to the assessment as “Discontinued.” The Secretariat highlighted that a substantive explanation for why the indicator was no longer applicable was also given in the performance data.

36. The Delegation of Pakistan congratulated the Chair and expressed its confidence on the Chair’s leadership and efforts for a very successful PBC. The Delegation stated that what triggered its intervention was the comment by the Secretariat on the process of learning and the learning that was going on. The Delegation asked a question on Strategic Goal III (Facilitating the Use of IP for Development) that had two components. The first one was on what WIPO had been doing, for example, in terms of training of its own personnel and human resources, particularly those that were dealing with country-specific issues or very region-specific issues, or those building the regional or country capacities. The Delegation stressed the last point by asking how well the regional bureaus or the desk officers were trained when talking about country-specific feedback, input or advice. The Delegation then asked whether there was any figure on such trainings, the methodologies and how those trainings were imparted. The second component of the question was related to WIPO holding a series of workshops and training courses for the countries and Member States targeting the capacity building. The Delegation added that, when talking about the indicators, it was very encouraging to see that many of them were “On track” but asked what the follow-up mechanism was to make sure that the training and the programs that were being imparted would actually be useful and would actually pay-off in the long term.

37. In response to the Delegation of Pakistan's questions, the Secretariat highlighted that many of the indicators in the Program and Budget, as far as capacity building was concerned, had specifically measured the uptake and the use of the skills. The Secretariat observed that there were indicators measuring the satisfaction but also a second type of indicator on the use of the skills that had been actually measured sometime after the events. Those surveys had measured whether the training had actually been useful and whether that skill had been used. The Secretariat noted that those types of indicators could be found in many of the Programs, including in the majority of the development-related Programs, further stressed that the reason why they were there was to enable Member States to see to what extent they had been useful after the events took place. Regarding the training of a desk officer dealing with the development world, the Secretariat noted that the Development Sector was divided into regional bureaus- the Africa, the Arab, the Asia and the Pacific, and the Latin America and the Caribbean Bureaus- and that the LDC Division dealt with all LDCs. The Secretariat then noted that in all of the cases, the assumption was that the Bureaus functioned like the desk officers in the Ministries of Foreign Affairs and that the staff working in the Bureaus were considered as experts on all areas in the countries, not only economic and IP but also political. The Secretariat further explained that each time that WIPO wanted to produce a project, an event or an action with a developing country, an assessment was done to see if that was the proper activity to perform, taking into account holistically the entire picture of that specific country. In terms of the capacity or of the technical attitudes of those people, the Secretariat explained through the Performance Management and Staff Development System (PMSDS) process, the performance of the specific expert was jointly assessed in terms of the desired professional requirements of the person dealing with a specific country or region. The Secretariat further explained that, each year, the staff were committed to take some special courses, either internally or outside WIPO, to deal with the issues.

38. The Delegation of Pakistan expressed its appreciation to the Secretariat for presenting the report as well as the answers to the queries. The Delegation then asked some follow up questions, i.e. whether the desk officer dealing with Pakistan had ever been to Pakistan and whether the country visits were a routine and regular process to enable them to become more sensitized to the situation on the ground.

39. The Secretariat replied positively and explained that every expert had often gone to the country at issue and that in each Bureau, each person had a number of countries for which they were in charge or with which they were dealing, concluding that the staff responsible for dealing with Pakistan had visited the country very often.

40. The Delegation of Senegal asked whether the Secretariat had already thought about the adjustment measures to ensure that the indicators, which were at that moment "Not on track", could be put on the right track, and if so, what transitions had it thought of or would actually have.

41. Regarding the issue of indicators that had not been fulfilled or complied with the targets, the Secretariat explained that, in many cases, unfortunately, the compliance or the fulfillment of those targets were not in the Secretariat's hands. For instance, the Secretariat stressed that when an indicator stated that a number of countries should become members of the Madrid System, WIPO could help Member States to assess the situations, to think about that and to prepare papers, but that it would not be in WIPO's hands to push the Member States to actually become members, further adding that WIPO could help them in the process but that the final decision would come from the Member States. The Secretariat explained that, in other areas where there was a target that had not been fulfilled, WIPO had assessed in each case how to improve it and to comply with the target. The Secretariat also noted that for the following biennium, some of the targets would be modified as it considered them to be easy to fulfill. Giving an example, the Secretariat stated that if asked how many people were "happy" with an event, usually the target was next to 100 per cent because they had attended the event and had accessed the information, received the information, or attended the seminar. However, the

Secretariat stressed the importance of going beyond that and added that WIPO had tried to measure the impact of those activities in the country at issue, which was a difficult task, as it was easy to say and easy to ask but very difficult to implement. The Secretariat explained further that in the case of holding a seminar (following the previous example of Madrid) and a year after running a survey on that specific event to assess what was the impact of that seminar in that specific country, that very often the people that were trained in that seminar were not working in the government anymore. The Secretariat stressed that, in those cases, the same process would have to be taken again, and that kind of problem was one of those that had been very often faced and had affected the fulfillment of those indicators. The Secretariat concluded that it was aware of that and would continue pushing ahead to comply.

42. The Chair thanked the Secretariat for its comments and noted that, as there was no other request to take the floor, the Chair considered that the Committee had had a very useful debate on the discussion on the PPR and believed that could help Delegations with the item 5, in particular, on the Program and Budget. The Chair recalled the decision paragraph for the PPR: The Program and Budget Committee (PBC), having reviewed the Program Performance Report (PPR) for 2016 (document WO/PBC/26/2), and recognizing its nature as a self-assessment of the Secretariat, recommended that the Assemblies of WIPO acknowledge Programs' progress made in 2016 towards achieving the Expected Results.

43. The Delegation of Indonesia, considering that there would have been little discussion on that matter under agenda item 5, inquired about the statement by the Secretariat on an old target that was being modified and asked what were the other targets that had been modified because they seemed to be old targets.

44. The Secretariat explained that, in the Program and Budget 2018/19, the targets had been constantly updated, noting that it was not necessarily because the targets might be old but, as progress had been made biennia after biennia, the target might have changed. The Secretariat further explained that it would be noted during the discussions on the agenda item 5 that many of the targets had been changed and had come back to the current biennium but based on the fact that progress was being made and therefore they had to be updated.

45. The Delegation of Indonesia thanked the Secretariat for the clarification, and suggested it would be helpful during the presentation on agenda item 5 to actually indicate which targets were being modified based on the progress that had been made.

46. The Secretariat explained that the baselines in the Program and Budget represented the performance at the end of 2016, so there was a direct link between the PPR and the Program and Budget. The Secretariat further added that it would facilitate the reading of the new Program and Budget because it was a continuum and both the new baselines and the new targets were being set based on those baselines. In that way, the Secretariat explained, one could see whether they were ambitious or non-ambitious or not ambitious enough, and one would be able to see that was on the baseline in the actual performance achieved in 2016.

47. The Chair after noting there was no other request to take the floor and to make comments went to the decision paragraph, and as there were no objections, the Chair considered the decision to be adopted.

48. The Program and Budget Committee (PBC), having reviewed the Program Performance Report (PPR) for 2016 (document WO/PBC/26/2), and recognizing its nature as a self-assessment of the Secretariat, recommended that the Assemblies of WIPO acknowledge Programs' progress made in 2016 towards achieving the Expected Results.

#### **ITEM 4 FINANCIAL SITUATION AS OF END 2016: PRELIMINARY RESULTS**

49. Discussions were based on document WO/PBC/26/INF/1.

50. The Chair explained that this item was informative in nature, providing the preliminary figures as at the end of 2016, and passed the floor to the Secretariat for explanations in respect of the relevant document.

51. The Secretariat explained that the document under review provided the preliminary end of 2016 figures which would be reported on formally at the September 2017 session of the PBC. The Secretariat was pleased to report that an unqualified audit opinion had been received for 2016. The Organization's results for 2016, as the Director General had mentioned, showed a surplus for the year of 32.0 million Swiss francs, with total revenue figure of 387.7 million Swiss francs and total expenditure of 355.7 million Swiss francs. This could be compared to a surplus of 33.3 million Swiss francs in 2015, with total revenue of 381.9 million Swiss francs and total expenditure of 348.6 million Swiss francs. Total revenue in 2016 was up by 5.8 million Swiss francs, or 1.5 per cent, on the 2015 figure. The Organization's net assets, consisting of its Reserves and Working Capital Funds, increased from 279.1 million Swiss francs in 2015 to 311.3 million Swiss francs as at December 31, 2016. The document also provided details of expenditure in 2016 by individual Programs, the 2016 results by Union, and a forecast of the result for 2017.

52. The Delegation of Japan, speaking on behalf of Group B, recognized the fact that income figures were slightly beyond the estimated figures for the year and that expenditure was kept in line with the budget. The Group expected the final figures to confirm this trend and said this could contribute to the Secretariat's efforts under the Strategic Goals related to global services and cost-efficiency measures. The Group added that the positive pace should be maintained and looked forward to seeing a positive result at the end of the biennium.

53. The Delegation of Georgia, speaking on behalf of the CEBS Group, welcomed the slightly higher income figure than that estimated, and noted that expenditure levels stood at 96 per cent for 2016. The Group looked forward to seeing positive financial figures for the biennium.

54. The Delegation of Senegal, speaking on behalf of the African Group, expressed its satisfaction at the performance achieved by WIPO during the current financial period and hoped that the surplus would be invested in development activities to benefit developing and least developed countries so as to ensure innovation would be at the heart of development.

55. The Delegation of Brazil noted the positive and healthy financial surplus. The Delegation supported the statement made by the African Group to reinvest money in development activities to increase innovation and creativity in developing countries, thereby fulfilling the core goals of the Organization.

56. The Delegation of China congratulated WIPO on the constant increase in registrations, in particular in the PCT area where growth had been rapid. The Delegation said that the Chinese Government attached particular importance to the publicity of the PCT and that it would work together with WIPO to organize annual, high-level seminar tours, thereby making a greater contribution to this system.

57. The Delegation of Japan, speaking in its national capacity, expressed its satisfaction at the positive surplus, adding that cost efficiency measures should be of a suitable nature, that they should not be temporary, one time measures that postpone problems to be taken care of later. The Delegation expected that such cost efficiency measures would be continuously implemented in a sustainable manner.

58. The Chair, noting that there were no further requests for the floor, reiterated that the document was for information purposes only and that there was no decision to be taken, and closed discussion on the item.

## **ITEM 5 DRAFT PROPOSED PROGRAM AND BUDGET FOR THE 2018/19 BIENNIIUM**

### **(A) DRAFT PROPOSED PROGRAM AND BUDGET FOR THE 2018/19 BIENNIIUM**

59. Discussions were based on documents WO/PBC/26/3 and WO/PBC/26/9.

60. The Chair began discussion on the item with document WO/PBC/26/3 (Draft Proposed Program and Budget for the 2018/19 Biennium), which had been submitted to the PBC for its study, and for it to make its recommendations, including possible amendments, in accordance with Financial Regulation 2.6 of WIPO's Financial Regulations and Rules. The Chair explained that the PBC would hold a final discussion on the Program and Budget at its September session, where it would have to make recommendations on it to the Assemblies. The Chair underlined the importance of taking a constructive approach so as to work on the document efficiently, so that during its first reading at that session of the PBC as many aspects as possible could be covered, thereby reducing the list of items for the September PBC session as much as possible and avoiding any duplication of work. The Chair gave the floor to the Secretariat for the introduction of the document.

61. The Secretariat explained that the Draft Proposed Program and Budget for the 2018/19 Biennium was submitted to the present session of the PBC for "discussion, comments and recommendations, including possible amendments" in accordance with Financial Regulation 2.6 of WIPO's Financial Regulations and Rules, and pursuant to the Mechanism to further involve Member States in the preparation and follow up of the Program and Budget of the Organization. The Program and Budget proposal for the biennium 2018/19 introduced a continuation of the growth trends in the registration systems. The Organization estimated that income in the coming biennium 2018/19 would reach 826.2 million Swiss francs. The estimated income represented an increase of 10.4 per cent, as compared to the approved budget for the 2016/17 biennium. This was to be seen in the context of an increase in PCT filings of 13 per cent, as compared to the 2016/17 approved Budget. PCT income alone represented 76.7 per cent of the total income. The Secretariat explained that the income forecasting had been enhanced to provide a single income estimate figure based on accruals (IPSAS), as opposed to an estimate with IPSAS adjustments provided separately, which would improve readability and tracking. Income estimates were prepared based on the Chief Economist's forecasts, taking into account historic filing data and GDP forecasts published by the IMF. Pages 9 and 10 of the document provided detailed planning assumptions for each source of income. The Secretariat further explained that the unit contribution value was proposed to be reduced by 10 per cent, and that this was a proposal for the consideration of Member States. The results framework for 2018/19 contained 38 Expected Results, reflecting clear contributions from each Program through well-defined performance indicators, and setting out the resources proposed by result and the development share. The Development Agenda, gender and the SDGs were cross-cutting across all Strategic Goals. The Director-General had already referred to the programmatic priorities and highlights. The SDGs had been considered in the design of the Programs for 2018/19, and the results framework highlighted the Strategic Goals and results which contributed to the SDGs. WIPO's contribution to the SDGs was further addressed in Annex IX of the document, which was a new annex. The total expenditure budget for the biennium was proposed at 725.9 million, and was significantly contained at 2.7 percent growth as compared to the 2016/17 Approved Budget and in the context of a 10.4 percent increase in income. The personnel budget amounted to 460 million Swiss francs, representing an increase of only 0.8 percent as compared to the previous biennium. The Secretariat pointed out that this was the first time that the share of expenditure in the overall budget proposal was decreasing, from 64.6 percent in the current biennium to 62.4 percent in this new budget proposal for the next

biennium. This was also the first time that the budget was being presented based on the new definition of development expenditure that was adopted by the Member States. Under that definition, the total development share stood at 18.3 percent of the budget.

62. The Chair opened the floor for general comments, explaining that the actual document would be considered after these, Strategic Goal by Strategic Goal.

63. The Delegation of Georgia, speaking on behalf of the CEBS group, welcomed the continuous growth of Global IP Services and believed that such growth would further improve the systems and meet the needs of users with the expansion of services. The Group welcomed the proposal of a 10 per cent decrease in the contributions of Member States in the 2018-2019 biennium and recognized the increase of 2.7 per cent both for personnel and non-personnel costs. The CEBS Group appreciated the importance paid to Programs related to Global IP Services which represented the main source of income for the Organization and that conferred to the work under Programs, especially Programs 10, 11 and 30. The Group wished to encourage the Secretariat to continue with the implementation of the technical cooperation programs and to raise awareness of IP in countries. It believed that such activities facilitated the increase of filings in both developed and developing countries and that they also improved the overall IP protection ecosystem in those countries. The CEBS Group continued to explore the possibilities that WIPO offered through the technical assistance initiatives, as it had been observed there was a growing demand in the region to improve participation in different WIPO activities, namely in creating and adjusting national Intellectual Property strategies, receiving advice on how to tailor such strategies, participating in the projects on SMEs, IP policies for Universities and IP teaching for universities, IP startup academies, developing and implementing capacity building and technical assistance cooperation plans, as well as other projects through Programs 10, 11 and 30. The CEBS Group was fully committed to continuing its constructive engagement.

64. The Delegation of Chile supported the opening statement made by the Delegation of Paraguay on behalf of GRULAC. The Delegation of Chile considered that the Secretariat had submitted, for the consideration of the Member States, a proposed budget for the next biennium which was compatible with the management of the Organization and with the financial achievements made over the past few years. This had led to a proposed reduction of 10 per cent in members' contributions. Projections of the data regarding the international system of Intellectual Property also appeared to be very positive. The Director General's message in this proposal showed that the Organization's achievements were due not only to the high rates of growth that had taken place in the last half decade but also to improvements in management and productivity, thanks to the computerization of IP systems and procedures. Improvements in the management of offices through the automation of office procedures was essential for their coordination with World Intellectual Property systems, added the Delegation. Thanks to WIPO's assistance and to the dedication of the professionals in charge, Chile had been able to develop and implement the IPAS system, allowing a sharp increase in the productivity and efficiency of INAPI. The Delegation of Chile considered that the Organization should continue to make efforts both in terms of staff and financially to support offices in their long and successful migration to IPAS.

65. The Delegation of China, having examined the draft Proposed Program and Budget document, considered it to be more pragmatic in nature as compared to the Program and Budget of the prior biennium, with the clear identification of an implementation strategy and the improvement and adjustment of many performance indicators. The Delegation added that many Programs had clarified their link to development or to the Development Agenda. These showed that WIPO worked in mainstreaming its development in the Programs and the Delegation appreciated these improvements and welcomed the sound financial base of WIPO. The Delegation had two comments. First of all, it considered that it was possible to develop an integrated implementation strategy for every Strategic Goal and that this strategic implementation could replace the Expected Results and performance indicators since these

indicators and results were already reflected in the detailed description of each Strategic Goal. Secondly, the Delegation suggested comparing the 2018/19 budget to the 2016/17 results so that the budgetary work could be improved.

66. The Delegation of Malaysia expressed its satisfaction at seeing that the projected revenue growth of the Organization stood at 10.4 per cent. The Delegation noted the proposal to reduce the contributions of Member States by 10 per cent for the 2018/19 biennium and hoped to learn more about this proposal, in particular with respect to the cost benefit of the proposal, which had only been briefly mentioned in the Director General's introduction. The Delegation was pleased to note that development continued to be a priority for WIPO in the coming biennium, and noted that the allocation for development expenditure, which was based on the new definition, represented 18.3 per cent. The Delegation said it would appreciate further clarification on how this figure of 18.3 per cent had been determined. The Delegation recalled that it was indicated that 21 per cent was allocated for capacity building and development cooperation at the Director General's briefing earlier that year on results and program highlights. Concerning page 11 of the Draft Program and Budget on the results framework and Program and Budget including the development share by results, the Delegation considered that the Strategic Goals were more far reaching and would contribute to all SDGs rather than SDG 9, 3, 4 and 17 as indicated in the document.

67. The Delegation of Brazil considered the Proposed Program and Budget document as very useful, it gave a very clear picture to show Delegates how the WIPO financial situation was and how the proposed program for the next biennium was to be tackled by the Organization. The Delegation wished to underline the importance of the mainstreaming of the Development Agenda to WIPO as substantive work. This, continued the Delegation, was not a matter of projects by the CDIP but a wider reflection regarding the role of the multilateral Intellectual Property system to work for development in line with efforts by Member States. Regarding the definition of the development expenditure, the Delegation noted it was reached after intense discussions in 2015, adding that it had observed that the percentage of development expenditure for the next biennium was lower than the current level, a trend that the Delegation considered should be reversed as the Development Agenda reflected the demand of WIPO Member States. Development expenditure, considered the Delegation, should be broken down to provide for details on personnel and non-personnel costs for each item. Regarding the SDGs, the Delegation noted that this was restricted to Goal number 9 as provided on page 16 and deemed it unclear as to why WIPO had mainstreamed SDGs across Strategic Goals. The Delegation considered that more information was necessary regarding how each Program implemented the SDGs and their targets - Annex IX was very superficial, it did not provide sufficient information to Member States to evaluate WIPO's implementation of the SDGs and the system provided by the Organization to Member States in their efforts to implement the SDGs individually. The Delegation then asked about the planning of WIPO for the organization of meetings in order to avoid overlapping with WIPO's TRIPS Council. It had noted that the two sessions of the TRIPS Council held during the first semester coincided with meetings in WIPO, creating an additional burden on delegations and affecting the capacity of both bodies to reach decisions. The Delegation recalled the WIPO WTO agreement of 1995 that also included coordination with regard to the calendar of meetings, ensuring that both bodies fulfilled their mandates. The Delegation reminded that the TRIPS Council calendar for 2017 had been circulated in November of the prior year, giving enough time for planning purposes in respect of the 2017 calendar. The Delegation underlined its continuous support to the development of global IP infrastructure for the benefit of members, stakeholders and third parties and particularly the issue of the access and use of IP information, this was a very important topic that contributed to enhancing transparency and disseminating information amongst users. Another important issue for the Delegation of Brazil was the improvement of the IPAS national IP office as underlined by the Delegation of Chile. This enabled productivity gains for offices and in routine work. IPAS was also adopted for trademark procedures. Lastly, the Delegation wished to mention, once again, its attachment to the importance of the principle of balanced geographical representation and gender diversity, especially at the P and D levels. The results

in the Program Performance Report of 2016 showed that Latin America showed a decrease in its representation in the Secretariat. There was a need for action to ensure that balanced geographical representation was achieved, especially at higher levels.

68. The Delegation of Indonesia was pleased to see the projected increase in revenue and to observe that the increase in expenditure was kept to a minimum. The Delegation took note of the proposed decrease in the contributions of Member States for the 2018/19 biennium by 10 per cent. Aligning itself with the Asia and Pacific group, the Delegation wished to see a detailed presentation of the proposal in order to see the cost and benefit. The Delegation considered the work of the Director General as promising, especially on the wording in respect of the mainstreaming of the development agenda and the Sustainable Development Goals, i.e. that development of management was to be integrated into all of Programs the Organization. The Delegation looked forward to seeing how this integration would take place, as this had been described as a prominent feature by the Director General and the Delegation had noted that, in the document, there were only references made on page 11 and Annex 9. On page 11, there was not just 3, 4, 9 and 17, there was also a substantive explanation on why, and the Delegation was very interested to see how this actually featured prominently. This was also the case for the relations between other goals into the Program, as described in Annex 9. The Delegation wished to have a discussion on each Strategic Goal later. Finally, the Delegation expressed its wish to see a better balance geographical representation in WIPO.

69. The Delegation of the United States of America said it welcomed the Proposed Program and Budget and appreciated the additional transparency in the budget and the increased clarity provided by having Program 6 devoted to the Madrid system and Program 32 devoted to the Lisbon system. The Delegation valued the contribution made by the Program and Budget Committee to the governance of the Organization by providing an opportunity for Member States to agree upon priorities and performance metrics for future years. The United States placed the utmost importance on the principles of transparency, accountability, and good governance in UN organizations, including WIPO. At this time, the Delegation said it was not prepared to support the approval of the Proposed Program and Budget as it had several concerns that it wished to highlight. The first of these was the continued application of the capacity to pay principle which had created a growing imbalance in WIPO's budget, said the Delegation. Secondly, the Delegation pointed out that the WIPO's service fee income was continually growing and considered it necessary to study fee reductions further, especially under the Patent Cooperation Treaty, which funded 75 per cent of WIPO's overall budget. Thirdly, the Delegation expressed concern about the fact that the equal disbursement of the Madrid surplus income amongst its members was not included in the proposed budget. The fourth matter of concern was the fact that the proposed further reduction in assessed contributions, which currently totaled less than 5 per cent of WIPO's overall funding, had not been discussed in the PBC. The Delegation considered that the concerns raised in 2015 that the PCT and Madrid system were unfairly shouldering the cost of the Organization had not been fully addressed and would be further burdened by this proposal to reduce contributions. In addition, the Delegation requested additional information about why the Secretariat had proposed a reduction in contributions when the Contribution-Financed Unions were deemed to lack a capacity to pay a fair share of the Organization's expenses. The Delegation added that reducing contributions made the Contribution-Finance Unions less able to pay their share of the expenses of the Organization. As the Delegation had noted in their opening statement, it questioned the timing of the proposed 10 per cent reduction in Member State contributions. It also noted that Brazil had proposed a discount for certain applications under the PCT system for consideration. The Delegation said that the Secretariat's analysis carried out for the PCT Working Group clearly showed that the Organization could afford such a discount for all universities from all countries. Before giving WIPO members a discount in contributions, the Delegation considered that the PCT Assembly should have the opportunity to consider providing such a discount. In 2015, added the Delegation, when the United States had proposed that the excess revenue of the Madrid Union be returned to Madrid members, it had been told by the Secretariat there was no excess revenue. Now it appeared that the Madrid

Union was generating a considerable surplus, said the Delegation, so much so that the Secretariat was proposing a reduction in contributions instead of giving the money to Madrid members. The Delegation expressed its concern that the proposal being made would make the budget lean towards an unfair subsidization of a registration system, which the United States found harmful to its interest and its stakeholders. In 2003, continued the Delegation, members had agreed that the WIPO Convention should be amended to change, amongst other things, the allocation and presentation of the budget. It was decided that the income and expenses of the unions should be reflected in the budget in a fair and transparent manner. The amendment was intended to implement the contribution system for the six financed unions. The Delegation stated that neither the original WIPO Convention nor the amendments addressed the budget of the PCT, Madrid, Hague and Lisbon Unions. As a result, pointed out the Delegation, both before 2003 and after, the budgets of the fee-funded unions were shown in the Program and Budget as a separate budget. The Delegation remained concerned that the income and expenditure associated with the various unions was not clear and looked forward to discussing these issues further with a view to finding a satisfactory outcome so that a Program and Budget could be recommended to the Committee in September.

70. The Delegation of Senegal, speaking on behalf of the African Group, expressed its satisfaction at seeing the good financial health of the Organization and the proposal for a reduction of 10 per cent in Member State contributions. The Delegation underlined the importance of ensuring that development was taken into account in all Programs of the Organization. Concerning the Strategic Goals, the African Group was particularly interested in Goals III, IV, V, VI and VII, and wished to urge the International Bureau to do everything in its power to improve the performance indicators in order to achieve the desired results. Concerning Program 8, 9, 14 and 30, the African Group awaited the outcome of the activities in that area. Concerning staff matters, the Delegation pointed out that no new posts had been considered and that geographic diversity appeared not to be a priority. It asked how the International Bureau planned to deal with this and how it intended to address the funding of additional resources which were needed, in particular for Programs 10, 13, 14, 15 and 16.

71. The Delegation of Japan, speaking on behalf of Group B, noted the 10.4 per cent increase of income in the proposed budget document, noting that this was mainly due to the continuous growth of IT services. The Group believed that continued growth could attribute to the sustainable support to improve systems and respond to the developing demand of users and effective promotion of services. It considered that prudence was desirable with respect to the projected result. The Group took note of the proposed decrease of Member States' contributions in 2018/19 and looked forward to continuing the discussion with respect to this. Turning to the expenditure in the Draft Proposed Program and Budget, it noted the increase of 2.7 per cent, i.e. 6.1 per cent and 0.8 per cent, and we acknowledged the fact that the increase in personnel costs was minimal in comparison to total expenditure and that the portion of total expenditure in the budget had decreased from 64.6 per cent in 2016/17 to 62.4 per cent in 2018/19. This, considered the Group, was a good trend for the healthy operation of the Organization, who understood that this would further improve with the implementation of the ICSC decision. Group B requested the Secretariat to include in the future budget document the period that reflected personnel expenditure according to the current decision taken in accordance with the mechanism of the UN common system of salaries and other conditions of service agreed on by all Member States of the UN General Assembly. The Group asked that, in Program 20, the revised Program and Budget document disclose costs in respect of premises and maintenance for each External Office on a separate line, specifying the contribution of each host country. The Group noted that that program activities for each External office were described separately on pages 157 to 159 and that the Expected Results, performance indicators, baselines and targets were given on pages 160 and 161. These, noted the Group, were different for each office. Thus, considered the Group, the budget for each office should be disclosed on a separate line specifying the amount of the contribution of each host country. Additionally, the Group wished to better understand the reasons for the increase in expenditure for Program 20 and why this was at times so significant, up to 1,488 per cent. In this context,

keeping in mind the principle that a conservative budget should be pursued in this uncertain global economic situation and that continuous efforts were required in the light of saving and efficiency, the Group generally supported the action in the Proposed Program and Budget 2018/19. The Group appreciated the great importance attached to the programs related to Global IP Services which were the basis of the income for the Organization and appreciated all its other activities and programs related to IP information dissemination and sharing, the significance of which was increasing for both developed and developing countries. The Delegation went on to say that Group B also welcomed the proposal of a Capital Master Plan aimed at addressing important needs of the Organization in the areas of ICT, fiscal, cyber security and buildings. Continuous investment in modern infrastructure that responded to the specific needs of the Organization was key to ensuring the delivery of high quality of services in the future. In addition, a life cycle approach to maintenance would keep the total costs for necessary maintenance work under control over time.

72. The Delegation of the United Kingdom aligned itself with the Group B statement. It welcomed that the Secretariat took a rigorous approach with microeconomic and IP forecasting methodologies. The expected income growth was significant whilst expenditure was kept relatively low, noted the Delegation, who further welcomed the proposed reduction in contributions by 10 per cent. It added that the impact on individual member states would vary with exchange rates. While this reduced the share of income from member states, the budget seemed reasonably balanced providing that the income did continue to come in. That said, the Delegation looked forward to a description of the thought process within the Secretariat before it put this proposal forward. Turning to staff expenditure, the Delegation said that it did need to be clear about what was in the budget, in particular in respect of the reduction in Geneva allowances and its consequences which should be spelt out to show the impact on the next budget. Noting the statement made by the Director General that morning, the Delegation said that it would have thought that this important information would have been noted in the document and, to this end, it expected this information to be reflected. The Delegation said it may further address individual programs and strategies in detail at a later stage.

73. The Delegation of Pakistan complimented the Secretariat for a comprehensive detailed and well-done report of the budget, aligning itself with the statement of its Group, which had spelt out all of the important aspects which were of importance to the Delegation. It noted, with satisfaction, the increase in revenue, which it considered very encouraging, and took note of the proposed budget document. With respect to SDGs, the Delegation appreciated the addition of Annex IX to the original chart that had been provided within this report and appreciated and understood that this sort of an approach was being introduced in the work of WIPO. However, the Delegation said it would appreciate a more detailed report or presentation linking the SDGs with all of the programs and an explanation on how WIPO was adding to this. Regarding the Capital Master Plan, with respect to security, the Delegation wished to know if a risk assessment had been done or if an assessment report was already there. Or was it only to align the security of WIPO with the UNSMS, or was there a perceivable threat to begin with? Also, the Delegation wished to know what thinking was that went into the rationale for proposing a cut of 10 per cent in contributions. The Delegation thought that further deliberation or a need for discussion or debate on this issue would be needed. The Delegation wished to highlight that it would like WIPO to continue contributing to the SMEs and particularly the research institutes, the universities, and Programs 9 and 30 were very important and it wished to see more substantive addition to the programs. The Delegation asked for an update regarding the accessibility of documents and all of the important reports requiring access. It believed that the Secretariat had informed that such a platform was there, and asked when this would be operational and how soon afterwards it would be possible to benefit from such a portal. Lastly, the Delegation said it totally understood that the WIPO development agenda and SDGs were cross-cutting issues and that they were very important issues, and asked how the Secretariat was going to ensure there was no duplication of work going on and how such a duplication would have a financial implication or how it would be possible to cut down on any financial implications due to these.

74. The Delegation of France supported the statement made by Group B and congratulated the Organization on the results achieved in terms of the Program and Budget and their success in protecting all forms of IP. Looking particularly at the Program and Budget, the Delegation saw that WIPO was doing better and better from one year to the next. This, said the Delegation, should enable Member States to strengthen WIPO and to strengthen the solidarity amongst its different unions, underlining the importance of solidarity. The Delegation compared WIPO to a tree, where PCT and Madrid would be the roots and the trunk of that tree, adding that it was important to keep this picture in mind. Any kind of protectionism for the unions, said the Delegation, would damage the whole tree and damage, in fact, the unions themselves. This damage, continued the Delegation, would be felt from the furthest depths of the root up to the tips of the branches because these things needed to be there and to be healthy, a prerequisite for WIPO to survive robustly and healthily to protect Intellectual Property throughout the world by promoting cooperation among the unions. In this respect, the Delegation made reference to article 3 of the WIPO constitution, adding that France supported the draft Program and Budget as submitted by the Secretariat.

75. The Delegation of the Russian Federation agreed with the 10 per cent reduction in contributions that was being put forward and asked for further clarification as to the grounds on which this initiative was based, was it simply related to expected savings from decisions that had been taken, for instance, with reference to adjustments and corrections in the way in which certain unions operated? The Delegation said that the budget should reflect appropriate decisions that had been taken by ICSC and asked for clarifications on the way in which this had been taken into account in the staff costs section, whether or not the ICSC recommendations and decisions had been taken into account there fully.

76. The Delegation of Uganda said it may provide further recommendations on specific Strategic Goals at a later stage and wished first to make some general comments. The Delegation considered that the Program and Budget document formed a very good basis for the work of the PBC and was optimistic that the Committee would be able to reach a consensus for a recommendation for an approval by the General Assembly. The Delegation welcomed the mainstreaming of SDG in the Organization's activities. It noted that the draft program had not clearly articulated how SDGs were to be mainstreamed in WIPO's work adding that by choosing some SDGs and leaving out others, the Secretariat seemed not to align itself with the general global perception that SDGs were indivisible. The Delegation said it would appreciate having more justification as to the reasons why a few SDGs were highlighted and others were left out. The Delegation took note that the Organization continued to be in a very healthy financial situation and that it projected to continue growing its surplus. The Delegation assumed that the increase in WIPO's reserves had triggered the proposal to reduce Member State contributions by 10 per cent across the board. However, the Delegation voiced its concern that the overall development spending had been reduced, seeking confirmation from the Secretariat on how Development Agenda projects would all be funded as well as probable SDG specific projects that may be proposed in future. On human resource costs and the question regarding the UN salary reduction, the Delegation commended the Secretariat on its efforts to contain rising personnel costs and noted that human resource-related costs still constituted the biggest part of the Organization's budget. It further noted that one of the proposals made by the Director General to contain the rising personnel costs was to freeze the creation of new posts. The Delegation requested clarification on how the Director General intended to continue promoting geographical balance in human resources in the Organization while at the same time containing human resource costs. Regarding the question of UN salary reductions, it wished to seek the Secretariat's view on the recommendation made by the International Civil Servant's Association regarding decrease of salaries of all UN staff, asking if this would affect the staff in the Secretariat.

77. The Delegation of the Republic of Korea noted the fact that the number of PCT, Madrid and Hague applications had continuously increased and that these applications were anticipated to decrease by the next biennium, resulting in 95.1 per cent of the total income

stemming from the PCT, Hague and Madrid fees, and that just the PCT fee income alone represented 76.7 per cent of the income in the 2018/19 biennium. However, as WIPO's budget continued to be dependent on fees from international applications, the Delegation believed that the calculation or projection of the increase in PCT, Madrid and Hague revenue needed to be carefully estimated to prepare for unpredictable situations, for example, in the case of a fee reduction for PCT applications, a topic that had been continuously discussed. In terms of the 10 per cent decrease in Member State contributions, the Republic of Korea held the opinion that the relatively low contributions by Member States and the reliance on core revenue of PCT and other international registration systems modified the identity, ownership and member characteristics of the Organization. Accordingly, the Delegation was of the view that the issue of Member State contribution reductions should be considered carefully.

78. The Delegation of Japan, speaking in its national capacity, fully supported the statement made by the Group B Coordinator. Japan greatly appreciated the fact that priority had been given to budgets for Global IP Services such as the PCT, Madrid, and Hague systems, based on the fact that more than 90 per cent of WIPO's income was generated from fees paid by applicants for these services. The Delegation expressed its satisfaction that the area of WIPO's IT platforms such as its Global IP Databases and WIPO CASE had been given priority in the draft proposed Program and Budget, because the needs for enhancing accessibility to IP information were increasing as the number of international applications and registrations grew. It further welcomed the proposal of a 10 per cent decrease in the contributions of Member States in the 2018/19 biennium. Finally, the Delegation was of the view that the evidence to support validity of the prediction of the income in the next biennium should be explained in detail, and the prediction should be kept on the safe side as much as possible.

79. The Delegation of Mexico expressed its satisfaction with the medium-term strategic plan for 2016 to 2021 which allowed the reduction of 10 per cent in Member State contributions and decreased dependency on fixed assets. This, it considered, would allow Strategic Goals, which were closely linked to the 2030 agenda for sustainable development, to be reached. Mexico agreed with the proposal by Group B and Pakistan for the cost of living adjustments, adding that such information should be contained in the Program and Budget document.

80. The Delegation of Canada said it would be making comments later on with regard to certain strategic programs, and that it would first make a few cross-cutting remarks or general requests for clarification. These were in addition to the Group B statement made earlier by Japan with which it associated itself. Firstly, like other Member States, the Delegation was interested in hearing more from the Secretariat on the development of the proposal to decrease Member State contributions by 10 per cent. The Delegation noted that the Draft Program and Budget for 2018/19 was not presented Program by Program as in previous biennia, adding that this approach had provided useful perspective on the Secretariat's work and the Secretariat's planning assumptions and helped situate planning and budgeting within a broader context. The Delegation said it would welcome, as a suggestion, the reintroduction of the planning context sections by Program, not necessarily now but for example in 2020/21, acknowledging the work that this involved for the Secretariat but highlighting the usefulness of this information. The Delegation noted that certain importance indicators lacked actual targets with TBD being used instead. It recognized that this information would not be available now and said it would welcome the introduction of that information by the final version of the budget. Finally, the Delegation noted that there appeared to be a general increase in expenditure, including new and resumed expenditure on a number of Programs, adding that it would welcome any information on the sort of activities this expenditure was to cover.

81. The Delegation of Australia was glad to support the strategic direction of WIPO as outlined in the Draft Program and Budget for the upcoming 2018/19 biennium. In general, Australia supported transparency in WIPO's reporting and the framing of the proposed budget which provided separate accounting for the Lisbon system from that of the Madrid system, it

welcomed this increase in the transparency of accounting and considered it consistent with WIPO's reporting.

82. The Secretariat took the floor to address the questions raised by delegations, one by one. The Secretariat noted, firstly, that there had been many requests about the contribution of the unit value reduction and the thinking behind it, adding that the thinking behind the proposal was very simple and that there was not any complex methodology or science behind the proposal. The Secretariat explained that, in the biennium 2018/19, it was estimated that income would grow by 10.4 per cent, a significant increase in revenue for the Organization. A reduction in contribution value was simply a means of sharing the dividends of increased income from fees with all the Member States of the Organization. This was, indeed, the only thinking behind the proposal, which was simply a proposal for consideration by the Member States, adding that similar proposals had been made in past biennia to the Program and Budget Committee who then simply made a recommendation based on its deliberations Assembles of the Unions as far as they were concerned in respect to whether or not that proposal should go through. Concerning the question on the need for a prudent approach to be adopted in income forecasting, the Secretariat said that this was very much the case and that details of the income forecast and the evolution and demand for services under the PCT, Madrid and Hague systems in the medium term were provided in Annex IV of the English version of the document. The Secretariat added that the Director General had further applied prudence to account for exactly some of the factors which had been mentioned by delegations on uncertainty in the global environment to come up with the estimate of 826 million, approximately, for income. After that, there were a number of detailed questions related to the development share and the SDGs. Regarding the development share, the Secretariat clarified that the 21.3 per cent development share referred to was the estimated development share in the Program and Budget for 2016/17. The figure of 18.3 per cent given was the estimated development share in the Draft Proposed Program and Budget 2018/19. The Secretariat reiterated that the development share from the biennium 2016/17 could not be compared to that for 2018/19 because 2018/19 was the first biennium in which the new definition of the development share, as approved by the Member States, was being applied. So the two figures were not comparable. In addition to this, continued the Secretariat, there had been a question about page 11, the results framework and the contribution to the SDGs from Malaysia who pointed out that the document provided for an overview of contributions to the four SDGs to which the Organization was directly contributing. Annex IX, in fact, spelt out a number of additional SDGs to which the Organization was also contributing, so the results framework and Annex IX had to be looked at together, basically, in conjunction. Several delegations had enquired about program links to the SDGs. The Secretariat explained that the way that the contribution to the SDGs had been illustrated in the Program and Budget was indeed in the results framework (the Expected Results) and through the Strategic Goals. However, each of the Programs contributed to the various Expected Results through their performance indicators, and therefore to the Strategic Goals and then to the SDGs. So direct linkages from the Program level all the way to the SDGs were there through the results framework of all of the Programs. There had been an additional question and a request for additional information regarding the budget and staffing for External Offices. The additional information would be provided in the question and answer document. Then, continued the Secretariat, the Delegation of Canada pointed out that in some cases, the key performance indicators lacked targets, which might be the case. There were always some of the indicators that lacked targets in the Program and Budget, but there was a good reason for that. One of the reasons was that, for example, if the indicator was new, then it was not possible to provide a realistic target. The Secretariat explained that there was a very thorough update exercise of the baselines and the targets at the start of each biennium, recalling that the planning of the Program and Budget began far before the beginning of a new biennium and therefore, not all of the information was necessarily readily available at that time. As it could be seen with the Program Performance Report and in accordance with past practice, there was full disclosure of how both the baselines and the targets had been updated, this could be compared with the Program and Budget. In the Program Performance Report, all the baselines and targets had been included as part of the update exercise. The Secretariat continued with a

question on travel and grants about what the particular cost category was, adding that page 233 of the English version of the document gave a description of the cost categories. The cost category for training and related travel grants included travel expenses, daily allowance, training and other fees in connection with trainees attending courses, seminars and fellowships, when it was a fellowship, from one country to another. So there were officials from one country, for example, going on a fellowship to another country. This was part of that particular cost category as described in the Appendix B, which provided the definition of the cost categories in the Program and Budget. The Secretariat then addressed another question about the Madrid Union surplus from the Delegation of the United States, recalling the fact that there was an information document prepared for the Assemblies on the Madrid Union surplus for the 2014/15 biennium. This had been discussed in the Assemblies. Also, paragraph 3 mentioned that these surpluses would be sort of parked in the reserves until such time that the Secretariat would be able to make a proposal for the use of some of those reserves or the surplus for the 2014/15 biennium for investments in ICT. As the Director General had mentioned, ICT investments for the registration systems were vital to sustain the growth and maintain the quality of services that applicants required. This was an ongoing process. There was a proposal that was an integral part of the Capital Master Plan that proposed the use of some of the surplus from the 2014/15 biennium for modernizing or further modernizing and enhancing the Madrid platform for better services to Madrid applicants. On the question from the Delegation of Pakistan about the conference portal, and as indicated previously in the informal briefings before the PBC, there was a system that was being developed and was currently in the process of development and testing. The Secretariat would revert with more details on this issue. On one of the objectives, to eliminate or mitigate environmental security or safety risks, the Secretariat said it was responding to this, that it was constantly looking at the UN Security Management System here in Geneva as part of the obligations in implementing those recommendations, the Minimum Operating Safety and Security standards that the UN, of course, also provided, as well as information related to the prevailing risk environment. There was a Department for Security and Information Assurance in the Organization, which basically carried out assessments before making recommendations as to the types of measures or projects that required implementation in order to ensure the safety of the Organization's visitors, staff and assets. Lastly, local legislation came into play, as well, when it came to safety, fire safety and other forms of safety, which the Organization also had to respect. In some of these cases, added the Secretariat, the Organization was not yet totally compliant with the standards. It was hoping to meet these with some of the projects. On the subject of the ICSC decision in respect of pay cuts in the UN system, this was very much an issue on which the Director General was leading and, as he had said in his opening remarks, the jury was still out on this issue. It was being discussed at the ICSC later that week in order to address some of the issues which seemed to indicate there had been flaws in the way that the whole review had been undertaken. This was a debate and a discussion which was ongoing. In this respect, the portion of the budget affected, which was the P, D or the extended category staff, represented about 183 million Swiss francs. Whatever would come out of these discussions, the Secretariat would let Member States know.

83. The Delegation of Georgia, speaking in its national capacity, welcomed the continued growth of Global IP Services and understood that these generated the core income of the Organization. Nevertheless, it appreciated the work under other Programs, especially Programs 10, 11 and 13. The Delegation encouraged the Secretariat to continue technical cooperation programs, as such activities facilitated not only increasing filings, but in general, improved the overall IP protection system in countries, mainly countries with economies in transition. The Delegation expressed its wish to continue exploring possibilities that WIPO offered through the technical assistance initiatives and believed it required resources to ensure the equal footing of all Member States in terms of delivery of services and geographical representation. It encouraged the work done towards the geographical representation and also commended the work of the WIPO Academy for the continuous efforts in supporting the countries that needed assistance. It was pleased to see that continuous improvements were made through the evaluation and assessment of projects, and said it would like to see a broader approach. At the outset, the Delegation emphasized the high level of organization of cultural

and side events in WIPO and thanked the Secretariat for the professional approach that helped to promote cultures and traditions of different countries.

84. The Delegation of Brazil, regarding SDGs, considered that clarification was needed, noting that many Member States had requested information to be more clear and to be shown more directly under the Strategic Goals and, perhaps, under the Programs, as the Delegation had suggested. The Delegation referred to the organization of meetings in order to avoid other meetings overlapping with the PBC and requested clarification to know if improvements could be made here.

85. The Secretariat, referring to the questions raised by the Delegation of Senegal, said questions related to the issue of gender and geographical balance were the competence of the Human Resource Department. The Secretariat said that increases in resources were foreseen for certain Programs. As the Director General had mentioned, it had been the endeavor for several biennia to contain personnel costs and, for the fifth consecutive biennium, no new additional posts were being proposed. However, this did not mean that priorities did not emerge and that allocations were not made for such priorities. There were priorities and the Draft Program and Budget document provided the content of each Program and information on what the personnel and non-personnel resources were. If there were additional personnel resources in some areas, explained the Secretariat, there may have been corresponding decreases in other areas. It was important to note that the overall envelope of posts was not increasing and this had been a constant endeavor. Part of this was due to efficiency gains by investments in the productivity of posts and new work methods based on IP systems. There were a number of other factors, and this was a constant process of managing the workforce and containing decreases despite growth in the work that was being done or the workload that had to be dealt with. On HR matters, the Secretariat addressed the points in relation to geographical diversity, explaining that a new HR strategy was in the process of being finalized for submission to the Coordination Committee. The document would be distributed in advance with part of the strategy related to the importance of geographical and gender diversity aspects, which were subject to ongoing discussions in the Coordination Committee, reflected in it. Geographical diversity only applied to posts in the P category and above, and not to the general service category, as the requirement was to recruit locally for these posts.

86. The Chair said that a more substantive description for the question from the Delegation of Brazil on SDGs was being worked on as part of the Q & A document.

87. The Delegation of the United States, with regard to the proposed reduction in Member State contributions, thanked the Secretariat for mentioning that, on prior occasions, similar proposals had been made, and asked for information on such cases. It understood that on at least one of those occasions the proposal had not been accepted. The Delegation further asked what the proportion of the WIPO budget funded by government contributions when such proposals were made had been. Further, if the budget were adopted without the proposed reduction and discount for the contribution classes, the Delegation asked if the amount that this represented, which it believed to be around 3 million Swiss francs, would be allocated to the contribution of financed unions.

88. The Delegation of Brazil observed that in times of limited budget in many international organizations, WIPO continued to have a healthy situation. It stressed the relevance of putting to good use WIPO's resources for the benefit of Member States and the Intellectual Property system in general, noting that challenges in the systems remained, especially for developing countries, and that this showed there was a clear and concrete action necessary. This was a point raised on page 15 of the document which stated the necessity of ensuring more widespread use of WIPO's global registration system. And an effective way of doing this was related to fees too. In that sense, the Delegation wished to recall the proposal from Brazil that was previously mentioned regarding a PCT fee reduction for universities. This targeted fee reduction would generate concrete facts in the form of a 7 per cent increase of PCT applications

from developing countries, stimulate activity for the core goals of WIPO, increase the filing behavior of universities and be in line with several Strategic Goals, such as numbers II, III, V and VII. The estimated annual cost would be a mere 600,000 francs. In the last session of the Group, added the Delegation, this proposal had received the support of 108 countries, representing more than two-thirds of PCT Member States. The Delegation saw an urgent need to provide a response to the demand of those countries, which came from different regions with varying levels of developments.

89. The Secretariat said it needed to consult colleagues on the status of some of the proposals and the situation mentioned because, it believed, these were discussions in another body, the PCT Working Group. Regarding the question from the Delegation of the United States on previous decisions, the Secretariat said it would need some time to retrieve the relevant information from the archives to find out in which year those decisions were taken. Concerning the percentage share of contributions from Member States in those years, the Secretariat said it would prepare a list of these decisions for the Delegation. On PCT matters, the Secretariat, referring to the statement made by the Delegation of Brazil as to the ongoing discussions in the PCT Working Group on the proposal by Brazil to introduce fee reductions for universities, said that, at this stage, it could only confirm that these discussions were ongoing, adding that in the Working Group there had indeed been wide sympathy for the proposals. At the next session, the Secretariat would organize a workshop to examine the issues which had prevented the Working Group from agreeing to the proposal at its previous session, such as the definition of what constituted a public or private university. The possible impact of the proposal on PCT fee income, as pointed out by the Delegation, was shown in the studies prepared for discussion by the Chief Economist for the Working Group. These studies also reflected on the impact if such a fee discount would be granted only to universities from developing countries. There were many outstanding issues that needed to be looked into. If all things went according to plan and there was agreement in the Working Group, it would be possible to consider the introduction of such a new fee discount with effect from the next biennium, although this would, of course, require consensus within the Working Group.

90. The Chair moved to examining the Draft Proposed Program and Budget document by Strategic Goal, starting with Strategic Goal I.

91. The Delegation of Brazil, starting with comments on Program 1, noted that there were some references made to confidential information under the program as well as under its Expected Result, I.4. It said that topics not being considered in respective committees should not be included in the work program of relevant programs. On Program 1 this, said the Delegation, would be the SCP. It stated that a balanced work program for the Committee had been reached in the prior week. This, in the Delegation's view, reduced the risks listed on page 28. The Delegation commended the active participation in the last session and hoped to maintain such a spirit in the future meetings of the SCP, which it considered to be a very important body of the Organization. Regarding Program 2, Trademarks, Geographical Indications and Industrial Designs, the Delegation noted that the proposed budget regarding the Expected Result, I.2, had almost doubled as compared to the current biennium, and asked what activities envisaged under this result justified this increase. On Program 3, Copyright and Related Rights, under the implementation strategies, the support to be provided to Member States regarding treaties made no reference to the Marrakesh Treaty. The Delegation therefore wished to propose an amendment to that implementation strategy on page 34 to include the Marrakesh Treaty. While the number of parties to the treaty continued to increase, there remained much to be done, explained the Delegation. Only 29 of the 189 Member States had ratified the Marrakesh Treaty. So it also wished to have dissemination activities and a more ambitious target on Expected Result I.2 in relation to the Marrakesh Treaty. While the corresponding baseline was indicated to be 26, the Delegation noted that it was actually 29 members and therefore considered that the target of 40 could be increased. The Delegation also wished to include Cluster B of the Development Agenda as one of the relevant clusters that guided to Program 3, in particular, DA Recommendation 15 should be listed as the SCCR was

currently engaging on norm-setting activities in broadcasting. This Recommendation was considered by the Delegation as a necessary starting point for addressing the issue. Coming to Expected Result III.2, the Delegation noted that the proposed budget had been reduced by 75 per cent and asked what the reasons for this reduction were, in particular if any activities had been discontinued. On the ABC consortium, the Delegation asked how many of the accessible books were accessed by countries from developing and least developed countries, and how this related to the performance indicator under the Expected Result III.4. Still under Program 3, one of the performance indicators under the Expected Result III.2 made reference to the number of trained CMOs. The Delegation asked for more information on this, such as who was providing the training and what training program was being used. Turning to Expected Result IV.2, the performance indicator mentioned guidelines or databases regarding copyright legal frameworks and their practical applications. The Delegation wondered if this referred to WIPO Lex or if there was another database that was being prepared by the Secretariat. It also wished to request information as to how the current discussions on the SCCR regarding the digital environment were being addressed under the Expected Results and performance indicators. On Program 4, the Delegation noted that the last session of the IGC agreed on the need to continue work in the next biennium and recommended to the GA the renewal of its mandate. The Delegation therefore considered that there was a need to ensure that the necessary resources were available in the next biennium given that an agreement had been reached in this area.

92. The Delegation of Canada asked how many meetings the provision under conferences, amounting to 170,000 Swiss francs, covered and asked if there was a rule of thumb for Member States to assess what this represented. This was a general question for Program 1 and other programs, as applicable. On a minor issue, the Delegation had noted a small increase under I.1 and small decrease under I.2 and wondered what sort of changes or adjustments this related to. The Delegation also requested clarifications in respect of the objective under Program 2 of the mainstreaming of gender equality referred to under the implementation strategies. One option, it said, was to consider the establishment of similar objectives for Programs 1, 3 and 4. Under Program 3, there was a line item for Expected Result III.1 on national IP strategies and plans consistent with national development objectives. This, noted the Delegation, was not present for Programs 1 and 2. The Delegation's initial reaction was that it could be applicable, so it would welcome any clarifications here. It was also interested in the relationship or comparison between activities under III.1 in Program 3 and, for example, what would be under III.1 in Programs 9 and 10. Under Program 4, there was a reference to implementation strategies to "facilitate the undertaking of studies as may be requested by Member States in the IGC". The Delegation wondered whether the program narrative should also reflect other work or research that the Secretariat might be conducting under Program 4 separately from any work requested by Member States, should that indeed be the case. Under Expected Results I.1, still in Program 4, the Delegation noted that the indicator spoke of implementation of normative activities and wondered if something like "progress towards", or "the development of normative activities", would not be a better reflection of the current state of discussions and also represent better reporting of performance under the relevant Expected Result.

93. The Delegation of Iran (Islamic Republic of), regarding Program 1, Patent Law, requested clarification from the Secretariat whether there, during the next session of the PCT Working Group, would be a proposal to adopt a fee reduction and how the effects of such a proposal would affect the Proposed Program and Budget for the next biennium. For Program 4, referring to the first Expected Result for this program, whilst recognizing the progress made in the IGC in the past years, the Delegation pointed out that there was no agreement on the details of the mandate of the IGC, including the number of sessions. This depended on the negotiations that would take place during the GA, as did the possibility of having a Diplomatic Conference. The Delegation wondered how such new developments, which may be agreed on during the GA, could affect the proposed Program and Budget for the next biennium.

94. The Delegation of Senegal, speaking on behalf of the African Group, shared the observations made by the Delegations of Brazil and Iran (Islamic Republic of). On Program 2, on trademarks and industrial designs, and the references made to the holding of a Diplomatic Conference, the Delegation pointed out that this was a debate that was still underway in the SCT and that there were diverging opinions in this regard.

95. The Delegation of the United States of America expressed its support for the activities outlined under strategic goal 1 and noted the adjustments in the budget and the metrics as presented. It wished to draw attention to the unallocated provision mentioned on pages 15, 30 and 39 with regard to the provision of a Diplomatic Conference and said it would like to have it clearly indicated, either in the document or in a decision adopting the budget, that any Diplomatic Conference would be subject to the condition that was agreed with the adoption of the present budget that it would be open to all Member States and, the second condition, that it would only be convened based on a consensus of the Member States of WIPO.

96. The Delegation of Indonesia, speaking in its national capacity, was happy to see all of the Expected Results, targets, metrics and indicators under strategic goal 1. It shared the views of the Delegations of Brazil and Senegal and commended all Member States in agreeing on future work in the last SCP session. This was lowering the risk that was stated in the document and was still relevant as a multilateral forum on patents. On Program 4, again, the Delegation shared the views expressed regarding the mandate. Agreement had been reached to recommend the renewal of the mandate of the IGC to the GA even though the work program had not been agreed on. The Delegation wished to ensure that there were sufficient funds allotted for any work program that might be agreed upon. The Delegation shared the views expressed by the Delegation of Canada in respect of implementation under Program 4. It would like to receive further clarification and wondered if it would actually be wiser to proceed without the word "implementation".

97. The Delegation of Mexico generally supported the activities under Strategic Goal I, particularly in Programs 1, 2 and 4. The Delegation considered it extremely important to continue to work on a balanced international framework on issues which had been discussed in the SCP, and on trademarks, industrial designs and geographical indications, and the effective protection of TK, TCE and GRs. Regarding the IGC, the Delegation believed that it was important to bear in mind the work already undertaken and achieved by the Committee and the GA last year, the progress already made, and that decisions should be made to pursue negotiations and consider the possibility of holding more meetings, of course, if the budget permitted this.

98. The Delegation of Chile supported the comments made by Brazil on Program 3 concerning the baselines in the proposal as well as the performance indicators, especially regarding Expected Result III.2 and the capacity building activities, which was undertaken by the Organization through the ABC consortium and activities, in association with Program 15. The Delegation underlined the importance of these matters and requested more information in this respect.

99. The Delegation of China, referred to the provision for Diplomatic Conferences in the draft budget, and expressed its appreciation with the increase in budget allocations for Program 4 by 15.4 per cent, and called on interested countries to accelerate the process of ratifying the Beijing Treaty, hoping that long-term discussions would help obtain results rapidly. It would continue to take an active part in coordination efforts for a Diplomatic Conference and looked forward to concluding this work as soon as possible.

100. Speaking of the planning assumptions, the Secretariat pointed out that the Program and Budget was a proposal made for a biennium, adding that this process began three years in advance of the end of the biennium. This meant that a number of assumptions were needed in order for estimations to be made. To make these assumptions, experience and past information

was taken into consideration to see what would be a pragmatic and good estimate. In that context, there were two important aspects to take into account, namely the one million that was devoted or retained in unallocated funds for a potential Diplomatic Conference which may be convened based on the decisions taken by the Member States. This amount, added the Secretariat, was not necessarily linked to any particular program because the outcome of the discussions and deliberations of the Member States were not yet known. The second question was on the number of sessions of the IGC and whether there would be adequate resources should the mandate be agreed on. The Secretariat believed that there would be adequate resources. Up to four sessions of the IGC had been budgeted for and this was what had been done in the current biennium. This, believed the Secretariat, was a pragmatic assumption and should the decisions made in the GA result in more sessions and more work, allocations would be made based on an algorithm, which was a standard thing. Resources were looked for first within the program itself and across the sector and then, based on available resources (because different programs were implemented at different implementation rates), the Director General would consider shifting resources from unallocated funds or from other programs outside the sector. This was, in general, the manner in which these events or activities were planned for. In relation to a question from the Delegation on Canada on the cost category for conferences, in all the Programs, and what this cost refers to, the Secretariat explained that this was the cost for the Standing Committee, which was the conference cost. It included the cost of interpretation and other such items, but not the financing of the delegates, which was under third party travel. Then, continued the Secretariat, there had been a second question on Program 3, and Expected Result III.1, national copyright strategies, namely why this was not included in Programs 1 and 2. The reason for that was that the National IP Strategies in Programs 9 and 10 referred to industrial property whereas Program 3 covered the copyright component. On the question raised by the Delegation of Brazil on why the figure of 939,000 had increased for Expected Result I.2 of Program 2 (page 32) the Secretariat stated that the answer could be found in section 2.3 of page 31. The Secretariat explained that increased transparency had been provided by more accurately capturing the activities to which resources were dedicated. Based on this approach, it was found that part of the activities captured under Expected Result I.1 in the 2016/17 Budget After Transfers were more appropriately captured under Expected Results I.2 and III.2 in the 2018/19 Proposed Budget, which led to a corresponding decrease in the amount foreseen under Expected Result I.1 and an increase in the amounts foreseen under Expected Results I.2 and III.2 Concerning a question from the Delegation of Canada with respect to mainstreaming gender equality in Program 2, the Secretariat said that, while Program 2 did not easily lend itself to gender mainstreaming because of its normative focus, the Secretariat was nonetheless dedicated to identifying any possible opportunities to highlight the issue of gender mainstreaming during the 2018/19 biennium. Concerning the remark made by the Delegation of Senegal regarding the first paragraph under implementation strategies, the Secretariat pointed out that the paragraph did indeed say "subject to a decision by the WIPO General Assembly". This referred back to a decision of the WIPO General Assembly in 2016 when it decided that, at its next session in October 2017, it would continue considering the convening of a Diplomatic Conference on the DLT to take place at the end of the first half of 2018. With regard to Program 3, the Secretariat responded to the questions raised about the place of the Marrakesh Treaty within the Program's action plan to promote treaties, in other words, to promote accession to treaties and to promote their implementation. The Secretariat noted that, although there was no specific reference to the Marrakesh Treaty in the list of treaties quoted in that part of the document, that list was intended to be illustrative, not exhaustive. The Marrakesh treaty clearly did have an important role to play, and there was no question that the Organization would continue to promote the Marrakesh Treaty, and it could be included in the list if that would reassure the Committee. The Secretariat emphasized that the Marrakesh Treaty was still very much part of the ongoing promotional work that was being done and was one of the first treaties that was referred to when Member States were encouraged to sign up to treaties and to ratify them. The point raised by the Delegation of Brazil was also on the Marrakesh Treaty. The Delegation of Brazil had referred to the fact that if you looked at the relevant baseline, it stated that 26 parties had

joined the Marrakesh treaty. There were indeed three further parties who had now joined. This showed how much was going on and illustrated how dynamic the work on the treaty was. It may well be, continued the Secretariat, that when 40 accessions were quoted, this could be a bit too modest in terms of what the Organization expected the situation to be by the end of the next biennium. If the number exceeded this figure of 40, it would be considered very positively. It would be possible to consider putting the bar even higher, this was something the Secretariat was prepared to look at as it felt confident that many Member States would, indeed, join the Marrakesh treaty. Regarding adding DA Recommendation 15 to cluster A, the Secretariat saw no problem with this. Another point raised related to Expected Result III.4. It was rightly pointed out that the budget proposed for III.2 had been decreased. What had actually happened was a reallocation of budget from III.2 to III.4 which had no allocated budget before. This had been done in order to focus on more targeted cooperation in that area. As indicated, the aim was to make cooperation in this area a true reflection of countries' needs and requirements. This was done in an effort to reach out to developing countries and countries in transition. It was hoped that such countries could be assisted in reaching the targets set out through enhanced cooperation with them. The Secretariat then reverted to another point raised by Brazil relating to CMOs and training, specifically asking what the Organization intended to do in order to strengthen collective management and the way collective management associations operated. The Secretariat commented that it may be true that the figures did not seem very ambitious, but in fact, the Organization was indeed ambitious. Thus far, it would seem that a lot had been done to enhance CMOs, but there were still too many CMOs that were not in a satisfactory situation with insufficient resources coming in and with an unsatisfactory redistribution of the contributions that did come in to rights holders. A plan had just been adopted to have a view of the forthcoming biennium, by the end of that year, mapping all the CMOs worldwide. These would be put into three categories. Firstly, the countries where there were no CMOs at all would be identified and there would be an emergency plan for these, a capacity building plan to get them up to an operational level as quickly as possible. Secondly, in this mapping, there would be a category with CMOs which were supported by legislation and regulation but in which the legislative and regulatory framework was not working very well. This really had to be the only criteria, relating to the way in which the CMO operated. If there was a CMO not getting money in and not distributing money to right holders, then it was not working properly. Those would be in the second category. Then there would be a third category of CMOs which functioned very well, they could be a kind of benchmark for pilot projects or for practices that might be copied by other CMOs as they tried to get up to an operational level. So this mapping would be produced, on the basis of which four training categories would be established. These would include one for governance, a second for management, a third dealing with commercial and financial issues, licensing and, in particular, how exactly to get money into a CMO, and the fourth category would be technical capacity. So this mapping would show, on the one hand, the three categories of CMO situations, so to speak, countries not having CMOs, those having them on paper but with offices that did not do much in practice and those that worked very well. This would make it possible to establish the needs and, alongside that, there would be the four training categories. On the basis of all of this, an implementation or action plan would be developed by the end of the year. That was the plan. Progress would be monitored to see how it would be possible to move forward, particularly by creating clusters of CMOs that were more or less in the same kind of situation. This would allow training to be really targeted. Specialists could be invited, experts in areas where training was required, so that the necessary skills could be acquired. In other words, there would not just be two or three people sent out to do some kind of seminar for two or three days, there would actually be workshops. In these workshops, people working on the technical side would be trained, as would people on the management side. Depending on where a learning requirement was identified, or where there was a weakness, people would be trained in that area so they could get better at what they needed to do. In other words, there would be a focus on the areas where there really was a need for help, and then experts would be called to go and assist. A schedule would be established to assess progress made throughout the biennium, this would make it possible to see where something else needed to be done in order to get people to

where they needed to be. In other words, over the course of the next biennium, the aim would be to help as many countries as possible to raise the level of their CMOs so as to make them operational, efficient and effective in the digital era. One last point concerned IV.2 about access to information, or promotional access to the use of information relating to the legal framework and to rights-based regimes in order to promote innovation and creativity. Here there were some indicators and benchmarks relating to the number of countries that were going to be able to take on board this information and share it with users at a local level. It seemed that, in the past, general studies had been done, thematic studies on different branches of the creative industries, and more or less all the subjects had been covered in the studies. Now that this had been done it was time to move on to another level and take a much more targeted approach. Each country needed to understand what the system was, and then, to be able to explain that to its own users and right holders. Databases that could allow the processing of data at the local level for each and every country were required, and a network to help people to work together had to be set up. A network was needed, in particular, for economists. It would certainly be possible to help people in establishing that kind of network so that economists could retrieve the information they needed and make use of it at the local level, at the country level. It was hoped that the global experts at WIPO would help produce the kind of indicators and benchmarks present in other sectors so that countries could assess where they stood. It was important to have reliable information for each and every country. Member States themselves needed to be able to share and pool that information and also share guidance with their own professionals. On Program 4, the Secretariat agreed with the Delegation of Canada to reflect the additional language to cover the work done by the Secretariat in undertaking studies. Very concise language could be found to reflect that. The second point, made by the Delegation of Canada, was on Expected Result I.1 on the word "implementation" which was then taken up by the Delegation of Indonesia. The suggestion was to put "progress in normative activities on IP and GRs, TK and TCEs as agreed by Member States" in the next draft of the document.

101. The Chair asked if there were any objections to this proposal and, seeing that there were none, requested the Secretariat to make the change.

102. The Secretariat, in response to a question in respect of Program 1 and Expected Result I.4 about trade secrets, explained that the issue of trade secrets is part of the list of IP categories listed in Art. 1 of the Paris Convention. Therefore, the work of the Secretariat in the administration, implementation and guidance in the understanding of the Paris Convention include trade secrets.. Related to the SCP, there had also been a question about the baseline and the performance indicator for the SCP. In the Draft Proposed Program and Budget, reference was made to progress on the implementation of agreed work according to the SCP agenda. Thus, in the case of a positive outcome of the SCP, as was the case of SCP 26, then this agreed outcome would be implemented by the Secretariat in the following session of the SCP. So the indicator is used to measure the capacity of the Secretariat to deliver what had been agreed upon.

103. The Chair resumed the examination of the Draft Proposed Program and Budget for the 2018/19 Biennium. The Chair recalled that Delegations the day before had discussed Strategic Goal 1 and Programs 1 to 4 and that the Secretariat had made clarifications and had answered questions that were asked by the Delegations. The Chair invited Delegations to remain in contact with the Secretariat to follow-up on any questions they might have and to make sure that these explanations were reflected in the revised document. The Chair invited Delegations to take the floor to start with the discussion on the Strategic Goal II, Provision of Premier Global IP Services, and its Programs 5, 6, 7, 31 and 32.

104. The Delegation of China stated that the Global IP Services constituted the foundation for the sound financial situation of WIPO with the PCT income representing 75 per cent of the total income, and that therefore enhancing the PCT service level would contribute to the long-term development of the PCT system. The Delegation wished to make three points. First, the PCT Working Group should provide interpretation services in all six UN languages since, based on

the global expansion of the PCT system, more and more different languages were used. The Delegation specified that PCT Working Group meetings were important occasions where specific PCT matters were discussed and that therefore the language services should satisfy the needs of the large majority of the PCT users. Currently only three UN languages were used in the meeting while other working groups were already equipped with six UN languages. This was a serious mismatch with the important position of the PCT system in WIPO and its global development and therefore it was strongly requested that Program 5 would be budgeted in a way that the PCT Working Group could enjoy interpretation services in all six UN languages. Secondly, the Delegation pointed out that it did not endorse the reduction of PCT-related posts and personal resources in Program 5. The Delegation highlighted that with the increase of applications and at the same time reductions of posts, WIPO might fail to guarantee the timeliness and quality of PCT application processing and maintaining the service level of the PCT. In the view of the Delegation, the PCT department should take proactive measures to respond to the changing needs of language distribution and further increase the recruitment of staff which would be able to work in the appropriate languages. The emphasis should be on long-term posts since temporary posts might lead to lower efficiency and higher instability of PCT operations. Third, the Delegation explained that, based on the results of the PCT user survey, users within countries had different levels of use and understanding of PCT operations and therefore WIPO should provide to PCT users diversified and multidimensional services, such as legal advice, information and training that corresponded to the different user needs. The Delegation proposed that WIPO would publish the survey results together with the responses. It further mentioned that the IT modernization of the Hague system under Program 31 was important and timely but that it should be forward looking and particular attention should be given to increase the geographical reach of the Hague System. The Delegation proposed that the platform should provide an interface covering all six UN languages.

105. The Delegation of Brazil stressed that Strategic Goal II was a core goal of WIPO and a reason for WIPO's very healthy financial surplus and that therefore Brazil had a strong interest in its correct functioning. The Delegation requested clarification on the implementation strategy and the targets under Program 5. It outlined that the development of quality metrics should be done in such a way as to preserve the autonomy of international authorities in elaborating their work and discharging their responsibilities, while respecting the requirements of the PCT and its rules. The Delegation further noted that the graphic in the Annex to Program 5 showed that the vast majority of filings were electronic. The Delegation commended that result, which was aligned with the Secretariats efforts to phase out paperwork to increase productivity and to facilitate procedures necessary for the examination of applications. The Delegation then referred to the forecast for future PCT applications, which continued the positive trend observed in the last 10 years, and highlighted that the predicted increase of the surplus could be used for providing a fee reduction for specific stakeholders, as proposed by Brazil in the PCT Working Group. This would increase activities by universities in developing countries, as underlined by the study of the Chief Economist, and this reduction would not negatively affect the capacity of the PCT system to continue to provide its high-level work. Here, the Delegation quoted page 54, which stated that "productivity and formality increases over time which permits a larger workload with less or equal staff". The Delegation proposed to amend Expected Result II.1 and suggested the inclusion of the phrase "including by developing countries and Least Developed Countries" at the end of the Expected Result. This would reflect the necessity of a widespread sharing of the services provided by WIPO aimed at developing and least developed countries.

106. The Delegation of Japan reiterated that, under Program 5, the productivity and quality of PCT services should be further enhanced, especially due to the fact that more than 75 per cent of WIPO's income was generated from PCT fees paid by applicants. The Delegation welcomed the fact that the budget allocated for this Program had been prioritized under the Draft Proposed Program and Budget, and requested more detailed information about how the Secretariat was planning to utilize the proposed budget to improve the productivity and quality of the PCT system.

107. The Delegation of the United States of America expressed its appreciation for the detailed Program and Budget for the next biennium for the WIPO registration services. The Delegation was pleased with the growth forecast in the systems which were truly global systems for the protection of IP and the driver of WIPO's unprecedented growth. With regard to the Lisbon System, the Delegation referred to its opening statement and said that it would like to note that the approval of the budget, which included references to the Geneva Act, should not be taken as United States' approval of the Geneva Act, which was administered by WIPO, in the absence of a separate approval process as outlined in the WIPO Convention. The Delegation mentioned that the question of the administration of the Geneva Act was not immediately before the PBC or the Assemblies this year but, because it included references to the Geneva Act, the Delegation wished to make this point clear.

108. The Delegation of Canada announced its support of Program 5, which was a core revenue generating area. The Delegation encouraged the Secretariat to continue to pursue ongoing improvement in this Program for the benefit of the PCT system users. With regard to the implementation strategies, the Delegation highlighted that it strongly supported any initiatives aimed at improving the system's performance and increasing operational efficiency. The Delegation encouraged the Secretariat to prioritize quality improvements, specifically as these related to work products from the International Authorities. With regard to the specific implementation strategies under bullet point six of Program 5, which referred to the fostering of communications with PCT customers and stakeholders in order to identify needs and improve the effectiveness of the PCT system, the Delegation suggested that the Secretariat should consider expanding this strategy with a view to using the feedback received from PCT customers and stakeholders, through surveys and other outreach activities, to improve services not only provided by WIPO but by the PCT International Authorities as well. With regard to Program 5, the Delegation would be interested in a summary from the Secretariat, either at this PBC meeting or the next, of its May 17 progress report (document PCT/WG/10/6, which had been submitted to the PCT Working Group) on work towards the implementation of a so-called netting structure to reduce exposure of PCT future income to currency fluctuations. Concerning Programs 6 and 31, the Delegation was pleased to note that WIPO was continuing its work promoting accession to the Madrid Protocol and The Hague agreement and that it was following with interest the developments under these two Programs. The Delegation said that it would appreciate additional information from the Secretariat on the proposed expansion of the Madrid Fellowship Program as mentioned in Program 6 and specifically clarification as to whether funding for this Program fell under the 271,000 Swiss francs allocation under training and related grants or whether that funding was included under the WIPO Fellowship line item for that Program. The Delegation said that it also would be interested in details on the proposed 160,000 Swiss francs expenditure on supplies and materials for the biennium as compared to the 1,000 Swiss francs in the 2016/17 biennium.

109. In response to the intervention by the Delegation of China about the interpretation services offered in the context of the PCT Working Group and the request that WIPO should budget for expanding that language coverage for interpretation into all six UN languages, including Chinese, the Secretariat pointed to the figures for contractual services (conferences sub-item) set out in Program 5 on page 49 of the English version. These figures showed that a steep increase in the budget was provided for conferences, which included a move to interpretation in all six languages for the Working Group. The Secretariat explained that it had budgeted for this in anticipation of a request to expand that language coverage. However, a positive decision by the Working Group itself was still needed to implement that change since, in line with the WIPO language policy which was adopted a number of years ago, it was left to each body itself to make that decision or not. In relation to the statement by the Delegation of China about the publication of user surveys, the Secretariat explained that the PCT ran two surveys. One was dedicated to the users and one measured the satisfaction of offices with the PCT services provided. The results of these surveys were available to all stakeholders of the PCT. In relation to the question by the Delegation of Brazil on work-sharing, the Secretariat explained that it was, of course, up to each office to decide to which extent it might wish to use

the work products (search and examination reports) provided by the PCT; this notwithstanding, a main aim of the Secretariat was to improve the usefulness of these work products for the offices, and that was what it had tried to express in the wording of the implementation strategy. The Secretariat recalled that work sharing was indeed an important part of the PCT, but that it was up to each Contracting State to decide to which extent it wished to exploit what had been done by other offices as part of the PCT system. In response to the suggestion by the Delegation of Brazil to amend the wording of Expected Result II.1, which read "wider and more effective use of the PCT system for filing international patent applications", by adding the words "including by developing and Least Developed Countries", the Secretariat stated that it had no objection to that proposal, since applications filed by applicants from developing and Least Developed Countries were already included in the current wording, so it would provide a further emphasis of that point. In relation to the statements by the Delegations of Japan and Canada about the Secretariat's efforts to improve the quality of the services provided under the PCT, the Secretariat reassured delegations that this was one of the main focuses of its work. As far as quality within the PCT network was concerned, a huge amount of work and efforts had gone into improving that quality. This effort was a joint one whereby the Secretariat could do one part, while there were aspects that the Member States and other offices should do to improve the usefulness of the system for all stakeholders. A lot of the Secretariat's efforts and resources went into encouraging Member States, and in particular those which carried out the important work of international search and preliminary examination, to improve quality, including through meetings of the Working Group itself. With regard to the suggestion to amend the text under the implementation strategies on page 46 to include feedback from stakeholders, the Secretariat confirmed that such feedback was already taken into account by the Secretariat to improve quality. With regard to the issue of netting raised by the Delegation of Canada, the Secretariat stated that it had provided a detailed update report to the PCT Working Group in May on the efforts of setting up a netting structure, which had been noted by the Working Group. The proposal was to aim for a pilot to set up a netting structure, first for the collection of search fees, which in the future would not go from the receiving Office to the Searching Authorities, but which would go instead to the International Bureau first so that WIPO could actively manage the flow of currencies between the various actors in the PCT. This would be done with a small number of offices at the first instance and then, if successful, the circle of participants would be broadened to eventually have this as the standard procedure under which fees were being collected and then transferred by the International Bureau to the eventual recipients. In regards to the comment by the Delegation of China on the need to refrain from reducing staff, the Secretariat said that it was working on a long-term workforce plan, looking at a number of criteria, including workload, language distribution and ongoing automation efforts. In the short-term the International Bureau could address needs by moving people within the department from those languages where there was a smaller demand to those languages where there was a larger demand. The Secretariat underlined that in its planning over the years to come it would have enough staff resources to cover the increasing needs in certain languages. Concerning the statement of the Delegation of Japan about quality, the Secretariat explained that all three divisions of the PCT service department had their own internal quality control mechanisms, consisting of quality control done by both human resources and automated measures . Where human resources were involved, WIPO could conduct quality controls on a certain portion of work products – on about 5 per cent or so. The Secretariat would need more resources if were to increase this aspect of the quality control system. In addition, all three divisions also had automated measures for quality control. More automated quality control systems were being developed in the Translation Division, but also in the information systems division where many quality controls of software development were done manually, and the Organization was developing systems where it could do better, for example, quicker quality control systems for software development. In response to the intervention made by the Delegation of China regarding Program 31 and the request that the new IT platform of the Hague system should provide an interface covering all six UN languages, the Secretariat explained that, while ultimately the decision about an expansion of the language regime of the Hague System lay in the hands of the Hague Union Assembly, the target, as mentioned under

the Expected Result II.4, was the ability to receive, record, retrieve and communicate data in Latin and non-Latin character. The Secretariat reported that this was a strong indication that a possible expansion of the language regime under The Hague System was envisaged. With regard to the question of the Delegation of Canada about fellowships under Program 6 and the related budget item, the Secretariat explained that there was a specific WIPO fellowship line which was intended to cover all expenses for fellows who would be with the Madrid Registry. The Secretariat further explained that the training and related travel was a different cost category item covering, among other items, training for Member States office staff in the application of the procedures under the Madrid System, whether they were new offices or existing ones that requested further training. With regard to the question about the 160,000 Swiss francs for supplies and materials, the Secretariat referred to page 63 and explained that it had attempted to offer greater granularity of expenses in the draft budget, and that the supplies and materials were supposed to cover, among other items, computer supplies, software and certain licenses that were regularly paid in order to run the data entry and publication operations. This had not been shown in the same detail in the last Program and Budget but in order to offer additional transparency it was put in for the first time.

110. The Chair asked whether any Delegation wished to ask any further questions or make further comments. As there were no more comments on Strategic Goal II, the Chair thanked the members of the Secretariat for the explanations given and moved onto Strategic Goal III, Facilitating the Use of IP for Development, which included Programs 8, 9, 10, 11 and 30.

111. Senegal, speaking on behalf of the African Group, stated that Strategic Goal III was one of the most important Strategic Goals in the eyes of the Group. The Delegation stated that it was a time when Programs and Budgets were focused on development issues. That being so, the Delegation found it difficult to understand why the specific issue of facilitating the use of IP for development was an area where it saw a decrease in allocated resources. The Delegation had noted a 5.9 per cent decrease for Program 8 and 3.5 per cent for Program 9. This came at a time when Program 10 was being increased by 9.6 per cent. The Delegation simply did not understand this and could not accept such a flagrant disparity. Further, the Delegation wished to seek clarification on paragraph 10.3, relating to Program 10, and wished to know where this had been discussed and approved. Moving on to a third point, the Delegation recalled that South Africa's proposal on Technology Transfer had been approved at the last session of the Committee on Development and Intellectual Property (CDIP), and asked where that was reflected in the document. Lastly, the Delegation wished to advocate for a qualitative-based approach for the performance indicators, rather than focusing on quantity.

112. The Delegation of Brazil stressed the importance of Strategic Goal III for the Delegation. The Delegation wished to stress the need to allocate more resources to the implementation of the Development Agenda Recommendations to which the Delegation had referred in its opening statement. From the outset, the Delegation requested clarification regarding Expected Result III.5. The Delegation knew that it was not in the draft Program and Budget, and was not in a position to support its deletion, so requested clarification on the matter. Regarding Program 8, the implementation strategy mentioned the report on WIPO's contribution to the SDGs; however no mention of it was made under the Expected Results or the performance indicators of the Program. The Delegation requested more information on how it would be translated into practice under this Program. Further analysis of the budget for the Program showed a decrease in the level of resources for the area, which was a very concerning trend for the Delegation, and an issue raised by the Delegation of Senegal. Regarding Program 9, and the indicator for Expected Result II.1, in the Delegation's view, it should be more ambitious than 63,000 applications for developing countries – this was a good result, but it was mainly contained in one country. The Delegation supported efforts to promote the use of the PCT by developing countries, so perhaps that metric could be developed in order to assess the increase for other developing and Least Developed Countries, perhaps on a regional basis. The Delegation also noted that Program 9 mentioned universities, and in Program 10 it was stated under the implementation strategy that the Organization would focus attention on universities and

research institutions from developed and transition countries. However, quick consultation of WIPO's statistical database showed that universities from such countries possessed a high-level capacity to use the IP system, and unfortunately this was not the case in developing countries. The Delegation believed that WIPO's resources should prioritize universities from developing countries, and wished to suggest amendments on the implementation strategy for Program 9 in order to include a clear reference to the support to Member States for increasing the use of IP-based platforms and tools by universities and research institutions from developing countries. Still under Program 9, regarding WIPO Match, the Delegation noted that the performance indicator showed that no matches had materialized through the initiative, so the Delegation requested information from the Secretariat on how it viewed this result, and what could be improved in order to have more matches through the system. Regarding Expected Result III.6, the Delegation remarked that one of the performance indicators was the number of arrangements with institutions in developing countries, and asked for clarification on what kind of arrangements this referred to, and what results had stemmed from them. Moving on to Program 11, the Delegation stated that it valued the work of the WIPO Academy and encouraged it to continue to share and distribute knowledge on IP. Brazil was one of the countries which had developed a customized version of the course DL-101, which had had great success, not only because it was available in Portuguese, but also because it discussed specific aspects of IP in Brazil. The Delegation suggested the inclusion, in the implementation strategies for Program 11, a reference to the support given to countries to build and strengthen their national IP training capacity. The Delegation recalled that it had mentioned the value of the WIPO Academy, but also wanted to add that it valued the cooperation with Brazil's national IP Academy under the guidance of the national Patent Office, and emphasized that aspect. Regarding Program 30, specifically SMEs and entrepreneurship support, the Delegation understood that it provided many opportunities for cross-Program collaboration in relation to the Global IP Services provided by WIPO, particularly through the PCT. Studies showed that SMEs and universities have a major role in innovation and that they require specific, additional action in order to support their efforts. The Delegation thought that the diagram on cross-Program collaboration could perhaps include other Programs in WIPO to show these cross-cutting aspects, for example, Programs 5, 6 and 7 regarding the use of Global IP Services. The Delegation suggested a specific performance indicator under Expected Result III.6 in order to allow the Organization to track the results, achieved by such entities. The Delegation suggested that this could take the form of the number of PCT applications filed by universities, particularly from developing and Least Developed Countries, with a baseline and targets for the biennium. The Delegation trusted the WIPO statistical database, which was very good and had often been used in Brazil, and it thought that this proposal could be somewhat easy to achieve. It would also demonstrate the positive impact of using the IP system on business competitiveness, knowledge sharing and economic growth, and would be in line with the implementation strategy of Program 30. For the purpose of clarification, the Delegation reiterated that it wanted a performance indicator to track the results achieved specifically by universities, particularly from developing countries.

113. The Delegation of Pakistan had a number of questions which had mostly been already asked by the Delegations of Senegal and Brazil, and that it did not wish to repeat them. However, the Delegation looked forward to hearing the detailed explanations to the questions asked and, in addition, wished to highlight the specific elements of those questions on which the Delegation requested more details. For Program 30, the Delegation was very encouraged that there was a 4 per cent increase, but saw that there was a 3.5 per cent decrease for Program 9. The Delegation shared the concern that the decrease in the Development Agenda as well as in Program 9 was not a very good sign, and it wanted to see more resources added to these aspects. Moving to specific details, the Delegation noted that the implementation strategies, particularly for SMEs, universities, and research organizations, in Program 30 referred to developing training materials tailored to the needs of universities and research organizations, making them available for local adaptation, and designing and delivering customized capacity-building programs on IP management, including IP licensing, focusing on the IP needs of universities and research organizations. In this regard, the Delegation noted that there was a

6.6 per cent reduction for this Program, and an 84.4 per cent reduction in the budget for conferences. Knowing that there were expected targets and specific implementation strategies, the Delegation requested elaboration on why these reductions had been made. The Delegation also wanted to share its concern that no reference to transfer of technology had been made in that section of the Program and Budget.

114. The Delegation of Canada wanted to know a little more about Program 9. In particular, the Delegation wanted to better understand the relationship between the Program and Budget process, on the one hand, and the national IP strategies and country plans on the other hand, and how these were dovetailed. For instance, did these country plans have specific budgets, and how was all of this managed and reflected in the budget entries for Program 9? The Delegation also noted a significant increase in the budget for contractual services in Program 9, and wished to know why. Turning to Program 11, the WIPO Academy, the Delegation commended all the activities undertaken by the Academy. The Delegation knew that the Academy was helping to develop the capacity of Members to use IP services and it appreciated how the Academy operated; Canada was happy to cooperate with it. The Delegation thought that there was room for further improvement, and it warmly encouraged the WIPO Academy to focus on providing training that could be given in WIPO languages other than English. Moving to another accounting question, the Delegation noticed that there were additional budget lines for, for example, Programs 9 and 11, and asked whether they were accounted for separately. The Delegation was talking about the Funds-in-Trust. Were they reflected specifically in Programs 9 and 11 or reflected across the board? The Delegation noted that there were two tables, and it didn't quite understand how they related to one another. In addition, the Delegation stated that it thought that these were some very, very useful and valuable Programs, and that they were in line with the priorities and the vision of the Canadian government and the Canadian IP office. The Delegation did indeed believe that it was very important to focus on SMEs and entrepreneurship support, and therefore it was a strong supporter of Program 30. Turning to Expected Result III.6 there, the Delegation thought that it might be better to reword it in order to allow better measurement of progress made in this area. It was not entirely clear to the Delegation that this was the best possible wording in terms of assessing the way that this Program was used. The Delegation wanted to understand exactly which SMEs were involved and exactly how the progress was measured, and suggested that perhaps a survey could be undertaken or something like that. On another general accounting question, when looking at the resources for Program 30, the Delegation noted a significant increase over the previous biennium, and this appeared to relate to temporary posts. The Delegation wished to know what this involved, why there was this increase, and whether it could have a breakdown of the difference, being the 430,000 Swiss franc figure.

115. The Delegation of China noted that, in the implementation strategy for Program 8, Development Agenda Coordination, the Secretariat emphasized that, in the next biennium, focus would be on the mainstreaming of DA Recommendations, reporting on WIPO's contributions to the 2030 Agenda for Sustainable Development, and technical assistance, and that these were generally in line with the outcome of discussions on the DA in the CDIP in recent years. The Delegation wanted to point out that, at the 19<sup>th</sup> session of the CDIP in May, 2017, it was formally decided to add an agenda item on IP and development; however, this important development was not reflected in the implementation strategies and the Delegation sought clarification from the Secretariat in this regard. Turning to Program 11, the Delegation stated that the WIPO Academy plays a major role in IP capacity building, and that it appreciated the implementation strategies for Program 11, in particular, the scaling up of the deployment of IP education materials for young people. With regard to the WIPO joint master's program in IP, the Delegation suggested that WIPO increase its investment in these areas, as they were part and parcel of efforts to implement SDG 4, namely, to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

116. As no other Delegation wished to take the floor, the Chair requested that the Secretariat respond to the comments made, starting with Program 8.

117. The Secretariat began, first, by responding to comments relating to the SDGs and Program 8. The Secretariat recalled that the reference to SDGs in Program 8 was related to reporting on WIPO's contribution to the SDGs, and what was implicit there was reporting to the CDIP. The Secretariat reminded delegations that a Representative of the Director General on the United Nations Sustainable Development Goals (SDGs) had been appointed to be responsible for all coordination activities in that domain. Program 8 would be concerned with reporting to the CDIP. On the absence of reference to the South African proposed project on transfer of technology under Program 8, the Secretariat recalled that projects were implemented by different programs in the Organization, and therefore were not necessarily reflected under Program 8. In this case, the project was reflected under Program 14. Furthermore, on the new CDIP standing agenda item on IP and Development, the Secretariat recalled that the Committee's decision had come after the draft Program and Budget had been prepared. If the PBC would prefer, the Secretariat would revise and add that to the draft. The Secretariat noted that it did not yet know what the substantive aspects of the agenda item would be, as this was a decision for the CDIP. The next CDIP session would provide more information about the incentive of that agenda item. With regard to Program 9, the Secretariat addressed the comment regarding the decrease in the amount of the proposed budget. This appeared on page 107. The total decrease mentioned was 3.5 per cent, but the real decrease was shown as Total B, 4.8 per cent. The Secretariat explained that this change was not because it was decreasing or limiting the resources given to Program 9, but due to the fact that the Development Agenda project "IP, Tourism and Culture: Supporting Development Objectives and Promoting Cultural Heritage in Egypt and Other developing countries" would be completed in 2018. The associated budget was therefore not in the budget for Program 9 any longer. In addition, the Secretariat took note of the proposals to amend the text, and requesting time to reflect on that. With regard to how the Funds-in-Trust (FIT) funding was shown in the case of Program 11, the Secretariat pointed out that the different funds were separated depending on the Program. So, for instance, there was a Korean FIT in Program 9, as well as in Program 11, so on and so forth. With regard to the questions raised by the Delegation of Brazil, the Secretariat requested the Delegation to repeat as it had been speaking very quickly.

118. The Delegation of Brazil thanked the Secretariat for the information provided, and repeated its questions. It had a question about the deletion of Expected Result III.5, and that it was not currently in the position to support its deletion. The Delegation also suggested that Expected Results II.1 in Program 9 should be more ambitious. The Delegation also requested information regarding WIPO Match, as well as Expected Result III.6 regarding the number of arrangements with institutions from developing countries.

119. As regards to the question regarding the amalgamation of Expected Results III.3 and III.5 (III.5 being in the Program and Budget for 2016/17), the Secretariat noted that those two results were at a very different level in terms of outcomes. The proposed amalgamation reflected the current maturity of the Organization as regards the mainstreaming of the Development Agenda Recommendations. The Secretariat therefore considered that the enhanced understanding of the Development Agenda had actually already been achieved. Accordingly, the Secretariat proposed to strengthen the mainstreaming and putting all of the resources into that. The enhanced understanding of the Development Agenda across all stakeholders could be also considered to be achieved. In fact, this was a sub-result to the main goal, not a goal in itself. That was the reason why the Secretariat was proposing this amalgamation. With regard to the Delegation of Brazil's question on WIPO Match, the Secretariat gave a short summary of the WIPO Match platform. The Secretariat reported that, for the time being, it had put in place a network which supported the concept of helping developing countries and countries in transition to match IP projects with potential donors from the private and public sectors. During the last CDIP meetings, Group B had supported the idea of transforming the WIPO Match platform into a multi-stakeholder platform, like WIPO GREEN, WIPO Re:Search and the Accessible Books Consortium (ABC), in order to improve the visibility of WIPO Match platform. The WIPO Match platform could also be a complementary tool for facilitating South-South cooperation, as it enabled stakeholders from southern countries to access the platform and make exchanges in

the field of technical assistance. The Secretariat was in the process of preparing an article on the benefits of WIPO Match, which would be distributed to all WIPO's contact networks. Meetings with different delegations, Regional Groups and other stakeholders had been held, and would continue. This would be a long process but the Secretariat was very confident that Member States would see the benefit of WIPO Match. The Secretariat further mentioned that, incidentally, it had received a request from an innovation company in Brazil, who expressed interest in using WIPO Match, in collaboration with eight countries from Latin America. The Secretariat suggested discussing this separately with the Delegation of Brazil, as this could be a good starting point. Regarding Program 9, Expected Result III.4, which referred to strengthening cooperation arrangements with institutions, the Secretariat clarified that an arrangement is basically any kind of agreement or MoU with internal institutions in each country. One example was an arrangement with the Swedish government to help WIPO in the process of training staff from LDCs. This was a long-term process, and the arrangement was to work together in the process of training people or to complete the Programs or specific projects. With regard to Canada's question on national IP strategies, the Secretariat recalled that one of the main interests when working with developing countries was to help the Member State to develop their national IP strategy within their own bigger, national strategy for development. This would usually be the framework for WIPO's work with each country. To go from that big picture to the specifics, WIPO consulted with each Member State at the end of each year to learn what their interests for activities would be for the year to come and for the longer-term. The Secretariat explained that it was discussing with Member States how such project activities could be integrated into the national IP strategy. This meant that activities that were agreed for each year would be coherent with the national IP strategy and with WIPO goals, and those would be the activities that would be implemented the following year. With regard to the question raised by the Delegation of Canada on Program 30 concerning the increase in temporary staff resources, the Secretariat referred to paragraph 30.2, which explained that the reason for the increase in personnel resources was due to an increase in temporary staff. This was already reflected in the 'budget after transfers' and consisted of a transfer of additional resources into the Program, which was necessary in order to achieve the Expected Results that had been set out for the Program, and this was being reflected again in the proposed budget for 2018/19. Concerning the questions on Program 30, and the questions on Program 9 which concerned universities, the Secretariat explained that Program 30 was broadly dealing with the main innovation actors, which in that context were SMEs as well as universities. The Delegation of Brazil had referred to the importance of prioritizing the use of IP-based platforms for universities, and Program 30 was working collaboratively with Program 9 in delivering that. There was also now a website dedicated to universities, which was available live now. Being a cross-cutting Program dealing with the main stakeholders of innovation, Program 30 was working across the Organization, including cooperating with the PCT. The draft Program and Budget did not list all of the different Programs that Program 30 was dealing with, but the Secretariat confirmed that it was collaborating with all of the different colleagues in-house to deliver their Programs. Every activity or support provided to SMEs or universities included information, training and advice from the PCT, Madrid, and the Hague areas. Cooperation was therefore very much there and part of the work. The Delegation of Brazil had proposed an amendment to the performance indicator to include the number of PCT applications filed by universities, which the Secretariat would consider. The Secretariat noted that it was not so easy to achieve filings of PCT applications within a biennium, but it was something it could consider. Regarding the question raised by the Delegation of Pakistan on why missions had been reduced, given that the Program had a mandate for training, the Secretariat explained that it was trying very hard to deliver the Program's training and support activities through the website, through developing materials and content, and doing training activities at a much lower cost. The Secretariat did not think that capacity building could only be done by going to the country, and thought it could also be done through web-based tools, through content development, and so on, and it had different ways in which it wanted to provide that kind of support. Finally, Canada had raised the question as to whether the Organization had done any surveys in

determining the uptake of its services. The Secretariat confirmed that yes, it did conduct surveys and questionnaires when it provided its support services.

120. The Delegation of Georgia, speaking in its national capacity, welcomed the continued trend in developing services related to Strategic Goal III, and was convinced that such developments would facilitate further improvement of the system through Programs 10, 11 and 30, as the Delegation had stated in its general statement. The Delegation commended the WIPO Academy for the continuous efforts in supporting the countries that needed assistance in capacity building, and helping countries to recognize the important role of IP and socio-economic and cultural development. The Delegation explained that Georgia had a very fruitful cooperation with the Academy in multiple directions, mainly in establishing start-up academies, conducting training of trainers under national Academy projects, and in the customization of the courses provided in Georgia in order to better fit the country's needs. The Delegation stressed that such customized courses would be delivered to the school teachers, and as a next step it would be taught by them in schools. Taking into account the complex agenda before it, the Delegation counted on the further assistance of WIPO Academy. The Delegation reiterated that it wished to continue exploring these activities, and to encourage technical cooperation with these Programs.

121. The Delegation of Brazil thanked the Secretariat for providing information on Program 30, and indicated that it would engage bilaterally with the Secretariat to see what could be done to develop that performance indicator. In that regard, the Delegation noted that the Global Innovation Index included information about PCT filings by universities, so perhaps that data was already available in WIPO somewhere. With regard to the deletion of Expected Result III.5, the Delegation first noted that the Program Performance Report for the previous biennium showed that one out of two of the performance indicators were not on track, and requested information regarding what was done with that performance indicator and where it was located. The Delegation also wanted to know how Expected Result III.3 would be addressed in order to continue the mainstreaming of the Development Agenda. The Delegation recalled that the Secretariat did not see this as a one-time initiative, but rather a broader discussion on IP, so the Delegation did not see that it had been exhausted by WIPO, and thought that it required improvement, and wanted to have more information on that indicator.

122. The Delegation of Pakistan sincerely appreciated the inputs and elaborations given by the Secretariat. Turning specifically to Program 30, and recalling the discussions of the previous day regarding country-specific or targeted courses and Programs, as well as regarding desk officers and their training and knowledge of the needs of each relevant country, the Delegation thought that country missions were important and that they were an important component of the whole Program because actually going, and seeing firsthand the situation of a country or an SME or a University, would lead to designing more substantive or more value-added sorts of solutions. In that regard, the Delegation requested that this element be kept in mind.

123. In response to the comment made by the Delegation of Pakistan, the Secretariat clarified that its previous explanation regarding country visits related to the discussion on delivery of training programs. Certainly, the Secretariat was undertaking needs assessment missions. Specifically for Programs 8 and 9, it was planning to conduct more targeted assessments taking into consideration how the IP system could support SMEs, universities and the innovation system as a whole. The Secretariat reiterated that it intended to use very targeted assessment missions to understand the ground realities in each country and to make recommendations at a policy level. In response to a question from the Delegation of Senegal regarding the additional resources proposed for Program 10, the Secretariat clarified that this proposal was due to an addition of two posts, as compared to the approved budget for 2016/17. This was, on the one hand, the result of the regularization of a continuing function in the Program, which meant that a temporary resource had been converted into a fixed-term post. This was reflected in the line for temporary staff, which had gone down to zero in the proposed budget for 2018/19, and in exchange for that, there was an additional post. Then, on the other hand, there was also an

additional post to respond to increasing demands. All that was explained in paragraph 13.3. In addressing the question by the Delegation of Brazil on Expected Result III.5, the Secretariat fully understood the concern of the Delegation, and proposed to work with the Delegation to try to address the concerns, because the Secretariat thought that, in fact, the performance indicator highlighted by the Delegation and which was not on track in the PPR, could fit better under Expected Result III.3 rather than where it had been placed before. Perhaps it could find a better way of having a key performance indicator which would really measure the mainstreaming, and the progress of mainstreaming the Development Agenda. The Secretariat suggested that it work bilaterally with the Delegation and come back with a proposal to the plenary.

124. The Chair noted that the Delegation of Brazil agreed with the Secretariat's proposal, and requested it to directly discuss that Expected Result with the Secretariat. Since the Secretariat had answered all other questions, and noting that no Delegation had any further comments or questions on Strategic Goal III, the Chair turned to Strategic Goal IV, Coordination and Development of Global IP Infrastructure, consisting of Programs 12, 13, 14, and 15.

125. The Delegation of Paraguay, speaking on behalf of GRULAC, noted that, at present, more than 80 industrial property offices throughout the world used the IPAS system. In its view, this should be taken into account when considering the resources in its biennial budget, not only to maintain the assistance and cooperation given to offices but also to increase it so that offices could implement solutions that were best adapted to their own business model. On the whole, Program 15 presented an increase of 5.6 per cent over the approved budget for the present biennium, but this was actually only 1.4 per cent when compared to the 2016/17 budget after transfers. The increase, said the Delegation, was due to an increase in temporary personnel resources and contractual services, but there was a decrease in the sub-items of missions, third-party travel and equipment and supplies. This was why the Delegation was unclear as to how this proposed budget would cover the present needs of WIPO and believed it necessary to find more resources to meet the challenges described in an opportune way. These increased resources, added the Delegation, should be aimed at increasing WIPO's expert missions to countries in Latin America and the Caribbean that were using IPAS and also for the maintenance, updating and improvement of the system.

126. The Delegation of Chile considered that WIPO's assistance in developing countries and least developed countries was essential for them to be able to participate effectively in the IP system and for the development of IP systems throughout the world. This was why Program 15 was of special interest. The Delegation wished to ask what the reasons for the joint treatment of systems were. The development and specificity of many of the systems would merit having specific Expected Results, performance indicators or at least specific baselines for each system. The Delegation said it would be grateful for any clarifications that the Secretariat could give on this point. Concerning the substance, in particular with regard to the IPAS system, the Delegation wished to express its gratitude for the assistance and dedication of the WIPO professionals in charge, which had made it possible for Chile to develop and implement this system in the registration of all categories of IP rights, which had led to a real increase in the productivity and efficiency of the country's national Intellectual Property Institute. In spite of all of the help provided by WIPO to implement and update IPAS, the Delegation considered that there were still some needs that had not been met, such as development of human resource capacities to facilitate migrations, the formulation of workflows within the IPAS configuration and generation of official document templates. These were some of the staff training needs in the production stage which, given their importance, required reinforcing or strengthening in addition to change management processes, which was why the Delegation supported GRULAC's proposal for finding more resources. These resources needed to be, to the extent possible, directed at increasing missions by WIPO experts to the countries of Latin America and the Caribbean that wished to migrate to IPAS for the procurement, implementation, assistance and bringing online of the system. The Delegation considered that the installation of an expert in the Latin America and the Caribbean region would contribute to a great extent to the development and adoption of the IPAS system in the region. It was prepared to work on alternatives for

improving the system and providing the required effective technical assistance and the best way of reflecting the changes in the Program and Budget.

127. The Delegation of Brazil stressed the importance of the service provided by WIPO to developing countries' patent offices. It noted that there was currently not one performance indicator related to the level of user satisfaction regarding WIPO's business solutions as well as the global databases and wished to suggest the development of an indicator to measure the satisfaction of those users. In the Delegation's view, this was an important perspective to be taken into account. On Program 13, the Delegation wished to stress the importance of ensuring that access to databases by developing countries was facilitated by WIPO and, in this regard, noted the information regarding the inclusion of non patent literature in PATENTSCOPE. Concerning this point, the Delegation asked for more information on the documentation that would be included, considering that this was a positive proposal, providing valuable input for patent office activities and that it was important to increase the quality of patent examination. Regarding Program 15, the Delegation had understood that Recommendation 12 should be a part of the list of Development Agenda recommendations under the Program and also saw information in the implementation strategy regarding the redesign of the IPAS system. It was mentioned that more autonomy would be attributed to the IP offices and more customization options would be granted. The Delegation supported, in principle, these additions, as the level of use of IPAS varied with the size and workload of each office and asked for more information about what these customizations would be and what the autonomy would include. The Delegation requested more information on the responsibility and the participation of Member State offices in the advisory group that had been proposed. It also wished to have more information regarding WIPO Connect which had also been mentioned under Program 15. The Delegation asked for more information on the indicator on the average service level of IP offices under Expected Result IV.4, including the target as well as the information that was used to measure this indicator. Lastly, the Delegation supported the statement made by GRULAC and the comments made by the Delegation of Chile regarding the necessity of ensuring adequate level of resources to provide expert solutions on IPAS, as the number of users was very high. The Delegation wished to add its name to the list of requestors asking for a greater amount of details.

128. The Delegation of China, on Program 13, said that it had noticed that the primary implementation strategy for the Program was to expand the global databases' volume of data and geographical coverage. The increased use of the database, said the Delegation, required stability and speed. The mitigation actions mentioned that through implementing the remote mirror servers, service duplication and geographical diversity could be achieved. However, this was neither reflected in the implementation strategies and performance indicators, nor in the budget. The Delegation suggested introducing this kind of service in countries that used the global database a lot and allocating the necessary resources with a view to providing better services and avoiding Internet disruptions at Headquarters. On Program 14, the Delegation noted that TISCs provided users in developing countries with high-quality data and other value-added services, and that in the next biennium there would be six additional national TISC networks, in view of the fact that these were popular amongst developing countries and had obtained good results. The Delegation suggested that WIPO further expand geographical coverage of TISC networks and put more resources into this work, both for the current ones as well as for those to be established to ensure provision of professional services for users.

129. The Delegation of Canada, regarding Program 12, wished to note that, as with Madrid and the Hague, it was working towards acceding to the Nice Agreement and it was following with interest developments under this Program. With regard to the implementation strategies, the Delegation was in favor of enhancing the Locarno and Nice classifications with the view to provide Member States with more flexibility and granularity and to improve the ability of examining offices to search and classify trademarks and industrial designs. With regard to Program 13, the Delegation wished to express its support for the transfer of WIPO Lex from Program 21 in the 2018/19 biennium which it thought reflected a more appropriate placement

for that database. With regard to Program 14, it expressed its support for the implementation strategy relating to the provision of enhancing value-added services in assisting the technology and innovation support centers and wished to inquire about the possibility of WIPO sharing with national and regional IP offices the methodology and best practices resulting from the patent analytics and TISC clinics services.

130. The Delegation of Japan, speaking in its national capacity, indicated that regarding Program 13, Global Databases, it acknowledged the importance to individual users and Member States of utilizing IP information and the importance of developing and maintaining such information. It strongly supported WIPO's efforts to develop global database services, such as PATENTSCOPE, WIPO CASE, the Global Brand Database and the Global Design Database. The Delegation particularly welcomed the expansion of the global databases' geographical coverage, the improvement of the quality and timeliness of the data provided, and the further enhancement of their usability. The Delegation also highly appreciated the fact that a larger budget was allocated to Program 15, Business Solutions for IP Offices, since one of WIPO's essential roles was to enable IP offices in developing countries to provide knowledge-based services to their users by creating the necessary infrastructure and support.

131. Concerning the suggestion made by GRULAC that more resources should be allocated to IPAS, the Secretariat responded that the Organization would try to deliver more with the proposed increase in resources by transferring knowledge of the IPAS software and its suite of applications to national and regional IP offices and also by adding practical training of the administrators of the IPAS software and by mobilizing support from the IP offices in the region to provide their experts and to make those experts available to neighboring countries which would save costs and enhance efficiency as the experts in the region shared the common challenges that were faced in the region. In doing so, the Organization would try to deliver more with fewer resources, but the Secretariat had taken note of the proposal to increase resources to this Program which was supported by a number of Delegations, including Chile, Brazil and the Delegation of Japan. Turning to the question and observation made by Chile in connection with WIPO's support for their infrastructure and business solutions, the Secretariat said it had provided IPAS software and its suite to national and regional IP offices meeting a number of very different business needs. Those specific needs, as the Delegation of Chile had pointed out, may have included training of the IPAS administrator, data migration, the rationalization of registration, the processing of application files and readjustment or reconfiguration of the IPAS software, all of which had been taken into account in the support program. Helpdesk services had recently been established at WIPO's headquarters in support of national and regional offices which were using the IPAS software. The Secretariat had taken note of the needs for adding customization and allocate more resources and specified that the Organization had also successfully cooperated with countries in the Latin American and Caribbean region to deploy local and regional experts from those IP offices that had successfully deployed and operated the IPAS software for further regional cooperation to other neighboring IP offices. WIPO was very pleased with the initial result of the South-South cooperation and cooperation within the region because, as mentioned, there were many advantages and merits in savings costs, in sharing the experience and challenges in solutions for the IP offices in the same region and also in the networking and collaboration amongst those offices in the same region. While these specific needs had not been described in detail in the strategy, the Secretariat was ready and prepared to provide more information about performance indicators and Expected Results in connection with Expected Result IV.4 because the performance indicators were aggregated average performance indicators which integrated and compiled a number of specific needs of different offices. A matrix had been developed internally to measure the degree of satisfaction of IP offices with regard to the level of services that WIPO had provided and, if any Member States were interested, the Secretariat was ready to provide this matrix as an information document in the Q and A document to provide further detailed information on how the achievements and any technical infrastructure deployment in response to the differentiated and specific business needs from any diversified IP offices were being measured and assessed. Five categories were being used in this matrix to measure the degree of usage of the WIPO

IPAS software and to what extent those offices were able to absorb and obtain the transfer of knowledge that WIPO was aiming for. For example, at a very simple level, just to establish the basic technical infrastructure and management, then the second layer, the IP administration system, and thirdly, the electronic registry and fourthly, electronic document management and fifthly, online services. Those were the five categories and groups included in the matrix to measure the degree of usage of WIPO software. Regarding the questions raised by Brazil, the Secretariat had agreed to reflect user satisfaction as one of the performance indicators. Each program had different audiences and users of the services so there was the practical question of which users the questions had to be asked. In principle, the Secretariat would try to incorporate the users' satisfaction as one of the performance indicators. In connection with Program 15, more autonomy could be achieved by transferring the knowledge of WIPO in regard to IPAS and how to arrange the business and workflows in an optimal way. This sort of knowledge would be transferred to a national and regional IP office to enable them to come up with their own solutions to customize and reconfigure the IPAS software, for example, whenever the regulations or procedural requirements of a national registration of trademarks were changed or amended by the legal authority. In this case, the IP office should be able to come up with the most optimal steps and procedure for the workflow and then reconfigure the IPAS software to change the steps of the workflow. This had been done by the WIPO Secretariat in the past by looking at the regulations and procedural steps which were based on well-established practices. In the future, in an ideal scenario, once knowledge was transferred to the national office, that national office should be given more autonomy or flexibility to make the self-assessment and to take its own decision to reconfigure that software. This was only one example of an IP office obtaining more autonomy and reconfiguring the IPAS software. It should be dynamic and evolving and, to this end, it was necessary to increase the transfer of knowledge to the national offices. Therefore, an arrangement had to be made with similar IP offices in the same region, for example, in the Latin America region, by exchanging information and knowledge in the form of providing local experts from office A to office B so that office A and B should be able to establish an institutional knowledge network to share business solutions and address common business challenges. This would provide those offices with the ability to cooperate within the region, not only informally but also through a semi-formal or formal group of experts which could advise the WIPO Secretariat on the specific needs and challenges that were arising in the region. This was the strategy that was being contemplated, so an advisory group was a very good idea although it had not been clearly specified in the text. The Secretariat would contemplate such a group of technical experts, who had been collaborating with the Organization to train and educate neighboring countries, they should be clearly good candidates as members of a future advisory group. Concerning WIPO Connect, it was being slowly implemented and the WIPO website had not yet been fully updated on WIPO Connect. There were only two offices which had been equipped and deployed with a WIPO Connect pilot version, they were Barbados and Malawi. WIPO Connect would continue to be provided to those offices which were ready to install that software and also any entity that was ready to provide that software for collective management. Member States would be informed and updated through the WIPO Connect website of the progress made in this area. Turning to the questions from the Delegation of China, the first question and observation was related to the geographical coverage of global data. The Secretariat would try to expand the geographic coverage of any global database, not only of the data itself, but also the good performance all over the world. Efforts would continue within Program 13 and the Secretariat would provide and add the specific reference to geographical coverage of all global databases, adding that it had not had an opportunity to report on any progress of pilot project and servers in Tokyo the previous year. For one year, the Secretariat had been monitoring and had started to evaluate the result of the pilot project. New technologies like cloud services could provide an opportunity to seek more manageable solutions than mirror servers and at the moment the best options for the expansion of the geographical coverage of any global database was being examined. A few new options based on new technologies were to be tested during the next biennium and the monitoring and testing of any possibilities to improve the performance of global databases all over the world would continue. The second observation made by the Delegation of China was

in connection with TISCs and their successful deployment. In this respect, the Secretariat said that the deployment of several more was planned in the next biennium. Therefore, the suggestion to increase the allocation of resources was taken note of and the Secretariat would look into the possibility. Concerning the questions and observations made by the Delegation of Canada, the Secretariat had taken note of the observations in support of the Program and technology and also any experience obtained through the TISC program, the patent analytics and also the inventor assistance program. The results and experiences would be shared on the WIPO Internet. There were already publications and online resources, for example, earlier in the year, patent analytics, including open and free-of-charge tools, had been made available on the Internet. This was in response to a need from the general public as to how to use patent information and analyze large amount of data. This was one example and more references and resources would be put up in the public domain. The Delegation of Japan had encouraged the Secretariat to expand the geographical coverage of the global databases. Certain efforts had been made in this area and this would be continued. Concerning the question raised by the Delegation of Brazil regarding the project to include non patent literature documents for search in PATENTSCOPE, the Secretariat explained that the project would be partly outsourced. As a result, the Secretariat had been finalizing the Terms of Reference for a new International Request For Proposals that would be published on the WIPO website in the coming months. The project consisted of implementing crawling solution for open access scientific literature freely available on the internet, so that the documents can be indexed and made searchable in PATENTSCOPE. Concerning the Delegations who mentioned the need for strengthening and adding new resources to the set of programs, the Secretariat said it was very encouraging to see the demand and reception of the Organization's services but said that page 136 of the English version of Program 15 showed the increases that had already been accorded to this Program both in the budget after transfers and in the proposed budget for 2018/19. Similarly, for all Programs, the level of resources could be seen, for example, in Program 13 there were significant increases in resources, up to 53.5 per cent; in the case of Program 15, this increase was approximately 5.5 per cent. In fact, the increases reflected the requirements which had been taken into consideration by the program managers in preparing their submissions for the Program and Budget.

132. The Delegation of Chile requested a clarification with regard to the formulation of the baselines and performance indicators in Program 15, in particular, looking at the analysis of the baselines of other Programs, Program 14 or 13, as these had more specific baselines than Program 15. The Delegation questioned why there was a formula which may complicate distinguishing between WIPO Connect and IPAS in Program 15. The Delegation felt that these were all taken together rather than split according to the tools within the Program, which the Delegation thought would facilitate the dialogue or at least the understanding of the planning process.

133. The Secretariat responded that there were seven or eight different software, and according to each office, the usage was sometimes limited to just one software, while at others, like in the case of Chile, all functionalities were used to the full extent. It was not possible to compare the two offices. A coefficient, a parameter or some kind of indicator had been introduced, which represented the level of usage of the software. Secondly, depending on each office, the expectations were different because they had different laws and regulations. Sometimes IP offices used IPAS software for all types of industrial property. Other offices, due to limited mandates, used IPAS only for trademarks. These differences had to be reflected in the parameters. Cumulative indicators and parameters were a result of the exercise which focused on the IPAS software. This had nothing to do with WIPO Connect or any other activities, and the focus was on the IPAS suite of applications. The Secretariat could provide information on the matrix or formula which would show that the baseline figures for each office. The monitoring would continue but since there were 80 WIPO offices in the world using the IPAS software, it was not possible to present 80 individual parameters in the table. Therefore, the Secretariat had come up with an aggregated or average performance indicator as a composite measure. This was an average figure that would reasonably and fairly represent the

positive impact of WIPO's technical assistance in this area of modernizing and developing the technical infrastructure of the 80 IP offices.

134. Seeing that there were no more requests for the floor, the Chair proposed to move on to Strategic Goals V and VI.

135. The Delegation of Brazil wished to highlight the contribution of Program 16 for the improvement of IP statistics. The Program also enabled the production of country studies, especially in developing countries, which was of much value for Member States, including Brazil. The Delegation fully supported the activities in this important area resulting from the Development Agenda, and considered that this should be continued and mainstreamed. The Delegation also commended the high-quality work of the Chief Economist and his staff and encouraged them to continue the implementation of this very important program for the Organization.

136. The Delegation of Canada expressed its satisfaction to see the identification of elements such as gender under Program 16. Increasing the scope and dissemination of research on gender in the IP system would contribute positively to the work of the Organization and individual Member States to conduct comprehensive and informed gender-based analysis in developing, negotiating and implementing IP laws and policies at the national and international levels. In this context, Canada welcomed the Economic Research Working Paper number 33 on the gender of PCT inventors in November 2016. The Paper recognized that IP had an important role to play in promoting gender equality and, in this context, encouraged WIPO to expand on the work it had completed on the gender of PCT inventors and conducting research on gender representation in the fields of trademarks and industrial designs as part of the implementation of Program 16 in the 2018/19 biennium. The Delegation understood that the Organization was making ongoing efforts to disaggregate IP data by gender with the use of the Madrid and the Hague filing systems. It noted, with satisfaction, the increase in non-personnel resources under this Program allocated for investments to enhance statistical reporting and economic research and analysis using big data techniques.

137. The Secretariat thanked the Delegations of Brazil and Canada for their comments on Program 16 and reiterated that, with regard to gender, it was indeed planning to do further work, specifically to identify gender among designers listed in international design applications and, to the extent possible, in trademarks that had been filed under the Madrid System, with the caveat that under the Madrid System that would only apply to trademark filings where the applicant was indeed an individual, which was not the case in the majority of trademark filings because most trademarks are filed by corporate entities and not individuals. The Secretariat thought it was still worthwhile doing that, adding that it was well equipped to do so since it had established a global name dictionary that provided gender information essentially on a global basis, and was happy to report that, on the basis of the work done, a number of national IP offices around the world, including Canada, now had followed up and were doing similar work at the national level. The Secretariat said this should help raise awareness about the gender dimension in patenting and stimulate further research by the Organization and by others around the world.

138. As there were no further comments from the floor, the Chair moved on to Strategic Goals VII and VIII, Programs 18, 19 and 20.

139. The Delegation of Chile appreciated WIPO's work on communications under Program 19. It considered that this work was essential, and that many policies had been adopted to facilitate access and dialogue. In the Delegation's view, the adoption of the Creative Commons license for the content provided by the Organization, and the streaming and captioning tools for the Committees, generated and contributed to greater transparency and accessibility to the work of the Organization. In this context, the Delegation wished to reiterate its proposal, as raised in the CDIP, to have access to a database containing WIPO contacts. For the Delegation, which was in constant contact with WIPO, this would be a very useful tool.

140. The Delegation of Japan, speaking on behalf of Group B, reiterated the request made on behalf of the Group as part of its general statement under this item that, with regard to Program 20, the Program and Budget should disclose, as part of the premises and maintenance costs for External Offices, a separate line specifying the contribution by each host country. The Delegation noted that the program activities described on pages 157 to 159, and the Expected Results, performance indicators, baselines and targets on pages 160 and 161, were given separately for each External Office. Therefore, the budget and staffing for each External Office should be similarly explained with separate line items specifying the amounts of contributions by each host country. Additionally, the Delegation wished to better understand why there had been such significant increases in expenses for Program 20, as much as 1488% on one line.

141. The Delegation of China was of the view that Program 18 (IP and Global Challenges) was closely linked to WIPO's contribution to the implementation of the SDGs. The Delegation noted with appreciation the efforts made by WIPO in recent years toward SDG implementation responding to global challenges. In particular, it noted that the two multi-stakeholder platforms, WIPO GREEN and WIPO Re:Search, had been further developed and sustained; a representative of the DG on the SDGs had been recruited; and that a new matchmaking forum named Innovate for Water had been held in June. Further, it noted with appreciation that, for the first time, the GII focused on food security, and additionally that WIPO Re:Search had issued a new five-year plan. The Delegation appreciated that all these initiatives and activities fully reflected WIPO's commitment to the implementation of the SDGs and their relevant targets. The Delegation noted that, in the Draft Proposed Program and Budget for 2018/19, resources for Program 18 would be reduced by 10.7% of which personnel resources would be reduced by 12.4%. The Delegation was of the view that, with the advancement of SDG implementation, new cooperation projects and implementation areas might emerge, for instance the areas of food security and the four strategic objectives contained in the new five-year plan of WIPO Re:Search, as had been identified in the draft. All these would require sufficient support, both personnel and non-personnel, otherwise it would be difficult to meet the needs to execute the Program. In addition, the reduction was not in line with the Program's commitment to SDG implementation and responses to global challenges. The Delegation expected that the WIPO Secretariat would give full consideration to this issue when revising the draft.

142. The Delegation of Brazil valued WIPO's communication strategy and recognized the value it brought to transparency for the governance of the institution, and dissemination of the information about its activities to Member States and stakeholders. In this context, the Delegation supported the suggestion from the Delegation of Chile regarding an information directory or something similar, in order to aid the efforts, especially by delegations, in contacting WIPO staff. The Delegation stated that this had been a recurrent need as delegations had many different interests and WIPO covered many broad areas. In regard to the External Offices in Program 20, the Delegation underlined the positive outcomes of the WIPO Brazil Office, which had an active role in promoting WIPO services and disseminating information on IP in Brazil. This was very much valued by the Delegation. Further, with resources from Brazil's South-South cooperation Funds-in-Trust, the WIPO Brazil Office had enabled the delivery of quality technical assistance programs, including training, seminars and workshops relating, for instance, to trademarks, patent analytics and the transfer of technology. Those events had the participation of representatives from IP offices and government officials from many different countries and regions, including from Portuguese-speaking countries in Africa and Latin America. South-South cooperation was one of the priorities of the UN and the UN Common System. This was a clear example of how added value could be brought to the Organization with the role of the WIPO Brazil Office. Further, the Delegation underlined the importance of the Program regarding the implementation of the SDGs. In this context, the Delegation requested information regarding WIPO's participation in relevant meetings, as outlined in the implementation strategies, as well as information regarding the reduction of resources under Expected Result IV.4 on enhanced technical and knowledge infrastructure for IP Offices.

143. The Delegation of Canada expressed its wish to continue its general support for Program 18 and the initiatives under it. However, the Delegation requested confirmation of its understanding that, despite reduced funding in some elements of the program, funding for initiatives such as WIPO Re:Search, for example, would nevertheless be included under Expected Result VII.1 and would therefore increase overall. The Delegation also supported WIPO initiatives on IP and competition policy and thought this was an important area. The Delegation was interested in additional details on the plans mentioned in the narrative for a framework mentioned under Expected Result VII.1 for the effective contribution of IP to food security. On Program 19, the Delegation requested additional information from the Secretariat as to whether it was using social networks beyond, for example, Twitter and YouTube, and whether WIPO was using non-western or more local social networks adapted to specific markets. In the Delegation's view, this could enhance the visibility of WIPO and of its work and initiatives at a relatively low cost. With regard to Program 20 on External Offices, beyond the issues identified by Japan on behalf of Group B, the Delegation reiterated its interest in having access, through the Program and Budget, to a breakdown of expenditure by External Office. The Delegation believed that this was increasingly important in view of the ongoing expansion of the Organization's network of External Offices, and due to the fact that these EO<sub>s</sub> in effect function as quasi programs. The Delegation had been in touch with the Secretariat on this issue, and had had some very productive discussions. The Delegation very much welcomed the Secretariat's interest and thorough approach. The Delegation realized that, although some other UN agencies did provide this sort of breakdown, it was not necessarily a silver bullet and there were some issues with that, for example costs being counted in different ways. However, the Delegation was interested in any information the Secretariat could provide, such as through a Q&A document as a starting point, and was ready to work with the Secretariat on identifying what would be the ideal way of delivering this information. With regard to the implementation strategies for this Program, the Delegation requested additional details regarding the second bullet, regarding the work of the Secretariat in relation to the establishment of External Offices in Algeria and Nigeria. Similarly, regarding the Expected Results presented in the tables on pages 160 and 161, the Delegation would welcome, in so far as it was possible, the addition of baselines and/or targets for the offices in Algeria and Nigeria, and any other EO<sub>s</sub> to be established as a result of the work of the Committee's deliberations.

144. The Delegation of Singapore echoed its support for the proposal made by the Delegation of Chile for an easily accessible database for contacting WIPO officers. The Delegation noted that such a database had been set up by other international organizations in Geneva, and it found these an effective way of facilitating communications between Member States and the Secretariat. The Delegation thought that this was not the first time that the issue had been raised, and wished to know whether the idea had been considered before. With regard to Program 20, the Delegation expressed its appreciation for the work done by the WIPO Singapore Office to promote the use of IP services in the ASEAN region, as well as for the capacity building and technical assistance services offered to ASEAN Member States through that Office. In that regard, the Delegation noted that additional human resources were periodically deployed to the Office for more extended projects, for example the promotion of IPAS, and it supported this cost-efficient approach to delivering services to the region. With respect to the table indicating baselines and performance indicators on page 160, the Delegation noted that there were quite some differences between the targets for different offices, and asked for clarification on how those targets were determined.

145. The Delegation of Japan, speaking in its national capacity, appreciated WIPO's ongoing activities under Program 18 in advancing various global policy issues, in particular WIPO Re:Search and WIPO GREEN, in which Japanese industry was actively involved. The Government of Japan had also been providing various means of support in these areas through the WIPO/Japan Funds-in-Trust. The Delegation noted that, according to the Program Performance Report for 2016, the number of participating stakeholders in WIPO GREEN increased from 54 to 70 year-over-year due to the hard work and efforts of the WIPO Japan Office. The Delegation reiterated that it was important to create a framework that would enable

industry to voluntarily contribute to global issues. The Delegation intended to continue to actively cooperate with WIPO in that regard. With regard to Program 20 and the activities of External Offices, the Delegation wished to briefly touch upon the activities conducted by the WIPO Japan Office. In order to promote WIPO's Global IP Services, Japan realized that it was essential to have potential users understand the benefits they could receive from such services. The Delegation believed that only face-to-face conversations with potential users, and thorough follow-up activities that take into account local business practices, could make this possible. In this context, the Delegation understood that the WIPO Japan Office, ever since it was established in 2006, had been playing an important role in conducting activities that promoted the PCT, Madrid and the Hague Systems. The Office had been steadily achieving fruitful results despite its rather small regular budget, thanks to working in close collaboration with the Government of Japan under the WIPO Japan Funds-in-Trust agreement. Although the financial situation of Japan remained quite severe, the Delegation confirmed that Japan, as a host country of the WIPO Japan Office, was committed to continuing to support the activities of that Office.

146. The plenary was suspended at the end of the session. When the plenary resumed, the Chair invited the Secretariat to introduce the question and answer (Q&A) document.

147. The Secretariat stated that it had been able to distribute for delegations' reference and review the first version of the Q&A document, as had been done in the past. This was in response to the frequently asked questions from the informal briefings and during the formal discussions held that day and the previous day. The Secretariat explained that it would not go into the detailed answers but would mention which questions had been prepared for that version of the Q&A document. The first one was related to how WIPO programs contributed to the SDGs. The Secretariat had attempted to provide a substantive and concrete example with respect to one Strategic Goal on WIPO's contribution to the SDGs in a schematic presentation. The second question dealt with additional information that had been requested during the informal briefings and in the formal session on the costs of meetings. The Secretariat therefore provided detailed answers in relation to the cost of sessions for the different Standing Committees and additional information on the cost of extended sessions, including the associated interpretation costs. The third question answered by the Secretariat related to the breakdown of the budget and proposed staffing for each External Office, which had been requested by a number of delegations. In this context, two tables were provided, the first providing a breakdown by office and the second the details on positions and posts by office. The last item addressed in the Q&A document related to the breakdown of the maintenance costs for each External Office in the proposed Program and Budget.

148. The Chair thanked the Secretariat for the preparation and presentation of the Q&A document which it thought would be very useful for the discussions. The Chair announced the continuation of the discussions with Strategic Goals VII and VIII.

149. The Delegation of Brazil wished to clarify whether it should react to the Q&A document or if it would have another opportunity in the future to do so.

150. The Chair advised that for the time being the idea was for delegations to read through the document and suggested that if any delegations had doubts or questions to contact the Secretariat directly. The Chair then opened the floor for the continuation of the discussion on the Strategic Goals.

151. The Delegation of Brazil stated that in regard to Program 20 some Delegations had requested information on the budget of External Offices which had consequently been presented in the Q&A by the Secretariat. The Delegation stated that it supported the transparency and governance and thanked the Secretariat for the results. The Delegation cautioned against micro managing the activities of the External Offices and underlined the difficulty in measuring the contribution of Member States. For instance, activities in cooperation

with government officials, particularly from the patent office, were hard to measure in monetary terms and the Delegation wanted to caution against that. Furthermore, the Delegation wished to comment on Program 18 and apologized for not commenting earlier as it had mistakenly overlooked that Program. In regard to WIPO Re:Search, the Delegation requested information about the results in terms of new medical products, diagnostics or other methods and wished to know if there were specific licensing terms applied to such a result. In relation to WIPO GREEN, the Delegation requested information as to what the concrete results had been, in terms of technology and so on, especially with regard to developing countries. Regarding both WIPO Re:Search and WIPO GREEN, the Delegation wished to question their relation to the SDGs. The Delegation recognized that WIPO GREEN was possibly involved with SDGs related to climate change, mitigation strategies by countries, etc. and that WIPO Re:Search contributed to SDG 3, but asked whether there were other SDGs that were related to the work. Further, it would be interesting to know, what had been, if any, recent trilateral cooperation activities between WIPO, WHO and WTO, and the results of those cooperation activities. In line with the Delegation of Canada's comments, the Delegation requested information regarding the WIPO contribution in relation to competition policy-related issues, which was an important topic in relation to IP and the work of IP in the economic system of countries. Lastly, regarding Expected Result VIII.5, the Delegation stated that the budget was almost halved in spite of the fact that WIPO was a specialized agency of the UN. The Delegation supported the work of WIPO in cooperation and coherence with the UN and therefore requested clarifications regarding the reasons behind those reductions.

152. The Delegation of Italy requested clarifications regarding Program 20 (External Offices), in particular, the confirmation that the promotion of Global IP Services also included the promotion of geographical indications, which the Delegation thought was relevant in regard to the opening of new External Offices, for example, the two offices to be opened in Africa. The Delegation added that this had also been mentioned in the questionnaire that had been sent to the Secretariat in December.

153. The Delegation of the Russian Federation wished to comment on the External Office located in Russia. The Delegation noted with great satisfaction the extremely efficient amount of work done and thought that the WIPO representative in Russia had all the necessary means to ensure the promotion of the different registration systems. The Delegation added that this had been a very good development for IP. Currently, work was being done on the depositing of the designs instrument, following the signature that took place on the ratification of the Geneva Agreement. Concerning other WIPO work, the Delegation mentioned that innovative activities had taken place and expressed its gratitude to WIPO for the initiatives undertaken with universities in Russia and other pertinent institutions providing dissemination of knowledge about the IP system. The Delegation hoped that these types of efforts would be continued and that the financial resources would be assigned to carry out these strategic tasks, which were of importance for Program 20's achievement.

154. The Delegation of Indonesia, as follow up to the Delegation of Brazil's statement regarding Program 18 and in conjunction with the answer from the Secretariat on how WIPO's Programs contributed to the SDGs, expressed its strong interest in IP and global challenges and stated that it had seen good activities, for example, the innovate for water activities that contributed to the SDGs on clean water and sanitation. There were also other SDGs clearly linked to WIPO under IP and Global Challenges such as the responsible consumption and production, affordable and clean energy, decent work and economic growth, climate action, life below water and life on land. The Delegation sought further clarification from the Secretariat on the substantive connection and explanation of the wording used in the foreword by the Director General, stating that SDG's featured prominently in the delivery of the Program and Budget. The Delegation reiterated that it did not see that this had been featured prominently or whether it was just Strategic Goals III, IV and IX. Additionally, this section had missed Goals 5 and 17, as reflected on page 11 of the English version. On another point, the Delegation sought clarification on the resources for Program 18, which had decreased by 10.7 per cent due to the

decrease in personnel resources following the reassignment of a temporary resource to support priorities in other areas, reflected under Expected Result I.2. The Delegation asked whether that meant if the staff had been reassigned from Expected Result I.2 or if it meant that the staff had been reassigned to support the work under Expected Result I.2. This was because the baseline for 2016 was two countries and the target was now five countries, per year. Therefore, if it was actually reassigning the staff from this Expected Result, the Delegation could not see why there should be a decrease by 10.7 per cent. The Delegation added that this was something that had also been mentioned by the Delegations of Canada and Brazil in relation to IP and competition policy related issues.

155. The Delegation of China wished to introduce WIPO's Office in China. The Delegation stated that with a great deal of work and cooperation the office had seen great success and that it had promoted the PCT, Madrid and the Hague Systems. Further, there was an IP day on April 26, and with its IP newspaper it held a high-level forum on IP protection and an arbitration meeting to promote arbitration activities. In June of the previous year, it held a GI meeting in China, and in June of that year there was an event on global creativity indicators. Since its establishment in 2014, WIPO's Office in China had accomplished so many achievements.

156. As there were no further requests for the floor, the Chair invited the Secretariat to comment on Programs 18, 19 and 20.

157. The Secretariat wished to address the first question on Program 18 which had been raised by several delegations in regard to the apparent 10.7 per cent decrease of the budget as compared to the 2016/17 Approved Budget, reflected on page 151 of the English version. The Secretariat explained that the slight decrease reflected the completion of a distance learning course on IP and global challenges in the current biennium, following which the implementation would be moved to the Academy. The Secretariat added that the Academy was running the distance learning courses on a daily basis and therefore in actual effect there was no real decrease in non-personnel resources in Program 18. Regarding the personnel resources, the Secretariat stated that there had been a redeployment of a temporary staff member to other organizational priorities and all that was explained in paragraphs 18.1 to 18.3. That had been the only change in terms of the composition of the staff as the rest of the decrease in the personnel resources reflected a change in the composition of the grading of the staff in the Program. The Secretariat wished to reassure Members that it was not necessarily a 10.7 per cent decrease but indeed a very small decrease which actually reflected the work of the Program. The Secretariat continued by thanking all delegations who had expressed satisfaction on the delivery of Program 18 (IP and Global Challenges) and wished to respond to the comments received on External Relations in Program 20. Firstly, the Secretariat acknowledged the Delegation of China's comprehensive statement appreciating the work in Program 18, particularly WIPO Re:Search and WIPO GREEN including some specific events such as innovate for water; a matchmaking event held in WIPO. The Secretariat wished to reassure the Delegation of China that the resources sought for that Program would be sufficient to deliver the intended activities. The nature of the Program was such that it also sought the participation of the private sector and other entities. The Secretariat added that WIPO Re:Search was a multi-stakeholder platform which on the one hand, the collaboration part, was funded exclusively by the contributions of pharmaceutical companies through WIPO's partner organization in the consortium BIO Ventures for Global Health (BVGH), located in Seattle, USA. The Secretariat stated that there were ways in which some of those platforms received assistance from the industry. In addition, the five-year strategic plan sought to further enhance that participation, not only from the industry but from public funding entities. The strategic plan foresaw the possibility of a larger engagement through Funds-in-Trust or as collaborations. Further, the Secretariat thanked the Government of Australia which had provided continued assistance to help place fellowships of developing country scientists in developed countries, research institutions or pharmaceutical companies. The current round focused on countries in the Pacific and Asia region, and a number of candidates had already been selected to be placed in institutions in Australia. In this regard, the Secretariat would be looking for support from China and others, in

terms of voluntary contributions to supplement the budget that was mentioned. In any case, the Secretariat expressed its gratitude for the comprehensive statement in support of the activities under that Program. In response to the comments made by the Delegation of Canada on Program 18, the Secretariat explained that it was in the early stages of discussions and brainstorming which would be followed in due course by external discussions. The Secretariat added that it would reach out to Canada and other Members to seek their views in terms of practical ways in which WIPO could contribute to food security issues and how the IP system could make a tangible contribution, which would be fully cognizant of the mandate of WIPO and the mandates of other organizations. The Secretariat stated that it would be seeking practical and limited activities along the lines of WIPO GREEN and WIPO Re:Search. Additionally, the Secretariat acknowledged the comments from the Delegation of Japan on WIPO GREEN, WIPO Re:Search, the number of stakeholders and the ways in which participation could be increased. In this regard, the Secretariat thanked the Delegation of Japan for its continued support through voluntary contributions and through Funds-in-Trust for WIPO Re:Search and WIPO GREEN as well as the Japanese industry which had been significantly involved in the multi-stakeholder platforms. The Secretariat added that the newest pharmaceutical company member in WIPO Re:Search was Takeda in Japan, in addition to Eisai, which had been an active member for a long time. The Secretariat would rely on Japan for their continued support in this regard. Further, the Secretariat thanked both the Delegations of Brazil and Indonesia for their comments, interest and support of the Program. The Secretariat added that it had active members from Brazil and Indonesia, including in the advisory committee which had been recently established and which advised the work of WIPO Re:Search and contributed to the formulation of the five-year plan. The Secretariat noted that significant progress had been made with regard to increased memberships and collaborations for both WIPO Re:Search and WIPO GREEN. The Secretariat explained that WIPO Re:Search sought solutions in the areas of medicines, diagnostics, and vaccines, and that the process of research and development usually took a very long time with different stages at which success could be defined. The Secretariat noted that, with the support of the Government of Australia, a number of developing country scientists had had the opportunity to work with partners in pharmaceutical companies in developed countries to advance their research and to garner knowledge on how to use the latest technologies, compounds and other assets from the partner organizations, which illustrated that the capacity building work had been achieved for scientists from developing countries. It was further noted that there had also been technology transfer through the sharing of assets and materials as part of material transfer agreements, the transfer of unpublished scientific information through confidentiality agreements, and that capacity building itself constituted an important dimension of technology transfer. In terms of specific results, the Secretariat informed the Committee that certain collaborations had advanced, reminding that one had to be patient in terms of discoveries themselves, as success was defined in relative terms. The Secretariat underscored that there had been a deliberate focus on the upstream area of research and development, in particular on the research side, and further noted that, in its first five years, WIPO Re:Search had demonstrated that IP was not a barrier to increased research for companies and entities to share know-how, trade secrets on unpublished scientific data, the provision of broad access to compounds, compound libraries and patent licenses. The Secretariat also explained that it was developing the database into a resource platform that would provide specific and detailed information on all collaborations, both ongoing and completed, which would be launched at the end of the year. It was recalled that much information had also been published in scientific peer reviewed journals and would also be available on the resource platform. The Secretariat further noted that the resource platform would aim to encourage collaborations and matchmaking, but cautioned that it was still at an early stage, i.e. that most of the collaborations were around screening of potentially new compounds or existing compounds for potentially new applications, which could take 10 to 15 years for the development of a product. Given that some collaborations had moved into a second stage, the Secretariat explained that in the strategic plan, it had placed emphasis on providing assistance upon request to countries or institutions from developing countries in developing an IP management strategy around the successful collaborations, adding that the

licensing terms were quite transparent and anchored in Guiding Principles to which each member of WIPO Re:Search had signed up and agreed. It was further recalled that those Guiding Principles had established a minimum floor, the minimum terms. The Secretariat added that a strategy had been included in the strategic plan to raise small grants for the collaborations in developing countries, which had been successful in the first round and which had been done only with their national investments, in order to take the collaborations one step further and to facilitate grant proposals for larger investments that would come outside of WIPO Re:Search. The Secretariat then turned to WIPO GREEN, explaining that the transfer of environmentally sound technologies was an objective of the Platform, but that it was a market based system, which was reinforced through matchmaking events and capacity building activities. In terms of the SDGs, the Secretariat noted that WIPO GREEN, through its partnership approach, would be at the center and purported that the users of WIPO GREEN could potentially make contributions to other SDGs than the ones that had already been mentioned, e.g. to SDG 2 on zero hunger, to SDG 6 on clean water and sanitation, to SDG 7 on affordable and clean energy, and to SDG 13, on climate action. The Secretariat underscored that WIPO GREEN had seen concrete results related to its connections, some 300 in the last year and approximately 340 participants in the current year, as indicated by the number of questionnaires returned to the Secretariat following the Innovate for Water event, in which the participants had indicated that they had made between five to 15 useful connections. It was further noted that how some of those connections would lead to deals would be apparent in the annual survey. The Secretariat emphasized that WIPO GREEN aimed at offering a vibrant network, as detailed on page 147 of the English version of the Program and Budget document, facilitating global connectivity, particularly of developing country innovators. The Secretariat highlighted that the latest member/partner of WIPO GREEN was an Indonesian organization called Kopernic, a non-profit organization and a 501(c)(3) in the United States of America (New York) that primarily aimed at serving the last mile, distribution of low cost technologies to recipients in developing countries and LDCs and that it also had a for-profit company that had begun in Tokyo. The Secretariat further explained that WIPO was in discussions on how some of the products and services the company provided could be enhanced with innovation from other parts of the world, adding that that exemplified the kind of connectivity and activities that WIPO GREEN sought. With regard to the last question on trilateral activities jointly organized between WHO, WTO and WIPO, the Secretariat noted that there had been a trilateral symposium last year on antimicrobial resistance, IP and trade, underscoring that the meeting had been held in WIPO's new conference hall and had been the best attended trilateral symposium to date. It was noted that the symposium would be followed by a number of activities on that subject matter and that another trilateral symposium would probably be held early next year. The Secretariat recalled that the trilateral study had been turned into a condensed, 10-hour, executive-level distance learning course aimed at policymakers and that the WIPO Academy had taken over full responsibility for the course. It was further noted that the course would be available free of charge, that a version with tutoring would be available, and that WHO and WTO would also offer the course on their respective websites. The Secretariat further noted that the trilateral study, which was four years old, was in the process of being updated in order to take into consideration the latest developments related to the normative and policy processes, adding that advancements and positive developments had been made at the national level, which would not be reflected in a new addition of the trilateral study. In conclusion, the Secretariat noted that the new edition could be available in late 2018 and in all six WIPO languages the following year. Turning to the questions related to Program 19, the Secretariat recalled that there had been a question from the Delegation of Chile regarding a possible database available to delegates working with WIPO that would include contact information for WIPO staff and a question from the Delegation of Canada related to diversification of social media, i.e. diversifying the way WIPO used social media in both geographical and cultural terms. In response to the first question and the ability to contact staff within WIPO, the Secretariat informed the Committee that development of a mobile phone app for delegates was already in progress, with an anticipated launch date slated for later in the year and in time for the Assemblies. It was further noted that the app would have four primary

functions: (i) a calendar function that would inform delegates of meetings, changes to meetings and breakout sessions to notify delegates within seconds of a change being made; (ii) to house meeting documents and other relevant materials regarding specific events; (iii) news push notifications, primarily from the WIPO Wire Newsletter to which many delegates already were subscribing, adding that the newsletter would be easily accessible in a mobile phone application; and (iv) the ability to reach out to WIPO personnel, which would be a built-in function that would be tested later in the summer, so key contacts would be easy to access. Regarding the second question on WIPO's diversification of social media platforms that are used to reach markets, the Secretariat assured the Committee that WIPO appreciated the importance of engaging with countries and cultures all over the world in an effective manner, noting that WIPO had launched its social media presence using platforms that were dominant, particularly in the North American market because they had been the early entry platforms. The Secretariat then underscored that it was studying and looking at the emergence of other platforms, acknowledging that there were many growing platforms that were increasingly important to specific countries and regions. The Secretariat further noted that, at present, it addressed the issue by translating important tweets or posts in a couple of languages, again stressing that the Secretariat was exploring alternative ways of increasing that presence within its current platforms. Finally, the Secretariat further underscored that it was studying options to more effectively address the other platforms and welcomed suggestions from Member States, as development of a strategy for prioritizing the platforms, for resourcing them effectively and for creating an effective and logical communication strategy throughout the world on those platforms was underway.

158. The Delegation of Indonesia thanked the Chair for the opportunity of taking the floor. The Delegation conveyed its appreciation for the clarifications and answers to the questions that had been asked earlier. The Delegation highlighted, as had been mentioned by the Secretariat, that in the past five years activities had led to the conclusion that IP was not a barrier. The Delegation shared the same view, that indeed IP was not always a barrier and therefore should be able to support economic growth and development goals for the progress of all. Regarding Program 18 (IP and Global Challenges), the flagship multi-stakeholder forums, it was known by all that when all the heads of states adopted the SDGs, the multi-stakeholder platforms were the key drivers of the implementation of the SDGs. The Delegation wished to see the word used by the Director General in the foreword of the document, in particular, that SDGs would feature prominently in the Program and Budget delivery. Instead, it should really reflect what it was, that IP and Global Challenges were contributing to a lot of SDGs, not just Goals 3, 4 and 9. The Delegation reiterated its appreciation and expressed its satisfaction at the clarifications and answers provided by the Secretariat.

159. The Secretariat wished to take up the questions and comments raised by delegations pertaining to all External Offices, apart from New York. The Secretariat announced, in reference to the comments from the Delegation of Japan on behalf of Group B that the premises and maintenance costs for External Offices, specifying the amount of contributions by each host country, had been provided to Members during the lunch break. The Secretariat stated that it had no problem in sharing detailed information on External Offices with Member States, however, recalled the words of caution on micromanagement mentioned earlier in the session and prompted delegations to bear that in mind. The Secretariat explained that it would respond to the issue regarding the increase of expenses by 1488.6 per cent on a particular cost category line at a later stage. Further, the Secretariat thanked the Delegation of Japan for reiterating its support and commitment to the activities of the WIPO Office in Japan, which was doing a splendid job, in line with the other offices. In response to the request from the Delegation of Canada, concerning the External Offices breakdown by expenditures, the Secretariat explained that this would be provided in the Q&A document, if it had not already been provided. The major issue was that Member States sought more specific information with respect to the two new offices which would be opened in the current biennium, namely in Algeria and Nigeria, and requested that the additional baselines and targets be included. The Secretariat wished to update Member States on the status of the two offices. The Secretariat explained that it had

been working very closely with both the Governments of Nigeria and Algeria in regard to issues such as premises and security. There had been very active consultations both in Geneva as well as in Nigeria and Algeria and steady progress was being made with the common objective of the WIPO Secretariat as well as the two governments, in the effort to operationalize the offices before the end of that year. The Secretariat pointed out that all participants were fully committed and although possible, it would be a challenging task. Considering this, the Secretariat held the view that it was premature to start establishing baselines and targets for offices which did not exist on the ground and had not yet been operationalized. The Secretariat explained that in order to set targets, baselines etc., there had to be consultations, the offices should be functional, there should be discussions with the host countries and that the priorities within the overall framework that Member States had already mandated should be considered. Therefore it was clearly premature to establish baselines and targets. In this context, the Secretariat added that as soon as the offices were opened and functional, it would establish baselines and targets which it hoped to pass onto Member States as soon as possible thereafter. The Secretariat stated that the request by the Delegation of Singapore for more details, particularly in regard to baselines and performance indicators, would be answered at a later stage. In response to the comments from the Delegation of Italy, flagging the promotion of the Global IP Services, including the promotion of geographical indications, the Secretariat wished to assure the Delegation of Italy that the External Offices promoted all IP services whether they related to patents, trademarks, geographical indications or designs. The Secretariat stated that the priorities of work were determined by two major factors, the demand and need, which indeed varied from place to place, depending on the location of the External Offices. On that note, the Secretariat recalled the comments made by the Delegation of China in regard to the key role its External Office played in organizing and supporting a global symposium on GIs, the previous month. The Secretariat stated that the External Offices were part of WIPO and promoted all WIPO services and that should not be doubted by Member States. The Secretariat thanked the Delegation of China for all its support and efficiency in establishing the China Office on July 14, 2014 and praised the wonderful job of the office. The Secretariat stated that it received bimonthly reports from all the offices and had recently requested that those reports be shared with Member States. In addition, the Secretariat hoped to produce a document before the Assemblies that would illustrate the detailed work performed by the External Offices. The Secretariat reminded Member States that the heads of External Offices would be present during the Assemblies and hence would be an excellent opportunity for Member States to directly ask their questions, and in return, for the heads of External Offices to understand what Member States priorities were and the direction in which they should be proceeding. The Secretariat highlighted that it should be a free and frank interaction. That these were still early days for the network, two offices had just been added two years ago, two more would be added during that year, and the rest of course, would be decided by Member States. In relation to the various comments and questions received by the Secretariat on how it felt about the functioning of the External Offices and whether there were working well or not, the Secretariat was of the view that it was not in a place to judge or comment and instead stated that it was doing its best to make them efficient and part of a global WIPO. The Secretariat added that the guiding principles mandated an evaluation in 2021 and therefore the independent evaluation would reveal how these offices had functioned. Finally, the Secretariat wished to thank the Delegations of Russia, Brazil, and Singapore, in addition to China, which had all mentioned their External Offices and appeared to be very satisfied with their work. This was a good sign and a good sign for the network. The Secretariat wished to address the question posed by the Delegation of Japan on behalf of Group B, regarding the increase in the representation and other operating expenses cost category. The Secretariat agreed that there had been a significant increase in that cost category. The Secretariat proceeded to explain that the cost category covered representation and other operating expenses such as smaller repairs and tax affairs etc. The increase reflected the fact that WIPO had an increasing number of External Offices and hence the two new offices in Algeria and Nigeria were budgeted for under Program 20 for the 2018/19 biennium. However, the Secretariat underscored the fact that the increase for the Program as a whole was limited to 6.9 per cent as displayed on page 162 of the

English version. It was not the increase of the whole Program which was represented by the increase in that particular cost category. The increase overall was much smaller and in fact reflected primarily the budget for two new External Offices in Africa. Further, the Secretariat wished to address the question from the Delegation of Brazil regarding the decrease in resources under Expected Result IV.4. The Secretariat explained that this reflected a dedicated IPAS resource from Program 15, which was servicing the ASEAN region from the Singapore Office, and although the resources dedicated from the Singapore Office itself had been reduced under this Expected Result, the services on IPAS in the region would be enhanced. The Secretariat addressed the question from the Delegation of Singapore, by explaining that the differences in the various baselines and targets for the External Offices reflected the different contexts in which the offices operated and also the difference in the progress which was being made on achieving the Expected Results in the different geographical locations.

160. The Delegation of Japan thanked the Secretariat for providing the data which served as good information. It stated that it did not intend to micromanage the Secretariat's work and was very encouraged by the Secretariat's positive words.

161. The Delegation of Brazil thanked the Secretariat for the very comprehensive and useful information provided. The Delegation wished to refer to two questions that had not been responded to under Program 18. Firstly, regarding WIPO's contribution in relation to IP and competition policy related issues, which had also been mentioned by other delegations and secondly, the reduction in the budget under Expected Result VIII.5 in Program 18.

162. The Delegation of Chile stated that it was very much looking forward to the mobile application for delegates. The Delegation wished to mention a personal experience as a delegate and continued by saying that all the contacts in WIPO could be crucial depending on the situation. In this context, the Delegation made an appeal that this information be as comprehensive as possible and that it covered all aspects of the organization so that it was truly a useful tool for Members.

163. The Secretariat apologized for missing the questions highlighted by the Delegation of Brazil in regard to the reduction in the budget for Expected Result VIII.5 (WIPO effectively interacts and partners with UN and other IGO processes and negotiations). As explained in the commentary, it should be noted that the resources dedicated to that particular Expected Result in Program 18 were resources from the Office of the Assistant Director General and therefore did not reflect how much or how little the Program itself, IP and Global Challenges, interacted with other IGOs and other UN partners. There was a decrease because of the lesser percentage of personnel resources in the ADG's office which had been allocated to support the work of Program 20. In fact, it was because of the enhanced emphasis on IP and Global Challenges, WIPO GREEN and WIPO Re:Search. As could be seen, there was a reallocation from this particular Expected Result to Expected Result VII.I. To summarize, both shifts reflected the time of the Office of the Assistant Director General to the two results. In response to the remaining question on IP and competition policy, the Secretariat stated that the budget was based on the number of requests from countries who sought assistance in that area, such as for WIPO to facilitate the discussion between IP and competition authorities, as had been done in the past with Brazil. The Secretariat assured Member States that that activity would continue.

164. The Chair thanked the Secretariat for that response and as there were no further requests for the floor, stated that the discussions on the two Strategic Goals VII and VIII could be concluded. The Chair announced the opening of the discussion on Strategic Goal IX (Efficient administrative and financial support) relating to Programs 21 to 28, and invited delegations to comment.

165. The Delegation of Mexico thanked the Chair and was honored to take the floor first on this Goal, which it deemed to be important and interesting. The Delegation expressed its

gratitude for all of the information found in the report and on the Programs currently under scrutiny. The Delegation wished to voice a few specific questions of particular interest and asked for patience in advance as some of the questions might seem very detailed. With respect to the efforts in terms of best practices and ethics, in light of Expected Result IX.3 in Program 21, the Delegation observed the baseline figure of 86 per cent of personnel who were aware of ethics principles and policies of WIPO in comparison to the lower target number of 85 per cent. It wished to have an idea of why that objective had been set lower than the baseline and whether the target should not reflect the ideal situation which would be 100 per cent of the personnel in the organization. Further, the Delegation requested the Secretariat's comments as to what progress had been made, particular in view of the comments by the external auditor. In Program 22, the Delegation observed that the target and baseline for the indicator related to management awareness and accountability for the application of the regulatory framework, under Expected Result IX.3, were still to be determined and requested information on any progress made. It also noted that the budget under this Expected Result seemed to be significantly lower than in 2016, 1.626 million CHF versus 1.165 million CHF, nearly a 30 per cent decrease, and requested the Secretariat to comment on this. In regard to Program 23, the Delegation welcomed the efforts deployed by the Secretariat to reach the target in terms of gender equality and geographical distribution. The Delegation was of the view that this was very important and that efforts should be continued along these lines and wished to know what measures had been considered to further progress on this. The Delegation stated that it had been said that there would be no new posts in the next biennium and no changes in terms of the retirement age in the near future that would be considered. In regard to Program 24, the Delegation thought there was a typing error in the implementation strategy which referred to a reduction in carbon emissions produced by WIPO activities whereas, at least in the Spanish version, the target stated to maintain the emissions. The Delegation was of the view that the goal would be to decrease emissions. For Program 26, the Delegation appreciated the information on prevention and wished to see what else had been undertaken in the field of fraud, which was an issue of interest. In Program 27, the Delegation appreciated seeing that the UN System-Wide Action Plan (UN-SWAP) had been considered in the chapter dealing with conference and language services and whether the Secretariat would perhaps elaborate on this UN-SWAP. Lastly, the Delegation thanked the Secretariat for all of the preparatory documents published in all of the official languages of the Organization and emphasized that it had been very highly appreciated by its Delegation as well as the other Spanish speaking countries. It encouraged the Secretariat to continue this effort and ensure that the documents published by WIPO were translated in a timely manner.

166. The Delegation of Paraguay, speaking on behalf of GRULAC, wished to make a general remark concerning Strategic Goal IX. GRULAC took note of the Director General's comments on the adjustments to salaries and benefits of WIPO staff. In conformity to the proposals of the ICSC, it understood that there was currently a process being undertaken to measure the scope of those adjustments and to consider the impact that this would have on the 2018/19 biennium. GRULAC would follow the progress very closely, as well as, any changes in the budgetary resources for the implementation of measures already agreed on.

167. The Delegation of Georgia, in its national capacity, expressed its support in respect of Program 21, to the initiatives of the Secretariat for raising the visibility of countries at the international level. In this context, it appreciated the work of the Secretariat for the provision of high-level services for the organization of cultural and side events held at WIPO, which provided great possibilities and opportunities to become closer to the cultural diversities of other countries. By utilizing such possibilities, countries were able to share their IP to the whole world. That being said, the Delegation reiterated its support to all initiatives which were related to the organization of cultural events which supported countries to increase their visibility and promote their traditional heritages and culture. The Delegation highlighted the Secretariat's professional approach and wished to see the continuation of such activities as well as encourage the Secretariat to work in that direction for the next biennium. With regard to Programs 22 and 23, the Delegation thanked the Secretariat for the details and specific planning. The Delegation

welcomed the initiative of WIPO in organizing outreach activities in underrepresented or non-represented countries and accordingly wished to receive figures illustrating the percentage increase of applications resulting from such activities. In regard to geographical diversity, the Delegation wished to see figures showing the percentage difference between the baselines and targets of geographical distribution, as agreed by Member States. Along these lines, the Delegation wished to see equal geographical distribution to ensure the equal footing of all Member States in the WIPO Secretariat. That being said, it was grateful for the initiatives in this direction and urged the Secretariat to continue to work towards a more equitable geographical representation.

168. The Delegation of Brazil underlined two points that had been raised in its opening statement and which related to this Strategic Goal. The first, regarding the calendar of meetings, the two sessions of the TRIPS council that the previous year had overlapped with meetings in WIPO and urged the Secretariat to take the necessary measures to avoid the situation repeating itself again the following year. The second, in reference to the balance of geographical representation, also mentioned by the Delegation of Georgia, it noted that Latin America had experienced a decrease in representation as reflected in the Program Performance Report. Therefore, there would be a need for action to ensure a balanced geographical presentation especially at higher levels.

169. The Delegation of China appreciated the implementation strategies of Program 21. In regard to Program 23 (Human Resources Management and Development), it recalled the foreword of the Director General mentioning that in the next biennium there would be no additional posts and that the priority targets for the HR policy would be geographical diversity and gender equality. The Delegation believed that in recent years the volume of work was on a constant increase, expanding WIPO's influence worldwide, and therefore it would be necessary to increase human resources to deal with the workload. The Delegation expressed its concern of no additional posts. Moreover, in respect of developing human resources, it stated that there were other considerations besides geographical diversity, such as special requirements from the global registrations systems on human resources, geographical diversity within the Organization in each area of work and staff members' ability to confer to their work. The Delegation suggested greater movement of personnel across the Organization and more transfers of personnel between the External Offices and headquarters, in order to have a diversified personnel structure with efficiency and creativity meeting the ever-changing and ever-increasing operations. In addition, it stated that WIPO should enhance efforts to maintain its competitive edge in recruitment and its outreach activities, thereby raising awareness in the international community with regard to WIPO as a competitive employer of choice.

170. The Delegation of Chile stated that this was a fundamental target, as pointed out by the Delegation of Mexico. It supported the comments made by the Delegation of Paraguay speaking on behalf of GRULAC. It endorsed the statement from the Delegation of Brazil in relation to the TRIPS council overlap with WIPO meetings. It understood that it was often difficult to juggle agendas but it supported the request raised by other delegations. The Delegation wished to highlight the comment from the Delegation of Brazil in terms of geographical diversity and endorsed the statement made by the Delegation of Georgia in appreciating the opportunity that WIPO provided by utilizing its premises for celebrations, events relating to the substantive work of the Organization and for allowing Members to promote their cultures. Further, the Delegation stated that it had been able to organize seminars and national holiday celebrations which it deemed very important and it very much appreciated the efforts and cooperation from the Secretariat.

171. The Delegation of Canada, in regard to Program 22, wished to confirm the amount for the 2018/19 provision for negative interest rates on Swiss franc deposits. It had been 2.4 million Swiss francs in 2016/17 and explained that it was having a hard time in finding that information in the current budget document. Under Program 24, the Delegation welcomed the plans to enhance cooperation with the UN in order to 'maximize savings through economies of

scale'. That was very much in accordance with their broader view regarding the value of the procurements in the UN system. Lastly, the Delegation stated that it would continue through Program 27 to support the linguistic mechanisms and efforts of WIPO.

172. The Delegation of Japan, speaking in its national capacity, acknowledged the importance of enhancing information security by managing information risks. However, it noted that the proposed budget for Program 28, as outlined in the proposed Program and Budget, had increased by 30.3 per cent, a relatively large amount, in comparison to the current biennium. Therefore, it requested that the Secretariat provide more explanations on WIPO's plans for utilizing this budget in ensuring and enhancing safety and security. Furthermore, it requested more detailed information on the connection between that proposal and the Capital Master Plan for 2018-27.

173. The Delegation of Paraguay, speaking on behalf of GRULAC, apologized for taking the floor a second time under the same Strategic Goal, however, it wished to reiterate a few points mentioned at the outset. The Delegation expressed its appreciation for the use of WIPO's premises for parallel events and other celebrations. Additionally, the Delegation wished to have GRULAC's remarks taken into account in all of the discussions relative to the Strategic Goals.

174. The Delegation of Pakistan thanked the Secretariat for the comprehensive briefings. In line with the interventions made earlier by other delegations, it wished to see an increased transparency and efficiency in the overall working and functioning of the WIPO Secretariat. It encouraged WIPO to take into account geographical representation and gender balance in staffing and requested the continued focus on these elements. Moving towards Program 21, the Delegation was encouraged to see the current implementation strategies. However, in relation to improved prevention and handling of grievances and conflicts, it requested information on the methodology used to address those issues, whether a specific budget had been allocated for that purpose, and if so, how it would be utilized. Further, it wished to receive more information on past experiences and what would be the handling of such issues in the future. Secondly, in relation to the comments made by other delegations on WIPO's hosting of events, the Delegation asked whether Member States paid any fee. It assumed that WIPO was a financially healthy Organization and asked for clarification that if Pakistan wished to hold an activity on WIPO premises, whether this would be free or if there would be a fee charged.

175. The Delegation of Senegal was delighted to be taking the floor on behalf of the African Group and began by extending thanks to the Secretariat for all the information that had been provided that afternoon. In particular, the Delegation was grateful for the information on Strategic Goal IX. In regard to Program 23, the Delegation emphasized that it was thankful to note all that had been proposed with regards to human resource management and was especially pleased that the gender dimension and geographical distribution had been taken on board. With that in mind, the African Group, as far as possible, wished to obtain statistics regarding the various levels of geographical distribution within the staff and an indication of their grade level. The Delegation explained that this would give a clearer idea of where the Secretariat was and where it needed to get to in terms of geographical distribution. The Delegation wished to have a clearer picture than it currently had and reiterated its desire for statistics. In regard to Program 23, particularly the continuation of work to promote fairer geographical distribution and greater gender parity by improving and enhancing awareness raising activities in recruitment and working actively with members, the Delegation sought clarifications as to what was meant by active members and if there were criteria defining which members were active and which were not.

176. The Delegation of Brazil apologized for taking the floor again on this Goal and wished to refer to the use of WIPO's premises for the organization of events. It stated that in the last 12 months Brazil had organized two events in relation to the GA and SCCR and wished to go on record to express its appreciation and recognition for the professionalism, readiness and timeliness of WIPO staff in supporting Member States who had organized this.

177. The Delegation of the United States of America thanked the Secretariat for all the information and detailed presentations. It appreciated the information provided in the Q&A document on the premises and maintenance costs for the External Offices. It noted that within the proposed Program and Budget there was a single Program to consolidate premises costs but had a question on premises costs that appeared in other parts of the Program and Budget, for example in the PCT program which had a premises and maintenance cost item. The Delegation understood that this was perhaps covered by the definition that extended beyond premises, however, stated that any additional information in this regard would be helpful.

178. The Secretariat wished to make a general comment in response to the questions posed on the targets of ethics awareness. In this context, the Secretariat explained that a good performance was not necessarily reflected by an increase in the target. A good performance could be to actually maintain a certain level of performance. This also related to the question on carbon emissions. Further, the target regarding ethics awareness reflected the reality of what was thought to be feasible in the next biennium, based on the results of a survey that had been carried out in 2016. The Secretariat continued by explaining that the Chief Ethics Officer was not present and would only be available later in the week. However, it would enquire whether she would see any possibility of increasing the target for the next biennium and get back to the Member States. In regard to the question on Program 22 from the Delegation of Mexico which had requested an explanation on the program increase of 33.2 per cent. The Secretariat recalled that the explanations were provided on page 174, in the English version. In principle, the couple of areas that were driving the changes in the resourcing level were firstly, the ERP portfolio of projects which Member States had approved several years ago and which were coming to an end. All the projects and systems from that portfolio would have to be mainstreamed into the regular budget and the regular operations of the Organization. There was a significant increase in the footprint of the ERP system that would have to be supported by the operational unit concerned. The other aspect of the change was related to the implementation of the investment policy and therefore, there were increases in costs related to investments. As mentioned earlier, the Secretariat was also planning to pilot the netting solution with a few Member States and this cost was also included in the Program. Further, there were also some additions to staff costs on the account of improving accounts payable services. As the Organization increased its contractual services and use of out-sourcing and third-party service providers, there was a significant increase in payments to suppliers and management of accounts payable which was currently a very thinly staffed unit. In this context, the Secretariat was planning to strengthen that to maintain the service levels. In addition, it was also planning to strengthen service desk operations for fee-paying customers. This again was a critical area of the Organization and while the registration systems continued to invest in the quality of services to the applicants, the Secretariat would need to invest in improving financial/payment services to its fee-paying customers. Further, additional resources would be required in terms of ensuring that the ERP solution continued to evolve in a coherent and efficient manner and therefore additional personnel resources would be required in that area. Those were some of the key explanations for the increases in Program 22. On another note, the Secretariat wished to address the question about a target not yet decided or to be decided in regard to Expected Result IX.3. The Secretariat explained that the reason for this was that it was a new indicator and that the target and baseline would be set once a survey had been completed. This was why no number had been associated to it yet. In response to the question from the Delegation on Canada on the negative interest rate provision and its visibility in the Program and Budget 2016/17, the Secretariat explained that it had previously been prominently visible as there had been a budget assigned for it. At that time, there had been no provision for making investments which would try to avoid negative interest rates. Subsequently, Member States had approved the investment policy and as the Secretariat was well on track, there would be no provision for negative interest rates for 2018/19. The Secretariat added that Member States would hear more on this topic either later that day or the next day depending on how the session proceeded. Finally, the Secretariat wished to respond to the question from the Delegation of the United States on the cost of premises and maintenance as well as to the question that had been raised in an informal conversation the previous day. The Secretariat

explained that the breakdown of the premises and maintenance cost category across all Programs included much more than premises and would be happy to provide the list of elements that were included in that cost category.

179. The Delegation of the Russian Federation wholeheartedly supported the Secretariats efforts which intended to ensure a fair and equitable geographical distribution when it came to expert or consultant posts. The Delegation thought that it was very important to keep a close eye on the way that this issue developed and as far as possible minimize the number of countries or regions that were not represented within WIPO staff. The Delegation supported the policy of multilingualism in WIPO and hoped more and more documents would be available in the future in all the official languages of the Organization, especially documents relating to the global registration systems. Further, the Delegation apologized for returning to perhaps a slightly unpleasant issue, but wished to see in the final report of the PBC, the reflection of information on the precise figure for the expected savings from the implementation of the decisions that had been taken by the ICSC. The Delegation understood that there were negotiations underway among the Geneva organizations and the ICSC and also understood that these discussions were underway in Vienna and had not yet been concluded. Nonetheless, the Delegation wished to see the figures adjusted in accordance with the outcome of the March session of the ICSC. Therefore, it requested to clarify the human resources section of the budget in that regard and for a written answer to be provided in the Q&A document that had been received.

180. The Secretariat thanked the Delegations of Georgia, Brazil, Chile, and Paraguay, on behalf of GRULAC, for appreciating the events that were held on WIPO premises and the management of those events. The Secretariat explained the new thinking of the senior management of WIPO and the Director General that it was conscious that this infrastructure did not belong to the Secretariat and instead belonged to its Member States. That was why it had been decided to open up the premises for Member States' use. The Secretariat thought that there had been very good results and outcomes of that decision and was pleased to have seen numerous Member States express their appreciation for the management of the events on the premises. The Secretariat added that there were indeed limitations and therefore there would be a need to have some guidelines drawn up and to work in a more organized manner on this. The Secretariat continued by stating that it could not be infinite and that it would have to restrict events. It would have to ensure that the quality remained undiluted and reiterated that it could not just keep having events. The Secretariat said that it would share with Member States some documents very soon on how it intended to organize the year and that there would be something along the lines of a contract drawn up. The Secretariat again thanked Member States for their appreciation and stated that it would always be ready to work together with its Member States. On the calendar of meetings issue raised by the Delegations of Brazil and Chile, the Secretariat flagged that this point had been noted and that the drawing up of the calendar was an extremely complex task. Although it may appear to be simple as it appeared in two pages, the Secretariat assured that it was an extremely complex task. Further, the Secretariat explained that this task was something fairly recent to WIPO and had only began in the last three or four years. The Secretariat pointed out that the calendar for that year had been given to Member States in the previous year, which was an improvement in comparison to earlier years when it was only given in either January or February of that year. As Member States were aware, a factor that had to be taken into account was the number of committees that WIPO had, such as the SCCR, SCT, SCP, IGC, CDIP, PBC, the Committee on WIPO Standards, and the Working Groups, and that most of the committees met twice a year. Additionally, another factor that had to be taken into account was holidays. The Secretariat stressed that it was entitled to holidays, like everybody else in the world and stated that no one wished to work in August or mid-December to mid-January. The Secretariat recalled that Member States had repeatedly told the Secretariat that they did not want back-to-back meetings and therefore the Secretariat tried to avoid this, although at times, this was nearly impossible. Further, the Director General's engagement and travels needed to be factored in as he was required to be around for these meetings. The Secretariat stressed that it kept in mind major

meetings such as, the World Health Assembly and the UNGA. The Secretariat emphasized that many factors and considerations were taken into account before concluding and producing the calendar. Nevertheless, as correctly flagged by both delegations there was a clash with the TRIPS council and the Secretariat wished to ensure Members that the TRIPS council would be kept in mind for the following year, as it understood that many Members were directly involved in it. The Secretariat assured Members that it would bear the TRIPS council in mind and do its best not to clash. In this context, the Secretariat added that if there would be a clash, it would firstly discuss with Member States before issuing the calendar and hoped that this would satisfy the delegations on this point. Finally, the Secretariat added that it was only in the October Assembly that Member States decided on the meetings for the following year and whether there would be a Diplomatic Conference or whether there would be seminars before the IGC or not. The Secretariat stressed the complexity of the task. Moving on, the Secretariat thanked the Delegation of Pakistan for its positive comments on the implementation strategy of Program 21 and said that it would try to live up to expectations. In response to the question on the budgetary allocations for the Office of the Ombudsman and WIPO Ethics Office, the Secretariat stated that the total budget was 539,000 Swiss francs and 403,000 Swiss francs respectively. The Secretariat further explained that this was mostly personnel resources for the salaries of the Ombudsperson and Ethics Officer. Neither of the two offices had a secretary and therefore were dependent on the Office of the Director General or completed the work themselves. The Secretariat accorded the highest priority to all means of conflict resolution, formal or informal, which was the work of those two colleagues. Unfortunately, both were not present that day or the next day; however, if Member States required more information they would be available later to discuss. The Secretariat thanked the Delegation of Pakistan and in response to the question on the hosting of events on WIPO premises, the Secretariat confirmed that it did not charge a fee. The Secretariat added that it looked forward to receiving a request from Pakistan for the organization of a cultural event on WIPO premises. In regard to Program 23, the Secretariat wished to firstly summarize that it would present to the Coordination Committee as well as to the next PBC for information, the annual HR report together with the new strategy for 2017-2021. In this report, delegations would find all the requested details about geographical diversity and gender diversity, in addition to the information already provided in the Program Performance Report for 2016. The Secretariat added that delegations would also find some information and figures on page 18, of the English version, albeit not as detailed as requested. The new strategy will indicate the geographical diversity and gender parity as priority objectives in line with the commitments made by the Director General. Member States would also find in these documents information requested regarding the UN-SWAP. The Secretariat thought that all that information would address the numerous comments and different questions, which were in many cases similar. Further, the Secretariat explained that it would also use workforce planning to better align the workforce with the needs of the organization and ensure efficient delivery without additional posts, as also underlined by China. This was also thanks to the further integration of IT systems which brought better efficiency to the work systems, the work processes, the workflows and which will help to gain operational efficiencies. The Secretariat will also consider in the future more flexible resources. The Secretariat reiterated that the delegations would find all the details in the HR annual report and the HR strategy. As regards to the ICSC, as previously pointed out, the discussions were currently undergoing in Vienna and as the outcome is not known yet, this would have to be addressed later on. Furthermore, the Secretariat thanked all delegations for the interest in all its gender balance and geographical diversity initiatives. As previously mentioned, these would indeed be further detailed in the HR report. However, the Secretariat wished to attempt to address the main areas of questioning. The Secretariat noted the questions around the fact that no new additional posts were planned and additionally noted the Delegation of Mexico's comments regarding the plan to further support geographical and gender diversity when there would be no change in the retirement age. Focusing on geographical diversity, the Secretariat stated that further progress was indeed limited to the opening of vacant posts. As found in the previous year's HR report which contained figures up to 2020, and although these figures would be updated in the next HR report, the planned increase in the number of retirements would

provide opportunities for an increase in vacant posts. In that context, the Secretariat was working and preparing for more candidatures to the posts, which would be as much as possible better suited. There were different initiatives, one of them was that the Secretariat favored the opening of an increased number of entry level posts, namely at the P1 and P2 level. There had been a steady increase in these levels and delegations were invited to note the increased diversity. As these levels did not necessarily require as much international experience, they were more open to young talents around the world. The Secretariat explained that the official figures for geographical diversity focused on the fixed term population and stated that it had also been working on increasing diversity and gender balance for the temporary staff population. There were also other programs such as the fellowship and internship programs. The Secretariat added that although the internship program was not a short-term solution, it believed that it was a very good way to prepare young talents for potential future careers in WIPO. It reiterated that delegations would receive the figures in the HR reports and stated that WIPO had been doing well in the diversity in the intern population. For example, approximately one third of interns were from the Asia-Pacific region, a figure that would be presented in the HR report. The Secretariat continued by saying that the fellowship programs were also a good opening to working at WIPO, especially as there was not just one program. For example, quite successful fellowship programs were those in the examination areas, namely PCT, Madrid and the Hague. In this context, WIPO has had a good return of ex-fellows that had eventually applied to jobs in WIPO and were successful. This was seen as a growing pool of potential candidates for WIPO from around the world and notably IP offices. There was also a focus on gender in recruitments. There were a higher number of women in WIPO at grade P1 to P3. The Secretariat was looking to support the career development of women already working at WIPO at lower grades for them to be able to progress through the system, eventually contributing to a better balance at the P4 and above levels. Concerning geographical diversity, obviously another measure was outreach. The Secretariat explained that it was continuing its outreach efforts in line with the recommendation of the Coordination Committee. The Secretariat had been working with regional bureaus to identify focal points in countries, notably in non-represented countries, to develop partnerships. In this context, the Secretariat wished to clarify the question from the Delegation of Senegal which wondered what was meant by active Member States. The Secretariat explained that these were Member States that actively engage with the Secretariat in the partnership to try and support outreach in their country through different means. First of all, by providing information as to what were the best ways to outreach, for example, information about local recruitment sites that may be dedicated to specific activities. A number of things could be done in that context. The Secretariat added that was an ongoing process which would continue and be further developed. In relation to the question posed by the Delegation of Georgia, the Secretariat stated it could not provide the Delegation with the numbers from Georgia. However, as reflected in the HR report of the previous year, the numbers so far had shown that following outreach missions, the number of candidates, as well as the match of candidates to the vacancy as advertised, had increased. In this context, the Secretariat stated that looking at the situation, it had visited five non-represented countries in the last two years, two of them were represented in the fixed term population and two others were represented in the temporary staff population. Therefore, there had been progress in these areas and a correlation could be seen, although it was not at 100 per cent success. The Secretariat reiterated that there would be more information in the HR report, but hoped these comments had given delegations a few directions in terms of what the Secretariat had been doing to support geographical and gender diversity in WIPO.

181. The Delegation of Pakistan wished to react to the Secretariat's explanations but noted that the relevant colleagues had already left. The Delegation remarked that the two very important offices which dealt with grievances and human resource issues did not have secretaries, as previously stated by the Secretariat. The Delegation understood that there was some independence when it came to the Office of the Ombudsperson and Ethics Office but wondered whether WIPO had thought about providing staffing to these offices in order to make them more functional and more approachable. In regard to the meetings, the Delegation stated that it had worked over the Eid holiday. The Delegation stated that it did not have any problem

in having meetings in August and December. Finally, the Delegation was very encouraged to learn that WIPO was hosting events for Member States free of charge.

182. The Secretariat stated that it would now address the questions related to Programs 24, 27 and 28. Concerning the question on the carbon emissions target from the Delegation of Mexico, the Secretariat explained that carbon emissions were related to energy consumption and that there were certain factors that were not in WIPO's control or not totally in its control. This was one of the reasons why the target had been indicated as maintaining carbon emissions at previous level, or in other words, not increasing carbon emissions in the next biennium. Also, the Secretariat indicated that there would be a number of major worksites on WIPO premises in the next biennium and that more energy, particularly more electricity, would be consumed in order to run the worksites. It would only be afterwards that WIPO could consider further measures that would help to further reduce energy consumption. This was another reason why for the next biennium the Secretariat had not indicated a reduction in carbon emissions. The Secretariat added that it did not exclude that there would be a reduction in energy consumption, in which case it would be very pleased to report on such reduction, and therefore a reduction in carbon emissions, in the next PPR. In response to the question raised by the Delegation of Mexico regarding the UN-SWAP, the Secretariat believed that the annual HR report would address a more detailed action plan in conjunction with the HR strategy at WIPO. In response to the questions posed by the Delegation of Japan for Program 28, the Secretariat firstly wished to clarify that investments in the Capital Master Plan were one-time investments covered under the Reserves Policy, which had been approved by Member States a few years ago, and that ongoing recurring costs were included in the Programs. In response to the request for additional information relating to the increase in the budget, the Secretariat wished to categorize the increase in two areas, personnel and non-personnel. The Secretariat wished to provide some context before proceeding with the personnel explanations. In the current 2016/17 biennium, the Secretariat recalled that Member States had approved a number of information assurance strategies focusing on strengthening the governance and oversight of security, changing user behavior to growing information security threats, continuous compliance, management of enterprise information risk, protection of sensitive ICT systems, and also improving the capabilities to detect and respond to cyber incidents much faster. All these strategies required sustained resources not only to build new capabilities, but also to operate them effectively; hence the addition of four new temporary staff positions to the personnel side of the budget to support the WIPO information assurance strategies. The Secretariat wished to provide some context before proceeding with the non-personnel explanations. The geopolitical risks that were impacting the world remained generally complex, especially for WIPO. Following the terrorist attacks in Europe in December 2015 and continuing early into 2016, it became very evident that the assumed protection and deterrents that WIPO already had needed to be complemented by WIPO's own risk informed security measures. Therefore, in line with the recommendations of the country Security Risk Assessment for Switzerland that was approved by the UN Security Management Team in July 2016 and consistent with WIPO's obligations to the UN Security Management System, WIPO initiated a Security and Risk Management Plan. In 2016, this had been funded by budget transfers into the Program. The Secretariat explained that the plan was designed to immediately review and enhance the headquarters' physical security requirements to mitigate new and evolving threats in Europe, as they applied to WIPO, and in the longer term address WIPO's security risk management requirements needed to operate safely and successfully in a very dynamic future operating environment. The Secretariat explained that those plans took the form of specific areas of budget. Firstly, that WIPO had implemented screening in all headquarter facilities for all conference and event participants. Secondly, there was the reinforcement of the external guard presence by establishing a deterrent and protective capability, in full compliance with UN and Swiss regulations. The other capability implemented was the threat and risk capability to assess risks and provide threat briefings to staff travelling on missions and who find themselves in areas of high-risk, as well as threat briefings to External Offices. The final increase in the non-personnel budget was due to the availability of WIPO premises for the hosting of events, as appreciated by Member States, which thus resulted in the increased guard surge capacity to

support the increase in events and conferences, based on 2016/17 actual expenditures. As previously indicated, the main difference between the regular budget increases and the capital master plan was that the capital master plan was for one-time capital investments in safety and security. This was approached through two lenses, compliance to UN Security Management System policies and guidelines and risk informed safety and security measures to protect staff, delegates and visitors against various threat scenarios. Furthermore, the Secretariat pointed out a feature to WIPO's approach in terms of safety and security, unlike many of its sister agencies in Geneva, which was that it attempted to avoid a bunker mentality or to close off its perimeter. The Secretariat explained that it tried to balance aesthetics, functionality and above all safety and security in its overall concept, which was perhaps the reason WIPO's campus looked more open than others. The Secretariat wished to assure delegations that measures had been taken to ensure that their safety and security was paramount as well as the protection of WIPO's assets. Finally, the Secretariat wished to address the issue of the ICSC review raised by the Delegation of the Russian Federation. At the risk of reiterating what had been said the previous day, the Director General had been very clear in his message that this was premature. The Secretariat stated that the jury was still out and that this was going to be discussed at the end of that week in Vienna amongst the ICSC. Although it was unclear what the outcome would be, as the Director General had very clearly had pointed out, he had been informed that executive heads should not blindly apply the decisions of the ICSC, but had a duty of due diligence to ensure that the decision had been taken upon correct grounds. This was precisely what the Secretariat would be doing after the discussions had taken place in Vienna between the ICSC and the various organizations. The Secretariat wished to assure delegations, as the Director General had stated the previous day that any impact would be on a global amount of 183 million Swiss francs. The Secretariat would have more information and more details as to what the impact would be on the Program and Budget in the PBC held in September. The Secretariat reiterated that it worked on the Program and Budget with certain planning assumptions. When this particular Program and Budget was put together, it had been based on certain planning assumptions which at that time did not include this scenario. The Secretariat added that as far as it was concerned, the scenario was still not clear and greater clarity would be provided following the meeting in Vienna and over the summer. The Secretariat stated that it would follow up with Member States in the September PBC meeting. Furthermore, it assured Member States that it would reflect the intervention by the Director General as part of the Q&A, as requested.

183. The Chair thanked the Secretariat for the information that it had provided. Following which, the Chair opened the floor to delegations for any additional remarks or questions under Strategic Goal IX. As there were no further remarks, the Chair announced proceeding to the Annexes and Appendices. The Chair stated that there were ten Annexes and five Appendices to the document. The Chair then invited delegations to take the opportunity and raise questions or remarks on these.

184. The Delegation of Pakistan recalled its previous intervention, particularly on the SDGs and how WIPO's programs were contributing to the SDGs. The Delegation appreciated the addition of Annex IX, however, requested more details as to how the Secretariat viewed the programs and linkages to the contribution of the SDGs, the methodology and the reason the other goals had not been reflected in the main table displayed.

185. The Delegation of Brazil also referred to Annex IX regarding the SDGs. The Delegation supported the statement made by the Delegation of Pakistan and stated that the information contained therein was superficial and appeared to not be in line with the Director General's foreword regarding the prominence of the SDGs. The Delegation believed that the information provided in the Q&A was a good start. However, the Delegation requested more information under each Strategic Goal, which it thought would be useful. Further, it noted that the graphic showed three SDGs and deemed that WIPO had a contribution to make to every other SDG, more to some than others. For instance, it recalled the discussions regarding gender in the

PBC and believed that WIPO could do a lot. The Delegation requested from the Secretariat more information on the SDGs.

186. The Secretariat stated that it was indeed a very important topic and wished to explain the diagram in the Q&A document because that was a good example of how the Programs were actually contributing to the SDGs, for instance, the example of Strategic Goal VII which addressed IP in relation to global policy issues. There were two Programs contributing to that particular Strategic Goal as indicated in the Program and Budget. One of the Programs, starting in numerical order, was Program 3 (Copyright and Related Rights) which contributed through its performance indicators, those concerned with the ABC consortium, which through that contributed to WIPO's Expected Result of IP based platforms and therefore to the Strategic Goal addressing IP in relation to global policy issues and hence to the SDG 4 Quality Education. Furthermore, there was an additional Program that contributed to Strategic Goal VII, which was IP and Global Challenges. There were two parts of that Program which contributed to the SDGs, one of them was WIPO Re:Search, as displayed in the right-hand corner, whereby through its performance indicator it contributed to Expected Result VII.1 and hence Strategic Goal VII and which then contributed to SDG 3 Global Health. Once more, Program 18 through another part of its work which was linked to WIPO GREEN and green technology, contributed through its performance indicators, the two which were listed there, to Expected Result VII.1, which again contributed to WIPO's Strategic Goal VII addressing IP in relation to global policy issues and therefore to the SDG 9. The Secretariat further explained that the diagram was not meant to be comprehensive and therefore did not map all of the goals. The Secretariat clarified that the diagram was supposed to illustrate to delegations that there was a direct linkage from the Programs to the SDGs already in the proposed Program and Budget document. The Secretariat added that although it did not have such nice diagrams for each of the Programs, the linkages were already in the document. The Secretariat recalled the comments by delegations mentioning the fact that it was not only the three SDGs that WIPO should be concerned about, but in addition, the contribution to a larger number of SDGs. The Secretariat explained that that was what Annex IX attempted to illustrate. With the direct contribution to the SDG 3, 4 and 9, through innovation and by contributing to SDG 9 it had a direct contribution to SDG 2, 3, 6, 7, 8, 11 and 13 and also innovation as a policy setting assisted in achieving SDG 1, 8, 14 and 15. That was the way that the indirect linkages were working. The diagram illustrates the direct linkages as well as the indirect linkages to the other SDGs. The Secretariat was aware and understood that the diagram in the Q&A only concerned one Strategic Goal and explained that it had been working very intensely with the SDG coordinator on coming up with that diagram to illustrate the fact that the linkages to the SDGs were already in the Program and Budget. Further, it would continue with mapping all the Strategic Goals for the next session of the CDIP. It was in the context of the CDIP that the discussion on the contributions to the SDGs was currently ongoing. The Secretariat stated that it would be working with the SDG coordinator in order to have a full mapping of the indicators for all of the Strategic Goals. The Secretariat hoped that that would satisfy Member States.

187. The Delegation of Brazil thanked the Secretariat for the clarification and was of the view that if each Strategic Goal could bring similar information, it would not only help the delegates but also the broader stakeholders of WIPO to illustrate that WIPO was working towards it. The Delegation believed that it was an important issue and stated that all the leaders of the delegations' countries had agreed on it. Further, it thought that it was important to send a signal, including in the budget committee, that WIPO was working towards that. The Delegation expressed its thanks again to the Secretariat for that clarification.

188. The Delegation of Pakistan joined the Delegation from Brazil in thanking the Secretariat for the explanation and looked forward to further discussions, deliberations and understanding of that in the CDIP and would continue the discussions in the CDIP.

189. The Delegation of the United States of America thanked the Secretariat for the presentation and in particular for Annex III, which had now been expanded substantially from

earlier drafts. However, it did not alter the fact of the primary concern that the Delegation had raised in conjunction with the allocation of expenses among the unions, based on the capacity to pay principle. A historical view of income by Union and the total income generated by fees as a percentage of the funding of the Organization, had risen steadily to the point where the Patent Cooperation Treaty System funded 75 per cent of the overall expenses of the Organization. The Delegation expressed its concern about this imbalance and the fact that other Unions represented in Annex III, were not paying a proportional share of the common and shared expenses. The Delegation also noted that again the Lisbon Union was shown as operating in deficit for the next biennium and wished to flag this area as a particular concern for its Delegation. Whilst it appreciated the additional explanations contained in the Annex, it did not alter the fundamental concern which the Delegation had repeatedly voiced regarding the existing Program and Budget and the draft before them. Finally, the Delegation noted with regard to the Capital Master Plan, that there might have been some misunderstanding with its opening statement. The Delegation clarified that it was not in any way expressing its disapproval of the projects proposed in that plan but had concerns about the allocation to the Unions, which would be addressed under that item.

190. The Secretariat wished to recall for the Committee that the review of the allocation methodology for income and expenditure by union had been an agenda item for the 25<sup>th</sup> session of the PBC. A very comprehensive and in-depth analysis of the methodology had been completed, at Member States request, which provided a lot of insight into what could be different and some alternatives had been proposed. The discussions which ensued concluded that there would be no change to the methodology and therefore the Secretariat was bound by the existing methodology. Further, the Secretariat had, to the best of its ability, clarified the existing methodology in a more substantive manner because as had been mentioned by the Delegation of the United States of America, in the past, it had been a very short description which had not been easy to read unless the reader was familiar with the tables. Therefore the Secretariat had provided more substantive explanations in the current proposal. However, the budget had been prepared with the methodology that was currently in force.

191. The Chair thanked the Secretariat and asked whether the Delegation of the United States of America wished to make any additional remark or whether any other delegation wished to take the floor on the Annexes or Appendices. As there were no further requests for the floor, the Chair announced the conclusion of the first reading of the Draft Proposed Program and Budget for 2018/19. The Chair invited delegations that might have any specific questions or doubts about certain points to contact the Secretariat and ensure that their questions were fully answered. The Chair then concluded the review of the document and suspended the item.

192. When discussion on the draft Program and Budget resumed, the Chair observed that a document reflecting the modifications to the relevant Programs had been prepared by the Secretariat and distributed to the Committee, and noted that the meeting could proceed. The Chair explained that amendments to Programs 3, 4, 5, 8, 13 and 30 had been requested by Members, and gave the floor to the Secretariat to explain the modifications.

193. The Secretariat commenced with the changes to Program 3 and noted that there were two changes, namely the addition of the Marrakesh Treaty to the list of treaties to be promoted in the third bullet point and the addition of DA Recommendation 15 to the list of DA Recommendations that are guiding the Programs, noting that the change did not appear as a change in the distributed document because it was a picture. The Secretariat further noted that, on the next page, there had been a request under Program 3 to be more ambitious as regarded accession to the Marrakesh Treaty and that the target had been amended from 40 to 45. The Secretariat then noted that there was a change to the first performance indicator in Program 4 to change the wording from “towards implementation of normative activities” to say “progress in normative activities on IP, genetic resources TK and TCEs.” With regard to Program 5, the Secretariat explained that there the sixth bullet point had been modified to specifically mention that the feedback from the PCT user survey would be shared with all stakeholders. It was

further explained that there had also been a request in Program 5 to modify Expected Result II.1 to add the wording “including by developing countries and LDCs” to the end of the description so that the ER would read “Wider and more effective use of the PCT system for filing international patent applications, including by developing countries and LDCs.” Under Program 8, the Secretariat noted that there was a proposal for adding a new key performance indicator, “No. of Programs which substantively report on the extent to which DA Recommendations, as reflected in the Program and Budget, have guided their work,” which was suggested in order to measure the mainstreaming of the DA Recommendations. With regard to Program 13, the Secretariat noted that the requested changes were suggested to better reflect the work of the Secretariat in trying to optimize the accessibility of the global databases. Thus, it was further noted that a separate bullet point was added, which read, “Continue exploring an enhanced and optimal architecture and model for geolocations of data servers for speedy access to Global Databases”, and that a new performance indicator, “Level of satisfaction of users of WIPO global databases,” was also added under Expected Result IV.2, adding that the baseline and target would be determined during the baseline and target update exercise and that the survey was proposed to be an annual survey. The Secretariat further noted that there had been a request to provide region-specific breakdowns in addition to the cumulative figures for the first three performance indicators under Expected Result IV.3. The Secretariat confirmed that a category for developed countries, which was missing, would be added under all three targets. With regard to Program 30, the Secretariat noted that the graphic for the DA Recommendations, which had inadvertently not been included in the initial version of the Program and Budget document, had now been inserted and was a correction on the part of the Secretariat. Under Expected Result III.6, the Secretariat noted that a new performance indicator, No. of PCT applications originating from universities in developing countries and LDCs, had been added.

194. The Chair thanked the Secretariat for having prepared the document and for the very clear presentation of the changes that had been made. The Chair then asked if any delegation had any initial comments to make or sought clarification from the Secretariat, adding that there would be time to review that document and to come back substantively on agenda item 5. The Chair further noted that the modifications and the agenda item would be left for Member States’ consideration and that the Committee would come back to those changes later. As it was not possible at that point in time to move forward, the Chair suspended discussion on the draft Program and Budget.

195. When discussion on the draft Program and Budget resumed, the Chair again took up the document with changes, which had been presented by the Secretariat the previous day. The Chair also informed the Committee that an additional page had been included in that document, relating to Program 4, for consideration. The Chair started with Program 3, referring to page numbers in the English version of the document. On page 33 there were two changes; the first was the inclusion in the third paragraph of the Marrakesh Treaty and the second was the inclusion of Development Agenda Recommendation 15 in the diagram. As there were no objections to the changes, the Chair moved on to page 34 still on Program 3. In the targets column for Expected Result I.2, the target was increased from 40 to 45 for the number of targeted countries to have ratified the Marrakesh Treaty. As there were no objections to the changes, the Chair concluded the changes made to Program 3 and moved on to Program 4. There were two changes in Program 4; the first one was on page 38, where a new paragraph was added under the Implementation Strategies, in accordance with the suggestion made by Canada, referring to undertaking of research and publication of studies and other materials on IP protection of Traditional Knowledge and Traditional Cultural Expressions and IP issues related to GRs.

196. The Delegation of Brazil requested clarification on the proposed new paragraph, noting that there already was mention of studies under the IGC in the fourth item of the implementation strategies. The Delegation wondered whether the new proposed paragraph wasn’t duplicating what was already in the implementation strategy.

197. The Delegation of Indonesia also questioned whether the proposed new paragraph wasn't duplicating what was already stated in bullet number 4.

198. The Delegation of Canada stated that in its view, the fourth bullet only referred to those studies that may be requested and agreed by Member States in the IGC. As the Delegation understood, the TK division did undertake quite a bit of work on issues related to TK and TCs and GRs, without being requested to do so, and it wished to reflect both aspects of the TK division's work. If there were a way to collapse those two concepts into bullet number 4, that could allay concerns about repetition.

199. The Delegation of Indonesia was flexible about collapsing the two bullet points. It suggested considering using the language from bullet number 7 and adding a comma followed by the words "including those agreed to by the Member States in the IGC". The Delegation considered that the language of bullet number 7 was actually requesting more work without consent; it was very broad. This was already reflected in the budget of Program 4, its Expected Results, and the targets. It was not something that could just be put there; the appropriate division within WIPO would have to do this, and it would have some budgetary implications and some Expected Results and targets. The Delegation questioned whether the Member States wanted to go into that discussion at this point.

200. The Delegation of Canada, in the interest of moving on, noted that it understood that the Delegation of Indonesia would be all right with something that could say "including, as may be requested". If that were the case, the Delegation could go along with that. The bullet would say "facilitating undertaking of studies, including, as maybe requested" etc., which was what the Delegation understood was the suggestion of the Delegation of Indonesia.

201. The Delegation of Brazil wished to see the proposal in writing before considering it, and indicated it could then give a final evaluation on the proposal.

202. The Delegation of Indonesia stated that it was flexible and constructive and could accept collapsing the two bullet points together. It noted, however, that this would depend on clarification from the corresponding division in WIPO because this was actually agreeing to more work without their consent and would have to be reflected in the budget, the Expected Results, and the targets, because it would have to include research and publication of studies with or without request from the Member States within the IGC. This was something that needed to be clarified further. The Delegation agreed with the Delegation of Brazil that it would also need to see the proposal in writing first in order to discuss it and asked for the indulgence of Member States to open that line of discussion.

203. The Delegation of Canada stated that its proposal was made with the intention of reflecting what it understood the Division was already doing and what it had been doing for a few years without this having been mentioned there. The Delegation wished to capture that work in the implementation strategies. That being said, the Delegation withdrew its proposal at this time.

204. The Chair thanked the Delegation of Canada and moved on to page 39, where there was another proposed modification under Program 4. This was a change to the indicator for Expected Result I.1, where the words "towards implementation of" would be removed, so that it would read "Progress in normative activities, etc." As there were no objections to the change, the Chair moved on to Program 5. Under Program 5 there were two changes; the first change was on page 45. In the sixth bullet point, new text would be included at the end of that paragraph as follows: "share feedback received with all stakeholders". As there were no comments, the Chair moved on to page 46. In Expected Result II.1, there was a change in language and addition at the end of the phrase as follows: "including by developing countries and LDCs". As there were no objections to the change, the Chair moved on to Program 8, where there was just one change on page 98: the addition of a new performance indicator at the

end of the performance indicator column. As there were no comments on the inclusion of the performance indicator, the Chair moved on to Program 13, page 127, where a new paragraph was added after the first paragraph under the implementation strategies.

205. The Delegation of the United Kingdom apologized for its late comment; it had already pressed the button previously for Program 8, and wished to come back to the newly proposed indicator. The Delegation was interested in the elaboration of what the target would be; how it would be developed and what it would look like.

206. The Secretariat clarified from a general point of view that this was a proposal for the new indicator, and there were no established baselines or targets yet. These would be established as part of the baseline update, normally done at the end of the year, and the Secretariat would report back to Member States in the PPR, in accordance with the established practice.

207. The Delegation of the United Kingdom appreciated that there was limited time to develop these and indicated that it would take the discussion offline with the Secretariat to seek more clarification.

208. The Chair then moved on to Program 13, where the suggestion was to add a new paragraph under implementation strategies, between the first and second previous paragraphs. As there were no objections, the Chair moved on to page 128, where there were a number of changes. Firstly, under performance indicators there was the addition under Expected Result IV.2 of a new performance indicator: “the level of satisfaction of users of WIPO global databases”. There were no comments on this proposal. On the same page, there were additions to Expected Result IV.3 and its performance indicators. The words “by region” were added to the “number of records contained in PATENTSCOPE”, to “number of records contained in the global brand database and to the “global design database”. For the sake of consistency, each region was specifically mentioned in accordance with the mention by region under the performance indicators. There were no objections to these changes, so the Chair continued with Program 30 on page 117, where the Development Agenda recommendation diagram was added. There were no comments on the change, so the Chair moved on to page 118, where there was the addition of a new performance indicator referring to the number of PCT applications originating from universities and research institutions in developing countries and LDCs.

209. The Delegation of Japan, on behalf of Group B, had a question in relation to the proposed amendments to the Draft Proposed Program and Budget on page 118. The new proposed performance indicator referred to the number of PCT applications originating from universities and research institutions in developing countries and LDCs. The Delegation sought clarification from the Secretariat on whether any other indicators on the page were for developing countries and LDCs.

210. The Secretariat clarified that this Program was a development program so the beneficiaries of the Program’s work were developing countries and LDCs. It was confirmed that the other indicators were measuring results in developing countries and LDCs.

211. The Delegation of Japan thanked the Secretariat for the explanation. The Delegation’s understanding was that the reference to developing countries and LDCs was not necessary and, therefore, this part should be deleted. The Delegation requested that the following be added wherever the indicator included reference to universities and research institutions: “this number does not refer to the ongoing discussion in the PCT Working Group, including on the definition of universities and research institutions”.

212. The Delegation of Brazil requested confirmation from the Secretariat that in spite of the deletion of references to developing countries and LDCs, the number that would be assessed for baselines and targets would only refer to these. Secondly, the Delegation requested the

Delegation of Japan to submit the proposed language in writing in order to enable the Delegation to evaluate it.

213. The Secretariat responded to the question posed by the Delegation of Brazil, and confirmed that that was the case.

214. The Delegation of Japan stated that it was ready to discuss with Delegation of Brazil to find a solution.

215. The Delegation of Brazil thanked the Secretariat and stated that it was fine with the proposed deletion and would engage with the Delegation of Japan later on regarding the proposed footnote.

216. The Chair thanked the Delegation of Brazil for its flexibility to consult bilaterally with the Delegation of Japan with regard to the footnote.

217. The Delegation of the United States of America indicated its continued support for the strategic orientation and programs of WIPO set out in the draft document and reflected in the medium-term strategic plan for 2016 to 2021 with the important caveats and critical concerns that it had laid out for both. The Delegation's concerns were well-known and had been well-known since the adoption of the budget for the current biennium over two years ago. These concerns related to the allocation of costs among WIPO's Unions and the necessity of maintaining cooperation among WIPO's Unions and Member States through consensus-based decision making. The Delegation appreciated the compilation of the comments prepared by the Secretariat on the Draft Proposed Program and Budget for 2018-19, but noted that it did not reflect its critical concerns, specifically the need to include the concept of consensus with regard to any decision that may be taken with regard to a Diplomatic Conference, which was provided for under pages 15, 30 and 39 under Strategic Goal I. The Delegation did not see the word consensus where there was reference to adoption of a decision by the General Assembly. Second, the Delegation had highlighted continuing concerns with Program 32 under Strategic Goal II, specifically with the Geneva Act of the Lisbon agreement and strategies related to it in the proposed draft budget and the implementation strategies and this included using membership in the Geneva Act as a performance metric under Program 32. The Delegation had raised the overriding concerns with the allocation methodology, including during the negotiations for adoption of this Program and Budget, during the discussions of the medium-term strategic plan, and those concerns were laid out in document A/56/10 Addendum and had been raised in every Program and Budget Committee session since 2015. The compilation of comments before the PBC did not, however, reflect the need for further work on these issues rose, specifically with regard to Annex III, and also did not include changes that would be required to permit the Delegation to recommend approval of the Draft Proposed Program and Budget for 2018/19. The Delegation also highlighted the need to consider the impact of the proposed reduction in Member State contributions further. The Delegation considered that there was a need to consider language similar to that adopted in 2015 with the adoption of the Program and Budget for 2016/17.

218. The Chair confirmed that there were indeed certain questions which would be discussed again in September and that those issues would be explicitly mentioned in the decision that would be taken at the session of this Committee, as there were still divergences of opinion on those issued and would be referenced in the draft decision. As there were no further comments, the Chair concluded for the moment on item 5 of the Agenda.

219. When discussion on document WO/PBC/26/3 resumed, the Chair noted that two issues were still open in Program 8. There was a proposal for a new indicator on the number of programs related to the agenda for development on page 98 of the English version of the text. The understanding of the Chair was that there had been some consultations among a number of delegations, and that there would be no objections to having that new indicator included.

Furthermore, there was a proposal for the introduction of a new indicator in Program 30, on page 118, which was associated with a number of requests from the PBC related to universities and research institutions from developing countries and Least Developed Countries (LDCs). With respect to that, the Chair asked whether there were any comments.

220. The Delegation of Japan, speaking on behalf of Group B, reported that, with respect to the proposed amendment on page 118 and Program 30, Group B wanted to state for the record that they understood the part related to developing countries and LDCs was to be deleted, and that the proposed amendment was without prejudice to the ongoing discussion in the PCT Working Group, including on the definition of universities and research institutions. With that understanding, Group B agreed with the draft decision.

221. The Delegation of Brazil thanked the Chair and Group B for their flexibility in relation to that Program. The Delegation agreed with the deletion of the part referring to developing countries and LDCs. The Delegation added that the clarification provided by the Secretariat the day before showed that a number of developing countries and LDCs were already reflected in that performance indicator, which made the new indicator redundant. With that clarification in mind, the Delegation was fine with that amendment.

222. The Chair thanked the Delegation of Brazil for its understanding and concluded that that new indicator could be included under Program 30 considering the statements just made.

223. The Chair took up the draft decision under item 5 of the agenda, which had been circulated through the Regional Coordinators. The Chair read out the draft decision, which was only available in English at that time, relating to the budget for the following biennium: "Item 5, Draft Proposed Program and Budget for the 2018/2019 biennium, document WO/PBC/26/3 (Draft Proposed Program and Budget for the 2018/19 biennium). The Program and Budget Committee, having completed a comprehensive first review by Strategic Goal of the Draft Proposed Program and Budget for the 2018/19 biennium: (i) agreed to modifications proposed by Member States to Program narratives including the results frameworks in Programs 3, 4, 5, 8 and 13 and 30; (ii) requested the Secretariat to issue a revised version of the Draft Proposed Program and Budget for the 2018/19 biennium based on (i) for the upcoming session of the PBC; (iii) took note, inter alia, of outstanding issues in the following Programs for further consideration in the upcoming session of the Program and Budget Committee: key performance indicators in Program 15; and narrative and performance indicators in Program 32; (iv) took note that the following issues raised will be referred to the 27th session of the PBC: (a) decrease by 10 per cent in the unit contribution value; (b) the Union allocation methodology used for the preparation of Annex III: 2018/2019 Allocation of Income and Expenditure by Unions; and (c), the request that the provision for a Diplomatic Conference in the 2018/19 biennium be conditioned on full participation and a consensus decision." The Chair clarified that she had included Program 30 in (i) because there had been no objections to including the amendments in Program 30. The Chair asked if anyone wished to take the floor at that time.

224. The Delegation of France reported that, after consultations with countries interested in various elements of the draft decision, it wished to offer the following amendments to the dash in (iii) so that it would read as follows: "Performance indicators in Program 9, 10, 20 and 32." The Delegation offered a second amendment to (iv)(c), so that it would read as follows: "Conditions for the provision of funding for a Diplomatic Conference in the 2018/2019 biennium." The Delegation of France thanked all delegations who had worked together to come up with that wording in a very understanding spirit.

225. The Delegation of Japan, taking the floor on behalf of Group B, requested that the decision for this agenda item reflect the Group's request that the figures in the Draft Proposed Program and Budget document, which would be discussed at the 27th session of the PBC, would take into account the ICSC decision.

226. The Delegation of Spain reported that, along with other Delegations, it had been working on a proposal to add something to (ii). The Delegation was of the view that, in order to have a fully informed discussion at the following PBC, the staff expenditure numbers, based on what would be established by the ICSC, should be included. The understanding of the Delegation was that as Member States, they supported the common system of the United Nations as agreed by the General Assembly of the United Nations; therefore, to discuss staff expenditures, the Delegation also needed those figures, which did not mean that the Delegation was prejudging the results of the negotiations. The Delegation was referring to (ii), which would read as follows in English: "Issue a revised version for the 2018/19 biennium based on (i)" and, the Delegation suggested, "expenditure figures according to the ICSC decision and the outcome of the consultations between Geneva-based Organizations and the ICSC in Vienna" should be added for the upcoming session of the PBC.

227. The Delegation of the United Kingdom aligned itself with the Delegation of Japan on behalf of Group B and, in that spirit, fully supported the proposal made by the Delegation of Spain.

228. The Delegation of the United States of America voiced its support for the proposal of Group B, as well as the proposals of the Delegations of Spain and France.

229. The Delegation of Georgia, speaking on behalf of the CEBS Group, aligned itself with the intervention made by Group B and supported the position of Group B.

230. The Delegation of Mexico also associated itself with the proposal and supported (ii) which had been read out by the Delegation of France and Spain.

231. The Delegation of Senegal, speaking on behalf of the African Group, expressed its support for the amended proposal made by the Delegation of Spain under (ii) of the decision, as well as the amended proposal made by the Delegation of France.

232. The Delegation of Singapore, taking the floor on behalf of the Asia Pacific Group, also expressed its support for the proposal made by the Delegation of Spain.

233. The Delegation of the Russian Federation supported the Delegation of Spain's proposal on that item.

234. The Delegation of Paraguay, speaking on behalf of GRULAC, made a brief general statement. First, the Delegation remarked that a considerable amount of progress had been made in the work of the PBC. Specifically, the Delegation reiterated the interest of GRULAC in Program 15, which was reflected in the draft decision, and which the Delegation would continue to examine during the intercessional period. Then, turning to the proposal about the process that had been carried out between International Organizations with headquarters in Geneva and the International Civil Service Commission, which took place in Vienna, the Delegation added that GRULAC had already expressed itself, in the sense that the Delegation would continue to follow that process closely, and would pick that up again at the following meeting of the PBC.

235. The Delegation of Malaysia offered support to the proposal of the Delegation of Spain regarding (ii), to have the outcome of the ICSC decision reflected.

236. The Delegation of Chile associated itself with what had just been said by the Delegation of Paraguay on behalf of GRULAC. The Delegation pointed out that it continued to be interested in improved information in the Programs and the original request in the meeting to have a greater budget for Program 15. The Delegation added that it was aware of the difficulty of those measures because it would involve examining where additional resources could be found for a possible increase in the budget for Program 15. The Delegation believed that with more information in the proposed Program and Budget, it would facilitate the understanding of how many internal resources had been assigned and earmarked for each Program. The

additional information discussed could be included in the “Q&A” that had been circulated. The Delegation hoped that in the future it would be possible to incorporate such information into the Program. Furthermore, the Delegation would be working with GRULAC on the performance indicators in the intercessional period, which the Delegation believed would be possible to further refine and define. The Delegation thanked everyone for the work and noted its readiness to assist in further work in this regard.

237. The Chair thanked the Delegation of Chile and gave the floor to the Legal Counsel.

238. The Legal Counsel thanked the Chair, recalling, in response to the proposal to amend the draft decision to incorporate a reference to the consultations with the ICSC, the statement made by the Director General at the beginning of these proceedings, which clearly indicated the complexity of this subject matter. The Legal Counsel thought it was understood by all that there is a need for the Organization, and indeed for all Geneva-based Organizations, to study the matter with great care. Furthermore, he remarked, as had been referred to by Delegations, discussions were currently ongoing, in particular with the ICSC in a meeting in Vienna that same day. The Legal Counsel highlighted that WIPO was bound by its agreement with the United Nations, which addressed that issue to some extent. He went on to say that under the agreement, WIPO had agreed to “develop...to the extent feasible, common personnel standards, methods and arrangements designed to avoid unjustified differences in terms and conditions of employment, to avoid competition in recruitment of personnel, and to facilitate any mutually desirable and beneficial interchange of personnel.” In addition, he emphasized that WIPO, under the Director General, would adhere to that part of the agreement with the United Nations. In view of very relevant and applicable jurisprudence from the ILOAT, the Legal Counsel further pointed out that WIPO was under an obligation to carefully assess and consider the possible application of an ICSC decision with respect to its staff. He noted – as he had mentioned before – that there was very relevant jurisprudence with respect to WIPO, in particular, in cases that had arisen in the past, and pursuant to which WIPO had been ordered to award compensation to staff that had been impacted by what was found to be the unlawful implementation of decisions by the ICSC. Therefore, the Legal Counsel cautioned, WIPO had to be prudent and ensure due diligence in this matter. If WIPO adopted a decision that had not been properly supported, he continued, it would be clear that on the basis of the past jurisprudence, the Organization could be legally and financially exposed. He recalled further that the Director General highlighted some of the concerns with respect to the ICSC decision and those concerns were widely shared. Such concerns were subject to an open, frank discussion, and had been tabled in a document – a conference room paper to the ICSC – that Delegations might have seen. Those were valid and good faith concerns. The Legal Counsel added that, given the ongoing discussions and absent a proper assessment of the lawfulness of the decision, it would be premature to proceed on that basis. He considered that in light of the circumstances, the draft decision might be amended to take this into account. In this regard, the Legal Counsel also recalled the responsibility on the part of the Director General to ensure that the decision that would be adopted, and the basis on which the draft budget would be presented, would be lawful and would meet the requirements that WIPO had under its agreement with the United Nations.

239. The Chair thanked the Legal Counsel for the clarification. There were no further requests for the floor. The Chair asked the Secretariat to prepare a new updated version of the draft decision on the Draft Proposed budget, including the proposal made by the Delegation of France to which no objection had been raised, and which was related to (iii) and (iv), subparagraph (c) of (iv), also taking into account the proposal made by the Delegation of Spain, which was supported by a number of countries. The Chair added that in regard to (ii), it remained to be seen how to proceed. The Chair suspended discussion on the Draft Proposed Program and Budget.

240. The Chair reopened discussion on the draft decision for item 5, with regard to the Draft Proposed Program and Budget, noting that a revised version had been distributed, which

included the changes that had been discussed and agreed that morning. The Chair explained that, at her request, a further sentence had been added to subparagraph (ii) in order to communicate the clarification that had been given by the WIPO Legal Counsel, and proposed that the Committee adopt the Draft Proposed decision. As there were no objections, the decision was so adopted.

241. The Program and Budget Committee (PBC), having completed a comprehensive first review by Strategic Goal of the Draft Proposed Program and Budget for the 2018/19 biennium (document WO/PBC/26/3):

- (i) Agreed to the modifications proposed by Member States to Program narratives, including the results frameworks in Programs 3, 4, 5, 8, 13 and 30;
- (ii) Requested the Secretariat to issue a revised version of the Draft Proposed Program and Budget for the 2018/19 biennium based on (i) and personnel expenditure figures according to the ICSC decision and the outcome of the consultations between Geneva-based Organizations and the ICSC in Vienna, for the upcoming session of the PBC. In this context, the PBC took note of the clarification of the WIPO Legal Counsel;
- (iii) Took note, inter alia, of outstanding issues in the following Programs for further consideration in the upcoming session of the Program and Budget Committee:
  - (a) Key performance indicators in Program 15; and
  - (b) Narrative and performance indicators in Programs 9, 10, 20 and 32;
- (iv) Took note that the following issues raised were referred to the 27<sup>th</sup> session of the PBC:
  - (a) Decrease by 10 per cent in the unit contribution value;
  - (b) Union allocation methodology used for the preparation of Annex III: 2018/19 Allocation of Income and Expenditure by Unions; and
  - (c) Conditions for provision of funding for a Diplomatic Conference in the 2018/19 biennium.

(B) CAPITAL MASTER PLAN FOR 2018-27

242. Discussions were based on document WO/PBC/26/9.

243. The Chair introduced document WO/PBC/26/9, the Capital Master Plan (CMP) for 2018-2027, noting that the plan was for capital investments in communication and information technologies, in buildings and in safety and security. The Chair further explained that, on the basis of the CMP 2018-2027, the Secretariat had identified priority projects for funding from the reserves in the biennium 2018-2019. The Chair invited the Secretariat to present the document.

244. The Secretariat noted that the Director General had made references to the CMP in his opening remarks to the Committee and that the document had been prepared in line with best practices and in accordance with prudent financial management principles to foresee the requirements for the upkeep and maintenance of the premises infrastructure and ICT systems of the Organization to ensure that WIPO could service its stakeholders with the appropriate level of quality, reliability and sustainability. The Secretariat further noted that the CMP 2018-2027 represented the Organization's plan for capital investment projects over the next ten years in order to ensure that WIPO remained fit-for-purpose. The Secretariat explained that the CMP

2018-2027 distinguished a capital master plan for premises, safety and security related projects that would cover the period 2018-2027, and key capital IT investment projects. It was further noted that the plan had been elaborated after consideration of a number of main drivers, namely life cycle and regulatory requirements, business needs, safety and security, as well as environmental considerations, accessibility, and cost efficiency considerations. The Secretariat added that all capital investment projects had been fully validated against the principles applied in respect of the use of reserves contained in the Policy on Reserves, highlighting that the proposals before the Committee were in complete compliance with the Organization's policy on reserves that had been adopted by Member States in a previous session. The Secretariat further noted that the CMP 2018-2027 represented a rolling plan for capital investment projects and would be updated and presented to Member States on a biennial basis with refined scope and cost estimates for each project. The Secretariat added that, within the long-term CMP, the Secretariat had identified IT investment projects and a number of premises, and safety and security projects for implementation in the biennium 2018/19, which were proposed for financing from the reserves with a total estimated, one-time cost amounting to 25.5 million Swiss francs.

245. The Delegation of Japan took the floor on behalf of Group B and welcomed the document, as had been expressed in the Group's general statement under this agenda item, noting that the document aimed at addressing the important needs of the Organization in the long run in the area of ICT, physical and cybersecurity, as well as buildings. The Group underscored that the CMP comprised continuous and insightful investments in modern infrastructure that would respond to the specific needs of the Organization and was key to ensuring that WIPO would be able to continue to deliver high quality services in the future. The Group further noted that the life cycle approach to maintenance would keep total costs for necessary maintenance work level over time.

246. The Delegation of Switzerland welcomed the proposed CMP and thanked the Secretariat for all of the work done. The Delegation noted that the investment scheduled for a resilient and secure platform for the PCT was, in their view, of crucial importance to ensure the correct functioning of the PCT system and the availability of its services if anything unexpected were to occur, as well as to respond to challenges where cyber-attacks were becoming more and more tricky. The Delegation further noted that the investments expected for the Madrid System were very important for the System to be able to provide effective quality services for users and that a unique platform would also facilitate the work of trademark Offices of Member States. The Delegation encouraged a rapid design to be developed as provided for in the CMP and expressed its support for the life cycle arrangement for facilities. The Delegation then expressed its view that it was important to proceed to essential work of doing building-related renovations in order to prevent risks to those assets. It further noted that proceeding to that work proactively ahead of time would keep expenditure under control for the Organization in the long term. The Delegation then thanked the Secretariat for the detailed information provided concerning the compatibility of the CMP with the Reserve Policy of the Organization.

247. The Delegation of Brazil thanked the Secretariat for preparing the document, which it welcomed, and expressed its agreement with measures to increase the level of security, especially in the case of cyber threats. The Delegation explained that Brazil was doing similar measures at the national level, especially in the face of the recent cyber-attacks, and supported those measures. The Delegation sought clarification regarding the global IP platform mentioned in Annex II and asked, from the operational standpoint, what the impact for the national IP Office would be and if Brazil would be required to make additional changes to ensure compatibility with the WIPO proposed platform.

248. The Delegation of Canada thanked the Secretariat for the preparation of the document and expressed its full agreement with the goals outlined in the document. The Delegation sought a few points of clarification. The Delegation noted that, as it understood, the Secretariat was requesting approval of only the tranches related to 2018/19 and asked whether the plan would come back to Member States biennially for approval of the further tranches so there was

no intention to get the full approval of the CMP at this time. The Delegation sought additional clarification as to whether changes would be possible after the first round and for the Secretariat to confirm that biennial updates would be prepared, specifically with regards to the status of the utilization of reserves, i.e. an updated table for the document before the Committee as well as updates regarding the impact on cash flows and liquidity levels of reserves under Table 6 of the document. The Delegation then noted that the wording of Principle 3 of the Revised Policy on Reserves, as reproduced in Annex 1 of the document, did not match the language as amended by PBC 23 in July 2015. It was recalled that revisions had been made to the Policy on Reserves and the language in Annex 1 appeared to be the language that was submitted to PBC 23 rather than the language that was approved by the PBC.

249. The Delegation of China was of the view that building a global IP platform would have long-term impact on the future developments of the Organization's services and would influence the use of WIPO's payable services by users in different countries. The Delegation noted that it would closely follow the work related to that area and hoped that the Secretariat would provide more detailed information in that area. The Delegation further expressed its hope that work related to user friendliness, inclusiveness and network reliability and security would be taken into account. The Delegation then requested that the platform should consider providing services in more languages, including Chinese.

250. The Delegation of Japan, speaking in its national capacity, noted that the document outlined three types of projects, namely, ICT-related projects, building-related projects, and security equipment and systems, giving a rough estimate of the cost of each project. The Delegation requested that the Secretariat explain in further detail the specific methods used to calculate the estimated costs for each project, and outline the specific measures taken to reduce costs. The Delegation further noted that, while a large amount of the budget had been allocated to the ICT-related projects and building-related projects, it would like to receive a detailed explanation on how the Secretariat planned to implement those projects in an appropriate and timely manner.

251. The Delegation of the United States of America expressed its general appreciation of the presentation of the CMP by the Secretariat but requested additional information on whether a cost-benefit analysis had been conducted on the projects and what the results of that analysis were. The Delegation further requested to see a list of projects that had been assessed as a priority, as well as projects that were being contemplated in addition to those so as to have a full picture of the CMP. At the outset of those discussions, the Delegation stated that it was not in a position to take a decision on either the budget proposal before it or the CMP for a number of reasons primarily related to the allocation issues that had been raised in the PBC since prior to the adoption of the Program and Budget for the current biennium, i.e. for several years. In particular, the Delegation noted that it might raise concerns with the proposed reduction in Member States' contribution of 10 per cent, which would shift the burden of funding for the Organization further on to the PCT and Madrid Systems. The Delegation underscored that the reduction in contribution-financed (CF) union funding could also be viewed by WIPO stakeholders as an indirect subsidy of the Lisbon System and expressed its belief that it could further deteriorate the capacity to pay of the CF unions by lowering their reserves. Thus, the Delegation noted that it did not agree with the current allocation in either the Program and Budget proposal or in the CMP, further noting that the Delegation thought that the current allocation methodology rewarded unions that have taken decisions that prevented them for paying a fair share towards the shared costs of the Organization, as well as the capital improvement costs. The Delegation further noted that fee reductions were not on the table at that PBC, although they were being considered by at least one of the unions whose funding was relied upon in both the Program and Budget and the CMP. Therefore, the Delegation stated that it had the same issue that had existed two years ago with regard to the Lisbon Union, in particular to its financing. It was further noted that the Lisbon action that had been taken in 2015 with the adoption of the Geneva Act required that Delegation to focus closely on the union view of the Program and Budget and the CMP before the Committee.

252. The Secretariat thanked all Delegations who had welcomed the proposal and recalled that it was in line with best practice and prudent financial management principles to ensure that premises infrastructure and ICT systems were fit for purpose to serve stakeholders, and primarily users of the registration systems. The Secretariat stated that there were some general questions which it would address first and then several questions related to specific projects. The Secretariat noted that the program managers responsible for the areas in which those projects lay were on the podium so that the questions related to cost benefit analysis and results being sought to achieve would be addressed by them. Responding specifically to the question from the Delegation of Canada, the Secretariat acknowledged the error in the document and noted that it would be corrected to reflect the wording of the principle that was amended during the PBC session and gaveled at the Assemblies. The Secretariat then addressed the other two points raised regarding the status of utilization of the reserves and the rolling nature of the plan. The Secretariat confirmed that it would be a dynamic planning process as there were interrelated factors, which could change, and therefore, the plan would have to be continuously updated and presented back to the Committee on a biennial basis to share any fine-tuning or changes, including in assumptions which might have changed. It was further noted that, in each case, where there were proposals seeking appropriation from the reserves, then those would be with full disclosure on the impact on the reserves, such as provided in the current proposal, and on liquidity, which had been one of the changes introduced in the Policy on Reserves, making the criteria stricter for what would qualify for a CMP project. It would also ensure that projects would be approved by Member States only with full information on what the impact of those projects would be both in terms of the benefits but also in terms of the financial impact on the reserves, as well as on liquidity. The Secretariat noted that, having covered the general financial aspects, it would turn to the questions on the specific projects, the first of which were related to the PCT resilience project. The Secretariat first responded to the Delegation of Japan, which had requested a number of clarifications. With regard to the first question relating to how the costs had been arrived at, it was noted that there were two major parts to that project, namely, the organizational transformation part, which was the smaller part, and then a larger amount that covered the technical transformation part, such as for example, the data centers and the desktop technology. The Secretariat stated that it would be very happy to provide more details on that, if requested. With regard to how the costing had been done, the Secretariat explained that two external companies had been hired, who were working on those two transformational aspects, including the costs. It was further explained that the external companies had made their costing and evaluations independently from each other, which the Secretariat then had compared. The Secretariat reassured the Committee that both companies had independently come to similar results on the costing for the project and that cost efficiencies had been taken into account at different levels. It was noted that the Secretariat had a very strict deviation and exceptions plan, which would immediately kick in were the project not on track. It was further noted that the two companies, just mentioned, had also helped to identify the cost efficiencies. Finally, the Secretariat underscored that it would also work with a company that could be called a pilot, whose role would be to look precisely at what the Secretariat was doing and whether it could indeed keep the costs and the cost efficiencies on track. Finally, with regard to timelines, the Secretariat again reassured the Committee that timelines in the project would be respected as far as it could be planned at this time, stressing again that there was a very strict exceptions plan that would kick in as soon as the project was outside of the timelines as they had been presented. It was then noted that the plan also included a little bit of time buffers so that, if an unexpected development should occur, the Secretariat would still remain within the planned timelines. The Secretariat then addressed the questions related to the global IP platform. In response to the question from the Delegation of Brazil concerning possible impact of the global IP platform on the IT systems in each national IP Office, the Secretariat explained that there would not be any impact or a need for national or regional IP Offices to technically prepare for changes to their respective IT systems to comply with a new WIPO global IP platform. Recalling the project objectives and Expected Results paragraphs, it was underscored that the project was essentially the consolidation and integration of existing, dispersed IT platforms, which supported the PCT, Madrid and the Hague

Systems for the benefit of the users of those global IP protection systems. This would not have any impact on the national Offices. With regard to cost efficiencies raised by a few Delegations, the Secretariat referred to the cost efficiency paragraph on page 2 of Annex II (English version), where the benefits of that global IP platform project in terms of the long term investment in IT systems were described. The Secretariat noted that, in theory, there were two options for the midterm plan for further enhancing the IT platforms of the PCT, Madrid and the Hague Systems. It was further noted that scenario A was a conventional approach to developing an IT system that supports each respective global protection system, PCT, Madrid and the Hague and was what had been followed to date. The Secretariat explained that scenario B was actually what was being proposed in the global IP platform. Scenario B was expected to integrate certain parts of the IT systems that were common to the PCT, Madrid and the Hague operations, such as the fee payment model, which would be able to benefit from one and the same component of information technologies, which could be used by the PCT, Madrid and the Hague Systems, thereby saving costs and benefitting from this state-of-the-art information technologies to modernize the fee payment model for the three systems. The Secretariat stated that, if it were to adopt the approach in scenario B, it would be able to save significant costs, roughly as much as 40 per cent of the investment cost could be saved by adopting the approach in scenario B. In conclusion, the Secretariat expressed its willingness to provide additional information in the Q&A document, if required. The Secretariat then addressed the questions related to physical security and information security projects.

Responding to the specific questions from the Delegations of Japan and the United States of America on costs estimations and the plan for implementing those projects in a timely and cost effective manner, the Secretariat noted that there were two components of safety and security that would be covered in the CMP. The first component was to comply with Swiss federal regulations and local fire regulations, adding that the business drivers had stemmed from a recent fire safety audit that had been conducted to bring WIPO into compliance with the regulations. The cost estimates for the projects were derived from past experiences and from conducting similar works in other buildings. The second component was related to security management in order to bring WIPO into compliance with the UN Security Management System. The Secretariat underscored that the driver for that part of the plan had been based on a threat and vulnerability risk assessment that had been conducted for headquarters in 2017, further noting that cost efficiencies had been factored in by aligning, to the extent possible, with other ongoing works within the Organization, predominately in the premises and buildings area. The Secretariat cited the use of a common project management capability for the premises work site as well as for safety and security as an example, noting that there were a number of cost efficiencies and alignments that had been factored into the estimates. The Secretariat then addressed the questions on the premises-related projects. The Secretariat began by noting that the main drivers for the premises-related projects were similar to those for the security-related projects in that there were a number of requirements related to compliance with new Host Country regulations that needed to be implemented, in particular, for the renovation to the PCT Building, one of the main projects proposed for the next biennium. In addition, the Secretariat was looking at the question of the expected reductions of maintenance costs and energy consumption, as well as of the reductions in carbon emissions that would follow. It was further noted that there was a need to update the technologies for a number of building maintenance automation systems, following in particular the findings of a Secretariat-mandated study conducted by external engineers and architects, adding that certain issues needed to be addressed in the 2018/19 batch of capital investments. The Secretariat stressed the importance of preventing major breakdowns or problems in the buildings and noted that it had duly weighed the cost benefits of acting sooner rather than later, including comparisons with other UN organizations in Geneva and elsewhere, where renovations or high level maintenance had been delayed for a variety of reasons and resulted in higher costs. The Secretariat further noted that it was not always easy to put an exact monetary amount on the cost differential of a delayed implementation, adding that, based on past experiences, the longer the works were delayed, the more expensive they were. Given that the work sites would be located in occupied buildings, the Secretariat also explained that the projects were designed to limit disruptions to

work and inconveniencing staff and delegates attending meetings, by ensuring that all works on a particular site would be completed during the same period so as to avoid having to close one worksite and reopen another worksite in the same location. The Secretariat also noted that it would shift more quickly to better and more reliable technologies for operating the buildings, as well as better equipment, e.g. LED lights. In response to questions on the prioritization of the projects, the Secretariat referred the Committee to Annex VIII of the document, which provided an overview of the timelines, and hence the prioritization of the projects. The Secretariat then addressed the questions related to the Madrid IT Platform. The Secretariat referred to Annex IV of the document, highlighting that it contained a high-level outline of the expected benefits and the implementation plan for the proposed Madrid IT platform. It noted that implementation would take place in accordance with WIPO's standard project management methodology and that the cost estimates had been established with the help of an external consultant, taking into consideration the experience gained in-house with similar projects, in particular the ongoing Hague IT Platform project. The Secretariat further noted that benefits and cost efficiencies were expected to materialize, in particular, through the substitution of manual work, which was currently necessary to administer the Madrid International Trademark Registry, with fully automated inward- and outward-looking administrative processes. Furthermore, the proposed IT Platform was expected to achieve cost efficiencies through the provision of functionalities that were common with other ongoing IT projects, particularly the global IP platform project, such as common project features in the areas of identity management, security, and financial administration. The Secretariat then addressed the integrated conference service platform project, which was a small project but very relevant and pertinent to Member States. It was noted that the integration of disparate systems, which had been developed over time, would now be brought together for reasons of cost efficiencies, operational efficiencies and changing business needs. The Secretariat recalled the previous day's discussion in the Committee on the mobile app being developed for Member States, noting that that app would be outward looking, whereas the integrated conference service platform would be an operational, inward-looking set of integrated systems to better serve Member States with regard to, *inter alia*, registrations, documents, room bookings and conferences. The Secretariat underscored that although that project represented a small amount as compared to the overall amount of the CMP, the impact over time would be very important. In concluding its responses on the CMP, the Secretariat stressed that all of the projects would help to reduce risk, strengthen resilience and ensure that the Organization was and would remain fit for purpose in delivering its mandate. It was further noted that the CMP would be considered a living document, to which other projects might be added and presented to Member States for approval.

253. The Delegation of France took the floor to further stress a point that the Delegation of Switzerland had raised earlier in its statement, namely that the IT-related and security-related proposals made by the Secretariat under the CMP were proposed in a context where there was an increase globally in the piracy of data, in particular in international and intergovernmental organizations or large private corporations. The Delegation further noted that, in this context, it was important to stress the reality of such an IT attack, noting that those who knew about IT would understand how cyber-attacks work. It was further noted that it was the same principle as for a private home, providing the example that one could make the door secure, install bars on the lower windows and so on, but that if a door was left open at the back of the house, a burglar would get into the house. To make the linkage to cyber-attacks, the Delegation noted that a cyber-attack worked in the same way in that attackers tried to discover the weak points in the system, however small, in order to hack into the database. The Delegation drew the attention of Delegations and the Secretariat to the fact that it was really necessary for the CMP, as regards cybersecurity, to cover all of WIPO's work, in particular the four registration areas, further stressing that to leave the cybersecurity of some parts of the system underdeveloped would not only endanger those components but the whole of WIPO's IT system.

254. The Secretariat thanked the Delegation of France for its comments and stressed the importance of the issue. The Secretariat noted that one of the reasons for the creation of a division for security and information assurance was to address the cybersecurity issue with a

dedicated, integrated and comprehensive approach across the house irrespective of the system.

255. The Chair thanked the Secretariat for its responses and asked if any other Delegation wanted to take the floor. As there were no more comments, the Chair reminded the Delegations that the document they had been considering contained a decision paragraph that some Delegations had supported and on which others had expressed concern. In view of that, the Chair stated that the Committee was not in a position, at that moment, to close the item and suspended the discussion on the CMP, adding that the Chair was willing to meet with interested Delegations to consider how to proceed.

256. When discussion on the Capital Master Plan was resumed, the Chair read out the draft decision: "The Program and Budget Committee, having reviewed the Capital Master Plan for 2018-27: (i) comprehensively discussed and endorsed the project objectives, expected benefits and drivers of the capital investment projects related ICT, safety and security and premises in the Capital Master Plan for the 2018/19 biennium, amounting to a total of 25.5 million Swiss francs to be funded from the reserves in accordance with the WIPO Reserve Policy; (ii) underscored the importance of the capital investment projects to ensure that WIPO remains fit-for-purpose; and (iii) referred the consideration of the Allocation of Proposed CMP 2018/19 Projects to the Unions to the 27th session of the PBC." The Chair asked if any delegation wished to comment.

257. The Delegation of Switzerland welcomed the responses to the Capital Master Plan. The Delegation also welcomed that the support for the CMP had been reflected in the decision the Committee was to take. However, the Delegation recognized that the Delegation of the United States of America had expressed some concerns and wished to further discuss certain aspects of the CMP, particularly as regards the CMP funding. The concerned Delegations, which included the Delegation of Switzerland, had discussed these concerns. Therefore, those Delegations wanted to propose the following two changes to the decision paragraph. The first change was in the first bullet point. The Delegation proposed to stop the sentence after "amounting to a total of 25.5 million Swiss francs" and delete "to be funded from the reserves in accordance with the WIPO Reserve Policy". The sentence would read as follows: "Amounting to a total of 25.5 million Swiss francs". The second change was in the third bullet point. The proposal consisted of including the words "inter alia" after the word "of". Thus, the sentence would read as follows: "Referred the consideration of, inter alia, the Allocation of the Proposed Capital Master Plan 2018/19 projects to Unions to the 27th session of the PBC".

258. The Delegation of the United States of America took the floor to thank the Delegation of Switzerland, as well as the Delegation of France, for their amendments to the decisions before the PBC. The Delegation noted that it would be remiss if it did not wish the Delegation of France a happy national day.

259. The Chair thanked the Delegation of the United States of America for the reminder that the day was France's national day. The Chair congratulated the Delegation of France. Since there were no further requests for the floor, the Chair asked the Secretariat to prepare and distribute the new draft decision on the Capital Master Plan. The Chair read out the revised draft decision, noting that it included the changes submitted by Switzerland, and, if there were no objections, the decision could be adopted. As there were no objections, the decision was gavelled.

260. The Program and Budget Committee, having reviewed the Capital Master Plan for 2018-27 (document WO/PBC/26/9):

- (i) Comprehensively discussed and endorsed the project objectives, expected benefits and drivers of the capital investments projects related to ICT, safety and

security and premises in the Capital Master Plan for 2018/19, amounting to a total of 25.5 million Swiss francs;

(ii) Underscored the importance of the capital investments projects to ensure that WIPO remain fit-for-purpose; and

(iii) Referred the consideration of, inter alia, the Allocation of Proposed CMP 2018/19 Projects to the Unions to the 27th session of the PBC.

## **ITEM 6 AMENDMENTS TO INVESTMENT POLICY**

261. Discussions were based on document WO/PBC/26/4 Rev.

262. The Chair opened the item by explaining that WIPO's revised Policy on Investments was adopted by the Assemblies in 2015 (document A/55/4) and that the present document submitted provided information on the progress made towards the implementation of that policy. It proposed certain amendments requiring approval by the WIPO Assembly. The Chair handed the floor to the Secretariat for the introduction of the document.

263. The Secretariat explained that the policy was reviewed annually by the Advisory Committee on Investments on the basis of recommendations for amendments received from the Controller. In 2016, following a Request for Proposals, WIPO appointed a firm of Investment Advisors which had been working closely with members of the Finance Division since autumn 2016 on the implementation of the investment policy. With the assistance of these advisors, and with the results of the Asset and Liability Management Study which had been commissioned in 2015 and reviewed by the advisors in 2016 in respect of strategic cash, the Advisory Committee on Investments had been able to determine, in detail, the overall objectives for both core and strategic cash; namely, that core cash would aim to achieve non-negative returns over a five year time horizon and thus preserve capital, and that strategic cash would target an annual average return of 2 per cent over a 20 year period, aiming to achieve a 90 per cent cover ratio with regard to the underlying ASHI liability. Having determined these objectives, the external investment advisor prepared investment strategies for the two cash pools and was requested by the Controller to identify any elements in the policy that may limit the Organization's ability to realize these primary objectives, taking into consideration current market conditions and prevailing investment returns. As a consequence, the advisors recommended that various changes be made to the policy, the principal ones of which were as follows. Firstly, to provide clarity to the objectives of core and strategic cash. Secondly, to enable investments in pooled investment vehicles, thus bolstering diversification and risk reduction whilst reducing costs. Thirdly, limitation of exposure to a single counterparty which would improve diversification and reduce risk. Fourth, removing certain asset classes which were deemed to be high risk, namely hedge funds and direct real estate holdings. The former because these could invest on a leveraged basis, in any asset class and contain potential exposure to derivatives. They presented a significant risk whilst also being associated with high costs. With regard to direct real estate holdings, it would be very difficult to achieve sufficient diversification with the funds available to WIPO. Fifth, permitting real estate funds in order to obtain adequate diversification and, finally, allowing investments in certain high-yield fixed income products, namely senior loans and emerging market bonds. This last recommendation was particularly important and required further explanation, as such investments were below investment grade. When looking at the possible investment strategies for the two cash pools, it was clear that if WIPO were to limit itself to only investment grade asset classes, this would have the effect of introducing higher volatility to the strategic cash portfolio as WIPO would have to have a larger exposure to equities and real estate in order to achieve its objectives. For core cash, with only investment grade asset classes, the probability of not achieving a non-negative return increased significantly, it was approximately three times higher. With the proposed strategy, there was a probability of around 10.1 per cent of straying into negative returns over a five year period. Without the non-investment grade asset classes, this probability would

increase by about three and reach approximately 27.7 per cent. The proposed change to the policy would allow WIPO to hold up to 35 per cent of its assets in these high yield products. However, the intention was to target the highest quality tranche of this high yield universe. For emerging market bonds, bonds with a very small likelihood of default where the current average rating was still in investment grade, i.e. Standards and Poor's triple B rating, would be given preference. For senior loans, when selecting senior loan managers, funds which invested mostly in higher ratings (BB or B) and were most diversified would be preferred. It was not WIPO's intention to actively pursue highly speculative and distressed assets (lower than B). The lower credit rating of C or Ca contained within document proposals was being sought in order to allow WIPO to continue to hold assets which may have been downgraded to such levels without being obliged to sell when the expectation was that the holding in question would recover and that its credit rating would improve. Being forced to sell would, in such circumstances, lock in a loss which WIPO could have avoided. It was important to note that all of these non-investment grade holdings would be acquired through well diversified pooled investment funds – WIPO would not make direct investments into any of the high yield products and exposure to any one particular holding would be relatively small. During the PBC briefings three weeks ago, a question had been raised concerning the monitoring and reporting of WIPO's investment portfolio. Monitoring and reporting would be very comprehensive, it would be carried out on a regular basis by the investment advisors (monthly), the custodian (daily with any policy violation reported immediately), by the Finance treasury team (daily and in real time) and by the Advisory Committee on Investments which would receive regular reports. The monthly reports prepared by the investment advisors would be submitted to the IAOC at each of their sessions. A yearly report could be made available to the PBC if members required this. Full IPSAS disclosure of the investments would, of course, be included within WIPO's financial statements and a report would also be included in the Program and Financial Management Report. This was assuming that the proposed changes to the Financial Regulations and Rules were accepted. If they were not accepted, this report would be included in the Financial Management Report.

264. The Delegation of Japan, speaking on behalf of Group B, noted the amendments to the policy investment contained in the document under review and understood that the proposed amendments should provide additional flexibility in the Organization to expand investments, particularly in a publicly traded fund. However, added the Delegation, members of Group B wished to have greater clarity regarding how the decision was reached. The Group welcomed the Secretariat's commitment to report on the implementation or amendment of this strategy to the PBC and the IAOC, and looked forward to further discussions on this issue.

265. The Delegation of Georgia, speaking on behalf of the CEBS Group, welcomed the amendments, which it regarded as providing additional flexibility to expanding the Organization's investments in publicly traded bond funds.

266. The Delegation of the United Kingdom expressed its awareness of the amendments to the policy on investments contained in the document and was aware of the need to provide additional flexibility, enabling the Organization to expand investments, particularly in publicly traded bond funds, and to ensure the preservation of capital. The Delegation appreciated the Organization's success in paying off the loans early, which was obviously the best use of funds if there were no punitive exit charges. It welcomed the commitment to the provision of reports on the implementation of the amended investment strategy to the PBC and to the IAOC, and the explanations and assurances provided with regard to strategic cash pools and investments in high yield bonds.

267. The Delegation of Mexico said that it had analyzed all of the modifications in the investment policy in the short, medium, long term as well as trust funds, and the distribution of cash approved since 2015. The Delegation had also looked at the progress achieved, the objectives, responsibilities and functions, allocations and the risks incurred. This approval, deemed the Delegation, would allow the short term immediate needs of the Organization to be

met. The Delegation requested further information that would provide a more complete vision of the advantages and disadvantages of these amendments.

268. The Delegation of the United States of America said that, in reviewing the amendments, it kept in mind the primary objectives of the investment management that Member States agreed upon in the WIPO investment policy which, in order of importance, were the preservation of capital, liquidity, and ensuring a rate of return that was consistent with the first two priorities. The Delegation noted that, among the amendments, the Secretariat was suggesting that up to 35 per cent of long and short term investments would be allocated to high yield bonds. Most international finance institutions, continued the Delegation, allocated only 10 per cent to these types of investments. For that reason, the Delegation wondered if a more conservative approach should be taken. The Delegation expressed its interest in the views of other Member States on the various amendments and believed that changes to the investment policy were complex issues that merited further consideration. Therefore, the Delegation requested to keep this agenda item open with a view to having further discussions on these amendments during the week.

269. The Delegation of Switzerland wished to echo the remarks made by the Delegation of the United Kingdom. It was in favor of the adoption of this document by the Committee during the 26<sup>th</sup> session and felt assured that all of the answers still pending could be solved satisfactorily for all Delegations.

270. The Delegation of Canada said that it understood that these revisions were largely underpinned by the Asset and Liability Management study. It wondered if it was possible or practical to have the main outcomes of the study, maybe in September, as these pertained to the amendments under review. The Delegation stated that, as an update, the document mentioned the appointment of a global custodian. Talking of the RFP process regarding the identity of the global custodian, the Delegation wondered whether the investment advisers were the same as the firms that were chosen in an earlier process or if they were different (it had understood that they may be). At paragraph 21, on the policy and core cash, the Delegation welcomed the clarifications on the practical implications of the rolling period of five years as an investment target and wondered whether, in the view of the Secretariat and investment adviser, this was because a five-year term was more likely to allow WIPO to offset or to manage the costs associated with the investments that were possible with shorter terms. The Delegation added that it would probably have a similar question to the one raised by the Delegation of the United States regarding the percentage of investments to be held in high yield bonds. The Delegation would appreciate any clarification as to whether this related to the difficult investment environment in which WIPO and probably other UN Geneva-based agencies operated, and if the 35 per cent figure represented the total holdings.

271. The Secretariat wished to comment on the questions raised. In response to the question from Group B concerning how the decision regarding the proposals came about, the Secretariat responded that the Organization had completed the assets and liability management study and performed a risk/return simulation on the basis of the eligible asset classes, which were included in the investment policy, in order to determine the optimum asset allocation that would form the basis of an investment strategy which would provide the best probability of achieving the investment objectives. The investment strategy, which was the outcome of the risk/return simulation, required greater flexibility than that provided in the current policy on investments. Hence, the proposed amendments, which were being introduced specifically to address these limitations in the current policy. The intention, continued the Secretariat, was to provide the means to support the outcome of the investment process, which had been undertaken, and to realize the Organization's investment objectives. In answer to the question from the Delegation of Mexico for more detail on the advantages and the disadvantages of these amendments, the Secretariat explained that the amendments would have the following advantages. Basically, they would complete the current policy on investments by providing a well-defined mandate with regard to the objectives and the targets of the two cash pools. The amendments looked to

tighten up the investment policy by reducing risks. This was reflected by removing asset classes that were deemed not suitable for the Organization's risk profile. As the Secretariat had already mentioned, this concerned hedge funds and direct real estate holdings. Limits on the single counterparty had been introduced and the risk of concentrating investments in a particular counterparty had been eliminated. Diversification had also been improved, thus reducing portfolio risk. This was reflected in the inclusion of real estate funds which were pooled funds for real estate investments, senior loans, and emerging market bonds.

Additionally, amendments were being made to simplify the policy by providing a distinct presentation of credit ratings into investment grades and high yield. The layout had been updated to align it with the Organization's overall objectives. In the policy, there was a table towards the end of each section that showed the credit ratings. This is where the layout had been simplified and categorized into investment grades and high yield. For strategic cash, the aim was to achieve a 90 per cent cover of the underlying liability over a 20-year time period and a 2 per cent return. These details had now been encapsulated within the revisions to the investment policy. All of the amendments had been introduced to specifically address the investment objectives and to provide the resources and flexibility to support a realistic probability of achieving these proposed targets with the advice of the Organization's investment advisers and with no identified disadvantage being introduced as part of the proposed amendments. Concerning the points raised by the Delegation of the United States, a question was raised about the 35 per cent holdings, which was in one of the amendments, in high-yield bonds. Again, explained the Secretariat, as part of the investment process which took place earlier in the year when work was being carried out with the Organization's investment advisers, they had looked at the results of the assets and liability management study and helped determine the objectives for both core cash and strategic cash. This process showed that high yield bonds were required in order to provide a realistic probability of actually reaching the Organization's investment objectives. For strategic cash, given the risk/return profile and specifically, given the fact that the Organization was investing in Swiss banks, high yield bonds provided an acceptable level of volatility for the Organization. If there were no investments in high-yield bonds, the alternative strategy would be to limit asset classes for strategic cash to those which fell within the investment grade. This, added the Secretariat, would introduce higher volatility to the portfolio because a higher level of investment in equities and real estate would be required. For the core cash, continued the Secretariat, again given the risk/return profile and the fact that investments were in Swiss francs and pooled vehicles, high-yield bonds provided an acceptable level of volatility for the Organization. With these bonds, there was a higher probability of success in achieving a positive return over the five-year time horizon envisaged. The Secretariat explained that if the Organization were to limit itself to investment grade asset classes only, an alternative strategy would have to be pursued, and with this alternative strategy, the probability of failing to achieve a positive return over five years would be approximately three times higher. This would mean going from a 10.1 per cent to around a 27 per cent probability of achieving a negative return over a five-year period. The Secretariat then addressed the questions raised by the Delegation of Canada and explained that the Organization's objectives and strategy were largely underpinned by the results of the Asset and Liability Management study. As previously mentioned, this study had been completed in 2016 and had been given to the Organization's investment advisers. Within that study, various scenarios had been considered and additional levels of funding for strategic cash had been examined. Various levels of cover had also been considered: achieving a 70 per cent cover an 80 per cent cover or 100 per cent cover of the underlying liability. The advisers looked at this study and helped the Advisory Committee on Investments determine the investment objectives and the investment horizon for the strategic and also for core cash funds. The request for proposals for the global custodian, continued the Secretariat, had been completed earlier in the year, and a custodian bank had been recommended. The Secretariat expected that this process would be finalized by the end of the coming week, at which time it would be able to provide the details of just who that custodian bank was. A question had been raised about the name of the investment advisors. In the same way as the process followed for the custodian bank, there had been a request for proposals exercise completed late in the previous year for

the advisors. A firm called MBS Capital Advice had been appointed as a result of this process, a company with a solid reputation, which had been working in this field for approximately 25 years. This company had worked with organizations such as WTO, where they still worked. MBS Capital Advice had also worked for IATA for 25 years where, again, they worked on the pension fund, and this mandate had been extended several times. The firm also worked with Geneva University. There were a total of about 25 clients, which between them had about 30 billion Swiss francs under their advisory. The Secretariat stated that Zanders had not been hired but that it had initially helped to put together the investment policy. Concerning a question with regard to the contents of paragraph 21, the practical implications of this rolling five-year horizon for core cash, the Secretariat specified that this was only for core cash, not for operating cash. Operating cash investments would be made for periods of up to one year, so the five years didn't apply to operating cash. The five-year investment horizon for core cash was recommended, again, as a result of the investment process that was undertaken by the Organization earlier in the year. There were currently no identified needs for this cash over the next five years. The objective of capital preservation was very difficult to achieve over shorter time horizons. This brought the Secretariat back to the comparison which was being made with other institutions which limited such holdings to approximately 10 per cent. In this regard, the Secretariat explained that it was very difficult to explain why some institutions limited these holdings to 10 per cent when it was asking for 35 per cent. There were possible explanations and definitely a large part depended on what currency the institution was investing in. WIPO, recalled the Secretariat, was a Swiss franc based institution, the surplus cash was sitting in Swiss francs. The Secretariat underlined the difficulty in obtaining positive returns on Swiss francs. This meant that the Organization was compelled to go further along the risk axis which explained the consideration of other asset classes. When comparing WIPO with other institutions, it was important to know what the investment objectives of the other institutions were and also what other assets they were allowed to invest in. The Secretariat wished to abandon the option of taking on hedge funds as these were deemed to be high risk investments. The same applied to direct real estate investments as it was not possible to contain an appropriate level of diversification with the funds available to WIPO. When comparing WIPO to other institutions, it was important to take the whole profile of those other institutions into consideration: their base currency, their objectives, what other assets were allowed and also what funds they had available to them.

272. The Delegation of the United States expressed its appreciation for the responses of the Secretariat to their questions. It wished to state, for the record, that it would be taking the statements back to capital and that it would like this agenda item to stay open.

273. The Chair declared that the item would remain open pending the necessary time for the requested consultations to take place. When returning to the item, the Chair asked if there were any further questions or observations.

274. The Delegation of the United States expressed its appreciation for the information provided by the Secretariat on the amendments to the investment policy. Following consultations with its capital, the Delegation was ready to consider the proposed decision in respect to the amendments to the investment policy, since it understood that these amendments required timely implementation to ensure WIPO had a cost-effective investment policy in place moving forward. However, the Delegation wished to note that it believed that further improvements to the policy on investments could be made in terms of risk management and oversight and said it looked forward to continuing engagements with the Secretariat on its concerns.

275. The Chair proceeded to read out the draft decision recommended to the Assemblies on the proposed amendments to investment policies, document WO/PBC/26/4 Rev. Noting that there were no objections, the Chair announced the adoption of the proposed decision.

276. The Program and Budget Committee (PBC) recommended that the Assemblies of WIPO, each as far as it is concerned, approve the amendments to the Policy on Investments (document WO/PBC/26/4 Rev.).

## **ITEM 7 PROPOSED AMENDMENTS TO THE FINANCIAL REGULATIONS AND RULES (FRR) INCLUDING AMENDMENTS TO THE PROCUREMENT FRAMEWORK**

277. Discussions were based on document WO/PBC/26/5.

278. The Chair introduced the item, noting that the document contained proposals for amendments in two sections. The first of these contained amendments to the financial regulations and rules connected with the procurement system of the Organization, while the second contained amendments to other regulations and rules. The Chair passed the floor to the Secretariat to introduce the document.

279. The Secretariat recalled that at its 2016 session, the Coordination Committee recommended that the Internal Oversight Division (IOD) review WIPO's procurement policies and procedures for subsequent submission of conclusions and/or recommendations to the Program and Budget Committee, for consideration by Member States. A Working Group was created in the Secretariat to formulate proposals to address the recommendation, benchmarking these against best practices and other international organizations. Proposals were to identify and address potential gaps in the procurement process, strengthen controls, clarify roles and responsibilities in the procurement decision making process and review and strengthen the regulatory framework. The Working Group submitted its proposals for review by the IOD which issued its comments to the Independent Advisory and Oversight Committee (IAOC), as well as to the Chairs of the General Assembly and the Coordination Committee. All comments made by the IOD and the IAOC were accepted by the Secretariat and reflected either in the proposed revised text or in lower level administrative issuances such as office instructions, manuals, etc. The proposed changes would strengthen the delegation model of the procurement authority from the Director General to the High Level Official in charge of Procurement (HLOP) and to the Procurement Director, establish three types of procurement processes, require the involvement of the Contracts Review Committee in cases of application of alternative procedures above a defined threshold, facilitate procurement, cooperation with other intergovernmental organizations through a shorter approval process, and strengthen the confidentiality of the vendor selection process. In addition to the procurement related amendments, as mentioned by the Chair, and in keeping with the Secretariat's practice to maintain the FRRs under regular review, the Secretariat proposed other amendments detailed in Annex II to the document. These addressed, firstly, the subject of reporting. A number of overlaps and duplications were identified in the reporting provided to Member States on Program and Budgetary and financial information. Amendments were therefore proposed to streamline the information provided and to ensure a minimum of duplication, but, the Secretariat stressed, with no loss of information to the Member States. Biennial information which was currently provided under the FMR report would be presented in the appropriate report taking the following into account, budgetary report of finances presented on a modified accrual basis is proposed to be provided in an enhanced version of the Program Performance Report of the second year of the biennium, i.e., the biennial program and financial management report. Accounting information presented on a full accrual basis in line with international public sector accounting standards would continue to be provided in the annual financial statements of the second year of the biennium. Amendments were also proposed to address the need to correct inaccuracies or provide clarifications in formulation of the regulations or rules which had become apparent as a result of the practical application of the FRRs within the Secretariat as well as to ensure consistency in definitions and references to policies which have been approved directly by Member States where relevant. No change was proposed to the substance of the latter, and the Secretariat did not intend, through these amendments, to bring about any change to the substance of the definition.

280. The Delegation of China thanked the Secretariat for the amendments to the FRR, noting that the objective was to increase the transparency of the procurement process. The Delegation welcomed this. Concerning the HLOP, the Delegation had two aspects regarding which it needed some clarification from the Secretariat. First of all, it wished to know how this official was selected. Secondly, it requested clarification on how to ensure the monitoring and accountability of this official. In the Delegation's view, these two points were very important to ensure due diligence of the HLOP, and these two aspects were not reflected in the amendments.

281. The Delegation of Japan, on behalf of Group B, thanked the Secretariat for preparing the document PBC/26/5 on the proposed amendments to the financial regulations and rules (FRRs), including amendments to the procurement framework. The Delegation supported the proposed amendments related to the procurement framework because these amendments improved the general principles by clarifying those and the responsibilities in the procurement decision making process. As to the other financial regulations and rules, the Delegation indicated it require further discussion on the proposed amendments.

282. The Delegation of Georgia, on behalf of the CEBS group, thanked the Secretariat for preparing the document PBC/26/5 on the proposed amendments to the financial regulations and rules including amendments to the procurement framework. The group extended its support to the proposed amendments, and believed that these amendments could improve the general principles and make clearer the responsibilities in the procurement decision making process.

283. The Delegation of Mexico thanked the Secretariat for document WO/PBC/26/5 concerning the proposed amendments to WIPO's Financial Regulations and Rules (FRR) including procurement. The Delegation referred to the list of regulations and rules as proposed to be amended in document WO/PBC/26/5, and indicated its full support for these proposed modifications. The Delegation also highlighted the importance of the presentation of periodic reports based on international public sector accounting standards.

284. The Delegation of the United States of America appreciated the efforts undertaken by the Secretariat to strengthen WIPO's procurement process through the proposed changes of the financial regulations and rules, incorporating the comments of the Independent Advisory and Oversight Committee. In regards to rule change 105.12, the Delegation requested clarification as to whether the High Level Official in charge of Procurement had to establish a Contracts Review Committee for all procurement actions regardless of the financial transaction amount, or only for those exceeding a certain amount. The Delegation also requested clarification as to whether, based on the changes to rule 105.18 on alternative procedures, the terms of reference of a Contracts Review Committee would always include a requirement that it provide written advice on alternative procedures for transactions of more than 150,000 Swiss francs per year. It was the Delegation's understanding that that would have to be included in the scope of the Contracts Review Committee's terms of reference in order for the Committee to be required to provide written advice to the High Level Official in charge of Procurement on alternative procedures. The Delegation noted the changes proposed to financial reporting and wanted to make sure that Member States would still have access to all relevant financial information in a timely and transparent manner as done currently. It requested the Secretariat to further explain how these new financial reporting regulations and rules will work in practice. Additionally, the Delegation wished to propose changes to the following rules and regulations: rule 101.3, rule 102.2(i), regulation 4.6 and 101.3(n) as follows. Rule 101.3(e) should reflect that approval is by the General Assembly and by the Unions, each as far as it is concerned. For rule 102.2(i) the Delegation requested reference to providing a clear distinction between direct and indirect expenses of each Union. The Delegation understood that this was already happening, but wished to see this explicitly stated in paragraph (i). Regarding regulation 4.6, the Delegation wished to see a continued reflection of the fact that the reserves policy is subject to the legal authority of each of the Unions. Thus it wished to retain that element of the original formulation

of regulation 4.6. The Delegation had the same comment regarding how reserve funds were defined in rule 101.3(n) and thus suggested that 101.3(n) reference in the Secretariat's proposed revision that the surpluses and working capital funds are not specific to a Union. The Delegation believed that these amendments to the financial regulations were extensive and required further study before they could be approved. It therefore recommended that they also be submitted to the IAOC. The Delegation requested that the IAOC provide their opinion on each amendment and why the amendment was an improvement or not in terms of efficiency and financial transparency. The opinions of the IAOC should be submitted to the upcoming PBC in September for consideration. The Delegation believed that these amendments merited a thorough consideration by the PBC. After having received the IAOC's opinion on those other changes the Delegation would be able to better understand and consider these amendments. At this time, the Delegation was ready to consider the procurement amendments for approval at this PBC.

285. The Chair requested the Delegation to send the proposed amendments in writing to the Secretariat.

286. The Delegation of the Republic of Korea thanked the Secretariat for proposing amendments to the financial regulations and rules. The Delegation anticipated the prevention of duplication of financial reports and consistency of financial performance reports through the implementation of the proposed amendments. Concerning the WIPO procurement system the Delegation understood that as important it was to have transparency and confidentiality of the system, it was also necessary for consistent monitoring of the procurement system.

287. The Delegation of Canada thanked the Secretariat for the preparation of the proposed amendments. The Delegation had a few questions – first, regarding the proposal for revised rule 105.18(a). The Delegation indicated that it was aware this was a rule; nevertheless it wished to suggest something in line with the explanation provided in the right hand column on annex 1 page 5 next to 105.18. There was an explanation on the right hand side column whereby the CRC would provide advice prior to the HLOP's decision. With a view to making sure that the sequencing was as clear as it could be the Delegation suggested adding the concept of "prior" in the language of the rule itself which would then read: "the CRC shall render prior written advice" etc., no other changes. Regarding the proposed changes to reporting contemplated under regulation 2.14, the Delegation wished to better understand this in more concrete terms and asked whether, had these changes been approved in a parallel universe two years ago, would that have meant at PBC 25 that documents 25/7 and 25/11, that is to say the PPR and the FMR, would have been a single document?

288. The Delegation of Pakistan supported the intervention made by the distinguished Delegate of China. It also supported the suggestion made by the Delegation of the United States of America to seek the opinion of the IAOC and to revisit this document in the next session of PBC.

289. The Delegation of Australia supported the proposed revisions to WIPO's procurement processes which clarified roles and responsibilities in the procurement decision making process and generally reflected UN best practices. The Delegation understood that the proposed amendments followed a robust and multi-tiered revision process.

290. The Delegation of France thanked the Secretariat for the proposed amendments to the financial regulations and rules. The Delegation was very pleased with the suggested changes in connection with the procurement system, and wished to stress the importance of the amendments proposed concerning drawing up regular reports to give an account to the Member States, the good management and good implementation of the budget. The Delegation was also pleased with the other proposals made, particularly those proposed concerning rule 101.3 in paragraphs (e) and (n), which the Delegation considered moved towards simplification and better compliance, and also strengthened the unity of the organization that France ardently

desired. The Delegation enquired as to the way in which it could suggest other amendments to the financial rules and regulations along the same lines and with the same intent.

291. The Delegation of the United States of America wished to put on the record that it requested changes to one more regulation. Similar to the way in which Regulation 4.4 provided for expedient reimbursement of any loans made from the working capital fund to finance budgetary appropriations, the Delegation wished to propose a new provision, modeled on Regulation 4.4, clarifying that advances made from the reserve funds to cover the deficit of any Union shall be reimbursed to the reserve funds as soon as possible and to the extent that income is available for that purpose. The Delegation understood that the Secretariat wished to have these provided in writing.

292. The Chair passed the floor to the Secretariat to respond to the questions.

293. The Secretariat indicated that it wished to respond in two parts. First it would address the aspects related to procurement with the Director of the Procurement and Travel Division, and then the financial part with the Controller. The Secretariat noted that, as was pointed out by the Distinguished Delegate of Australia, the procurement proposals had gone through a very rigorous process, with input from the group which was constituted within the Secretariat to review the rules, as well as a review by the Internal Oversight Division and finally by the IAOC. So what Member States saw before them had been through a very robust process. The Secretariat thanked those Delegations that showed support for the changes which would render a much more strengthened regulatory framework. Relating to the selection of the High Level Official for Procurement, the designation was done by the Director General. This was not only a designation but a true delegation of authority and responsibility, which was inspired by and replicated the model of the delegation from the Director General to the Controller. The intention was that the High Level Official for Procurement, which was currently the Assistant Director General of the Administration and Management Sector, would delegate responsibility and accountability to the Director of Procurement. The question raised by China and Mexico about the monitoring and accountability was very important. The Organization had different tools to do the monitoring and the reporting. There was a yearly report on procurement activities, and of course, there were the minutes of the Contracts Review Committee, which approved any procurement case above a certain threshold. This mandate would be enlarged, because they would also approve alternatives to the competitive process above certain thresholds, which the minutes of the CRC would reflect. One of the suggestions of the IAOC was to include and highlight these in the yearly procurement report, which was already done, together with the different cases of exception to competition. In addition, of course, the various audits either from internal audit or external audit also reviewed all the cases. Regarding the question from the Distinguished Delegate from the United States of America about the threshold, the Secretariat confirmed that all alternative procurement processes will go to the CRC above a certain threshold. This threshold was 150,000 Swiss francs, as indicated in the office instruction that had already been drafted. This can also be found in rules 105.12 and 105.18 where it clearly says that the CRC shall render written advice to the HLOP on the alternative procurement procedures. In response to the question of the Delegation of Canada on adding the concept of "prior" written advice in rule 105.18, the Secretariat saw no issue with the proposal as this was in fact the practice, since there was always a review from the authority in charge of the case and a final decision by the HLOP. The Secretariat would follow up further discussion with the Delegation of Canada. On the second component part of changes that related to the other FRR, which were not connected to procurement, the Secretariat noted the comments made, and indicated that it would eagerly await written information on what rules or regulations specifically Member States wished to change and how. Once these comments were received, a more coordinated and informed response could be provided. The Secretariat also noted the request to obtain the review of the IAOC prior to the September session. It pointed out that since the IAOC was not present at the meeting, it would be pleased to pass the request to the IAOC Chair, but could not commit on the time frame in which they would be able to provide their review. The Secretariat recalled that there was no session of the IAOC planned before the

September PBC meeting, but it would certainly inform the IAOC Chair of the PBC's request and would try to obtain from them a time frame in which they would be able to do this.

294. The Delegation of the United States of America appreciated the responses from the Secretariat. It wished to clarify one point that it had made in trying to get more information, regarding changes to rule 105.18 on alternative procedures. The Delegation wished to have confirmation that the terms of reference of a Contracts Review Committee would always include the requirement that it provide advice on alternative procedures.

295. The Secretariat confirmed the scope of responsibility of the Contracts Review Committee would include that they would be in charge of approving any alternative procedure above the threshold mentioned. This would be explicitly said in their mandate.

296. The Chair thanked the Secretariat and the Delegations concerned for the contributions for a draft revised decision, which had been distributed for consideration, and read out the text of the revised decision.

297. The Delegation of France enquired until what date comments may be made on the proposed amendments.

298. The Delegation of Pakistan appreciated the presentation of the document by the Secretariat, and noted that it was its expectation that the changes and the procurement regulation would ensure increased transparency and efficiency of the procurement process. It also once again reiterated its support for the WIPO financial regulations to be reviewed by the IAOC and then brought again in September.

299. The Secretariat, understanding that it was requested to revert with a revised proposal of the amendments for the next session of the PBC, which would begin on the 11th of September, noted that documents, technically speaking, should already be published next week. Accordingly, the Secretariat would need the information, additional comments and requests from Member States latest by next week, so that it could consider them for the revision of the draft proposal.

300. The Chair thanked the Secretariat for that clarification, and recalled that Delegations wishing to send in proposals had to do that next week. As there were no further requests for the floor, the Chair confirmed that the meeting could proceed to adopt the decision that was just read out. The decision on agenda item 7 was adopted.

301. The Program and Budget Committee (PBC):

- (i) Recommended to the WIPO General Assembly to approve Regulation 5.11, as amended and indicated in Annex I of document WO/PBC/26/5.
- (ii) Took note of (i) the amendments to Financial Rules 105.12, 105.17, 105.18, 105.19, 105.26, and 105.27; (ii) the deletion of Financial Rules 105.13, 105.16, 105.21, and 105.23; and (iii) the introduction of proposed new Rule 105.17bis, as indicated in Annex I of document WO/PBC/26/5.
- (iii) Took note of the amendments proposed to the Financial Regulations and Rules in Annex II of document WO/PBC/26/5 and requested the Secretariat to present a revised draft of these amendments for the 27th session of the PBC, taking due consideration of the comments made by Member States.
- (iv) Requested the Independent Advisory and Oversight Committee (IAOC) to review the amendments referred to under point 3 above, and to present their views thereon to the 27th session of the PBC.

## **ITEM 8 AFTER-SERVICE HEALTH INSURANCE (ASHI)**

302. Discussions were based on document WO/PBC/26/6.

303. The Chair opened item 8 on After-Service Health Insurance (ASHI), explaining that this item followed up on the decision taken at the last session of the PBC, and that document WO/PBC/26/6 provided the update by the Working Group on ASHI on the way forward.

304. The Secretariat explained that this document had been prepared following the decision taken by the PBC at its 25th Session that the Secretariat continue to participate in the Working Group on ASHI established by the High-level Committee on Management (HLCM) of the Chief Executives Board and monitor the specific proposals made by the Secretary-General to the UN General Assembly at its 71st session. During 2016, the Working Group had focused on furthering its work on each of the eight recommendations it had previously submitted to the General Assembly at its 70th session. A report on this work had been submitted to the 71st session of the General Assembly. In February 2017, WIPO had made a presentation to the Working Group based largely upon the work carried out by a Working Group at the World Trade Organization (WTO). The presentation comprised the principal recommendations made by the WTO Working Group. The WTO representative present at this session as an observer then provided further details about the work which had been carried out by the WTO Working Group and the fact that the WTO Secretariat had been requested to prepare a strategic plan on the basis of this work for submission to the WTO Committee on Budget, Finance and Administration. As a consequence, revisiting health insurance plan design and eligibility was now part of the work plan for the remainder of the ASHI Working Group's mandate through to 2018. The Working Group would next report to the General Assembly at its 73rd session. The Working Group had established a comprehensive work plan for the remainder of its mandate, and it was expected that this would lead to specific proposals for the future cost containment of ASHI.

305. The Delegation of Japan, speaking on behalf of Group B, supported the proposed decision that the Secretariat continue to participate in the Finance and Budget Network ASHI Working Group and monitor the specific proposals to be made by the Secretary-General to the UN General Assembly at its 73rd session. Group B continued to believe that ASHI liabilities remained an important challenge that WIPO needed to pay important attention to and they should be progressively but decisively tackled. Therefore, the Group wished to request more detailed reporting on the WIPO ASHI liability, in particular with respect to the financial aspect for future sessions and within the framework of the UN interagency Working Group. It also asked the Secretariat to look into concrete measures that WIPO could take for inclusion in the future ASHI report to PBC 28.

306. The Delegation of Georgia, speaking on behalf of the CEBS group, said it was in favor of the proposed decision to continue to participate in the Finance and Budget Network's ASHI Working Group.

307. The Delegation of Spain expressed its support of the declaration made by the Delegation of Japan on behalf of Group B, adding that ASHI, as had been expressed at past sessions of the Committee, was one of the major challenges facing international organizations, hence the PBC's decision the previous year regarding concrete measures. For the Delegation, action through the interagency Working Group was very important. Nonetheless, it also considered that the procedures in the Fifth Committee were very slow and often cumbersome. In fact, the proposal from the Fifth Committee over the last year, which had been an increase in the contributions by Member States, had not been accepted by the ACABQ and therefore there had been no decision on it in the Fifth Committee. Hence, the Delegation requested, as it had already done so in the previous session, that ASHI be discussed within the PBC as well as the continued active participation in the Working Group. Firstly, said the Delegation, from the point of view of its funding. The Delegation said that it would therefore like to transform the report into

a comprehensive global annual report on ASHI. This would make it possible to discuss present and future costs and see how much they accounted for in the liabilities of the Organization. It would also provide information on the percentage dedicated to the reserves. The Delegation considered that this would be a useful exercise and was of the opinion that it should be done every year. Regarding coverage and costs, the Delegation deemed it important to start studying the coverage provided by ASHI and considered that this exercise should not only be done with the Secretariat but that it should also take into account the views of the Member States. This was a subject that would require a broad ranging discussion under several headings and therefore, added the Delegation, it would be important to start work on it when the decision proposed could be supplemented with the aforementioned considerations. The Delegation added that other organizations had already started taking a proactive approach to be better prepared for when the results emerged from New York. This was possible because the Organization had a positive financial situation with reserves that could cover ASHI, which should be as far as possible self-funding and not require reserves in the future, added the Delegation.

308. The Delegation of the United States of America was pleased to see that the WIPO Secretariat could use unique expertise through its work with the private sector to address the problem. It supported the statement made by Group B and the comments just made by the Delegation of Spain. The issue of ASHI, deemed the Delegation, hung over budget discussions in every UN system organization, adding that it was not possible to claim that there was an obvious solution at hand. Due to the fiscal importance of the issue, the Delegation had expected a more detailed report and was somewhat disappointed by the lack of fiscal information. The Delegation wished to see more detailed reporting on the ASHI liability such as the amount of the liability, the expected growth of the liability, and past growth. The Delegation requested that this information be made available in time for the September Committee meeting. The Delegation was nevertheless pleased to read about the momentum gathering amongst the UN system organizations and read with great interest the several recommendations offered. It looked forward to the Secretariat's analysis of the recommendations provided by the ASHI Working Group and how they pertained to WIPO's situation.

309. The Delegation of the Republic of Korea considered that the ASHI document helped Member States understand the subject matter related to ASHI. The Delegation considered the UN After Service Health Insurance as a common issue amongst UN organizations and hoped the Secretariat would keep the Member States informed on the direction of the discussion.

310. The Delegation of China expressed its appreciation of the Secretariat's active participation in the Working Group. It believed that ASHI was an important element in the compensation package WIPO offered to staff, contributing to WIPO's attractiveness and competitiveness as an employer and that this could help WIPO in recruiting highly qualified staff and retaining talents. Therefore, the Delegation suggested WIPO continue its active participation in the ASHI Working Group through various means such as investments to contain the increase in ASHI liabilities so that the Organization would be able to address this challenge successfully.

311. The Delegation of Brazil supported measures of fiscal prudence and allocation of resources as well as measures to reduce costs and increase efficiency such as collective negotiations with several providers. On the other hand, the Delegation also deemed it important to take into account the needs of the employees of the Organization, this related to an attractive package to support the recruitment of staff. The Delegation thought it was important to take into account that an adequate health insurance mechanism for WIPO employees became more important, a question to be carefully handled at the Committee. Having said that, it wished to support the decision paragraph that had been proposed and encouraged the WIPO Secretariat to continue participating in the Working Group.

312. The Delegation of Mexico noted the progress made by the Working Group on After Service Health Insurance, ASHI, and acknowledged the work done concerning the current situation of assets and liabilities of ASHI in each body. This had made it possible to increase efficiency and decrease costs. The Delegation urged the ASHI Working Group to look at the proposals and to keep members informed of specific proposals that the Secretariat may be submitting to the next General Assembly meeting. Finally, the Delegation agreed with Group B concerning the need for a detailed report on liabilities in the long term.

313. The Delegation of Senegal, speaking on behalf of the African Group, supported the draft decision which was submitted for consideration and recommended the continuation of the participation of the Secretariat in the Working Group.

314. The Secretariat thanked delegations for their questions and comments, adding that several delegations had asked for more information about the ASHI liability. The Secretariat said that the current status of the liability was clearly shown in the financial statements adding that every year an actuarial study was prepared and that accounting information was adjusted to reflect the position in each financial year. In the disclosure notes, continued the Secretariat, additional information about the liability was provided. This could be found in note 13 which started on page 45 and also at the beginning of that report where details about the projected growth of the ASHI liability were given.

315. The Chair noted that a number of delegations had expressed their support for the draft decision and that some delegations had suggested receiving more information. The Chair suggested meeting with delegations wishing to receive further information in informal consultations to see, with the Secretariat, if the draft decision paragraph was possible as it stood or if an amendment should be introduced for consideration in the Plenary. Subsequent to the informal consultations, the Chair read out the amended decision had been agreed among Delegations. As there were no requests for the floor or comments in respect of the amended decision paragraph, it was gavelled.

316. The Program and Budget Committee (PBC) requested the Secretariat to prepare a presentation for the PBC's 27th session on WIPO's ASHI liability, to include information regarding approaches WIPO is exploring to fund its ASHI liability, in order to contribute to further discussions on the matter.

317. The PBC recommended to the Assemblies of the Member States of WIPO and of the Unions, each as far as it is concerned, to request the Secretariat:

- (i) to continue to participate in the Finance and Budget Network's ASHI Working Group; and
- (ii) to monitor the specific proposals to be made by the Secretary-General to the United Nations General Assembly at its 73rd session and, based on these proposals, present concrete measures to the PBC, with reference to the updated ASHI liability as reported in the Financial Statements, at its 28<sup>th</sup> session, recalling WIPO's membership in the United Nations Common System.

## **ITEM 9 GOVERNANCE ISSUES**

318. Discussions were based on documents WO/PBC/26/8 and WO/PBC/26/10.

319. Turning to agenda item 9 on governance issues, the Chair invited Member States to look at document WO/PBC/26/8 "Constitutional Reform Presentation", and, following that, document WO/PBC/26/10. The Secretariat had taken note of the decision of the PBC at its 25th session to prepare a presentation on the 2003 constitutional reform for presentation at the 26th session of the PBC. The Chair invited the Legal Counsel to introduce document WO/PBC/26/8.

320. The Secretariat (Legal Counsel) thanked the Chair and said that the year before, at its 25th session, the PBC “requested the Secretariat to prepare a presentation on the 2003 constitutional reform, in order to contribute to further discussions on the matter.” The Legal Counsel was pleased to introduce the constitutional reform presentation, document WO/PBC/26/8. He explained that while the request from the PBC had referred to the 2003 constitutional reform process, the presentation also addressed constitutional reform efforts that began in the late 1990s and which had been closely related. Those efforts resulted in the adoption by Member States of one amendment in 1999, and culminated with the adoption of a package of amendments to several WIPO-administered treaties in 2003. The Legal Counsel pointed out that the constitutional reform process therefore concerned the four amendments that were adopted in 1999 and 2003. They were: an amendment to the WIPO Convention to limit the Director General to serving two six-year mandates; amendments to the WIPO Convention and WIPO-administered treaties to abolish the WIPO Conference; to formalize the unitary contribution system and the changes in the contribution classes that had been already in operation since 1994; and to establish annual (rather than biennial) ordinary sessions of the WIPO General Assembly and of the other Assemblies of the Unions administered by WIPO. The Legal Counsel recalled that, although these amendments were adopted by consensus, Member States had not completed the ratification process, and none of the amendments had yet entered into force, which would have enabled the Secretariat to notify and amend the treaty text. As a result, there remained a gap between WIPO’s operations and its constitutional structure. In accordance with the relevant treaty provisions, the amendments would enter into force one month after notifications of acceptance had been received from three-fourths of the States Members of WIPO at the time the competent bodies had adopted the amendments. Thus far, only 52 WIPO member States have communicated their acceptance of the 1999 amendment, and only 15 for the 2003 amendments. The list of these Member States appears in Annex I to document WO/PBC/26/8. By submitting the needed written notifications that would allow these amendments to enter into force, WIPO Member States would close this gap and complete a process of rationalizing the Organization’s structure that they had begun some twenty years before. Member States were encouraged to deposit their notifications of acceptance, and the Secretariat would appreciate any updates or developments in this regard. The Legal Counsel added that, in preparing the presentation, the Secretariat had undertaken a detailed and comprehensive review of the status of ratifications by Member States. Each Member State had been sent a Note Verbale, identifying its membership status at the time of the adoption of the amendments. The Note provided the necessary information regarding those amendments for which a notification of acceptance would be required in order to complete their ratification. The Secretariat had also provided a model instrument of notification of acceptance of these amendments (Annex II of document WO/PBC/26/8). Finally, the Legal Counsel thanked the Member States for their active interest in the process, and the enthusiastic responses received. In fact, several Member States communicated that they were reinvigorating their domestic ratification processes to allow them to deposit notifications of acceptance with the Director General in due course.

321. The Chair thanked the Legal Counsel for introducing Document 8 and invited the Delegation of Singapore to take the floor.

322. The Delegation of Singapore stated that it was pursuing the process of completing its notification of acceptance and hoped to be able to do that in the following few weeks.

323. The Delegation of Japan, speaking on behalf of Group B, thanked the Secretariat for presenting document WO/PBC/26/8 on Constitutional Reform Presentation. WIPO Member States had made great improvements regarding their approach to WIPO meetings over the past two or three years and had demonstrated the ability to engage effectively on the matter. However, that was an effort that required continued attention. The Delegation thanked the Secretariat for the response to their questions, which served as a very useful reminder to all of Member States to strive to be prepared and concise in their statements and manner of engagement in order to optimize time spent in meetings. The Delegation wanted to highlight

some good practices that over the past several years, it believed, had contributed in part to improvements in meetings. By way of example, it was extremely useful when the Secretariat and the meeting's Chair shared a tentative timetable, which was updated throughout the session. For some meetings, establishing guidelines regarding time limits for opening statements, combined with the option of a written statement being submitted for the record, had given committees the ability to devote more time to substantive discussions. The timely availability of documents in all languages to Member States was very helpful in ensuring that Member States could adequately prepare and effectively engage in substantive discussions. Group B appreciated the Secretariat's work to meeting this goal that year. The Delegation believed that the committee meetings should be inclusive of any special seminars or workshops to ensure that all were able to actively participate in the complementary sessions and also that the concepts and impressions from those special sessions could be better integrated into the committee discussion itself.

324. The Chair thanked the Delegation of Japan for its comments and recalled that the Committee was considering the document on Constitutional Reform, and would at a later stage be taking up the document submitted by Group B.

325. The Delegation of Georgia thanked the Legal Counsel for presenting document WO/PBC/26/8 on Constitutional Reform and Group B on the proposal on governance issues, but it would make its position clear at a later stage on the latter.

326. The Delegation of Senegal, speaking on behalf of the African Group, thanked the Legal Counsel and the Secretariat for introducing document WO/PBC/26/8. It was a useful document, containing a wealth of information.

327. The Delegation of Brazil thanked the Legal Counsel for his presentation. The Delegation informed the Committee that it had submitted the information to its capital in order to continue to process all the amendments. The Delegation was of the view that it was a useful way of reaching out to Member States in order to remind delegations to ratify the amendments to force those major reforms that were made back in 1999 and 2003. The Delegation wanted to encourage the Secretariat to continue its outreach efforts, and asked for the precise number of ratifications necessary in the near future.

328. The Delegation of China said that WIPO's constitutional reform was an important part of WIPO's governance reform and contributed to improvement of efficiency of the Organization, especially to the unitary contribution system. The Delegation would positively consider the amendments, but given that these amendments involve the WIPO convention and 12 other major WIPO treaties, it still needed some time to study the issue.

329. The Delegation of the Republic of Korea thanked the Secretariat for preparing the document. The Delegation believed that the presentation had been helpful to Member States in understanding the efforts needed. The Delegation accepted the 1999 amendment as well as the amendments to the treaties by the Assemblies of the Member States in 2003. The Delegation hoped that the amendments would take effect as soon as possible as they had been adopted by the Assemblies of the Member States by consensus. The gap between WIPO's operations and constitutional structure would then no longer exist.

330. The Chair thanked the Delegation of the Republic of Korea and invited the PBC to take note of the status of the constitutional reform process, as proposed in document WO/PRBC/26/8. Noting no objections, the Chair gaveled the decision.

331. The Program and Budget Committee (PBC) took note of the status of the constitutional reform process presented in document WO/PBC/26/8.

332. Turning to the proposal by Group B on governance issues (document WO/PBC/26/10), the Chair invited the Coordinator of Group B to make some initial comments on that proposal.

333. The Delegation of Japan noted that, since its earlier statement with respect to the constitutional reform presentation also related to the proposal by Group B, it had no further statement to add on document WO/PBC/26/10 at that stage.

334. The Delegation of Senegal, speaking on behalf of the African Group, thanked Group B for its proposal. The Delegation was in favor of any initiative that would enhance the quality of the work to maximize results. The Delegation found that the proposal did not give adequate clarification and could be subject to different interpretations. The Delegation thought that it was not the work of the Secretariat to provide suggestions, but the task of Member States in order for the Secretariat to keep its neutrality, objectivity, and distance with regard to the various proposals coming from delegations. The Delegation was not able to fully support that proposal and wanted the subject to remain open, giving the possibility for delegations to formulate additional proposals.

335. The Delegation of Georgia, speaking on behalf of the CEBS Group, thanked Group B and looked forward with interest to all initiatives that serve to improve governance issues in general, and the efficiency of committees and meetings in particular. The CEBS Group thought that governance issues should be an area of improvement and would support a discussion based on suggestions from the Secretariat.

336. The Delegation of Brazil said that the topic of governance was a very complex one and recognized by many Member States, and the discussions in the PBC stemmed from a recommendation by the United Nations Joint Inspection Unit. The Delegation supported the statement of Senegal and also thought that the process of governance should stay in the hands of Member States. The Delegation recalled that the proposal of the Vice-Chair of the PBC was contained in document PBC/24/17 and supported Senegal with regard to the extension for submitting additional proposals by Member States.

337. The Delegation of China said that it was a complex issue involving many factors and a solution should be found step by step. The Delegation thought that the actual problems that existed in WIPO's governance structure should be identified and prioritized according to their pertinence and emergence in order to decide which measures should be taken and how. The Delegation remained available to find solutions together with Member States.

338. The Delegation of Indonesia thanked Group B for its proposal and said that the Delegation was also in favor of any initiatives that would enhance governance and improve efficiency of meetings. It would improve their work in the framework of the Organization. The Delegation also shared the observations of Senegal, Brazil and China concerning the complexity of governance issues and agreed that it would be more appropriate to let Member States deal with it.

339. The Delegation of Japan said that Member States made a clear agreement during PBC/24, recalling that Member States were to present the potential issues to be discussed at PBC/25 and the only proposal since then was from Group B. The Delegation thought that Member States and regional groups did not want to be engaged on this during PBC/25 and asked to try to submit their own proposal. The Delegation noted that the proposal of Group B was the only one on the table, and added that if some Member States were not ready to discuss it, then Group B would fully respect that position. That discussion and the agenda item should then be closed.

340. The Chair took note of the concrete proposal made by the Delegation of Japan that this agenda item should be closed and asked for opinions of other delegations in that regard.

341. The Delegation of Brazil respectfully disagreed with the Delegation of Japan and was not in a position to support the closing of the agenda item. The Delegation mentioned the explanation of the Legal Counsel, which reflected a long process of reform to the WIPO

governance structures through constitutional reforms. Therefore this should not be restricted to only one session of the PBC and should remain open. The Delegation also disagreed that Group B's proposal was the only proposal, mentioning a concrete proposal by the Vice-Chair of the PBC.

342. The Delegation of Senegal respected the position of Japan on behalf of Group B, but noted that there were other proposals on the table and the Delegation of Japan only expressed its Group's position. The Delegation recommended that the agenda item remain open.

343. The Delegation of Japan, speaking on behalf of Group B, said that there had never been consensus on the proposal in PBC/24/17, and that the proposal had not been tabled. The Delegation said that during a previous session of the PBC, the Legal Counsel clearly confirmed their approach, which was to close the item if there was no basis for discussion. The Delegation asked for advice from the Legal Counsel on this matter.

344. The Legal Counsel took note of the request of Group B and indicated he would like to consult previous deliberations by the PBC before reverting back to the Committee. The Legal Counsel added that for the purpose of the current discussion, there was no agreement among Member States on whether to close the agenda item.

345. The Chair thanked the Legal Counsel for his comments and proposed that Member States engage in informal discussions to move this issue forward. The Chair subsequently suspended the agenda item. When discussion on item 9 was resumed, the Chair noted that the Secretariat had distributed a draft decision with three sub points. She first repeated the decision that had already been adopted, which was to take note of document WO/PBC/26/8, as presented by the Secretariat. The Chair then proceeded to read the remaining two points of the decision, and proposed to adopt the draft decision. As there were no objections, the decision was gavelled.

346. The Program and Budget Committee (PBC):

- (i) Took note of the status of the constitutional reform process presented in document WO/PBC/26/8;
- (ii) Encouraged the continuation of outreach efforts to Member States regarding the ratification process of the 1999 and 2003 amendments to the WIPO Convention and other WIPO-administered treaties; and
- (iii) Requested the Secretariat to report back to the 28th session of the PBC on the status of the implementation of the 1999 and 2003 amendments.

## **ITEM 10 OPENING OF NEW EXTERNAL OFFICES**

347. Discussions were based on documents WO/PBC/26/7, WO/PBC/26/7 Corr.2 and A/56/15.

348. The Chair opened the proceedings by explaining that there were two sub-items, document WO/PBC/26/7, Opening of New WIPO External Offices during the 2018/19 biennium and document A/56/15, Opening of New WIPO External Offices during the 2016/17 biennium, which were to be considered under this Agenda item. As the Delegations would recall, at the last session of the Assemblies held in 2015, the General Assembly of WIPO decided to open not more than three new External Offices per biennium in the 2016/17 and 2018/19 biennia. At the following session in 2016, the General Assembly decided to open offices in Algeria and Nigeria and continue consultations with Delegations to open one remaining External Office in the 2016/17 biennium and up to three External Offices in the 2018/19 biennium, through a call for proposals issued by the Secretariat with a view to making a decision in accordance with

the Guiding Principles during the 2017 General Assembly. The Chair recalled that the Guiding Principles established a procedure pursuant to which a Member State wishing to host an External Office must submit a proposal through the Director General to the PBC, so that the PBC could make recommendations to the General Assembly in connection with the opening of new External Offices. As part of this process, the Secretariat had provided the PBC with a separate, factual and technical report on proposed new External Offices for the 2018/19 biennium, which was now before the Committee. As was explained in document WO/PBC/26/7, the Secretariat followed an identical procedure in calling for proposals for the 2018/19 biennium as that which it followed in calling for proposals for the 2016/17 biennium. In accordance with the procedure followed by the 25<sup>th</sup> session of the PBC the previous year, the Chair informed the Delegations that the same procedure will be followed to receive presentations from those proponents wishing to host an External Office in the 2018/19 biennium. On conclusion of the presentations, there would be an exchange of views and a general debate. Later, item 10 would be adjourned and the Chair would convene informal consultations. The Chair observed that the Member States have yet to decide the opening of a third External Office for 2016/17 biennium given that in 2016, the General Assembly decided to open only two External Offices, Nigeria and Algeria. Consequently, on the Agenda of this meeting, reference would be made to document A/56/15. Furthermore, as the Delegations were informed through the Regional Coordinators, Colombia has requested the Delegations be reminded of its proposal to host an External Office in the 2016/17 biennium, which had been submitted to the Committee in 2016. The request made by Colombia had the support of GRULAC, as was stated by GRULAC in its opening statement. The Chair gave the floor to the Delegation of Japan.

349. The Delegation of Japan, speaking on behalf of Group B, thanked the Chair for presenting the background information and reminded that, as additional background information, the Delegation had shared questions with applicants through the Regional Coordinators and had encouraged the applicants to respond in writing in order to ensure a full session. The questions raised were: a) how were the proposals contributing to WIPO's goal and program delivery; this question was to be given priority; b) how would the proposed sub-regional office meet the needs of the neighboring countries; c) unless already provided in the proposal, provide an estimate for the establishment of the office including the office location and/or rent or any recurring costs along with information on whether the physical site will be handled by the host country or WIPO; d) how the proposal complements the functions of the national IP office.

350. The Delegation of Colombia thanked the Chair and all the members for this opportunity and reminded the Committee of the principal elements contained in the proposal for a national External Office in Colombia for the 2016/17 biennium. Furthermore, this opportunity meant that the Delegation could refer to the highly relevant questions that were raised by Regional Groups and Member States. The Delegation reminded the Committee that the proposal for a national External Office in Colombia had the full backing of the Member States of Group of States of Latin America and the Caribbean (GRULAC). GRULAC had shown its interest in contributing to the process of opening up External Offices and submitted a single candidacy recognizing the quality and soundness of the proposal made by the Delegation of Colombia, added to which there had been contributions from GRULAC and members in the negotiating groups which developed the Guiding Principles. Furthermore, the Delegation stated that there were no additional candidates from GRULAC or any of its members for the 2018/19 biennium. The Delegation believed that this was a highly significant contribution on the part of GRULAC for the discussions and negotiations with the view of taking a decision in the 2017 General Assembly, having as a benchmark the implementation of the Guiding Principles. The Delegation then reminded the Committee of a few specificities in its proposal. As a fundamental premise, the Delegation maintained that Colombia valued and acknowledged the importance of strengthening the Intellectual Property system for economic and social development. Colombia was a State Party to 13 of the 26 treaties administered by WIPO. The Delegation of Colombia mentioned that it was studying and evaluating internally the advantages of becoming party to others. An initial major objective of Colombia's candidacy as a national office was to strengthen

and bring closer the services and technical cooperation for Intellectual Property provided by WIPO which would result in greater protection of creation, promotion of innovation and also an increased understanding of protection and promotion of Intellectual Property by the citizens and creators. It was important to bear in mind that Colombia's objective in having an External Office emanated from the highest institutional office with the involvement at the ministerial level and of all national players linked to Intellectual Property, that is, the intersectoral commission for Intellectual Property or CP, of which 10 ministries were members and eight national bodies were entrusted with the task of coordinating and orienting common policies for Intellectual Property and implementation at the highest level. This mandate was ratified by the same commission in the most recent meeting held at the ministerial level which was carried out on March 30, 2017. Secondly, Colombia considered that any proposal for an External Office should be fully integrated into a coherent network that would be coordinated and provided value added at all levels of work in the Organization. For this purpose, apart from seeking to strengthen Intellectual Property at the national level, Colombia had the political will, the institutional commitment and the potential to work as a multiplier of good practices at the regional level. The Delegation of Colombia highlighted that it had the relevant South-South cooperation experience which it considered could be further enhanced with an External Office in Colombia. In this way, based on Colombia's experience with strengthening institutions for Intellectual Property, programs and activities had been held which were described in the proposal, implemented by the supervisory body for industry and commerce and also the national director for copyright, which were related, *inter alia*, to the holding of specialized regional courses and internships in their various fields. The Delegation of Colombia stressed that an External Office of WIPO in Colombia would be the first one to be setup in a Spanish speaking country, Spanish being an official language of the United Nations and one of the languages most widely used in the world. The Delegation considered that its proposal was technically sound and in budgetary terms sustainable. More specifically, the proposal included the offer for a physical area which had been already defined in the facilities of the main headquarters of the Supervisory body for Industry and Commerce (SIC), a body registered with the Ministry of Commerce, Industry and Tourism. The Delegation stated that on May 9, 2016, this entity endorsed its offer of physical area being made available for the External Office as well as the budgetary component with updated figures. The Delegation stated that its proposal gave all necessary data concerning, *inter alia*, infrastructure, furniture, equipment, maintenance costs, operational costs, leases, public services, and insurance. The updated annual cost was estimated at 91,300 dollars. In addition, the External Office would also have access to meeting rooms, training rooms, arbitration rooms, conciliation rooms, and legal advisory rooms which would be part and parcel of the National Directorate for Copyright, which was a few meters away from the area for the External Office. This showed the interest of Colombia in establishing the EO as quickly as possible. As for the location, the Delegation pointed out that the supervisory body was part of the international economiccenter in the capital with hotels, and it was an economic and business center. Entities such as the Ministry for Commerce Industry and Tourism and also the National Directorate for Copyright and the Department for National Planning were physically very close and the area was also the historic center of the city. The office was also 25 minutes from the international airport which was one of the main airport hubs in Latin America and the Caribbean. Finally, the Delegation underscored some aspects of how the proposal for the External Office was part and parcel of the development potential of Colombia. The Delegation mentioned that Colombia, an extremely diverse, multicultural country, was geographically located centrally in the Americas with a confluence of environmental and cultural wealth from a variety of regions. It had a population of approximately 15 million inhabitants, which made it the third country in terms of population in Latin America. In addition, Colombia had become an attractive destination for foreign investment which was approximately 13.6 billion U.S. dollars in 2016 and Colombia was the second country in terms of ease of doing business in Latin America according to the doing business report of the World Bank in 2017. Colombia furthermore was a candidate country which at the end of 2017 hoped to join the Organization for Economic Cooperation and Development (OECD) and it had already received endorsement from 20 of the 23 Committees required for entry. Colombia was convinced of the importance of adopting best

practices in international standards to promote public policies for economic and social development in the framework of international cooperation. The Delegation mentioned that a year ago in this Committee the proposal of Colombia to host a WIPO External Office was submitted at a wonderful time in Colombian and Latin American and Caribbean history, that is, the end of the internal conflict, the achievement of peace and the entry of Colombia into a new stage of its post conflict era. For instance, as a result of this transformation, for the first time in many years, the national budget of Colombia for education had surpassed the budget for security. An External Office of WIPO in Colombia would contribute to the economic and social strengthening of Colombia at this historic time in which the promotion and protection of information were fundamentally important in order to achieve sustainable, inclusive growth.

351. The Chair proposed that the Committee proceed to the presentations of proposals to host a WIPO External Office in the 2018/19 biennium. The Chair mentioned that some guidelines had been developed for the presentations which included the order of presentations which would be determined by the French alphabetical order of country names. Presentations could be up to 15 minutes in length, and the speakers could fill that time with both the structure of the proposal, and their answers to the questions already submitted in writing by the Regional Coordinators. The Chair called on the Delegation of The United Arab Emirates to make its presentation.

352. The Delegation of United Arab Emirates wished for WIPO's success in establishing an effective international Intellectual Property regime which would encourage innovation and competition for all. The Delegation commended the role played by WIPO to protect Intellectual Property in the United Arab Emirates (UAE) and the countries of the region. The Delegation wished to inform the Committee of the main features of UAE's proposal to host an External Office for WIPO. The proposal of the United Arab Emirates was established on the basis of WIPO's Guiding Principles. The Delegation stated that the UAE enjoyed exceptional potential in many areas. It would be an ideal location for hosting an External Office, and it could be a hub for Intellectual Property and an incentive for creation and innovation in the region. The Delegation then gave an overview of some of those potentials. The UAE enjoyed political stability and was robust economically. The rule of law prevailed, and the country was known for its strong and well-regulated financial and monetary systems. It had strong infrastructure and was an open society and a multicultural one, which was host to more than 200 nationalities from around the world. Further, it enjoyed a very strategic location. The United Arab Emirates are a link between Asia and Africa and in a four hour flight one could reach a destination where 200 million people live. The Delegation mentioned that the Abu Dhabi airport served flights from 104 airports from 55 countries. The United Arab Emirates believed in the need to develop a comprehensive system for Intellectual Property as it was an essential basis for an effective environment able to move towards a diversified economy. In this framework, the national legislation of the United Arab Emirates was not solely limited to the protection of Intellectual Property, but went further and sought to protect innovators according to international standards. The United Arab Emirates enjoyed a sustainable environment and had attracted major economic powers such as participants in Expo 2020 in Dubai. The United Arab Emirates had achieved great prosperity and development in its economy, the overall growth had reached 80 per cent and the United Arab Emirates had the fifth highest GDP per capita in the world. The United Arab Emirates had more than 120 accredited universities, many research and development universities and a strong legal framework. The Delegation mentioned that the United Arab Emirates enjoyed hosting the universities, and were also host for the International Union for Energy Agency and many other organizations such as FAO and UNDP. In addition to this, the United Arab Emirates also hosted major international events such as the Global Innovation Summit, the World Government Summit, the World Summit for SMEs, the Social Media Summit, the World Summit of Future Energies, as well as the World Summit for Industry and Manufacturing. The United Arab Emirates had taken major steps to establish and develop an infrastructure and legislative framework that endorsed and supported its continued development. The United Arab Emirates had made continuous efforts to promote innovation and openness. The United Arab Emirates had set up a foundation for renewed developments,

which is in conformity with its Emirates Vision 2020. The United Arab Emirates had achieved major developments in the World Innovation Index in 2013 as it maintained its leadership in the Arab world. The Government of the United Arab Emirates had undertaken a strategy to improve its competitiveness in this major sector. The Delegation mentioned that there was a strategy to establish a competitive economy based on knowledge and innovation. The United Arab Emirates was ranked 17th in the Global Competitiveness Index of the World Economic Forum for 2016-2017. The Delegation mentioned that, in the field of infrastructure, the United Arab Emirates was ranked first worldwide with respect to quality of roads, second in quality of air transport and airports, third worldwide where the quality of infrastructure was concerned and in custom procedures, and fourth in quality of overall infrastructure. The United Arab Emirates was 26th worldwide among 190 countries in the ease of doing business ranking by the World Bank. The United Arab Emirates occupied the 18th position globally in the Digital Competitiveness Ranking according to a report released by the World Competitiveness Center. The United Arab Emirates also occupied the leading positions in the region and occupied the 24th position as being the most transparent and the best in combatting corruption based on the Corruption Index reported by Transparency International in 2016. The United Arab Emirates also occupied the first position in the Arab world and the 23rd position globally in the trade facilitation index of 2016 issued by the World Economic Forum. The Delegation mentioned that the office would be integrating its efforts with the United Arab Emirates National Plan to become one of the foremost centers of innovation in the region in harmony with the mechanisms and goals determined by its national strategy on three axis, starting with the innovation priority sectors, as well as the innovation stakeholders championed by the government, such as SMEs, local entrepreneurs and institutions, and the third axis being an enabling environment for innovation. The Government of the United Arab Emirates was undertaking many efforts in the field of innovation, research and development, and Intellectual Property, and was moving them toward the future. In this context, the Government of the United Arab Emirates had accomplished a number of important achievements which reinforced its position in the region in those vital sectors, which started with the ratification of all WIPO agreements and other agreements in relation to Intellectual Property. The Delegation mentioned that it was at the forefront of the countries to have ratified the Marrakesh and Beijing Treaties. Also, it ratified a new IP law that was up to date and in line with international standards. The United Arab Emirates also facilitated the registration of patents, copyrights and trademarks and had contributed to the smart transformation process possible within WIPO since the trademarks office in the United Arab Emirates had been one of the first offices to apply automation in the region. The Delegation mentioned that it had made great strides in the field of patents through the use of mobile phones and automation. This achievement was embodied recently in the establishment of a new Patent Office and that provided support to SMEs in the field of innovation and industry. Also, the United Arab Emirates afforded a great deal of importance to SMEs and entrepreneurship in creating innovation, and reinforcing its march towards economic diversification and enhancing the knowledge economy. The Delegation stated that an External Office for WIPO in the United Arab Emirates would work on harmonizing these goals with WIPO's vision providing advanced services in the field of IP, making them the source of economic development, and developing capacities in the region. This revolved around three basic pillars, starting with boosting the development impact of WIPO and its IP systems, improving policies and procedures, and raising awareness with regard to IP systems in the many different countries around the region. The United Arab Emirates would work to promote WIPO services and to expand application of WIPO treaties, specifically in the region and in the wider Middle East and Asia. The United Arab Emirates would dedicate an annual budget for this training project. Further, the Office would work to expand the application of WIPO treaties through training and capacity building and give special direction to ensure the best implementation of the services pertaining to WIPO treaties. Also, the United Arab Emirates would provide access to all WIPO services through an online portal with information tailored to the needs and concerns of neighboring states and would further provide consultancy on information to partner countries in the arbitrage of IP disputes on national and international levels through mediation. The Delegation mentioned that the hosting of an External Office in

the United Arab Emirates would also cover three important countries namely, Kuwait, Bahrain and the Kingdom of Jordan, with the facility to expand to other countries in the region. This would enable the United Arab Emirates to provide integrated services up to the latest standards with a budget that would cover all the needs and what would be necessary to make this Office a success. The Delegation stated that the Government of the United Arab Emirates looked forward to hosting the WIPO External Office and to providing all it required in terms of support, funding, logistics services to make it a platform to raise awareness and develop the legislative framework for IP, not only for the United Arab Emirates but at the regional level. The Delegation appreciated the efforts undertaken by WIPO to develop IP systems for Member States. The Delegation trusted that the efforts would result in further cooperation between the United Arab Emirates and WIPO and would further enhance the policies and initiatives to reinforce IP and development. This would assist the United Arab Emirates with further progress and prosperity.

353. The Chair thanked the Delegation of the United Arab Emirates for having kept so precisely to the allotted time. The Chair called on the Delegation of India to make its presentation and requested the Secretariat to start counting the time.

354. The Delegation of India drew the attention of the Member States to document WO/PBC/26/Rev. which contained a comprehensive proposal in Annex 2, where it had highlighted its proposal in accordance with the Guiding Principles which were contained in A/55/INF/11. The Delegation also circulated an abridged version of the proposal to make it easier for other Delegations to understand the nuances that were highlighted in India's proposal. The Delegation stated that it would take questions if time permitted, adding that it would revert to Member States should questions arise that would require consultations with its capital. The Delegation started the presentation by showing the global IP map and stated that in the General Assembly the previous year, the Member States had been able to identify two External Offices in Nigeria and in Algeria because there were not, at the time, any External Offices on the African continent. The presence of External Offices in Africa had been overdue, and Member States had shown their ability to successfully negotiate and reach consensus on this important decision. Now Member States had moved to the next stage, that of finding the next location. The Delegation stated that the proposal it had put forward was a sound proposal and pointed out that India already had many offices that had been there for many years like UNICEF, UNIDO, UNDP, South East Regional Office of WHO. All of these offices were running very successfully and once they had opened, they had remained there. This could be objectively verified and those who were in touch with these organizations could verify the success with which these offices were running, had been able to successfully enhance the activities of the headquarters and, as the Member States could see, there was a space vacant which had deliberately been kept available for a WIPO External Office. The Delegation hoped that, with the support of the Member States, it would be able to open an External Office of WIPO in India. The Member States had recently seen the release of the Global Innovation Index in Central and Southern Asia where there was not a single External Office, and India was number one in Global Innovation Index ranking and number two in Innovation Quality among all of the middle income countries in the Global Innovation Index in 2017. Furthermore, India was number one in ICT service exports as a percentage of total trade. The Global Innovation Index was highly credible and much respected all over the world and India had jumped 21 ranks in a period of two years, from rank 81 to rank 60. The Delegation intended to provide background information as to why India had submitted its proposal, what the rationale behind it was, what functions the External Office would play, what the objectives were and what the linkages between WIPO's Strategic Goals, which the Member States had been discussing in the PBC for the previous few days, and the objectives of an External Office in India were. In addition, the Delegation would highlight the added value in terms of what the current needs of IP users in India were and how this was an important reason for the opening of an office. The Delegation would also touch upon relevant subjects such as financial stability and budget neutrality, as well as geographical justifications. In this regard, the Delegation had made a case that there was not a single External Office in Central and Southern Asia and India would be an ideal location. The Delegation mentioned what the rationale behind opening a WIPO External Office in India

was, namely that India and WIPO had a relationship which had been strengthening well for this proposal. India had signed a memorandum of understanding in 2009 and in 2014 and implemented a joint WIPO India action plan. The Delegation mentioned that there were several activities that had been planned, and one of the important activities was to provide training programs. The second important thing was the time difference, there was a time difference of 4.5 hours in winters and 3.5 hours in summers so the working overlap was limited. This was a drawback that India wanted to address and with the opening of the WIPO External Office in India, this important issue would be overcome. The third point was the effective utilization of the Patent Cooperation Treaty (PCT). India became a member of the PCT in 1998 and at that time only 14 international applications were filed by Indian inventors. By 2014, this number had increased 100 times to 1,428. This showed that the Indian companies were benefiting fully from India's membership of PCT and PCT-related services. With the opening up of an External Office in India, it was likely that the services of PCT would expand, not just in India but in neighboring countries as well. The Delegation mentioned that by opening an External Office, the International Search Authority would be used more effectively. India had become an International Search Authority in October, 2013, and it was also an International Preliminary Examining Authority. It had its own database and access to other services around the world. India was able to provide such facilities at a very reasonable rate and charged a nominal fee of around 150 Swiss francs, which was a very cost effective way of undergoing a service provided by an International Search Authority among all of the 16 countries. In the last few years, India had launched some flagship programs, one of them was a "Make in India" program and for those who had been present at the 2015 General Assembly, they would recall that India actually had a special side event on India's Geographical Indications under the rubric of the "Make in India" program. The purpose of this program was to foster innovation and to give a boost to the manufacturing sector. Another program called "Startup India" aimed at unleashing the entrepreneurial energy of the youth. India was a young nation and a country with huge demographic dividend and India wanted to leverage that dividend through the "Startup India" program. There was an important vision slogan which India used called "Creative India: Innovative India". This was a call from India's IP policy which the Delegation would discuss in a while. The idea was how to unleash the energy of Creative India and how to foster innovation. The idea behind the other important flagship program, "Digital India" was a vision to transform India into a digitally empowered society and knowledge economy. The strength of a country was nowadays based on the knowledge economy of the country. India was very conscious of the fact and that this was why this program had been launched. The Delegation highlighted some aspects of India's National Intellectual Property Rights Policy which was launched in 2016. It was a vision document which would encompass all IPRs, incorporating and adopting the global best practices to create synergies and leverage them among all IPs, and India had a dedicated body, a special cell, called "Cell for IPR Promotion and Management" (CIPAM) with the purpose to create and commercialize IP. One of the important elements of the National IP Policy of India was to create IPR awareness and enforcement campaigns to create respect for IPRs. The Delegation mentioned the landscape of India's Intellectual Property regime. India had a state of the art center of excellence institute in Nagpur which was an exclusive training and research center for Intellectual Property in India. WIPO had been providing regular inputs and collaboration along with this institute to provide training in collaboration with the WIPO Academy. India had a well-established legislative administrative and judicial framework, and India was able to meet its international obligations utilizing the flexibilities provided in the international regime to address its developmental concerns. India had a TRIPS-compliant robust, equitable and dynamic IPR regime. The idea was to maintain that fine balance, the balance between private rights through providing IPRs on one hand and public interest on the other. The balancing act had been constantly monitored in India by its policy makers and India had been successful in maintaining that fine balance. There had been an augmentation of human resources, India had been able to recruit new Patent and Trademarks examiners, the effect of which was visible in data which the Delegation would show later in the presentation. India has a 24/7 online filing facility and all the information was disseminated through web-based utilities. There was an important scheme which India had launched which was to

provide free IP filing facilities to all start-ups in India, so 100 per cent of Indian startups got free IP filing, this was called SIPP, Startup Intellectual Property Protection. The idea was to facilitate all the start-ups when they filed Patents, Trademarks, Designs and the Indian government provided full support. There was a 80 per cent discount given to filings of Patents by start-ups all over the world. There was a special provision for SMEs, India provided a 50 per cent discount in fee reduction in Patent filing for these companies. The Delegation mentioned that it was able to bring Copyright under a single umbrella under the rubric of the Department of Industry Policy and Promotion (DIPP) so that there was cohesiveness in terms of India's policies. The IP processing in India had been consistently on the rise. For example, the patents filing had shown a rise from 5.8 per cent in 2013/14 to 16 per cent in 2016/17, and there had been a rise of 10 per cent as compared to 2013/14. The examination had improved, the rates had increased by 132 per cent, the disposal rates and the trademark filings had shown a considerable upswing, a spike in the performance. The Delegation went on to focus on the grant rates which had increased by 269 per cent. The target for India was the examination of trademarks and here, the time duration had been brought down from 13 months to just one month and this target had been achieved in March of 2017. The first examination of Patent applications had been brought down from five to seven years to around 18 months. India was a home to some of the most vibrant, diverse Geographical Indications, it had 296 Geographical Indications registered and this was a matter of pride for India. India had showcased this in WIPO in one of the side events through an exhibition of India's Geographical Indications. In addition, India had started an innovative project a few years back called "Traditional Knowledge Digital Library", which was a pilot initiative. The idea was a defensive protection and prevention of India's traditional medicinal knowledge. India had created a medicinal database of around 330,000 formulations which had been converted, scanned and the formulations translated into some of the major international languages. The Delegation quickly ran through the WIPO India action plan. The engagement between the Indian IP office and WIPO was shown in the presentation. The purpose, objectives, functions and evaluations were mentioned in the slides. The Delegation concluded by mentioning that India would like to make this point very clear, the opening of an External Office in India would not prejudice the relationship of the countries in the region with the direct relations they already had with WIPO headquarters. The External Office in India would like to provide services to those countries that would like to have bilateral agreements with India and it would be beneficial for their own national IP regimes. The Delegation mentioned that it would be happy to take any questions from the Member States.

355. The Chair thanked the Delegation of India and called on the Delegation of Iran (Islamic Republic of) to make its presentation and requested the Secretariat to start counting the time.

356. The Delegation of Iran (Islamic Republic of) wished to highlight to the Member States the most important elements of the proposal of Iran to host a WIPO External Office in Tehran. The Delegation indicated that it would try and address all questions which had been submitted by some regional groups and also some Member States during the presentation. The Delegation would take questions if time permitted, and it would be available after the presentation if any Member States had other questions. The Delegation drew the attention of the Member States to the list of Conventions which had been ratified by Iran, and noted that there were also some other Conventions that had been signed by Iran and were in the process of being ratified in the country. The Delegation drew the attention of the Member States to the current network of WIPO External Office and stated there was a huge gap in West Asia, as there was no External Office in the region. The Delegation showed the map and geographical location of Iran in the region showing that it had 14 neighboring countries, and stated that the location of Iran was in the heart of the region, having land, sea, and airport infrastructure, which was an important element for its economy. The Patent Office of Iran had been established more than 90 years ago and had a long history in the registration and protection of IP. Iran had distinctive capacities for intellectual property and had made impressive progress in the field of intellectual property at both the regional and international levels. Iran was seeking to reinforce its productive capacity and encourage international collaboration to exchange technology and hoped to engage more actively in innovation activities to foster economic growth and

sustainable development. Iran had made significant development in research, higher education and technologies since the 1990s. Since that time, there had been three waves of scientific technology and innovation policy development. The first focused on developing higher education and started in the 1990. The second focused on developing research and technology and started in 2000, and the third, which made a transition to innovation and a knowledge-based economy, started in 2010. The Delegation stated that a number of improvements in Iran's contribution to the international innovation environment during the period of 2005 through 2015 had taken place. For example, Iran's global rank in scientific publication improved from 34th in 2005 to 16th in 2015. The Delegation mentioned that, during the past two decades, Iran had committed itself to the development of a dynamic national innovation system and was moving steadily toward a knowledge- and innovation-based economy. Intellectual Property was a part of the national policy to transform, overhaul and diversify the economy in order to build an effective economy based on knowledge and innovation. Iran was supporting innovation, boosting productive development, promoting science, technology and innovation, the development of culture, investment and industry and competitiveness, which all had a close relationship with the IP system and constituted important elements of the national development policy. Establishing an External Office in Tehran would be considered as a strong contribution to those authorities. Promotion of the development of science, technology, and intellectual production was emphasized in the 20-year prospective document, which provided a comprehensive scientific route for the country, and in a series of five-year economic plans. The Delegation continued that the industrial sector had made Iran the most diversified economy, with the lowest dependence on oil and gas income, as compared to other oil-rich countries in the Middle East. Due to the capacities and promotion and development of IP in Iran, the numbers of patent, trademark, GI and industrial design applications had significantly increased in recent years, as demonstrated by WIPO statistics. The Patent Office and the Industrial Design Office of Iran were in the list of the top 20 offices of the Member States of WIPO due to the increasing rate of the applications. Iran had also organized many joint programs and events with WIPO, and hundreds of local, national and international workshops and seminars had been organized across the country. The Delegation mentioned that, with regards to capacity building, the Ministry of Justice of Iran had signed an MOU with the WIPO Academy to establish a national IP training center in Tehran, as it would be more capable of identifying specific needs and requests, having the advantage of being in the field where the actual needs would arise. The External Office would work as an interface between the WIPO Academy and the beneficiaries and would serve all relevant WIPO programs in a more efficient and effective way. The proposed activities for the WIPO External Office in Iran would include close cooperation with the national IP Office so that Iran could achieve effective enforcement of WIPO Global IP Systems including the Madrid, Lisbon and PCT Systems, and others of which Iran was a member, as well as providing a registration service to applicants to the above-mentioned IP Systems in collaboration with the International Bureau of WIPO. Another set of activities for the WIPO External Office in Iran would be responding to the daily and increasing importance of innovation and creativity, and the role to be played by IP in a knowledge-based economy, in Iran, and also establishing a platform to bring the services of WIPO to the citizens of Iran by improving understanding of what IP means and what the benefits of IP are for citizens, businesses, private sector and the whole country. The WIPO External Office would be integral to WIPO services and objectives and would assist in integrating a value system for IP in Iran through enhanced IP knowledge and dissemination of IP assets. The WIPO External Office in Iran would provide many benefits within the Organization's mandate and also complement WIPO's national efforts on the dissemination of IP knowledge, raising awareness and respect for IP, and further enhancing innovation and creativity by promoting the effective use of IP services in Iran and its region. The Delegation mentioned that the provision of technical support in relation to various technical assistance programs administrated by the Global Infrastructure Sector of WIPO, and advice to rights holders regarding the use of IP for the development of the country and also for the transfer of technology was another proposed activity for the WIPO External Office in Iran. The Delegation asked the Member States to bear in mind the importance of capacity building in promoting the use of the IP system, and stated that IP-related

educational activities would be given more importance by the External Office. It would also assist in the commercialization of IP, and the facilitation of communication between industry and authorities for the intellectual productions. An External Office in Iran would help to consolidate the already established international recognition of the creative industry and facilitate sustainable partnerships and connection of local content to local value chains, as well as to express and promote linkages between universities, research institutes, industries and private entrepreneurs. A conclusion can be drawn is that a WIPO External Office would be aware of the needs of the national organizations, people and businesses on the ground. This was something that could not always be achieved from WIPO headquarters in Geneva, and the External Office could play a significant role in this regard. The Delegation mentioned that such an Office could contribute to ensuring that services and technical cooperation relating to IP are brought closer to groups that were interested in them. It would provide greater protection to creation and promote innovation and build understanding concerning the protection and promotion of IP among the wider society of users, as well as creators and the creative community. It would improve the promotion of the Organization's services and also increase its local impact by addressing the specific needs of the sub-region, namely the use of IP by SMEs, and the enforcement of IP rights in the development of new and innovative stakeholder partnerships. Regarding the facilities that would be available for the establishment of the WIPO External Office in Tehran, the Delegation explained that the competent authority for Intellectual Property would provide all the needed facilities for the establishment of the External Office in Iran. There already existed a separate and suitable building of 500 square meters beside the Intellectual Property Center in Tehran that would be allocated for the purpose of the WIPO External Office, and which could be expanded at a later stage if needed. The location was close to all of the relevant government entities, the airport, the business district, the finance district, and the universities and research institutions. The Delegation stated that, in accordance with Article 6.3 of the Law of Registration of Patents, Trademarks and Industrial Designs, it was possible to use 50 per cent of the foreign exchange earnings from the international registration systems for the promotion and equipment of the office. By using this and other revenue sources, the competent authority of Iran would ensure provision of all the expenses and needs of the External Office in Tehran. More detailed information concerning the facilities had been provided in the proposal and if Member States were interested, they could refer to the information provided there. In conclusion, the Delegation stated that Iran had the firm political and administrative determination to contribute to WIPO's global goals and strategies. Due to the increased numbers of applications, the needs for exploitation and commercialization of these Intellectual Properties had increased. It was obvious that the establishment of a WIPO External Office in Iran would promote respect for IP in Iran. Iran possessed an appropriate geographical location in the region for the establishment of a WIPO External Office. No External Office was located in the region and an External Office in Iran could possibly play a regional role in the future. In the Delegation's view, an External Office in Iran could be given a regional dimension if the need for regional services were felt or a request for such a role were received. A WIPO External Office in Iran could assure the advancement of the goals of WIPO in the region more than ever, and it would be ready to support regional activities. The Delegation stated that Iran had close cooperation with countries in the region in providing a variety of services and developing courses, training, and exchange of best practices, and that it would continue to work on this. It was not risking the rights of any other country with regard to WIPO's programs. The privileged, scientific position and existence of universities with Masters and PhD degrees on IP in Iran, and its geographic location, would significantly contribute to the promotion of WIPO's goals and strategies at the national and regional levels. The WIPO External Office in Iran would play an important role in the development of a balanced and effective intellectual property system that would enable creativity for the benefit of all. An External Office in Iran would add value, diversity and exclusivity in the WIPO's External Office network and would serve as WIPO's investment in the region. The Delegation contined that such an office would serve the region through cooperation activities, MOU and bilateral, sub-regional and regional engagements with neighboring countries. The Delegation further highlighted that detailed information concerning the IP

position of Iran, including its national policies and legislation, would be available through Iran's page on the WIPO website.

357. The Chair thanked the Delegation of Iran (Islamic Republic of) for keeping to the time constraints and called on the Delegation of Sultanate of Oman to make its presentation and requested the Secretariat to start counting the time.

358. The Delegation of Sultanate of Oman thanked the Secretariat for giving it the chance to present its proposal to host WIPO's national External Office. The Delegation started by outlining the contents of the presentation. The presentation started with the following quote from His Majesty, the Sultan, of Oman, "When we lead education to higher levels we are required to add to this acquired knowledge other new knowledges. We have to search, create, think and contemplate. We have also to correct ancestral knowledge as it entails many theories, and theories are subject to renewal. We should not say our ancestors had reached knowledge ... knowledge is not absolute, it is renewable..." The Delegation then noted that the Sultanate of Oman was characterized by its geographical position, its security, its political stability and its neutrality. The Delegation then noted that the rationale for hosting a WIPO national External Office in the Sultanate of Oman was to establish a basis to strengthen the cooperative institutional efforts towards the creation of a knowledge-based economy, to acquire a national innovation strategy and a comprehensive legislation framework on Intellectual Property in the Sultanate of Oman, because there were many institutions supporting innovation in the Sultanate of Oman and the developments of services at the IP Department and Ministry of Commerce and Industry. With the establishment of the basis to strengthen cooperative institutional efforts towards creation of knowledge based economy, the Delegation highlighted that the Ministry of Commerce and Industry had four pillars for IP development, the human capital as well as economic diversification, the knowledge based economy, which would be based on the IP strategy. 14 officials would work in the field of SMEs and the private sector establishments, which would benefit from the legal advice and consulting services provided in this department. The National Innovation Strategy of the Sultanate of Oman was established on the pillars of IP national system that would protect human thought and creation emanating from intellectual activities in industrial, scientific, literary and artistic domains on all international, national and regional levels. This was also with a vision of another society through an effective system that protected IP rights and promoted the production of ideas, goods and services. The components of the Sultanate of Oman's innovation strategy were based on connection and communication policies between national institutions and relevant institutions as well as regional and international connection and communication policies. Connection and communication policies relied on business policies, economic diversification policies and education policies. The Delegation mentioned that the regional and international communication and connection policies relied on infrastructure building policies, policies of the transfer of science and technologies as well as research and development policies. The Delegation mentioned that the National Innovation Strategy had six main goals which were building individual and institutional capacities related to IP, increasing business promotion institutions, producing goods and services with added value, enabling legal institutions, ensuring an economic revenue from research and development through knowledge transfer, raising awareness of IP culture and its importance in achieving sustainable development, and the effective development of IP policies in the Sultanate of Oman. The Delegation moved to the first objective, building the individual and institutional capacities related to IP. Here, there were sets of initiatives and programs that the Delegation mentioned. A set of initiatives and some examples included the establishment of special education programs on IP concepts and knowledge, marketing, establishment of training and rehabilitation programs on IP concepts and roles in innovation, blending of IP in all academic research and institutions, and private sector companies. Examples for these programs included the national strategies, the national IP office. As to the second objective, it relied on initiatives and programs. The Delegation mentioned that the activation of national initiatives to support IP-based innovation would provide financial support to SMEs and Entrepreneurship. The programs dedicated to this end were the technology transfer of the national office and the international protection program. The Delegation moved to the third

objective, enabling legal institutions; the initiatives were exemplified by developing policies on the spreading of the awareness of the role of IP in enabling necessary development and a set of programs referring to this end such as the technology fund and other programs. The fourth objective was ensuring economic revenue from research and development through knowledge transfer. Here, the Sultanate of Oman had focused on the research and development through spreading IP culture, technology transfer and national office works on programs in the field as well as an IP investment program. The fifth objective was building knowledge and awareness of IP culture and its importance in achieving Sustainable Development. Here, the Delegation mentioned that it had a number of social media channels to spread and consolidate the IP culture and that it created training and rehabilitation programs on IP concepts. The programs to this end were the venture capital companies and technology funds. The sixth objective was the effective development of IP policies in the Sultanate of Oman. Here, the Sultanate of Oman had initiated efforts to conserve and protect Genetic Resources in industries and cultural heritage to create and protect products derived through the Rights of Genetic Resources and, to this end, it had a set of programs such as the Genetic Resources Center and the handicraft centers with training programs for this purpose. The legal framework supporting IP in the Sultanate of Oman was based on a set of legislations and codes, this was integrated into a set of over 20 International Treaties and conventions in the field of IP. The Delegation mentioned that the fourth rationale was to have the ability of many institutions and funds supporting innovation in the Sultanate of Oman such as the Industrial Innovation Council, the public authority for SMEs development, the Research Council and Funds supporting national business projects such as the SME Development Funds, the Oman Technology Fund and the Ibtikar Development Oman SAOC. The fifth rationale was to develop the services of the IP department, the Ministry of Commerce and Industry which provided services that covered four domains in more than 60 services such as Patents, Copyright, Industrial Designs and Trademarks. The Delegation mentioned that the Ministry of Commerce and Industry had tried to develop its IP department through increasing human resources qualified in IP, and recruiting qualified Patents examiners and technical experts to develop electronic IP services to establish a comprehensive economic system to this end. Also, in order to make linkages between the objectives of National Innovation Strategy and the achievement of the SDGs, the Sultanate of Oman had many overlapping fields that would make progress in the area of combating hunger and poverty, achieving zero hunger and achieving the SDGs. As to the proposed mandate of the External Office, this was based on establishing a comprehensive IP system in the Sultanate of Oman, which would develop a system to raise awareness on the importance of IP, to strengthen research on the development activities and to have many IP related activities in this field. The contribution of the External Office was to achieve the WIPO's Strategic Goals and contribute to the new IP tools and models based on cooperation programs of WIPO. The Delegation then moved on to the history of cooperation between the Sultanate of Oman and WIPO. The Sultanate of Oman had joined WIPO on the 19th of February, 1997. The cooperation programs between 2009 and 2017 had reached up to 37 programs and the Delegation could name a few examples in this field: International Technical Symposium on IP and Sustainable Development, documentation on Traditional Knowledge and Traditional Cultural Expressions. There was one major recommendation of the symposium and that was that the Sultanate of Oman would suggest establishing an international registry for Traditional Knowledge and Traditional Culture Expressions. The Delegation mentioned its richness with various Traditional Knowledges such as the environment and medicinal knowledge, knowledge of traditional medicines, hunting and fishing. These were a few illustrations of the Traditional Knowledge fields in the Sultanate of Oman. The Technical cooperation plan with WIPO in the 2017/18 biennium was comprised of training and the qualifying of Patent examiners in the IP department, as well as cooperating with the Ministry of Education and Learning and developing a number of Memoranda of Understanding with the public authority for craft industries. At WIPO, there was ongoing coordination to adopt a Memorandum of Understanding between public authority for SME development and WIPO. There were a number of examples of IP programs and activities organized in the Sultanate of Oman in the field of IP rights and the Delegation named a few examples: the celebration of the World Intellectual Property Day

2017/18, the workshop on IP education and training, and a competition on the respect of IP rights for students and the community. The Delegation mentioned that the proposed contribution from the Sultanate of Oman on cooperation for the External Office would consist of providing a location for the External Office, providing the necessary furniture and material, as well as the making the relevant secretarial arrangements and strengthening and developing IP systems in the Sultanate of Oman and in the region. The Delegation concluded by saying that the Government of the Sultanate of Oman adopted an innovation strategy to position it amongst the 20 most innovative states by 2040. This objective could only be achieved through an effective national innovation system aimed at Sustainable Development. The strategy focused on national policies related to diversification of education, the economy, research, development, technology transfer, essential infrastructure and entrepreneurship. The Sultanate of Oman was characterized by a comprehensive IP legislative framework as well as a number of institutions supporting innovation and its Ministry of Commerce and Industry which were intent on improving IP services. The Sultanate of Oman's proposal to host a national External Office confirmed its intent to realize WIPO's Strategic Goals and to contribute in developing and modernizing new IP tools and models based on cooperation programs with WIPO as well as to create a link between the national innovation strategy and the achievement of the Sustainable Development Goals. The Delegation informed the Member States that if they had any questions, the Member States could communicate with the Delegation on the email address which was indicated on the screen.

359. The Chair thanked the Delegation of the Sultanate of Oman for respecting the time constraints. The Chair called on the Delegation of the Republic of Korea to make its presentation and requested the Secretariat to start counting the time.

360. The Delegation of the Republic of Korea thanked the Chair for giving it the opportunity to present the proposal for a WIPO External Office in the Republic of Korea. The Delegation started with a short video introducing the Republic of Korea. The Delegation stated that WIPO's main goals were to develop a Global IP System to enhance innovation and creativity, and to motivate developing countries to benefit from the Global IP System by building their IP capacities. WIPO established External Offices to meet these goals as well as to improve the IP innovation cycle through outreach services. In this regard, WIPO External Offices had to respond to the needs and priorities of the global community and function to provide effective and efficient IP services. The Delegation stated that Asia was resident to about two thirds of the world's population. With its high population concentration in Asia was certainly a major hub of global innovation and had contributed to the IP world in numerous ways. As shown in the slides presented by the Delegation, almost half of the global PCT applications originated from Asian countries. The Delegation stated that there was a need to match the growing population and demands of its innovation. Moreover, it noted that there was untapped potential that struggled with barriers of entry into the international Patent phase. In the Delegation's view it was reasonable to establish more External Offices in Asia and specifically in the Republic of Korea. The Delegation stated that with full use of the capacity of a WIPO External Office in the Republic of Korea there would be immense potential for further development and achievement of WIPO goals. The Delegation stated that the Republic of Korea was an IP powerhouse. Statistics showed that the Republic of Korea was a significant contributor to the IP world. The Republic of Korea ranked top both in the number of Patent applications per GDP and per population, was fourth in domestic Patent applications, fifth in PCT applications and third in Hague applications. The use of the capabilities of a WIPO External Office in the Republic of Korea would mean utilizing potential that was previously obscured by barriers of time difference, lack of proximity, language, etc. In the Delegation's view, if WIPO were to sensibly obtain its goals then there was a legitimate necessity for an External Office in the Republic of Korea and this should not be overlooked. The Republic of Korea had made significant commitments to WIPO and to the IP world, and its dedication towards advancement of the Global IP System was undeniable. Since 2004, Republic of Korea had used about 12 million Swiss francs worth of funds to implement various projects in over 50 different countries, including hosting Appropriate Technology Competitions, developing IP educational courses, and implementing IP automation

systems across the world. The Republic of Korea also developed various global IP online and offline educational contents for the benefit of WIPO Member States such as the “IP Panorama” and “Getting Creative with Pororo” animation. “Getting Creative with Pororo” animation had over 26 million views and “IP Panorama” was available in 24 different languages, which covered almost 70 per cent of the population of all over the world. These contents were created to reach audiences ranging from youth to professionals. The main intention was to give exposure to inventions and innovation and to educate potential users of the IP system of WIPO Member States. In the vision of “coexistence by IP sharing”, the Delegate noted that the Republic of Korea had worked on various projects to provide sustainable, long standing contributions. The Republic of Korea had diligently developed appropriate technologies and brands for over 20 countries since 2010. The Republic of Korea held Appropriate Technology Competitions in ten different countries since 2011, and this year four more competitions were in progress. The Republic of Korea had also spread IP information system and provided IP consultation for ten different countries. The Delegation stated that all in all, Republic of Korea had taken an active role in reaching beyond its local borders and out into the global community. Establishing a WIPO External Office in the Republic of Korea would further lead to positive developments. First off, an External Office would mean providing premier global IP service. The Delegation stated that tailoring the service to Korean resident IP users had the potential to increase PCT, Hague, and Madrid applications. Currently only 6.3 per cent of Korean domestic patent applications went abroad through the PCT system. This also meant opportunity for significant increase in PCT applications. With an External Office’s activities to promote PCT applications in Korea, approximately 10,000 more PCT applications were estimated per year from the Republic Korea, which would lead to about a 15 million Swiss francs increase in revenue for WIPO per year. Secondly, in a short span of 50 years, Republic of Korea was able to successfully utilize IP to transform from an LDC into one of the world’s aspired developed countries. This was possible due to support from the international community. Now the Republic of Korea felt it was time to take it forward by sharing its unique experience of national development. A WIPO External Office in the Republic of Korea would mean arranging activities developed through the Korea Funds-inTrust and larger, more efficient and effective development projects could be implemented. Further, the Republic of Korea had an understanding in integrating advanced IT skills into IP education and an External Office in the Republic of Korea could provide quality online and offline IP education courses operated via proven teaching methods and qualified instructors, by using the Republic of Korea’s know-how and experience. The Republic of Korea intended for an External Office to catalyze advancements to the Global IP system through the spread of IP education. The Delegation mentioned that no matter how well-meaning an operation was, without a supportive environment it was hard for any organization to flourish. The level of support from the Host Country Government was essential for the success of a WIPO External Office. This not only meant providing office space, equipment, internet, security, but also practical resources such as manpower and funds. The Korean government would support the financial sustainability of the WIPO External Office, such as operational cost and payment for support staff. The Delegation also highlighted that the anticipated location for the WIPO External Office was a grand and beautiful business infrastructure not far from the world renowned Incheon International Airport. The External Office in the Republic of Korea would closely collaborate with the national IP office and IP related public institutes such as the Korea Invention Promotion Association, the Korea Institute of Patent Information, the Korea Institute of Intellectual Property, et cetera. The Korean Intellectual Property Office and IP related public institutes would support the cooperation of the WIPO External Office in the Republic of Korea in providing WIPO activities, international and domestic IP events. A WIPO External Office in the Republic of Korea would not just complement the national IP office but would act as a center for the IP network in the Republic of Korea. The selection criteria for WIPO External Office locations should take into consideration the practical needs and demands of global IP users. The Delegation mentioned that in that aspect, the Republic of Korea was the best place for a WIPO External Office as it was equipped with a strong IP capacity, global business environment, and firm government support. Altogether, these elements would lay a foundation for the optimal performance of a WIPO

External Office in the Republic of Korea. The Delegation would say that every single Member State could benefit something from having a WIPO External Office in the Republic of Korea. So the Delegation hoped to count on a favorable decision of the Member States. The Delegation used the time left to answer questions which were raised by Member States. The Delegation stated that it had already submitted answers to the questions raised by Group B and Oman. There was a question on how the proposed External Office would contribute to the WIPO goals and program delivery. The Delegation responded that the main goals of WIPO were to develop a Global IP System and to motivate developing countries to build IP capacities. The WIPO External Office in the Republic of Korea would contribute to WIPO's goals and would deliver programs by providing premier Global IP Services and other projects. The Republic of Korea had the experience of starting as an LDC and, through utilization of IP, successfully transforming into a country of many global innovative enterprises. This could be more effective if shared with aspiring countries through an External Office in the country and the facilitation of the development supported by the Korean Funds-in-Trust. Also there was a question on how the proposed External Office complemented the functions of the national IP office. The Delegation answered that the Republic of Korea's Intellectual Property Office undertook several activities such as receiving applications as a Receiving Office for a nation and writing international search reports as an ISA. However, limitations existed in fully responding to questions regarding international applications and performing seminars on PCT, Madrid, and Hague System. With the office in the Republic of Korea the communication delay between the Republic of Korea and Geneva and existing language barriers for local users could be solved, thus accommodating the needs of the current and prospective local IP users. With the barriers lifted, users of Global IP Services would have a high potential to increase. The WIPO External Office in the Republic of Korea could also closely collaborate with the national IP Office and IP related public institutes. A WIPO External office in the Republic of Korea would not just complement the national IP Office but it would perform an important role in the IP network of the Republic of Korea.

361. The Chair thanked the Delegation of the Republic of Korea and called on the Delegation of Romania to make its presentation and requested the Secretariat to start counting the time.

362. The Delegation of Romania thanked the Chair and the Member States for giving it the opportunity to present its renewed proposal to host a WIPO External Office in Bucharest. The Delegation stated that, in preparation for this presentation, Romania had preferred to add to the facts and figures in its proposal by offering the Member States the possibility to hear, firsthand, from the very beneficiaries of WIPO services and specialized assistance. The Delegation was confident that the testimonials of the various entrepreneurs, professors, researchers, inventors, and artists would complement and consolidate the offer of the Government of Romania to host a WIPO External Office and provide assistance to all countries from the region. The Delegation was ready to take any questions from Member States. The Delegation of Romania then played a video which can be viewed at the following link: <http://www.wipo.int/webcasting/en/index.jsp>. After the video presentation, the Delegation reiterated that it was ready to take questions from the Member States. The Delegation informed the Committee that it had already sent written answers to the questions from Group B, but that it was ready to explain further.

363. The Chair thanked the Delegation of Romania and called on the Delegation of Turkey to make its presentation and requested the Secretariat to start counting the time.

364. The Delegation of Turkey explained that it had submitted a request to host an External Office in Turkey in writing and prepared the proposal in accordance with the approved Guiding Principles which were attached to document WO/PBC/26/7. The Delegation mentioned that Turkey's proposal was still on the table for both the 2016/17 and 2018/19 biennia. The presentation aimed at reinforcing Turkey's arguments and at highlighting some of the points in the document which was made up of three main parts, namely the progress achieved on IP issues, the cooperative activities undertaken by Turkey and finally, the possible contributions of an External Office in Turkey. The Delegation started with a brief historical development of IP in

Turkey, explaining that Turkey had been one of the first countries to adopt Intellectual Property rights in Europe in the 19th century. The biggest change that had happened was becoming party to the World Trade Organization and at the same time establishing the Customs Union with the European communities and Turkey in 1995. Immediately afterwards, Turkey was party to seven WIPO treaties in addition to all of the signed WIPO conventions and Bern, Paris and Madrid agreements. Currently, Turkey was party to 17 WIPO administered treaties. Turkey became party to the European Patent Convention in November of 2000. The first effect of this was the sharp increase in applications coming to the European Patent Convention. In relation to the European Union, the relation was intensified and membership negotiations formally started in 2005. A chapter negotiated was the IP role chapter. The Delegation stated that, for the time being, the negotiations on the IP role chapter had been ongoing, particularly on meeting the closing benchmarks. Mainly all of these developments had a need to tackle the IP matters in a more coordinated manner since IP had many aspects and was not only responsible for IP offices. The biggest change in this regard was the establishment of the IP coordination board in 2008 with members that were Under Secretaries of all the relevant ministries reporting directly to the ministers and the biggest Chamber of Commerce in Turkey. The recent change was the appointment of the Turkish Patent and Trademark office as an International Search and International Preliminary Examination Authority. The Delegation was of the view that Turkey was the new West member of the club of search authorities. Main actors in enforcing the rights were the courts, Turkey had 23 specialized IP courts that were trained to deal with IP-related cases and conflicts. The enhancing activities were another important aspect. The numbers of information centers had increased and 107 were based in universities, development agencies and industrial zones which provided basic and general information regarding mainly IP applications. Also, Turkey had 54 Technology Transfer offices based in Turkey. The Delegation shared some statistics regarding application numbers in Turkey. There were 71 PCT applications 2000 and 1,068 in 2016. Likewise, the activities of the European Patent Application had been rising since 2007, numbers had reached approximately 1,200 in 2016. The national domestic applications were constantly rising since 2000. Turkey had about 6,400 national applications in the national IP office. Turkey's national IP office received huge numbers of trademark applications even though these had decreased slightly in 2016, but yet still stood at over 100,000. Applications showed an increase in the area of Trademarks. As a result, according to the latest WIPO publication, Turkey was the 9th and 11th in the world's rankings in terms, respectively, of resident IP activity, and total (resident and abroad) IP filing activity by origin. The Delegation then mentioned the Global Innovation Index, one of the most valuable reports produced by WIPO since 2011. Turkey had made progress since 2011 according to the report based on many indicators and now it was in the 43rd place. Turkey was in the 5th place among the upper middle-income countries and in 4th place in countries in Northern Africa and Western Asia. Turkey was in the 9th place in the world according to the efficiency ratio. The Delegation believed that Turkey had made a good progress in a relatively short time and gained a lot of experience in IP matters. The Delegation tried to illustrate some of this based on numbers. The Delegation then explained some of the main activities taking place in Turkey and the region. Turkey was one of the founding members of the United Nations, for more than 50 years United Nations had been working in Turkey and undertaking various tasks with governmental and non-governmental bodies in Turkey. The Delegation stated that, for the time being, Turkey was happy to host 14 United Nations agencies. IP related cooperation had been mainly conducted with international organizations and bilateral relations. Turkey had close relations with international organizations dealing with IP matters and more than 30 events had been organized with WIPO since 2009. An examiner was recruited as a Fellow under the Madrid section every year. The European Patent Office was one of the biggest offices in the world and as a member of the European Patent Conventional Law, Turkey benefited from the trainings, seminars and conducting projects, jointly. Activities with the European Union Intellectual Property Office had been intensified after 2009, after the signing of Memorandum of Understanding. Also, every year trademark examiners were seconded to EUIPO for one year. Turkey had close cooperation with the European Union, regular meetings with the European Commission on IP issues, four projects were completed and one was still ongoing solely related

to IP for a total budget of 9.5 million euros for this particular project. With Economic Cooperation Organization (ECO), which had ten countries as members, mainly countries in Western Asia, Turkey was a member and for the first time had started a project amongst the members of ECO with three meetings which had already been held. Similarly, for the Organization for Islamic Conferences Turkey, for the very first time, had initiated an IP-related project and had the first meeting in 2012 in Ankara on IP issues in cooperation with WIPO Arab Bureau. Turkey was also one of the funding members of the OECD. Regarding bilateral relations, the IP Office of Turkey had 28 active Memorandum of Understanding with other offices, mainly on cooperation issues. Also bilaterally in new free trade agreements, chapters on Intellectual Property were almost always included and cooperation methods were also included. Turkey's Patent office was actively participating in the current negotiated free trade agreements with EFTA states Japan, Mexico and Peru. The Delegation believed that Turkey had the most active office in the geographical region and Turkey had close connections with the West and East on IP-related issues. Over the years, huge experience had been gained on IP issues through multilateral and bilateral platforms, particularly in the region. The Delegation then mentioned the possible advantages of an External Office in Turkey. The Delegation believed that IP knowledge could be spread and shared in a more cost-efficient way, not only in Turkey but in the region, maybe in the Middle East and the Balkans. Secondly, with the functioning of an External Office, a strong level of communication would be established with local stakeholders which had not always been possible. Also, a strong level of communication was sustained with Consultants hired from the center, which was important given that there were local needs and in view of the realities of the region. Turkey also believed that an External Office would provide cost efficiencies through the organization of meetings, seminars and training held in Turkey and the region (mainly in respect of transportation costs, expert costs, the rent and maintenance costs). Also, the United Nations salary rates were lower compared with those of Geneva. Thirdly, the Delegation believed that Turkey's experience in cooperative activities - not only in Turkey, but in the region as a whole, would have a positive effect on reaching WIPO's program targets under the Strategic Goals. The most relevant Strategic Goals were the evolution of the balanced international framework for IP, facilitating the use of IP for development, coordination and development of global IP infrastructure, building respect for IP and addressing IP in relation to global policy issues. Fourthly, relevant programs and budgets with Expected Results, performance indicators and baselines were to be synchronized and thus the implementation of the WIPO Strategic Goals would be more obtainable. The Delegation believed that Turkey had made good progress on IP related issues and was the most active office in the region. The Delegation believed that Turkey had gained huge experience in IP-related cooperation nationally and internationally and an External Office in Turkey had the potential to improve the obtainment of WIPO's relevant programs and Expected Results in a cost-effective way. Turkey attached great importance to hosting international organizations, international and multinational companies. For special geographical locations as well as logistics and financial support, this would be an incentive for institutions and companies. The WIPO External Office would also benefit from this support.

365. The Chair thanked the Delegation of Turkey and also thanked all the Delegations that had made presentations. The Chair then opened the floor for debate.

366. The Delegation of Japan took the floor on behalf of Group B and recalled that the 2015 General Assembly had adopted the Guiding Principles regarding the opening of WIPO External Offices. The Delegation was confident that the Committee would be able to recommend to the 2017 General Assembly the most appropriate way forward to implement this important decision. Group B was of the view that the decision of the 2015 General Assembly, including the Guiding Principles, should be followed without being changed. Group B supported the methodology and identification of up to three External Offices within the 2016/17 biennium and should be served as a matter of priority. The Delegation remembered that, at the 2016 General Assembly, Member States devoted a lot of time to this issue and were able to agree upon two offices, but did not establish a third office, nor had enough time to discuss other issues. Group B was of the view that the discussions should be conducted in an efficient manner under the leadership of

the Chairs during the PBC and General Assembly. Group B stated that, although it remained committed to engaging in the conversation in a constructive manner, Member States should not devote a lot of time to this issue since there were other important issues. Group B appreciated receiving written responses to its questions in advance from the Delegations of India, the Republic of Korea, Romania, the United Arab Emirates and the Sultanate of Oman. The responses were very helpful to better understand how the proposed External Offices would contribute to WIPO's goals. Group B looked forward to hearing from the Delegations of Iran (Islamic Republic of) and Turkey to answer its questions, in particular question (a) which was: "How would the External Office contribute to WIPO's goals and program delivery?". Some of Group B's questions had already been answered, but it wished to hear some further elaboration. Group B took the opportunity to thank the Delegation of Colombia for providing its response to the questions in writing in advance. The responses helped Group B to better understand how the proposed External Office would contribute to WIPO's goals. The Delegation asked whether any of the information contained in the previous year's General Assembly document, A/56/15, needed to be updated and, if so, asked for it to be shared, as this would be helpful.

367. The Delegation of Paraguay took the floor on behalf of GRULAC and stated that it was grateful for the presentations from the various delegations and also the Chair's opening words. The Delegation believed that the Guiding Principles had played a pivotal role in these debates. GRULAC wished to ratify the consensus nomination of the regional group in the candidature of Colombia. The proposal of Colombia was formally presented at the 25th session of the Program and Budget Committee for the 2016/17 biennium. GRULAC had presented the candidacy of Colombia since it reflected a collective conviction as to the soundness and quality of the proposal. For GRULAC, the proposal met the requirements set forth in the Guiding Principles and had the institutional and technical support required. This was a reflection of the relevance that GRULAC attached to Intellectual Property and the strengthening of its economies, and its positive inclusion in the global environment for the development of its countries. GRULAC took the liberty of reiterating that it would consider it a priority to implement the decision to open new WIPO External Offices, and to acknowledge the progress made in the past Assemblies, after the approval of the opening of new External Offices in Algeria and Nigeria. The Delegation emphasized that GRULAC contributed significantly to this process, not only in negotiations that allowed the adoption of the Guiding Principles but also in the entire negotiating process that took place last year where the regional group internally and by consensus supported the candidacy of Colombia. GRULAC hoped that this Committee would be able to recommend the opening of an External Office in Colombia for the 2016/17 biennium, not without first mentioning that it was not competing for the next biennium, which should also be recognized as a new contribution to facilitating the negotiations and decision making. Consequently, the Delegation requested the attention of the Member States to the presentation which had already been made by the Delegation of Colombia.

368. The Delegation of Indonesia spoke on behalf of the Asian Group)and thanked all External Office applicant Member States for 2018/19 biennium, including the Delegations of India, Iran (Islamic Republic of), the Sultanate of Oman, the Republic of Korea, Romania, Turkey and the United Arab Emirates for their comprehensive and informative presentations. The Delegation stated that WIPO's network of External Offices formed an important part of the Organization, designed to bring WIPO's services and cooperation closer to WIPO Member States, stakeholders and partners. External Offices should clearly add value, efficiency and effectiveness to WIPO's goals and program delivery and respond to the specific needs and priorities of the countries and regions which the External Office served. This had been touched upon in the presentations which the Member States had heard, and the Delegation hoped to engage further with all the applicants during informal sessions on how their respective proposed External Offices would add value, efficiency and effectiveness to WIPO's goals and program delivery. With 10 applicants currently in line for the four External Offices to be opened, the process to decide on the countries to host WIPO External Offices would be a decision which would not be without challenges. The Asian Group believed that the negotiations on the

opening of new WIPO External Offices discussion should not influence and hamper negotiations on other issues and in other WIPO Committees, and vice versa. The Asian Group would remain constructive and committed to facilitating an outcome that would be acceptable for all in the discussion of the opening of new WIPO External Offices, as well as in all discussions on other issues within WIPO. With six applicants, India, Iran (Islamic Republic of), the Sultanate of Oman, the Republic of Korea, Saudi Arabia and the United Arab Emirates, the Group assured the Member States that it would always stand ready to contribute actively with a constructive spirit to the decision.

369. The Delegation of Georgia spoke on behalf of the CEBS Group. The CEBS Group thanked the Member States who had put forth proposals to host a WIPO External Office for their very interesting presentations. The CEBS Group reiterated its support for the Guiding Principles agreed at the 2015 General Assembly, stating that priority should be given to regions without any External Offices, and that equitable geographic distributions should be considered and accepted. The Group drew the attention of the Committee to the fact that the CEBS region was the only region without any External Office, and that Romania had presented its candidacy. The CEBS Group emphasized that the establishment of the External Offices had to add value at both a functional and financial level, and should correspond to the actual needs of the Organization in terms of providing technical assistance, capacity building and training. The CEBS Group encouraged Member States to consider the Guiding Principles while discussing the External Offices issue. The Group supported the methodology of identifying one External Office for the current biennium as a matter of priority. A lot of time had been dedicated to the discussion of this issue during the previous General Assembly and the CEBS Group was in favor of a pragmatic and efficient approach. However, the Committee should take into consideration the statement of the Chair of the General Assembly in 2016, when preparing the decision on the opening of new External Offices in the 2018/19 biennium. The CEBS Group stated that it remained committed to engaging in constructive discussions on the issue.

370. The Delegation of Senegal spoke on behalf of the African Group and thanked all of the Delegations who had shown their interest in hosting an External Office, and congratulated the Delegations for excellent presentations on the subject. The African Group was in favor of broadening the network of WIPO External Offices throughout the world and continued to believe that the question of opening new External Offices was extremely important on the PBC agenda. The African Group hoped that the discussions on this subject would lead to positive decisions. The African Group stated that it remained committed to this issue and that it would contribute constructively to any process intended to facilitate the discussion on the opening of new External Offices.

371. The Delegation of Turkey took the floor to give an answer to the questions raised by Group B. The Delegation recalled that WIPO had nine Strategic Goals and various mechanisms to achieve these adopted goals. The Program and Budget was one of the most important tools to help WIPO achieve these goals in a systematic and strategic way. Some of the goals would become more relevant than others for the External Office in Turkey, such as the balanced evolution of the international normative framework for IP, facilitating the use of IP for development, coordination and development of global IP infrastructure, building respect for IP, and addressing IP in relation to global policy issues. The Delegation described the kind of activities that would be undertaken by Turkey, not only by the IP office but also by other governmental and non-governmental organizations. One of the most important of the activities was awareness raising in Turkey. Last year, more than 118 seminars, workshops, and conferences were attended and conducted by the IP Office alone. Other bodies, such as the Ministry of Customs and Tourism and the Ministry of Justice, have carried out projects particularly related to the enforcement of IP rights. Many projects regarding IP harmonization with the EU have been completed with success and, amongst those, one of the projects undertaken by the IP Office was chosen as an example project. To show the rising importance given to IP matters in Turkey, the new law for industrial property rights, not including copyright, entered into force in January 2017, and since then more than 170 seminars, conferences and

workshops have been organized by universities, non-governmental organizations and other agencies have been organized in Turkey. The Delegation was of the view that the most important contribution of the External Office in Turkey would be enhancing awareness related to IP with all its aspects. Both the IP Office and other governmental bodies have a lot of experience and could further spread this experience, not just in Turkey but in the region as well. One of the specific areas that would be of great importance to neighboring countries was Geographical Indications. The Delegation stated that Turkey attaches great importance to the Geographical Indications and was very well aware that it could be a significant tools for its development and for the countries in the region. The External Office would have its own Program and Budget that would be, of course, part of the WIPO Program and Budget, would be more specific in terms of activities, programs with their Expected Results, targets, baselines and performance indicators designed for the External Office. The External Office in Turkey would provide the benefit of strong communication that would be established through the External Office via local stakeholders, which cannot be achieved by WIPO Headquarters. Secondly, the External Office in Turkey would host meetings and seminars for countries in the region rather than holding them in general and this would be cost effective. Also given the limited capacity of human resources of WIPO, particularly familiarity with the local needs and realities of the region, including the Middle East and Balkans, consulting with local experts and working with them will decrease the costs and would lead to better outcomes for each seminar, workshop, and so on.

372. The Delegation of Colombia thanked all of the Delegations for the presentations and for the questions asked by various groups. The Delegation wanted to answer the questions raised by Group B. The Delegation mentioned that, as far as Colombia was concerned, the Colombian proposal which had been presented last year and to which reference was made in document A/56/15 had not changed at all, its contents had not changed at all and the proposal was still on the table. The Delegation stated that Colombia had made considerable progress in connection with treaty ratification. When the proposal of Colombia was submitted in 2016, Colombia was State Party to 12 of the 26 treaties administered by WIPO. Today Colombia was State Party to 13 of those 26 treaties. The latest one was the Budapest Treaty for Filing of Microorganisms. This information was not contained in the proposal formally submitted. The Delegation further updated the Member States that the values that were reflected in the proposal were 75,832 US dollars annually for the operational costs of the office. These figures had been updated, and the corresponding figure was 91,280 US dollars. The other step to be taken into account was that, in Colombia, the Inter Sectorial Committee had endorsed the proposal for an External Office, and the Ministerial meeting for that purpose took place in the beginning of that year. Also the body within which the headquarters for the External Office would function, had also endorsed approval of the physical space to be assigned for this purpose. This showed the interest, which was being maintained over time. In conclusion, the Delegation reiterated that Colombia's proposal was for a national External Office, and that there had been no change except for the main elements that had just been mentioned.

373. The Delegation of Iran (Islamic Republic of) took the floor to give an answer to the questions raised by Group B. The Delegation stated that Iran would provide technical support in relation to the variety of technical assistance programs administrated in the Global Infrastructure Sector of WIPO. Iran had signed an MOU with the WIPO Academy to establish a National IP Center in Iran. The Delegation was of the view that an External Office in Iran would work as an interface between the WIPO Academy and its beneficiaries, in a more efficient and effective way without any duplication with WIPO's related programs, and would respond to the daily increasing importance of innovation and creativity and the role to be played by IP in a knowledge-based economy in Iran. Establishing an External Office would provide a platform to bring the services of WIPO to citizens and to the IP stakeholders including businesses, the private sector and the country as a whole. The External Office would be integral to the delivery of WIPO services and objectives and it would reinforce the integration of a value system for IP in Iran through enhanced knowledge and dissemination of IP assets. An External Office in Iran would provide many benefits for WIPO's mandate and would complement WIPO's efforts to increase awareness and respect for IP at the national level. Bearing in mind that national

organizations, people, and businesses on the ground are crucial for WIPO and the Delegation was of the view that these important issues could not always be achieved from headquarters. An External Office would play a significant role in this regard. Such an office could contribute to ensure that services and technical cooperation relating to IP are brought closer to groups with interests in them, improve the promotion of organizations, values, and services, and also increase WIPO's local impact by addressing the use of IP by SMEs, the enforcement of IP rights and development of innovative stakeholder partnership. With regard to the possible regional role of such an office in Iran, the Delegation reiterated Iran's appropriate geographical location in the region, and that there was no External Office in the region at that time. The possible External Office in Iran could play a regional role in the future. The Delegation was of the view that Iran had a certain regional dimension if a need for such services and activities were felt or there were a request for such a role. An External Office in Iran could ensure the advancement of the goals of WIPO in the region more than ever and Iran was ready to continue to support regional activities. Iran already had close cooperation with countries in the region in providing a variety of services and developing courses, training, and exchange of best practices and it would continue to work on this. The Delegation also highlighted that the scientific position and existence of universities offering Masters and PhD degrees on IP, and Iran's geographical location, could significantly contribute to the promotion of IP, and to the goals and strategy of WIPO at both the national and regional levels.

374. The Delegation of Japan extended its appreciation to the Distinguished Delegates of Turkey, Iran (Islamic Republic of), and Colombia for their elaborated explanations.

375. The Delegation of Mexico thanked the Delegations for the presentations and wished to share its thoughts on the process of identifying External Offices in a positive and constructive spirit. In October of 2016, after long and intense negotiations, the Member States agreed on the Guiding Principles for WIPO External Offices, and the Guiding Principles, when they were adopted, would guide in an objective way the evaluation of the proposals put forward. The Delegation thought that WIPO would benefit from that exercise and that it would lead to recommendations adopted on the best proposals. At that time Mexico, like other States, got down to the task of conscientious examination and in depth examination of how intellectual property machinery might contribute to strengthen WIPO's work through an External Office which from its territory would improve its work and improve the scope of its activities. The decision to prepare a proposal for an External Office for the 2016/17 biennium was the result of very intense consultations between institutions in Mexico that would work together on it. In the Delegation's view, last years' experience showed that the Guiding Principles were no longer an objective tool, a transparent one, but just a list of requirements of secondary importance and the Delegation regretted that. The negotiations on the subject showed that only slight importance was attached to the Guiding Principles. The Delegation had noted how the process had, in its view, deviated from the natural course and the Delegation thought that it was difficult now to map out a way to the achievement of the goal, which was to set up External Offices that still need to be set up. The Member States must recognize that the process had led to a feeling of a certain amount of confrontation in discussing this item. The Delegation believed that better use could have been made of the factual and technical report, which could have provided factual elements but also quality elements from the point of the view of the Secretariat that would have been taken into account when making a decision. The Secretariat could have done more in the Guiding Principles to facilitate the process. The Delegation called for a reflection in the near future on the fact that the formula adopted for the consideration of proposals was not enough to guarantee an objective decision, without any political considerations, which would enable WIPO to better protect its work throughout the world. The Delegation hoped that the Organization would achieve its aim of taking initiative in developing intellectual property and an IP system that is balanced and objective and to the benefit of all. The Delegation reiterated the statement made by the Delegation of Paraguay as the Regional Coordinator of GRULAC, recalling that the region undertook a difficult exercise to put forward one single candidate for to the 2016/17 biennium and it took a second difficult decision by not suggesting a second candidate for the 2018/19 biennium, in order to create an atmosphere conducive to making a decision on the four

External Offices still to be set up. The Delegation stated that, while Mexico recognized the merit of having a network of External Offices, and was fully committed to intellectual property, the Government of Mexico had decided not to reiterate its interest to host an External Office after identifying the weaknesses in the process and in addition to contribute to the gesture made by GRULAC to facilitate the process. The Delegation stated that Mexico maintained its commitment to strengthen the Intellectual Property system and, in coordination with WIPO, it would try to increase the protection of intellectual property at all levels. In view of the forthcoming decisions, the Delegation associated itself with the interventions by various Delegations to make a joint final effort to work in a positive and constructive spirit bearing in mind the Guiding Principles, for the benefit of the Organization, intellectual property and our societies. The Delegation said that the exchange of views the Member States had heard today, using the methodology proposed by the Chair with regards to questions and this dialogue, was something that the Delegation found very positive and constructive. The Delegation also hoped that, in the process of setting up new External Offices, account would be taken, as stated in the Guiding Principles, of the principle of having a sustainable, fair and efficient geographical network, and that each of the External Offices would have a clearly defined geographical area of operations.

376. The Delegation of Latvia wished to speak from the perspective of having served as the facilitator of negotiations on External Offices that had taken place the previous year during the General Assembly. The Delegation reminded the Committee that there were things that had been recorded, written in the documents, but there were also things that were never recorded, but were understood by all. The Delegation thanked the two Regional Groups, the African Group and GRULAC, for honoring the understandings that the Member States reached during those lengthy, difficult negotiations that were never recorded. These two groups would facilitate reaching an agreement on External Offices for the next biennium and as the Member States could see, there were no African candidates or candidates coming from GRULAC for the 2018/19 biennium. That was something the Delegation tried to put on paper, but it was not possible. Nevertheless, that commitment was honored and the Delegation thought that there was a very good sign of constructive spirit and engagement, which should be maintained also during the negotiations on the remaining External Offices. The Delegation noted that the call by the Asian Group to designate all the four remaining hosts should be followed provided that consensus could be reached by the General Assembly of 2017. The Delegation thought that this approach could be followed, but if consensus could not be reached, then it would not be just to hold hostage one host country that should be designated in the 2016/17 biennium. The Delegation reiterated that Member States had reached an understanding informally that priority should be given to identifying a host country for the 2016/17 biennium, and this would be fair, as well as in line with the decision of the 2015 General Assembly. The Delegation hoped a clear cut recommendation on the extension of WIPO External Offices for the current and the next biennium could be presented to the upcoming General Assembly.

377. The Chair thanked the Delegate of Latvia for all his efforts as Chair of the General Assembly last year and this year when trying to find a solution to this problem. The Chair hoped that Member States would find a way of resolving this matter.

378. The Delegation of Pakistan aligned itself with the statement that was delivered by Indonesia on behalf of the Asian Group and added its national position to this issue. At the outset, the Delegation thanked the Member States for making detailed presentations on the establishment of External Offices and the Delegation had taken note of their proposals. One of the reasons for Pakistan's flexibility on the Guiding Principles was the fervent call from underrepresented regions for the establishment External Offices as a matter of priority. The Delegation stated that, for Pakistan, the principles of parity, inclusivity, objectivity and a special focus on development aspects were of paramount importance. The Delegation had a strong belief that creating new External Offices would lead to the inequitable development of knowledge economies among countries with External Offices and those without. Regions that did not have judicious External Office coverage like Africa and the Middle East were exceptions.

Any mechanism which created disparities while the Member States strived to achieve collective Sustainable Development Goals, and any national proposal mutating into a regional office, would not be acceptable to the Delegation. The Delegation felt that a mushrooming of External Offices, with each country asking for an External Office, may not be the correct approach. The Delegation stated that, while the Member States strive to create four new External Offices by 2019, there was a need for further consultations to apply the Guiding Principles judiciously to the proposals by consensus. The review in 2021 was important in determining the true effect of the External Offices in creating or facilitating knowledge disparities.

379. As there were no more Delegations wishing to take the floor, the Chair suspended the discussion on item 10.

380. When discussion on item 10 resumed, the Chair informed the Committee that a draft decision was being distributed, and read out that draft decision.

381. The Delegation of the Iran (Islamic Republic of) remarked that the draft decision stated that the PBC had revisited a proposal for the 2016/17 biennium, and asked whether this referred to a specific proposal. The Delegation thought the reference to a proposal was unclear, since there had been so many proposals from so many Member States for that biennium.

382. The Chair recalled that, on Thursday morning, the Delegation of Colombia had made a declaration restating the main characteristics of the proposal which it had presented the previous year, and that this had been followed by the presentations of the new proposals for the next biennium. The Chair explained that this was what the relevant paragraphs were trying to reflect.

383. The Delegation of Iran (Islamic Republic of), agreeing that only one proposal had been revisited, pointed out that there were other proposals which were equally still on the table for the that biennium. From the Delegation's point of view, all the proposals had to be treated equally. The Delegation asked why, then, only one proposal had been highlighted, and still found this a bit difficult to understand.

384. The Chair reiterated that the intention was to bring together in that draft decision the facts as they had occurred. The Chair recalled that, on the one hand, there had been a statement from one country recording the nature of their proposal to be a host of an External Office, which had already been proposed the previous year. And following that, the Committee had also heard presentations on the new proposals for the next biennium. So the only thing that the Chair had tried to do was to bring together these facts within the draft. After asking the Delegation of Iran (Islamic Republic of) whether it was in agreement with that, the Chair proposed that the Committee adopt the draft decision which had just been read out. As there were no objections, the decision was adopted. The Chair noted that the only thing remaining task was to receive the list of decisions that was being prepared by the Secretariat, and which would be distributed in a few minutes. The Chair suggested that plenary be suspended until the list of decisions was received, so the PBC could conclude its meeting.

385. The Program and Budget Committee (PBC):

- (i) Received presentations on the new proposals for the opening of External Offices in the 2018/19 biennium;
- (ii) Revisited a proposal for the 2016/17 biennium; and
- (iii) Had a first exchange of views to reach a decision on the pending new External Offices for the 2016/17 and 2018/19 biennia and decided to continue discussions in the 27th session of the PBC, with the aim of making a recommendation to the 2017 General Assembly.

## ITEM 11 CLOSING OF THE SESSION

386. The Chair announced the next and final agenda item, which was Item 11, closing of the session. She noted that the Secretariat had drafted and distributed a document with the list of all of the decisions that had been adopted and that it would send an electronic version of the document to the Regional Coordinators the same afternoon. She noted that the PBC had come to the end of its work and asked whether any delegation wished to take the floor.

387. The Delegation of Mexico wished to acknowledge and express its gratitude for the Chair's leadership throughout the week, and to recognize the work of the Secretariat that had made the first session of the PBC a constructive one. The Delegation would of course endorse the decisions that the PBC would adopt in the run-up to the fifty-seventh session of the Assemblies, naturally based on WIPO's guiding principles as already agreed upon in the PBC. The Delegation did not wish to be repetitive on the subject as it was aware that the PBC session had already touched on this point, but it wished to emphasize the importance of the Organization within the United Nations system, and so it encouraged the Director General to continue to plan the implementation of the recommendations that would align the Organization more closely with the governance of the United Nations system. With regard to the post adjustment that was discussed earlier, the Delegation wished to emphasize that its intention to maintain consistency with the decisions of the United Nations system was not directed at modifying or affecting the salaries received by the staff of the Organization. The Delegation understood that this was a sensitive issue, by its very nature, in WIPO and other UN agencies and specialized agencies. However, the Delegation recalled that historically Mexico and, in general, the entire membership of the Organization, had been respectful of the independence of ICSC and had taken note of its decisions, whatever they may have been, in keeping with its mandate. The Delegation therefore appreciated the efforts of the Secretariat and the Chair's willingness to enable a review of the document that had been recently distributed. The Delegation would await, with interest, information on the results of the consultations that took place that week in Vienna, and hoped to see that information reflected in the document for the upcoming PBC in September.

388. The Delegation of Paraguay, on behalf of GRULAC, expressed its appreciation to the Chair for her leadership throughout the session and to the Secretariat for the excellent work, which had allowed the PBC to work very efficiently. The Delegation noted that the progress achieved in that week would allow the upcoming PBC meeting to reach final results concerning adoption of the budget for 2018 2019 and prepare for the upcoming General Assembly in October. The Delegation committed to be in full cooperation with the Chair and other entities that were working on pending matters. As the Director General had stated, it agreed that the budget was a document which really defined the Organization. Hence, in the Delegation's view, WIPO needed a clear road map in line with the SDGs and in harmony with the rest of the United Nations system. With respect to the External Offices, the Delegation appreciated the very serious and well organized way in which the Chair had tackled this subject, allowing the PBC to re-examine the Colombian proposal as a candidate for an External Office for 20162017, as well as the proposals made for 2018 2019. The Delegation considered that the methodology that was used not only allowed having a good, formal presentation of proposals, but also, a round of questions and answers that were pertinent. This resulted in a very rich debate in the light of the guiding principles. The Delegation also thanked the Chair for helping to facilitate all of the informal processes. It stated that it was not an easy task to reach recommendations for the General Assembly, bearing in mind that there were only four spots for External Offices, and there were a number of quite valid and legitimate proposals to be considered. The Delegation appealed to the other groups to work together to find viable, well balanced alternatives, which would allow the Member States to move forward in the upcoming PBC. It noted that it had shown flexibility and made compromises, and that it expected the same from others.

389. The Delegation of Georgia, on behalf of the CEBS group, was pleased that under the Chair's leadership the committee had achieved progress in discussing the draft Program and

Budget document and other important agenda items. Likewise, it thanked the Secretariat for the tireless efforts invested in the preparation of the relevant documents and for the detailed and competent responses. The Delegation believed that during the next PBC meeting, the Committee should be able to reach an agreement on the External Offices. It suggested that the Committee should consider and respect equitable geographical distribution and giving priority to regions without any External Offices according to the guiding principles agreed during the General Assembly in 2015. The Delegation noted that the Committee should also consider the Chair's statement during the General Assembly in 2016 when preparing the decision for opening External Offices in the biennium 2018/2019. As the Delegation had mentioned in its opening statement and other interventions, while putting forward the CEBs group priorities for the Global IP system, the Group appreciated the initiatives of the Secretariat in respect of technical assistance and especially commended the work of the Department for Transition and Developed Countries under Program 10 and Program 30 and that of the WIPO Academy under Program 11. The Delegation considered that such activities fueled the progress of countries which adequately ensured the sound and effective functioning of the Global IP Services and generated income for the Organization. The Delegation looked forward to the continuation and expansion of the activities under these Programs for the benefit of the region and to fruitful and constructive discussions during the next PBC.

390. The Delegation of Senegal, on behalf of the African Group, commended the Chair on her leadership and professionalism which had allowed the PBC to make significant progress on many points of its agenda. It also thanked the Secretariat for the remarkable work accomplished in the compilation of the documents during the session. The Delegation particularly appreciated the fact that the draft Program and Budget was aimed at development and that geographical diversity and the gender dimension had been part and parcel of this as priority objectives. The African Group wished to remind one and all of the importance it attached to Program 4 as well as all development questions that come under the Organization's work. Concerning the External Offices, the Delegation reiterated its commitment and preparedness for the expansion of WIPO's presence across the world, and recalled that it had decided not to present candidates for the upcoming biennium in order to facilitate choice among the candidates. The Delegation thanked those Delegations who had shown interest in hosting an External Office and commended them for their excellent presentations. Concerning item 9 of the agenda, the Delegation reiterated its position that Document WO/PBC/21/20 should be explored, as it contained a number of concrete proposals for improving the administration of WIPO. The Delegation reiterated its trust and support for the upcoming activities and thanked the interpreters for their work during the conference.

391. The Delegation of Tajikistan, on behalf of CACEC thanked the Chair for her able leadership in concluding the session and the progress made, and the Secretariat for its timely assistance in providing documents. The Delegation indicated that it wished to comment on agenda item 5, noting that the concerns of the group were met particularly on the issue of the importance of adhering to ICSC decisions and implementing consistent policies across the UN's common system. The Delegation was also pleased to note that figures in the Draft Proposed Program and Budget document, which would be discussed at the 27th session of the PBC in September, would take into account the ICSC decision and the outcome of the summer consultations between Geneva-based organizations and the ICSC Secretariat. Thus it welcomed the Secretariat's stated commitment to provide greater clarity and more information on the implications for the Program and Budget for the biennium 2018/19 by the 27th session of the PBC. Finally, the Delegation thanked Member States for their constructive discussions throughout the session and looked forward for the next session of the PBC.

392. The Delegation of Indonesia, on behalf of the Asia and Pacific Group, thanked the Chair for her able and amazing leadership in guiding the meeting toward an early conclusion. It noted the good discussion on the result frameworks in the proposed Program and Budget as well as the proposed capital master plan and confirmed that it was committed to continuing the discussions on the outstanding issues set for the next PBC session. The Delegation also

looked forward to making further progress on the implementation of the 1999 and 2003 amendments to the WIPO Convention and other WIPO administered treaties. It further indicated that the question of the proposed decrease in Members' contributions remained of interest to the Group, and it would continue to actively engage in this discussion. The Asia and Pacific Group looked forward to receiving the revised version of the Draft Proposed Program and Budget for the 2018/19 biennium. The Delegation thanked the Chair for an amazing job in facilitating the discussions in the first exchange of views on agenda item 10 regarding opening of new WIPO External Offices. The Group welcomed all proposals that were tabled in the discussion on the procedure to arrive at a decision on the opening of new WIPO External Offices. The Asia and Pacific Group believed that all applications should be treated equally, taking into account the guiding principles, and committed to use the time between now and the next session of the PBC to continue to try to explore possible solutions regarding the procedure, to be able to arrive at a decision on the opening of new WIPO External Offices. The Asia and Pacific Group further committed to remain constructive and committed to facilitating an outcome that would be acceptable for all in the discussion on the opening of WIPO External Offices as well as all discussions on other issues within WIPO. The Group thanked the Chair again, and the Secretariat as well for the preparations, clarifications and explanations that certainly helped the discussions in the committee.

393. The Delegation of Japan, on behalf of Group B, extended its appreciation to the Chair for her dedicated guidance. It also extended its appreciation to the Secretariat for its contributions during the week and to the interpreters for always being with the Committee throughout the week. The Delegation also thanked all regional coordinators and Member States for their tireless efforts during the week. With respect to the External Offices, Group B had already submitted four questions to the applicants of External Offices. Group B appreciated the countries that provided responses in writing to these questions. It also welcomed additional applicants' responses in written form as encouraged, preferably in advance of the summer break, in order to assist the PBC in careful and thorough consideration of the applications. Group B welcomed the decision on the inclusion of the figures in the Draft Proposed Program and Budget document, which will be discussed at the 27th session of the PBC this September, taking into account the ICSC decision. Group B considered it important that the Draft Proposed program and the budget reflect possible expenditures according to the decision taken within the mechanism of the UN common system of salaries, allowances and other conditions of service, a system agreed upon by all Member States of the GA of the UN. Group B confirmed its commitment to contribute constructively in the next session.

394. The Delegation of Brazil commended the Chair's efforts and underlined her leadership, which had allowed the Committee to make considerable progress on the discussion of the budget for the next biennium, noting that agreement was reached on six Programs, which should facilitate considerably the discussion during the next session in September. The Delegation also wished to thank the Secretariat for the tireless efforts in trying to build bridges among delegations holding different views. It also thanked the interpreters for their excellent work during the week, and wished a safe trip back home to the delegates from capitals.

395. The Delegation of the Russian Federation thanked the Chair for the way she had excellently led the work as the PBC's Chair during the whole week. It noted that the Chair always found ways of getting compromise solutions even on the most substantive issues. The Delegation also thanked the Secretariat for their professionalism and their work, and their openness on discussion of all of the agenda items. The Delegation stated that there was a lot of work for September and that it was also sure the PBC would work in a very effective way in the next session. It thanked the interpreters for the highly effective and high quality work in service in WIPO.

396. The Delegation of Indonesia, speaking in its national capacity, thanked the Chair for her able leadership and guidance of the meeting. It also thanked the Secretariat for their excellent work, as well as all regional groups, coordinators, Member States, and of course, the

conference services as well as the interpreters, without whom it would be hard to conduct a smooth and successful meeting. The Delegation welcomed the good discussion on the Program and Budget as well as the proposed capital master plan. It looked forward to receiving the revised version of the Draft Proposed Program and Budget for the 2018/19 biennium. On the issue of the opening of new External Offices, the Delegation was hopeful to find a solution as early as feasible. The Delegation stressed that it would remain neutral and impartial on the issue, but would, however, continue to engage constructively on it. The Delegation was optimistic that the processes to arrive at a decision on the opening of new WIPO External Offices would not hamper other discussions and deliberations within WIPO, bearing in mind the existing network of External Offices.

397. The Delegation of Sweden thanked the Chair for conducting the proceedings during the week so skillfully and wisely. The Delegation supported the statement made by Group B but wished also to add a few words on the recent decision on post adjustment. The Delegation noted the reasons given by the Secretariat as to why the figures in the budget did not reflect this decision. While it noted the ongoing discussions between ICSC and a number of Geneva based international organizations, the decision taken at the end of March was currently in force. Therefore the Delegation was of the opinion that the budget should be based on figures reflecting the decision. The Delegation expected WIPO management to implement the final decision of the ICSC as a member of the UN common system. The Delegation stated that while this was not the place to go into details of the numbers, it noted that post adjustment had come down in Geneva because prices had fallen here and increased in New York; it was only natural that these things varied around the world. In other reviews in the past, post adjustment in Geneva had also gone up. In addition, the Delegation noted that it was unfortunate that the Geneva organizations were talking about a wage cut, which this was clearly not. This was compensation for living expenses. It was the firm view of the Delegation that unity within the UN common system should be preserved at all times, and, as friends and supporters of the UN, the Delegation was concerned that the prolonged and unnecessary discussion instigated by the Geneva organizations diverted time and attention away from the core work of the UN. In addition, it risked the good name and reputation of the UN.

398. The Delegation of China stated that under the Chair's able leadership, the meeting had achieved numerous constructive results. On behalf of the Chinese Delegation, it thanked the Chair for her leadership. At the same time, the Delegation thanked the Secretariat for their diligent work for the preparation and organization of the meeting. It also thanked all colleagues and delegates for their cooperation and the interpreters for their work.

399. The Delegation of Korea aligned itself with the statement of Indonesia on behalf of the Asia and Pacific Group. The Delegation thanked the Chair for her leadership and efforts to move forward the discussions regarding the External Offices. In this regard, the Delegation also supported that the Chair table the idea of selection procedures during the informal session. The Delegation considered that although delegations could not agree on the substance, they had had a good discussion to understand each other's position and to explore the rules and procedures for the selection of the External Offices based on the guiding principles. The Delegation was of the view that clear rules for selections were needed to realize the spirit of the guiding principles on the External Offices before getting into the substantial discussions. In order for that, clarification of the legal issues and answers for the questions which have been raised during the informal session were also needed. The Delegation requested the Secretariat to look at these issues to enable better understanding of the issues at the next PBC meeting. Finally, the Delegation, as an applicant for an External Office, reaffirmed its commitment to make a constructive contribution during the process of the future discussions.

400. The Delegation of France stated that it aligned itself with the closing statement made by Group B. The Delegation wished to finish its national statement with a note of optimism. The representative of the Delegation, for his part, was not an expert in intellectual property; he was a diplomat, and sensitive to the interaction of stakeholders and the political stakes. It was the

national festival of France on the day – Bastille Day – as it was called. A century of American military support at the side of France was also celebrated, with the presence for two days in Paris of Donald Trump and his wife Melania. Beyond these official ceremonies, the Delegation noted that President Trump dined with the French President Emmanuel Macron and their respective spouses at the Jules Verne restaurant on the first floor of the Eiffel Tower. It was understood that this was a friendly dinner prepared by one of the masters of French cuisine, Alain Ducasse. The Delegation highlighted that for this very special dinner, the chef had brought out French products, particularly those with “appellation d’origine” and geographical indications. The Delegation was pleased about this. It noted that the presidential couple had particularly appreciated the quality of the dinner offered to them. The Delegation emphasized that it didn’t doubt that President Trump would, after this dinner at the Eiffel Tower, express his enthusiasm to his administration in order to promote high quality products from a country which had the knowledge and skills of people who were deeply attached to their land. This was, of course, in line with the aims of the Delegation here at WIPO. Therefore the Delegation thanked the Chair, the Secretariat, the interpreters but also all of the delegations present who, in the spirit of agreement, had enabled the PBC to achieve compromises which served the general interests of the Organization. The Delegation expressed the desire that at the next PBC in September there would be the same spirit of peace.

401. The Delegation of the United States of America joined the other delegations in expressing its appreciation to the Chair for her leadership, to the Secretariat for their hard work, and the constructive spirit of all this week. With the preliminary reading of the Program and Budget and the work that had been accomplished this week, there was also a lot of work ahead and the Delegation looked forward to continuing the constructive spirit enjoyed in the meeting and, finally, wished a very happy national day to colleagues for France.

402. The Chair thanked all participants for the very generous comments to herself, noting that the work was really teamwork. Therefore, if the PBC was able to have a productive session, then it really was thanks to the very constructive spirit demonstrated by the delegations, for which she thanked them. The Chair also thanked the Secretariat, particularly the teams, for their excellent work, as well as the conference services of WIPO, the technicians working with them in preparation of the presentations on the new External Offices, and expressed, of course, great thanks to the interpreters who made it possible that participants could understand one another. The Chair repeated her thanks to all delegations and hoped that all would continue to work in a collaborative spirit in September.

[Annex follows]