

## **Program and Budget Committee**

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

DRAFT REPORT

*prepared by the Secretariat<sup>1</sup>*

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<sup>1</sup> Delegations represented at the session are invited to submit their comments, if any, to [controller.mail@wipo.int](mailto:controller.mail@wipo.int) by September 23, 2024.

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1. The 37th session of the WIPO Program and Budget Committee (PBC) was held at the Headquarters of WIPO from June 10 to 13, 2024.
2. The Committee is composed of the following Member States: Algeria, Argentina, Belarus, Brazil, Canada, Chile (2025), China, Colombia, Czech Republic, Ecuador (2024), Egypt, El Salvador, Estonia, France, Germany, Ghana, Guatemala, India, Indonesia (2025), Iran (Islamic Republic of)(2024), Italy, Japan, Kenya, Kyrgyzstan, Lithuania, Mexico, Morocco, Namibia, Nigeria, Pakistan, Panama, Peru, Poland, Portugal, Qatar, Republic of Korea, Republic of Moldova, Romania, Russian Federation, Saudi Arabia, Singapore (2025), Slovakia, South Africa, Spain, Sweden, Switzerland (*ex officio*), Tajikistan, Tunisia, Türkiye, Uganda, United Arab Emirates, United Kingdom, United States of America, Uzbekistan, Viet Nam (2024), Yemen (53).
3. Members of the Committee represented at this session were: Algeria, Argentina, Belarus, Brazil, Canada, China, Colombia, Czech Republic, Ecuador, Egypt, El Salvador, Estonia, France, Germany, Ghana, Guatemala, India, Iran (Islamic Republic of), Italy, Japan, Kenya, Lithuania, Mexico, Namibia, Nigeria, Pakistan, Peru, Poland, Portugal, Republic of Korea, Republic of Moldova, Romania, Russian Federation, Saudi Arabia, Slovakia, South Africa, Spain, Sweden, Switzerland (*ex officio*), Tunisia, Türkiye, Uganda, United Arab Emirates, United Kingdom, United States of America, Viet Nam (46).
4. In addition, the following States, members of WIPO but not members of the Committee, were represented as observers: Angola, Armenia, Australia, Bahamas, Barbados, Belgium, Brunei Darussalam, Chile, Côte d'Ivoire, Democratic People's Republic of Korea, Fiji, Hungary, Indonesia, Iraq, Jamaica, Jordan, Kuwait, Kyrgyzstan, Latvia, Lesotho, Niger, Oman, Singapore, Sudan, Thailand, Togo, Ukraine, Uruguay (28).

## ITEM 1 OPENING OF THE SESSION

5. Chair: Good morning, dear colleagues, dear Delegates, dear friends, it is my great pleasure to see you. I would like, at the outset, to welcome you warmly to this 37th Session of the Program and Budget Committee. We have a heavy agenda, and we must collectively ensure that we progress as efficiently and effectively as possible to reach conclusions and consensus on all decisions. I take this opportunity to also thank you for your consultations, time and engagement in the lead up to this meeting. I look forward to a week of productive and fruitful work with you. And now, allow me to warmly welcome the Director General Tang who is with us to make the opening statement. Director General Tang, you have the floor.
6. Director General: Excellencies, dear colleagues, dear friends, good morning and I echo the Chair's welcome to you all to the 37th Session of the Program and Budget Committee. Three years ago, in this Committee, WIPO began a journey of transformation. Through the Medium-Term Strategic Plan (MTSP) 2022-2026, which was endorsed by all Member States, we set out a collective and ambitious vision for the future of the global intellectual property ecosystem. Together, we agreed that IP could no longer be a technical matter of interest only to IP experts and specialists but must become a powerful tool for addressing our common, global challenges, driving growth and development for all countries, and empowering inventors, innovators and creators everywhere to realize their ideas. With your support and guidance, we are translating these aspirations into tangible outcomes. Halfway through the MTSP's implementation, we see a global IP ecosystem that is more inclusive, touching more lives at the ground level, better connected to global challenges and the SDGs, and increasingly seen by global leaders as key to growth. This sense of dynamism, inclusivity and transformation was demonstrated just three weeks ago, when we came together as one to agree to a new WIPO treaty on IP, Genetic Resources and Associated Traditional Knowledge. This historic achievement was a victory for multilateralism, with Member States putting aside categories of North and South, East and West, to move forward by consensus to close 25 years of

negotiations. It was a victory for balance and inclusivity, bringing into a single legal text the longstanding concerns of Indigenous Peoples and local communities whilst supporting the key role of IP in incentivizing innovation. And it was an affirmation for how we work at WIPO, and our conviction that IP can be a bridge in a complex, often divided world. This WIPO spirit suffuses our work, and its energy powers the 160-page WIPO Performance Report before you. As it is our first performance report under the MTSP, let me very briefly share some key highlights across our four strategic pillars and foundation. Under Strategic Pillar (SP) 1, communication, engagement and bringing IP to all, we have worked hard to demystify IP and bring its impact alive to the 99 per cent out there. Over the biennium, we produced more than 500 social media videos, viewed over 13 million times, and resulting in a 60 per cent increase in followers across our platforms from just over 200,000 two years ago to around 500,000 now. Further milestones include the launch of a refreshed, sleeker website, with traffic increasing nearly 40 per cent since its go-live, and the use of our flagship World IP Day campaign to spotlight critical issues like IP and Youth, Women and IP, and IP and the SDGs. Strategic Pillar (SP) 2 focuses on bringing people together to shape the future of the IP ecosystem. In addition to the landmark new WIPO Treaty that was successfully negotiated last month, attention is now turning to preparations for the Diplomatic Conference on the Design Law Treaty in Riyadh in November this year. In terms of existing treaties, numbers are growing steadily, with 66 treaty accessions and ratifications over the biennium. Alongside the groundbreaking Diplomatic Conferences, discussions in the various Committees and Working Groups have also been lively, with steady progress, often at the technical level, that is sometimes unseen but nevertheless critical for the smooth functioning of the world's IP systems. Beyond all these, we are reinforcing our reputation as the forum for cutting-edge IP issues. Our conversations on IP and Frontier Technologies are thriving, attracting thousands of participants at each forum, and leading to practical toolkits on IP and generative AI. A new strategy on Standard Essential Patents has been launched, attention is being paid to trade secrets, work on IP Finance is maturing, and we continue to build respect for IP, with WIPO Alert – our global database of copyright-infringing websites – nearly doubling in size over the last two years to reach almost 14,000 domains. We are also strengthening our partnerships. Whether bilaterally with organizations like the ITC, UNCTAD or the IOC, or collectively through our trilateral cooperation with the WHO and WTO, as well as the larger UN family, we collaborate to find new ways of delivering for our Member States and stakeholders. This includes in the critical area of IP and the SDGs. Over the biennium, we have joined the United Nations Sustainable Development Group (UNSDG), organized an IP and SDG conference, chose IP and SDGs as the theme for this year's World IP Day, and have become far more engaged with the SDG processes in New York and beyond. Strategic Pillar (SP) 3 concerns IP services and data. Despite uncertainties, income from our PCT, Madrid, Hague and Lisbon systems have exceeded biennial estimates, with our Arbitration and Mediation Center handling more disputes than ever. To sustain this, we must continue delivering the highest levels of service to our users. This is why we are advancing a holistic Customer Service Transformation Program and investing in our systems and technology to put the user even more at the heart of our services. On IP and innovation related data, we continue to be a leading source of research and insights on global trends. The WIPO Global Innovation Index continues to be the benchmark for many countries in understanding the state of innovation domestically and globally. We have released a new World IP Report on innovation and development, and our patent analytics reports – both published and forthcoming – draw the spotlight on topical issues including IP and the SDGs and Generative AI. Beyond reports and data, last year we celebrated the 10th anniversary of WIPO Green, our platform for connecting providers and seekers of green tech around the world. Its global database has grown to cover nearly 130,000 technologies from over 140 countries, and increasingly we are tackling the challenging task of actual tech deployment on the ground through new acceleration projects, IP Management clinics and the Green Technology Book. Under Strategic Pillar (SP) 4, using IP to drive growth and development, we have launched more than 80 impact-driven projects over the past two years. These are not one-off seminars or events, but intensive training and mentorship programs, lasting months, and bringing IP closer

to women, youth, SMEs and Indigenous Peoples and local communities. In countries like Egypt, Indonesia and Namibia these projects are being incorporated by Ministries into national programs, as part of their larger development strategies. To support and advance all these efforts, we are implementing the IP GAP, our first IP and Gender Action Plan, and we will soon publish IP YES!, our inaugural IP Youth Empowerment Strategy. Our work for SMEs has also stepped up, with 80 countries benefiting from our various programs, including IP Management Clinics in 30 countries and an IP Diagnostics Tool accessed close to 40,000 times. For creators and the creative economy, we have deepened our usage of tools like ABC and WIPO Connect as well as launched CLIP, our free, online platform for helping aspiring musicians use IP and technology effectively to earn a living. Alongside this, we are stepping up our work in helping Member States to understand and measure their creative economy. In the critical area of training and skills, the WIPO Academy – the world’s most powerful engine now for IP education, training, and skills-building, has reimagined its course portfolio, going beyond the transfer of technical IP knowledge to also focus on the building of practical IP skills. We benefited 230,000 people over the biennium, 75 per cent of whom were under 35 and over 80 per cent from developing countries. Specialized training is also provided by other units of WIPO like the WIPO Judicial Institute, to specific stakeholders like the judiciaries. In addition, the WIPO Development Agenda continues to be mainstreamed into our work, energized by the CDIP, with a dozen new projects initiated during the biennium. And at last year’s LDC5 Conference in Doha, I announced two new initiatives: the WIPO Deliverables for LDCs, connected to over 160 projects and activities, and WIPO Graduation Support Packages for LDCs, currently operating in Angola, Laos and Sao Tomé and Príncipe. And finally, our overall foundation, the organizational strength of WIPO. One major area of work concerns the cultural transformation of the Organization. Alongside our work with you to increase both geographical and gender diversity, we have introduced new policies on disability inclusion and refined internal rules to support a more dynamic work culture. Early in the biennium, we introduced initiatives like the regular employee engagement survey, and are working on issues of internal mobility, learning and development, as well as further measures to cut red tape. All in all, 73 per cent of the targets were fully achieved over the biennium. This is a testament to the exceptional work of WIPO Staff, as well as the invaluable input and support of Member States and our partners. These efforts are further reinforced by the work of this Committee, which, by guiding and directing our program of work, helps us to maximize the impact we can deliver to you with the resources that we have. So, I am pleased to report that we concluded the biennium in a strong financial position, with a surplus of 121.5 million CHF and net assets of 602.5 million CHF. These results were achieved despite the challenging investment climate in 2022. While conditions improved last year –leading to investment gains of 52.2 million CHF – volatility remains a persistent feature of our external environment. This underscores the need for continued financial prudence. Other signs requiring our vigilance is the dip in the use of the PCT and Madrid systems in 2023, down 1.8 per cent and 7 per cent respectively. Although we are confident that these downturns are temporary and that growth will return this year, the Risk Management Group is monitoring the situation closely and across WIPO, we are taking active steps to find areas of growth. In uncertain times, strategic planning and robust internal controls become even more important. The Secretariat will continue to uphold the highest standards of financial management, governance and compliance and we welcome the unqualified audit opinion on our financial statements for 2023. Addressing the observations made in the External Auditor’s report also remains a top priority. Let me take the opportunity at this point to thank Gareth Davies and colleagues at the UK National Audit Office for their work over the past 6 years. Your scrutiny has strengthened WIPO and we salute your exemplary professionalism as your tenure as our External Auditor comes to an end. I also thank the Independent Advisory Oversight Committee, Internal Oversight Division and the Joint Inspection Unit of the UN for their reports, guidance and recommendations. This week’s agenda also includes a new Capital Master Plan. This proposal reflects the direct link between WIPO’s digital transformation and our future success. Our services rely on robust, reliable and fit for purpose ICT infrastructure that meets the needs of increasingly sophisticated and demanding expectations of users and

Member States. Additionally, we must ensure that our campus, some parts of which are already decades old, are renewed as certain facilities are approaching the end of their natural lifespan. Member States this week will also be invited to consider establishing a separate entity for After Service Health Insurance (ASHI). Following extensive analysis and consultation, we believe a multi-employer plan, which is also used by other Geneva based UN agencies, will be the best way forward, with the Secretariat ready to support your deliberations on this matter, alongside the other issues returning for further consideration this week. In closing, let me thank the Chair, Ambassador Zbigniew Czech of Poland, for his leadership and engagement with the Secretariat in overseeing the work of this Committee. Ambassador Czech is of course no stranger to the work here, being the Vice-Chair the previous year. I also wish to recognize the presence and work of Mr. José Antonio Gil Celedonio, who was Chair last year, but continues to support our work as the Vice-Chair. As you can see, this Committee's leadership shows continued commitment to our work, and we welcome the continued interest of both of them as well as Members in our work, as well as the nomination by Pakistan of Ambassador Bilal Ahmad to the position of Vice-Chair. I would of course be remiss if I did not express my deep appreciation and gratitude to the Group Coordinators, who have always the difficult task of representing broad regions with many Member States, but who have always done so with energy, dedication and bonhomie. While this may not be a budget year, the agenda before us is still very full, so the support from all of you as Member States in being actively engaged with our work will be critical in helping us to have a successful PBC. Let me end by wishing the Committee the very best in your deliberations this week, I express the Secretariat's gratitude for your continued commitment and interest in our work and reaffirm our pledge to work closely with you so that IP can support and empower innovators and creators everywhere. Thank you.

7. Chair: Thank you Director General Tang for your very substantive opening statement. I will now give the floor to the Secretariat to make an administrative announcement.

8. Secretariat: Thank you Mr. Chair, I echo the welcomes and a very good morning to all of you. I would like to ask to display important contacts information for delegations on the screen. Proposals, questions and comments on the agenda items that delegates wish to submit to the Secretariat should be sent to [controller.mail@wipo.int](mailto:controller.mail@wipo.int), as shown on the screen. I wish to remind all delegates of the following modalities, which will apply to the conduct of this meeting. For those attending the meeting in the Room, requests for the floor will be as usual through the Delegation pressing the button on the microphone in front of you. The microphone will turn green to indicate that you are requesting the floor. When you are given the floor by the Chair, your microphone will turn red and you can start speaking. We kindly ask that you remain in the seats designated for your country because our IT has been configured to the predesigned seating plan. Regarding interpretation and audio quality, please be aware that the job of our interpreters is even more challenging in the hybrid or remote conference environment, so we ask all delegates to please try to speak slowly and clearly. To optimize the audio quality for all participants and interpreters, it is strongly recommended that remote participants enable their web camera when taking the floor, use a headset with an integrated microphone and limit the background noise when speaking. Delegates are encouraged to send their statements in advance to [interpretation@wipo.int](mailto:interpretation@wipo.int). For technical questions or issues, please send an email to [e-meetings@wipo.int](mailto:e-meetings@wipo.int), or reply to the joining instructions email you have received. If any of the interpreters encounter a problem with audio quality, he or she may be obliged to temporarily stop interpreting. If so, the interpreter will use the chat to inform us all. With great gratitude I recognize that our tech colleagues are here to support us on the podium and all of you dear delegations. Finally, we are pleased to inform you that coffee/tea will be served on a self-service basis, and that it will be available at any time of day, on the ground floor outside the conference hall. Thank you Chair.

## **ITEM 2 ELECTION OF THE VICE-CHAIR OF THE PROGRAM AND BUDGET COMMITTEE (PBC)**

9. Chair: Thank you very much for your statement on the administrative announcement. We will now proceed with Agenda item 2: "Election of an Acting Vice-Chair of the Program and Budget Committee". It is in the interest of the PBC to function with a full complement of elected officers. As you may recall, at the 36<sup>th</sup> PBC session, the PBC elected me, Ambassador Zbigniew Czech as Chair for the PBC for 2024 and 2025, and Ambassador Khalil Hashmi (Pakistan) and Mr. José Antonio Gil Celedonio (Spain) as Vice-Chairs for the same period. I understand that Ambassador Khalil Hashmi will not be available to serve as Vice-Chair for the 2024 and 2025 sessions, therefore, there is a vacancy for an Acting Vice-Chair position. I would like to proceed with the election of an Acting Vice-Chair. I now open the floor to delegations for nominations.

10. Delegation of Iran (Islamic Republic of): Thank you, Mr. Chair. Good morning, colleagues. The Asia Pacific Group (APG) would later put forward the nomination of Ambassador Bilal Ahmad, the Permanent Representative of Pakistan to the United Nations and to other International Organizations as Acting Vice-Chair of the Program and Budget Committee. Ambassador Bilal Ahmad has held various diplomatic assignments including 10 years as a Delegate in Geneva and New York. He has vast experience in the UN and in the multilateral arena and he has also supervised multilateral affairs from the Ministry of Foreign Affairs in Islamabad. We would like to note that during the previous session of the PBC Ambassador Khalil Hashmi of Pakistan was nominated as Vice-Chair of the PBC. However, he departed early due to the completion of his tenure in Geneva. Ambassador Bilal Ahmad has been nominated in his stead. Therefore, the APG would like to put forward this nomination and we look forward to enjoying support from the other respective Groups. Thank you, Mr. Chair.

11. Delegation of Kenya: Thank you, Mr. Chair. The African Group supports the nomination of the Ambassador Bilal Ahmad of Pakistan for the position of Acting Vice-Chair for the Program and Budget Committee. Thank you, Chair.

12. Delegation of Brazil: Thank you very much, Mr. Chair. On this Agenda item GRULAC supports the APG nomination of the Ambassador Bilal Ahmad from Pakistan to the Acting Vice-Chairmanship of this Committee. We wish him the best of luck in carrying out his duties at this Committee. Thank you very much.

13. Delegation of China: Thank you Mr. Chair. The Chinese delegation wishes to second the nomination by the APG. As pointed out by the Coordinator Ambassador Bilal Ahmad is very rich in experience amongst the Diplomatic community here in Geneva and he has a very good reputation and impact. We are convinced that his nomination will help this Committee to achieve its expected goals and we second this nomination. We are looking forward to his successful work as Acting Vice-Chair of this PBC. Thank you.

14. Delegation of Poland: Thank you very much, Mr. Chair. We take note of the nomination and the CEBS Group supports the nomination. We wish all of the officers nominated for 2024 successful work. Thank you.

15. Delegation of the Netherlands: Thank you very much, Mr. Chair. On behalf of Group B, we are ready to accept this nomination. Thank you.

16. Chair: I thank the distinguished representative of the Netherlands for their intervention, and I would like to ask if any other Member States would like to take the floor? There are no requests for the floor therefore, we can proceed with the request of the delegation of Iran to nominate Ambassador Bilal Ahmad of Pakistan to be Acting Vice-Chair of this Committee supported by the other Groups. The PBC accepts this nomination, I will now read the decision

paragraph, which we will share with you on the screen for Agenda Item 2: Election of an Acting Vice-Chair of the Program and Budget Committee (PBC).

17. The Program and Budget Committee (PBC) elected, for its sessions to be held in 2024 and 2025, Ambassador Bilal Ahmad (Pakistan) as the Acting Vice-Chair of the Committee.

### **ITEM 3 ADOPTION OF THE AGENDA**

18. Discussions were based on document WO/PBC/37/1 PROV.3

19. Chair: We can now move to the next Agenda Item 3: "Adoption of the agenda". I would like to remind delegations that this is a hybrid meeting, we have delegates in this room as well as delegates connecting remotely. In order to facilitate the review and discussions of the various items, the agenda has been structured in accordance with the following high-level grouping: 1) Audit and Oversight; 2) Performance and Financial Review; 3) Proposal; 4) Items following decisions of 2023 PBC sessions and Assemblies of WIPO Member States. I open the floor now for comments if any. I note that there is an agreement on the agenda, and I can proceed to read out the decision paragraph of the committee:

20. The Program and Budget Committee (PBC) adopted the agenda (document WO/PBC/37/1).

21. Chair: Dear delegates, the Secretariat has already shared with you the timetable, which I am proposing in order to allocate time in the most judicious manner possible. I would like to limit the duration of statements to three minutes for Group Coordinator statements made on behalf of their Group, and to two minutes per Member and Observer State delegations. If we move through the agenda more quickly than indicated, I will naturally bring items forward accordingly. If discussions on a particular topic are not concluded in the allocated time the item will be kept open and any outstanding discussions will be taken up at a later stage. We will begin today's session with general statements, followed by the substantive items falling under the high-level grouping "Audit and Oversight", with Agenda Item 4: Report by the Independent Advisory Oversight Committee (IAOC). At the end of each day, we will take stock of the items covered and we will inform you of how we intend to proceed. I would like to accord a very high priority to the efficiency of our work and the timeliness of our sessions. We will start the morning sessions every day at 10 am Geneva time sharp going on until 1 pm and resuming at 3 pm for the afternoon sessions. Owing to the hybrid nature of the meeting, and as well as interpretation, we will need to close sessions at 6 pm. Should we need any informal sessions, I will do my best to accommodate participants from different time zones. I am open the floor now for general statements.

22. Delegation of Iran (Islamic Republic of): Thank you, Mr. Chair. The Islamic Republic of Iran has the honor to deliver this statement on behalf of the Asia Pacific Group (APG). Mr. Chair, APG would like to begin by congratulating you and your Vice-Chairs on your election. The Group is fully confident in your leadership to guide us through our deliberations during this 37th session of the Program and Budget Committee and assures you and your Vice-Chairs of the Group's full support throughout this week. The Group extends its appreciation to the Director General for his detailed remarks and the Secretariat for the preparations and active engagement leading up to this meeting. The APG looks forward to a productive session and tangible outcomes from this Committee ahead of the General Assembly sessions. Indeed, Mr. Chair, the 37th session of this Committee has important agenda items to consider, and the Group is hopeful that deliberations will continue to be characterized by the spirit of cooperation and flexibility by all Regional Groups and Member States. Mr. Chair, the APG reiterates the important role this Committee plays in carrying out the Organizations mission of leading the development of a balanced and effective IP system that enables innovation and creativity for the



benefit of all. The Group congratulates WIPO for its continued solid financial performance despite the volatile global environment. We also commend efforts to increase budgetary allocation of development oriented and technical assistance programs. We are of the view that a continued focus in carrying out development and impact driven programs can further contribute to the achievements of related SDGs. In this regard, the Group emphasizes the need to re-intensify efforts towards supporting the implementation of the SDGs throughout the Organization and this has been reflected in this Program of Work and Budget for 2024-2025. Mr. Chair, in the interest of time the Group and its Member States will make their substantive observations under the relevant agenda items. Overall, the Group looks forward to discussions on the Report by the Independent Oversight Committee (IAOC), as in document WO/PBC/37/2, the Annual Report by the External Auditor as contained in WO/PBC/37/3, the Annual Report by the Director of the Internal Oversight Division (IOD) as contained in WO/PBC/37/4, and the Progress Report on the Implementation of the Joint Inspection Unit's (JIU) recommendations as in document WO/PBC/37/6 Rev. Likewise, we also look forward to the Annual Financial Report and Financial Statements in document WO/PBC/37/9 including the WIPO Performance Report 2022/2023, as contained in document WO/PBC/37/7. We also look forward to constructive discussions under the agenda's high-level grouping: 4) Items following decisions of 2023 PBC sessions and Assemblies of WIPO Member States, including pending items from the previous sessions. Mr. Chair, the Group attaches great importance to the proper administration of human resources and the WIPO workforce as it directly relates to the Organization's efficiency and service orientation as well as its resilience to confront new developments promptly and adequately. Like any other Organization, WIPO's human resources constitute the backbone of the Organization, as it is a key element for the effective functioning of the Organization. In this line, the Group takes note of the Annual Report on Human Resources in document WO/PBC/INF/1. We know that positive efforts have been made by the WIPO Director General to improve the geographical representation of the staff. While we welcome and recognize the importance of the efforts made by the Secretariat to narrow the existing gaps, we are of the view that there is a need for further actions to ensure balanced geographical representation in this Organization. The Asia Pacific Group emphasizes the importance of upholding principles of transparency and accountability in all aspects of human resources management. It is crucial to ensure geographical representation, not only on a regional basis, but also at a sub-regional and country specific level. According to the report presented by the HR manager, some regions such as the Middle East significantly lack proper representation among the WIPO workforce, and this needs to be considered. We urge a focus on addressing the needs of unrepresented and underrepresented countries and promoting their entry into the WIPO workforce. The APG looks forward to improved outreach efforts to unrepresented and underrepresented Member States to enhance geographical representation. The positive results on WIPO's Policy on Gender Equality should continue to serve as an inspiration for efforts on geographical representation. We also urge caution in implementing diversity policies that may have political implications, as it is essential to maintain neutrality and fairness in decision-making processes. Finally, Mr. Chair, while we take note of the Agenda item 16 - Preliminary Draft of the Terms of Reference of the 2021 Evaluation of WIPO External Offices as contained in documents A/55/INF/11, WO/PBC/31/3, and WO/PBC/37/7, the APG hopes that the Committee will be able to make progress on this important and urgent agenda item, and we look forward to constructive discussions which can facilitate an expeditious decision on this pending issue. Let me assure you that our APG stands ready to contribute actively with a constructive spirit to reach a decision on methodology to decide the opening of new WIPO External Offices, in conformity with the guiding principles. The Group once again reiterates its commitment to contribute positively to the deliberations and work of this Committee. I thank you, Mr. Chair.

23. Delegation of Kenya: Thank you, Mr. Chair. Kenya is honored to deliver the statement on behalf of the African Group. The African Group congratulates you, Mr. Chair, and your Vice Chairs, for the excellent stewardship of the affairs of this Committee and congratulates the acting Vice-Chair on his election to office. The Group also thanks the Secretariat for their diligence and effort in preparing the documents for discussion at this session. The Group

affirms the crucial role of the Program and Budget Committee in overseeing WIPOs activities and budgetary matters and providing necessary guidance to ensure that the Organization delivers on its mandate. This also upholds the understanding that WIPO remains a Member State driven Organization. The Group therefore affirms its commitment and support to the work and function of the PBC during this session. The Group takes keynote of the different items on the agenda and the various reports touching on audit and oversight, as well as performance and financial review. We also take note of the items for follow-up coming on the heels of the 2023 PBC session, and the Assemblies of WIPO Member States. Mr. Chair, the Group and its members will make detailed comments on these items as they come up for debate and will, among other concerns, look forward to evaluating WIPO's contribution to the 2030 Agenda for Sustainable Development, and the achievement of the Sustainable Development Goals as well as the strengthening of the implementation of the Development Agenda, tracking progress in addressing the inequitable geographical representation in the WIPO workforce, assessing progress towards evaluating WIPO External Offices to improve their effectiveness and performance, taking into account the distinct characteristics and types of operation of each External Office, and monitoring steps in strengthening the investment policy and governance framework. As always, the African Group will engage constructively in the deliberations at this session and looks forward to reaching mutually acceptable outcomes. I thank you, Chair.

24. Delegation of China: Thank you very much, Mr. Chair. Good morning, colleagues. First of all, on behalf of my delegation, I would like to congratulate you for your election as the Chair of the PBC 37. We fully support your work. We also congratulate the two Vice-Chairs for their election. We thank the Secretariat for its preparations for this meeting, and we thank the Director General Daren Tang for his statement. Mr. Chair, China is pleased to see that this Organization has achieved a surplus of 113.8 million Swiss francs in 2023, and last year's investment has made a huge gain which has made up for the losses in 2022. The PCT and Madrid service systems remained stable last year while the revenue of the Hague System continues to grow; this has laid a sound foundation for the smooth operation and development of this Organization. We suggest that WIPO, as one of the specialized agencies of the United Nations continues to actively implement the United Nations Sustainable Development Agenda and its own Development Agenda, and WIPO should also promote the balanced development of the global intellectual property system. At the same time, WIPO should focus on its main responsibilities and business and fully consider the interest of users of the international IP systems such as the PCT, Madrid and the Hague to ensure the sustainable development of these systems. Mr. Chair, a sound financial position is the foundation of WIPOs smooth operation, China attaches great importance to the work of this Committee, and we believe that the Secretariat should continue to strengthen the performance management of the budget, effectively enhance transparency of the performance report and other financial and administrative documents, increase efficiency, strengthen internal controls and accountability and improve governance. The meeting will discuss the annual reports of the Independent Advisory Oversight Committee (IAOC), the External Auditor, the Internal Oversight Division (IOD), the WIPO Performance Report 2022/23, the proposal on Capital Master Plan Project et cetera. China is ready to work with other parties and our delegation will actively participate in consultations on various topics in a constructive manner. We are confident that under your strong leadership, this session will be a complete success. Thank you, Mr. Chair.

25. Delegation of Brazil: Thank you, Mr. Chair. I will make a brief presentation on our opening statement. A more substantive statement will be submitted to the Secretariat for registry. Director General Tang, Mr. Chair, Vice-Chairs, Sector Leads, members of the Secretariat, distinguished delegates, colleagues on behalf of the Group of Latin American and Caribbean Countries, GRULAC, the delegation of Brazil is honored to address the 37th session of the WIPO Program and Budget Committee. Mr. Chair, we convene as the PBC at a key juncture of this Organization in the positive aftermath of a successful Diplomatic Conference in which all Member States in which all Member States were guided by a shared commitment to advancing the global intellectual property system. Let us also tap into that energy for the work

of this week. Firstly, I extend our appreciation for the comprehensive Annual Report on Human Resources which highlights the progress made in enhancing WIPO's work force diversity and capacity building initiatives. The document outlines progress on initiatives from the HR Strategy 2022-2026, including a shift towards a trust-based approach, strategic learning and development, and enhanced staff engagement for a vibrant organizational culture. It seems important that such initiatives safeguard and promote gender and geographical representation, securing as well that generational diversity is addressed within a context of inclusive organizational culture with equal representation at all levels of the Organization. We commend the Independent Advisory Oversight Committee (IAOC), for its report which underscores the importance of robust oversight mechanisms in maintaining the integrity and efficiency of WIPO's operation. Similarly, the Report by the External Auditor provides assurance of a strong financial performance by the Organization. Indeed, WIPO has established a comprehensive internal control system to ensure compliance with its regulatory framework. However, there are specific areas where WIPO seeks to enhance and streamline control. It seems necessary that such activities are aimed at reducing redundant controls and fostering efficient monitoring. Enhancing the Organization's ability to manage and streamline control processes. The WIPO Performance Report 2022/23 and its validation by the IOD reflects significant achievements across very strategic goals, particularly in enhancing innovation and creativity worldwide. Additionally, the Annual Financial Report and Financial Statements for 2023 provide a clear picture of WIPO's financial health thus reinforcing our confidence in the Organization's fiscal management. However, as WIPO is exposed to foreign currency exchange risks due to transactions in currencies other than Swiss francs, practices and strategies designed to mitigate the adverse effects of currency exchange rate fluctuations on WIPO's financial performance are still unclear. As we deliberate over these substantive documents, let us remain guided by our shared vision of fostering an inclusive, innovative and sustainable global intellectual property system. GRULAC reaffirms its commitment to collaborating with all Member States and stakeholders to achieve the strategic objectives set forth in our agenda. And for that, GRULAC as already convened would like to support the APG nomination of already elected, Ambassador Bilal Ahmad from Pakistan, to the Acting Vice-Chairmanship of the Committee, wishing him the best of luck in carrying on the important work of the PBC. I conclude, Mr. Chair, this intervention by reiterating the commitment of our Group to work with this Committee. You can count on our proactive and constructive participation. Thank you very much.

26. Delegation of Poland: Honorable Director General, honorable Mr. Chair, distinguished colleagues, a very good Monday morning to all of you. It is an honor to deliver this opening statement on behalf of the Central European and Baltic States Group. We thank the Director General for his opening remarks. As this PBC session is the first Committee meeting after the competition of the first WIPO conference this year, allow me to once again extend our congratulations to you, Mr. Director General, the president, the whole of WIPO team and equally WIPO members upon this historic achievement and successful finalization of the WIPO Treaty on Intellectual Property, Genetic Resources and Associated Traditional Knowledge. The outcomes of the Diplomatic Conference paved the way to a stronger and more effective protection of the IP globally and thus deserves recognition and celebration. We look forward to an equally effective work during the conference which will take place in November this year. Mr. Chair, let me start by congratulating you as well as your Vice-Chairs on your elections, wishing you all the success in your work. You may count on the Groups support. We also extend our thanks to the WIPO Secretariat for their preparatory work in ensuring the high-quality documents and engagement with WIPO members ahead of this session. We take this opportunity and reiterate our request for making the documents accessible to WIPO members sufficiently ahead of the committee meeting. While many of the documents had been prepared ahead of time, we can't help but note the delayed publication of some important information such as the annual report of human resources. Given the importance and extensive nature of the document, we see the need for a more time for its analysis which is an important part in the process of preparing our work during the PBC committee sessions. In this context, the members of the Group would appreciate an in-depth and comprehensive discussion regarding

the calendar of WIPO work, especially with a view of returning to the WIPO general assembly's taking place in the fall. The time between PBC MGAs is an important part of the consultations and informal discussions on issues of strategic importance for this Organization. This is vital in the context of next year's budgetary discussions which will be the last cycle in the current medium term strategy. Mr. Chair, in the context of the PBC session this week, the Group looks forward to the fruitful, honest and constructive discussions based on the presented documents, reports as well as the proposals being the basis of our work. We are grateful for the IAOC, IOD as well as the External Auditor for the reports and look forward to discussing them in detail. We are awaiting a constructive discussion on the WIPO Performance Report 2022/23 being a key document reflecting WIPO operation in the context of the medium strategy. At the same time, we look forward to receiving compressive updates on Annual Financial Report and Financial Statements 2023 as well as on the investments. As in the past, members will continue their active engagement in PBC work with the view to achieve constructive progress on the preliminary draft terms of reference of the evaluation of the WIPO external officers. Likewise, we will actively participate in the ongoing discussion regarding the methodology of the allocation of income and expenditure per union. Finally, let me emphasize that the inclusive balance Human Resources management continues to be priority for the CEBS Group. While we represent the region continuously underrepresented in WIPO international bureau, effective and swift implementation of the geographic diversity action plan adopted in 2023 is our strategic priority. We therefore are looking forward to the substantive discussion of the Annual Report on Human Resources with a view of receiving a detailed overview on the progress on geographical gender balance in the work of WIPO as well as identifying all possible solutions that could be helpful in a more effective progress in this work. Mr. Chair, in light of an intensive week ahead of us, let me reassure you once more of the constructive and substantive engagement as well as the support of the CEBS Group in the work of this committee. I thank you.

27. Delegation of the Netherlands (Kingdom of): Thank you, Mr. Chair. Group B would like to start by congratulating the Chair and Vice-Chairs on their election. Mr. Chair, Group B is confident that we will be able to count on your leadership on this 37th PBC session to guide discussions. We would like to thank the Secretariat for its hard work and for organizing this session and for preparing the documents. We express our disappointment that an important document, such as the Annual Human Resources Report was again published again to the start of PBC 37. This short timeframe restricts Member States ability to thoroughly review and analyze its contents for Groups to coordinate and compile views. However, we note that the briefings provided on the document by the Human Resources Management Department, and we thank them for these briefings. One of the reasons for the short time window may be the decision to move the Assemblies to July, which puts both the Secretariat and Members States in a difficult situation. As we have previously stated multiple times at this Committee and at the Assemblies, the previous schedule in which the Assemblies were in the Fall worked well for all delegations. Changing a successful system only seems justified to achieve further improvements in efficiency and quality of our preparations and as we can see now, the contrary continues to be the case. Therefore, our Group reiterates our strong please to move the General Assemblies back to the Fall. Group B would like to express its continued gratitude to the External Auditor, the Independent Advisory Oversight Committee, and the Internal Oversight Division for their reports to this Committee. They all play an essential role in the audit and oversight mechanisms of WIPO. We have benefited greatly from the expertise and insights of the outgoing External Auditor, and we look forward to working with the incoming Auditor. We will address personnel changes later in the week. In the interest of time, we will deliver substantive comments under the relevant agenda items. Mr. Chair, our Group is convinced that your guidance and our collective efforts throughout the session will lead us to good discussions and positive outcomes. You have the full support of Group B in this endeavor. I thank you, Mr. Chair.

28. Delegation of Ukraine: Thank you, Dear Director General, dear Chair, Ukraine aligned itself with the statement made by the distinguished representative of Poland on behalf of the

CEBS Group. Ukraine conveys its extended gratitude to you and the Vice-Chairs and the secretariat of WIPO for the preparation done in this committee session and we thank the director-general of WIPO for the opening remarks. We acknowledge the importance of the work of the Program and Budget committee in implementing WIPO's new vision and achieving the objectives of the strategic plan for 2022 and 2026 and we are confident that this committee will have successful discussions under your leadership. It is with the mandate of this committee that we take into account that we state the consequences and actions taken by one of the Member States and to make appropriate decisions to counteract them. As stated in WIPO's medium-term strategic plan, IP must be seen more broadly as a powerful tool for meeting the global challenges that we collectively face for growth and development and as a matter for everyone everywhere. Today, it is 838 days since the Russian Federation initiated a full-scale invasion of Ukraine. Russia continues to deliberately target all creative and cultural industry in Ukraine. Just two weeks ago, a printing enterprise in Kharkiv was hit by Russian assault attacks, killing 7 and injuring 21 people. And this printing enterprise is one of the largest full cycle printing complexes in Europe, not only books for the publishing house but also for nearly all Ukrainian publishers. Russia must be brought to justice for civilian infrastructure properties damaged and destroyed in Ukraine. They have exceeded 162,000, including 130 residential buildings, 3221 educational and 758 medical institutions, 557 cultural and 184 religious buildings. And more than 3000 water and electricity networks. Russian aggression destroys Ukraine's cultural heritage on a scale unseen since WWII. It damaged and destroyed about 2000 objects of cultural infrastructure, including 689 libraries, 115 museums and galleries, 38 theatres, cinemas and Philharmonic's as well as 929 objects of cultural heritage of Ukraine. The overall price tag of recovery, as a consequence of the devastation caused by Russia, has now reached US\$486 billion according to the most recent report of the World Bank. It estimates direct damage from the war at almost US\$152 billion. Despite this, the Ukrainian economy continues its recovery trend, and our goal is to reach not only pre-war revenues but even higher revenues. The Russian full-scale war against Ukraine undermines efforts of WIPO and other agencies while simultaneously taking advantage of more privileged and abusing IP law. This harms not only the global community but also the individual rights holders. The international wrongful acts committed by the Russian federation undoubtedly affected the distribution of WIPO knowledge and projects as well as the utilization of the outcomes of the External Offices activities. Ukraine calls for the immediate termination of funding for the projects in the Russian Federation, specifically in Moscow. Russia should be denied their privilege from WIPO. Dear chair, finally we express our gratitude to the secretariat and all WIPO Member States who continue to provide unwavering support and solidarity to Ukraine and our people. Thank you, Mr. Chair.

29. Delegation of the Russian Federation: Thank you, Chair. The delegation of the Russian Federation is happy to greet you and your Vice-Chairs, and we hope that under your wise and impartial guidance we will manage to make progress in discussing the entire broad range of issues on the agenda of this committee session. We are happy to greet the director-general, his assistant, Mr. Staines, colleagues from the Secretariat and participants of the 37th session of PBC. We thank the Director General for his inspiring opening statement to this committee, one of the most important WIPO bodies. We commend and note the importance of a number of vital agenda items which we will have to consider this week, in particular the report of the Internal Oversight Division (IOD) and the Independent Advisory Oversight Committee (IAOC), the proposals on Capital Master Plan Projects, the Preliminary Draft of the Terms of Reference of the 2021 Evaluation of WIPO External Offices, the principle of Sustainability within the context of procurement and the Progress Report on the Implementation of the Joint Inspection Unit's (JIU) Recommendations. We recognize the importance of WIPO's digital agenda, particularly the introduction of advanced technologies into operational activities with due caution with respect to security issues. Particularly in the context of international registrations systems and implementation of provisions of international treaties administered by WIPO, such as the treaty adopted at the recent Diplomatic Conference, the WIPO Treaty on Intellectual Property, Genetic Resources and Associated Traditional Knowledge. I would like to take this opportunity

to congratulate everyone connected with WIPO on this historical achievement. Moreover, we are interested in examining the WIPO Performance Report 2022/23, and the issue of fair geographical distribution and measures to achieve sustainable development and strengthening the control and oversight function within the Organization to ensure its correct function. We also stress that, when planning and implementing WIPO's work and taking decisions, we must take account of long-term prospects and strategic interests of parties. In this connection, we think it is very important that measures taken are not deliberately and unjustly politicized, and that the work of the Committee should be based on principles of transparency, inclusiveness and multilateralism. For our part, our delegation is ready to participate actively in discussion of the broad agenda and in a constructive spirit and makes substantive contributions to work of the Committee so that the global IP system really does work for the good of one and all. Thank you, Chair.

30. Delegation of Pakistan: Thank you, Mr. Chair. At the outset, Pakistan aligns itself with the statement delivered by Iran on behalf of the Asia Pacific Group (APG). My delegation expresses confidence in your stewardship of the PBC and congratulates you and the Vice-Chairs on the assumptions of your positions. We also take this opportunity to appreciate Regional Groups for their support to the nomination of Ambassador Bilal Ahmad. We also thank the honorable Director General for his opening remarks. My delegation has taken note of the valuable reports provided by the Secretariat with regards to Audit and Oversight and the Progress Report on the Implementation of the Joint Inspection Unit's (JIU) Recommendations and the WIPO Performance Report 2022/23. While we will engage separately on these reports under the relevant agenda items, my delegation would like to highlight some general points at this stage. First of all, we appreciate that WIPO was able to maintain a healthy revenue as well as prudent financial management. We hope these positive trends will continue in the longer term. Secondly, we appreciate the management prioritization of the development agenda across all WIPO sectors and the delivery of concrete results under Strategic Pillar for the 2022/2023 biennium. The results under Strategic Pillar 4, with priority to demand driven intervention projects and increased attention to WIPO's conclusion to the SDG's are encouraging signs for Member States looking to infuse the benefits of IP, particularly in underprivileged segments of society. Finally, concerning the Preliminary Draft of the Terms of Reference of the 2021 Evaluation of WIPO External Offices, this meeting offers another opportunity to bridge differences on key pending issues to enable objective evaluation of the External Offices network. In line with the guiding principles on the principle is agreed on the 2015 WIPO assemblies, we strongly support an independent and external evaluation to ensure the objectivity of the process. Please be assured of my delegation's full support to you during the course of this meeting. I thank you.

31. Delegation of Poland: Thank you very much, Mr. Chairman. I apologize for taking the floor again. I would like to deliver the statement, in reaction to the statement delivered by Ukraine. Mr. Chair, the members of the Central European and Baltic States Group condemn Russia's ongoing aggression of Ukraine's territory and call upon full respect of Ukraine's territorial integrity, sovereignty and independence within its internationally recognized borders. We express grave concern at the alarming reports of continuing attacks, including on civilian facilities. While this Committee offers an opportunity to discuss ways of enhancing the activities of WIPO in leading the development of an effective global IP ecosystem, to promote innovation and creativity, it remains important to reflect on the negative impact of this work, which for more than two years brought unprecedented damage to the Ukrainian IP ecosystem. The damages faced by the Ukrainian IP system resulted from this unprovoked aggression and the Russian Federation is responsible for it, and in these circumstances, the operation of the WIPO external office in Moscow raises profound concern for CEBS members considering Russia's continued disregard of International Law. We emphasize the need for WIPO's assistance for Ukrainian institutions for greater businesses, educational research and cultural institutions. This is particularly important in light of the decision adopted at the WIPO General Assembly in July 2023 on Assistance and Support for Ukraine's Innovation and Creativity Sector and Intellectual

Property System. Members of the CEBS Group reaffirmed the UN General Assembly resolution, ES 11/4, condemning attempted annexation of Ukraine's territory. We continue to support the Ukrainian people. Thank you.

32. Delegation of the Netherlands (Kingdom of): Thank you, Mr. Chair. Group B is in full and unwavering solidarity with the people of Ukraine. We condemn Russia's unjustified and unprovoked war against Ukraine in the strongest possible terms. Group B recalls the Assemblies decision in document A/63/8 on assistance and support for Ukraine's intellectual property system. Russia's attempt to annex the Ukrainian territories, declared on September 30, 2022, violates the territorial integrity and national sovereignty of Ukraine. As such, Russia is violating international law. Therefore, Group B does not recognize the attempted annexation of Ukrainian territories into the Russian Federation. Ukraine's territorial integrity and sovereignty must be fully respected within the global IP system. I thank you, Mr. Chair.

33. Delegation of Belgium (European Union): Thank you, Mr. Chair. I have the honor to make this statement on behalf of the European Union and its Member States. Two years into the war of aggression that Russia launched against Ukraine, and 10 years after Russia's illegal annexation of Crimea and Sevastopol, both in manifest violation of its obligation under the UN Charter and International Law, the European Union is ever more steadfast in its support for Ukraine's independence, sovereignty and territorial integrity within its internationally recognized borders. We therefore demand on Russia to immediately stop its invasion of Ukraine and cease all violations of International Law. Russia must instantly and completely withdraw its troops from the entire territory of Ukraine and fully respect Ukraine's territorial integrity, sovereignty and independence within its internationally recognized borders. Russia and its leadership must be held fully accountable for waging a war of aggression against Ukraine and for more other serious crimes under International Law as well as for the massive damage caused by its war. In this regard, taking into account the geopolitical context we have concerns regarding the operations of at least one of the existing External Offices. The European Union remains committed to supporting Ukraine's repair, recovery and reconstruction in coordination with international partners. As our deliberations into the Program and Budget Committee will touch upon how WIPO can play its part to ensure that its resources are focused on real needs on the ground, the EU and its Member States reiterate the negative impact on the Ukrainian IP ecosystem of the ongoing Russian war of aggression as reported by WIPO in document A/64/8. The EU and its Member States recognize the importance of WIPO's assistance and support for Ukraine's Innovation and Creativity Sector and Intellectual Property system. We therefore welcome the decision of the sixty fourth series of meetings of Assemblies of the Member States of WIPO to continue these activities hoping for a prompt and efficient recovery process for the Ukrainian IP ecosystem. Thank you, Chair.

34. Delegation of the Republic of Korea: Thank you Mr. Chair, for giving me the floor. The delegation of the Republic of Korea would like to congratulate you and your Vice-Chairs on their election, and we would also like to express deep gratitude to the WIPO Secretariat for their extensive efforts in organizing this session of the PBC meeting. My delegation is pleased to observe the financial stability of WIPO amidst global economic uncertainties. The PBC Madrid and Hague Systems contribute significantly to WIPO's finances, however, we are concerned about the decline in PCT and Madrid applications in 2023. Since a significant portion of WIPO's revenue is from international application services, it is crucial for both the WIPO Secretariat and Member States to sustain efforts to encourage the continued use of these global IP systems to prevent a decline in the number of applicants. The Republic of Korea maintains committed to bridging the gap between developing and developed countries through the Funds-In-Trust framework. As we enter the second decade of this bilateral contribution, we will continue our efforts to enhance IP awareness among the youth and SMEs, reduce the IP gender gap and share our expertise with other Member States. To commemorate the 20th anniversary of the Funds-In-Trust Korea, we plan to host a side event during the WIPO General Assembly next month. We eagerly anticipate the interest and participation of many WIPO Member States. Mr.

Chair and Member States, my delegation is committed to engaging in discussions on all agenda items of this Committee, in particular the WIPO External Offices and we emphasize the importance of enhancing WIPO services. Therefore, we urge the WIPO Secretariat to intensify efforts to facilitate discussions on the establishment of new External Offices. We look forward to constructive discussions on this and other issues throughout the session. Thank you, Mr. Chair

35. Delegation of the Russian Federation: Thank you, Mr. Chair. The Delegation of the Russian Federation would like to exercise its right of reply and state the following: we categorically reject allegations made by a number of delegations against the Russian Federation because they do not reflect the actual situation and do not relate to issues to be examined by the Program and Budget Committee. Not one of the agenda items provides for discussion of war and peace. We would like to stress that it is totally unacceptable to have such political performances in WIPO, and moreover, it is even more unacceptable to hear such statements from a country whose armed forces on a daily basis are attacking civilian facilities and populations and statements from those states which are supplying arms to that country to carry out such attacks. We call upon you to refrain from statements which in an artificial manner politicize the WIPO platform and focus on issues before the Program and Budget Committee. Thank you.

36. Delegation of Nigeria: Thank you Chairperson. Nigeria congratulates you your Excellency the Chair and Vice-Chairs and commend your leadership of this Committee. Our delegation wishes to express courtesies to the Direct General, and we appreciate the Secretariat's effort and excellent preparation of the documents for this session. The delegation also wishes to associate with the statement by the delegation of Kenya on behalf of the African Group. Chairperson, my delegation wishes to recognize and commend the work of the WIPO Administration, Finance and Management Sector, under the able stewardship of the Assistant Director General Andrew Staines, particularly in sustaining the operational success and financial viability of the Organization. With respect to the first few topics on audit and oversight, my delegation appreciates the reports submitted by the External Auditor, the IAOC and the IOD to the Committee. We are happy to note that these bodies continue to execute their functions, pursuant to the principles of transparency, effectiveness, and efficiency in its work. My delegation is pleased to take note of the WIPO's Annual Report on Human Resources. We commend WIPO's efforts to initiate the new Geographical Diversity Action Plan (GDAP), conscious of the dire need to accelerate the enhancement of geographical diversity in the WIPO workforce. We look forward to seeing this initiative deliver on its intended goal of closing the huge gap and maintaining balance in the geographical representation of staff members in WIPO. Chairperson, finally, our delegation wishes to thank fellow Member States for sharing their views and inputs for the Preliminary Draft of the Terms of Reference of the 2021 Evaluation of WIPO External Offices and we hope that further progress will be made during this PBC session. As a host of one of WIPOs External Offices, please permit me Chairperson to present that Nigeria strongly believes in a balanced, transparent, and fair evaluation of WIPO External Offices, conducted in consultation with host countries. My delegation looks forward to sharing specific views on the relevant agenda items over the course of the week. Rest assured, Chairperson, that Nigeria is confident in your ability to successfully steer the efforts of this conference, and we will engage constructively during deliberations on the agenda items. I thank you.

37. Chair: Thank you for the statement. I now open the floor to delegations for further comments. As there are no requests on the floor or from delegations that are participating remotely this agenda item is closed. Allow me to extend my gratitude for the kind words addressed to the Chair and the Vice-Chairs, delivered by the delegations in their statements and comments.

38. The Program and Budget Committee (PBC) adopted the agenda (document WO/PBC/37/1).



#### **ITEM 4 REPORT BY THE INDEPENDENT ADVISORY OVERSIGHT COMMITTEE (IAOC)**

39. Discussions were based on document WO/PBC/37/2.

40. Chair: In accordance with their Terms of Reference, the IAOC submits written reports on its activities to the PBC. I am pleased to see that we are joined today, in person, by the IAOC Chair and Vice-Chair, and now allow me to invite the IAOC Chair to present the agenda item four. Mr. Keuppens, you have the floor.

41. IAOC Chair: Thank you very much, Chair. Dear Chair, Vice-Chair, Director General, members of the Secretariat, distinguished Ambassadors, Excellencies, Delegates, my name is Bert Keuppens. I am the current Chair of the WIPO Independent Advisory Oversight Committee, or the IAOC. The Vice-Chair, David Kanja, is also present in the room for this presentation. What follows is a brief summary of the important activities of the IAOC, as contained in our Annual Report, with reference WO/PBC/37/2. It is a pleasure to report that the Committee was again functioning with seven members duly representing and elected from each Group. The Committee is fully constituted and functioned effectively according to its revised Terms of Reference and provided briefings to Member States at the conclusion of each Session. In addition, we provide briefings to the Secretariat in line with our revised Terms of Reference since the last three meetings. The IAOC is a subsidiary body of the WIPO General Assembly and of the Program and Budget Committee. It serves these bodies in an independent expert advisory capacity. Our Terms of Reference include responsibilities regarding financial reporting, risk management, internal controls, external Audit, internal oversight and ethics. I will now touch briefly on each item, which is more fully discussed in our report. With regard to internal oversight, the Committee reviewed the implementation of last year's oversight workplan and advised on and endorsed the new workplan for 2024. This included reviewing seven internal audit reports, two evaluation reports, 14 full investigation reports, and three management implication reports. The Committee followed up on all outstanding recommendations and was periodically updated on the status of the investigation cases. The Internal Oversight Division underwent a number of changes under the new Director, and the Committee welcomed in particular a better aligned workplan with the Medium-Term Strategic Plan. The number of vacancies is being addressed and the 2023 Workplan was delivered despite these vacancies using external resources. Whenever necessary, constructive discussions were held with IOD and the Director to streamline working methods, for instance in the handling of investigation cases, and the intake mechanism and introduction of a screening process to handle new allegations. With regard to external audits, the Committee discussed with the representatives of the External Auditor the planning for and interim results of, the Audit of the 2023 WIPO Financial Statements. The Committee noted that the External Auditor indicated that no substantial risks had been identified in the process of completing their audit. While not covered by our current Annual Report, I would like to add that in our recently concluded 73rd Session, the Committee welcomed the unqualified opinion without modification, of the 2023 Financial Statements, and noted the comments and recommendations made in the Long-Form Report. The Committee also discussed the transition and hand-over provisions between the outgoing and incoming External Auditors. The Committee wants to express its appreciation for a constructive collaboration with the outgoing External Auditor and for the significant contribution the External Auditor has made to this institution. With regard to financial reporting, the Committee took note of the financial position and the results, as now reflected in the Financial Statements for the year 2023. The Committee had extensive discussions on the governance framework for managing investments. We also had discussions on the appropriateness of the actuarial assumptions being used to value the After-Service Health Insurance, and on the forecast and outcome of fee income, and also on the use and appropriateness of new IPSAS accounting standards. The Committee noted that the Financial Statements were of a high quality and complied with all accounting and reporting standards. The Committee also discussed the options being explored to segregate ASHI assets and liabilities, a subject that will be discussed later in this session. With regard to risk management

and internal controls, the Committee noted the progress in risk management and welcomed its further development, which has now reached the stage of being well developed. The Committee also reviewed the controls pertaining to business continuity, cybersecurity, IT security and information assurance. The Committee, in accordance with its updated Terms of Reference, also reviewed procurement activities with a particular emphasis on anti-fraud and anti-corruption measures and the prevention of financial malpractice. With regard to the Ethics Office, the Committee reviewed the implementation of the Workplan of the Ethics Office for 2023 and a significant number of new policies that were developed by that Office. The Committee reviewed the Policy to Protect against Retaliation and Reporting Suspected Wrongdoing and for Cooperation with Oversight Activities. Also new was the update of the Policy on Financial Disclosure and the Declaration of Interests. It was noted that the Ethics Office had made significant progress in providing ethics advice, training, and outreach, in addition to developing all these new policies and guidelines. The Committee discussed the functioning of the office with the Interim Ethics Officer, following the resignation of the previous Ethics Officer, advised on the candidates for filling the vacancy, and looks forward to the position being filled in the very near future. With regard to the Office of the Ombudsperson, the Committee met with the Interim Ombudsperson during 2023 and received updates on her activities. The Committee also reviewed the draft Ombuds Annual Report during its 73rd Session in May 2024. It also discussed the various arrangements that are being considered for filling the vacant position and expressed its view that sufficient time would need to be devoted to the function, in line with UN System benchmarks. With regard to the Implementation of oversight recommendations, the Committee followed up on the implementation status of recommendations from IOD, the External Auditor, the IAOC, as well as the Joint Inspection Unit. We welcomed the continuing emphasis and commitment to the implementation of these recommendations. The Committee also reviewed WIPO's periodic investment reports. Finally, on behalf of the Independent Advisory Oversight Committee, I would like to express my appreciation to the Director General and the Secretariat staff for their excellent support and cooperation in the execution of our mandate. I want in particular to thank my colleagues on this Committee, starting with the Vice-Chair, Mr. David Kanja, Mr. Kamlesh Vikamsey, Mr. Danil Kerimi, Mr. Igors Ludboržs, Mr. Guan Jian, and Mr. German Deffit, for their dedication and commitment to the work of this Committee on a pro bono basis. I also want to thank Mr. Frederick Anthony Samuels who assisted us with all administrative matters, as well as the External Auditor, for the information provided to the Committee and the cooperation received. Thank you, and we are, of course, willing to answer any questions, if there would be any such questions. Thank you very much, Chair.

42. Chair: Thank you very much Mr. Keuppens, the IAOC Chair, for your statement. And now I open the floor for the interventions from the Member States. As per usual practice, first the floor will be given to the Group Coordinators.

43. Delegation of the Netherlands: Group B would like to thank the IAOC for its report in document WO/PBC/37/2, and Mr. Keuppens for his presentation today. Once again, we would like to express our gratitude to the IAOC for its crucial role in the advisory and oversight mechanism of WIPO. We value the IAOC's interaction with Member States, especially through their regular briefings following each IAOC session. Group B also appreciates and supports the continued interaction between the IAOC, the External Auditor, the Secretariat, and the Director General, on the issues discussed and reviewed, as they help to improve the follow-up process on recommendations, and to strengthen cooperation. We note with satisfaction that the IAOC has focused on issues crucial for the transparent and sound operation of WIPO. Since financial observations will be up for discussion during later agenda items again, we would like to focus on Section F of the IAOC report. Furthermore, we note that part of the current reporting period is not covered by the activity reports of the Ombudsperson. We kindly ask the Secretariat to update us on the recruitment process that should lead to filling the vacancy of the Ombudsperson on a permanent basis. We look forward to learning about the Ombudsperson's observations, and her assessment of her role and procedures vis-à-vis WIPO staff. We believe

in the value of an Ombudsperson who is knowledgeable of WIPO's policies and procedures, easy to approach, and able to facilitate a respectful work environment, through informal conflict resolution services, de-escalating of conflicts, as well as providing upward feedback to leadership. Along the same lines, we also request the HRMD to keep us updated on the recruitment of a new Chief Ethics Officer, who plays a crucial role in promoting a professional working environment, and a speak-up culture. We thank again the IAOC for its efforts and look forward to continuing regular interaction in Geneva, between the IAOC and Member States. I thank you, Mr. Chair.

44. Delegation of China: China would like to thank the IAOC for preparing this annual report. We also thank Mr. Keuppens, the Chair of the IAOC, for his presentation. We highly commend the hard work and achievements of the IAOC during the last year. We are very happy to see that the IAOC has been interacting very actively with the Director General, the Secretariat, the External Auditor, and has provided a lot of independent expert recommendations which has led to the smooth completion of WIPO's internal and external reviews. China also noted that the IAOC has listened to the report on WIPO's cybersecurity measures and made some recommendations. We highly appreciate this. China believes that the IAOC, as an independent expertise assisting the WIPO General Assembly and the PBC in carrying out their oversight duties, can play a greater role in the area of data security which is crucial to the Organization's operation and development. Finally, we look forward to continuing our cooperation with the IAOC to jointly help the Organization achieve sound development by reviewing the implementation of the recommendations and improving the relevant governance mechanisms. Thank you, Chair.

45. Delegation of Poland: The CEBS Group would like to extend its thanks to the IAOC team, for all of the information presented in the report, as contained in document WO/PBC/37/2, and its timely publication. We are equally grateful for an open and transparent, as well as regular dialogue of the IAOC with WIPO members, especially during all information sessions held after the IAOC quarterly meetings. We express our thanks to the IAOC Chair, Mr. Bert Keuppens, for the presentation of the IAOC report. The report presents in a comprehensive and reader-friendly manner, an overview of the most important matters related to WIPO operations and management, from March 25, 2023, to March 22, 2024. We note the report related to the Internal Oversight. We welcome the Committee's assessment that the 2024 oversight annual workplan is well-elaborated and better aligned with the Medium-Term Strategic Plan. However, we express our concerns over the reported lack of progress in filling the key vacant positions in IOD. We would also echo the IAOC's recommendations to ensure a more consistent use of terms in reporting complaints and investigation cases. In context of External Auditor selection, the CEBS members would like to emphasize the importance of IAOC engagement in discussing possible changes to the selection procedure of the External Auditor, with an aim to mitigate potential conflict of interest situations for members. At the same time, the reported communication between the current External Auditor and the incoming External Auditor from Indonesia should ensure an effective handover after the completion of the 2023 Audit. The CEBS Group notes the IAOC systematic dialogue with the Secretariat on WIPO's investment policy and governance framework with a focus on the core and strategic cash portfolios and investment funds benchmarks. We are glad to learn that the portfolio performance was in line with the approved investment performance benchmarks. The CEBS Group thanks the IAOC for the updated information in the activities in the Ethics function, including the completion of the Policy to Protect against Retaliation for Reporting Misconduct and for cooperating with duly authorized audits or investigations. We look forward to the swift completion of the recruitment process for a new Chief Ethics Officer. The CEBS Group would also be keen on receiving more information about the report by the IAOC on the co-sharing arrangements of the Ombudsperson. Finally, we thank the IAOC for the information on the Human Resources Management. As far as geographical and gender diversity in WIPO employment are concerned, we would see a great value in broadly including the future work of the IAOC, the matters related to the efficient implementation of the geographical diversity action plan agreed

upon last year. In this context, the CEBS Group would appreciate more in-depth overview of the recruitment procedures as well as ensuring a right balance of the internal-external candidates' intake. Once again, we thank the IAOC members for their hard work. I thank you, Mr. Chair.

46. Delegation of the Russian Federation: Thank you, Chair. Good morning to all. We thank the Committee for preparing this comprehensive report, and also for the traditionally high level of interaction with Member States, which was demonstrated over the previous year. We consider holding regular briefings for Member States by the IAOC as a best practice in the UN system, and hope that this opportunity for effective interaction with experts in oversight will continue in the future. As we all know, a new External Auditor will take up duties at WIPO this year. We hope that the IAOC will actively participate in the hand-over between Auditors. We would like the IAOC to continue to keep as a priority, investigations in WIPO, especially regarding effectiveness of examination of complaints and the average time taken to examine cases. We are interested in your tracking of the performance of the Internal Oversight Division in achieving key performance indicators. Moreover, we would be grateful if, in the future, the IAOC could submit its views on applicability of behavioral science to working processes of the Secretariat. Likewise, we are counting on your expert opinion with respect to one of the most popular and topical issues of the day: artificial Intelligence and its application by the Secretariat to day-to-day activities. As previously, we continue to see potential benefits for our regular interaction between IAOC and Joint Inspection Unit. This would help strengthen coordination between various oversight bodies and make the Organization itself more open to JIU. Finally, we expect that the Secretariat will take timely and full account of comments and proposals of the IAOC. Thank you.

47. Chair: I thank you for the statements and I would like to ask whether there are any requests from the delegations for the floor? Since there are no requests for the floor, allow me to give the floor to the Chair of the IAOC to address some of the issues and questions that have been raised by the delegations. Chair, you have the floor.

48. IAOC Chair: Thank you so much, Chair. First of all, I want to thank the delegates for the expressions of appreciation for the functioning of the IAOC, our contribution and also the appreciation for the briefings we provide to Member States and also the Secretariat after each session. We equally value this opportunity to brief Member States and interact with them. There were a number of comments and questions which I would like to address in the order they were passed to us. The first one was the recruitment process of the Ethics Officer. While I am not HR, I can inform you that we were involved in this process and that the selection has been made, and that the incumbent that has been selected and that the taking up of that position is imminent within the next few months, the timeline precisely to be decided, whether it is in August or the first of September, it needed to be decided when we last met, but that is when that position, I understand, will be occupied. As far as the Ombudsperson is concerned, also that is a question that would be more appropriately directed at HR, but we have been informed that currently there is an Interim Ombudsperson filling this important function, and that there are proposals on the table to fill that position, potentially on a sharing basis with another Organization. We have no view on this other than we believe that this function is very important for informal conflict resolution and that we have a preference for, if possible, to avoid investigations, and try to avoid these formal investigations where remediation or mediation can be used. We share the view that it is an important function, and we would recommend the Director General and the Secretariat to pay due consideration to filling this important position since it can play an important role in the Organization. From the distinguished Delegate of China, we share the view on the concern on cybersecurity and data security, and you will have seen from our respective work programs that we have paid considerable attention to this, and that IOD recently completed a cybersecurity audit to provide additional assurance on this subject. On the vacancies in IOD, we are pleased to see that the Director position has been filled. We fully support the new Director. We appreciate that, despite her challenges, she has

been able to deliver on her workplan using, in part, external resources and also in part by the dedication of internal resources to development of that workplan. We understand that on these vacancies the process is on course and to be filled as quickly as possible. Finally, I believe there was a comment by the distinguished Delegate from Russia on the handover provisions with the new External Auditor. We are pleased to report that we have discussed this with the outgoing External Auditor and that we also had an online meeting with the newly appointed External Auditor from Indonesia. We had a very good session and we have been informed that handover provisions will take place, including a visit by the External Auditor to the newly appointed Auditor. We share the view and we have monitored closely the use of behavioral science in the workplan of evaluations in the IOD office. And as far as artificial intelligence is concerned, we share the view that this is a very important subject, of course I do not need to mention this, this is after all WIPO, and we notice the importance of WIPO potentially using this in these oversight mechanisms, and in our next session we will devote a part of our session to that subject. So, thank you, Chair. I believe these were the comments being made by Member States for which I am very grateful, and I thank you especially for you and the delegates, for the appreciation of the work of the Committee.

49. Chair: Thank you very much, Mr. Keuppens, for your information and explanations, and now allow me to pass the floor to Mr. Andrew Staines, Assistant Director General, Administration, Finance and Management Sector.

50. Assistant Director General, Administration, Finance and Management Sector: Thank you very, very much, indeed, Mr. Chair. A very good afternoon, everyone, and thank you very much for the question on the function of the Ombudsperson. Allow me at the outset to reassure you that we are very close to finalizing arrangements. Our approach would be to use the Office of the UN Ombudsperson to provide necessary appropriate confidential neutral independent informal advice to staff. This is a model we believe that has worked successfully elsewhere. It offers a number of advantages; it takes a common one-UN approach. It is very consistent with the UN common system. It allows us to benefit from the learnings and expertise across different agencies and to learn from their experiences. We hope to finalize this very soon and in the meantime, as the IAOC Chair has said, we have cover in place through a transitional arrangement. With respect to the question on Chief Ethics Officer, Mr. Chair, with your permission, I would hand the floor to our HRMD Director, Adélaïde Barbier, who will clarify the exact timings on the new Chief Ethics Officer.

51. Secretariat: Good morning to all. I would like to clarify that, following a competition that was done in coordination and cooperation with the IAOC, we have selected Ms. Fanny Martin as our next Chief Ethics Officer. She will take up her duties as of August 1<sup>st</sup>, and David Mitchels, our Interim Chief Ethics Officer, has been extended until then. Ms. Martin will be present during the Coordination Committee meeting in July. Thank you very much.

52. Chair: Are there any requests for the floor? If not, allow me to pass the floor to the Director General for concluding remarks.

53. Director General: Thank you very much, Chair. Let me just, on behalf of the Secretariat, express our deep appreciation and gratitude to the IAOC Chair, Bert, Vice-Chair David, and to all the IAOC members for their work and engagement with us. As you know, IAOC members are appointed by Member States and serve in their personal capacity, and therefore they do their work for us pro bono. It is an intense task. They assist you in oversight and governance responsibilities, and in doing so, they engage on a wide number of issues across the house. When they come to Geneva for their quarterly meetings, they not only engage throughout the house internally, but also take the opportunity to engage with you, as I can hear from many of you in your statements. That is very much appreciated. It takes a lot of time. It takes a lot of energy. It is intense. I think it is only right that I sound a note of appreciation and thank them for dedicating their time to review and advise us on a wide range of issues, accounting matters,

governance, risk management, frameworks, HR, otherwise many, many issues. I just want to say that these engagements have always been professional, very constructive. We learn from them. We find opportunities to benchmark against what is going on in other parts of the world, based on their experiences, seven of them representing very different backgrounds and different perspectives, but always in the service of making WIPO stronger in governance, stronger in efficiency and a better run place. So, I just want to say thank you to the Chair, Vice-Chair and all the members for your advice and your support and look forward to continuing to work very closely with all of you. Thank you very much.

54. Chair: As there were no further requests for the floor, the Chair proceeded to read out the decision paragraph, which was adopted.

55. The Program and Budget Committee recommended to the WIPO General Assembly to take note the "Report by the WIPO Independent Advisory Oversight Committee (IAOC)" (document WO/PBC/37/2).

## **ITEM 5 REPORT BY THE EXTERNAL AUDITOR**

56. Discussions were based on document WO/PBC/37/3.

57. Chair: With this, we can move on to the next Agenda Item. That is Agenda Item Five: Report by the External Auditor. In accordance with Regulation 6.12 of WIPO's Financial Regulations and Rules, the reports of the External Auditor on the Annual Financial Statements, together with reports from other audits, shall be transmitted to the General Assembly, to other assemblies of WIPO Member States and to the Unions through the Program and Budget Committee (PBC) together with the audited Annual Financial Statements. This is in accordance with the directions given by the General Assembly, other assemblies of WIPO Member States, and of the Unions. I am pleased to be joined today by the External Auditor, Mr. Damien Brewitt, Director, and Mr. Simon Irwin, Audit Manager, both from the National Audit Office of the United Kingdom. I now would like to invite the External Auditor, Mr. Damien Brewitt, to present this Agenda Item.

58. External Auditor: As members will be aware, this is our final presentation to you at the end of our six-year mandate. On behalf of the Controller and the Auditor General of the United Kingdom, I wish to thank you once again for appointing us as your External Auditor, and for giving us the opportunity to work alongside WIPO Secretariat over this time. Our engagement with you as members is important, and your observations have informed our work. Presenting to you has always been an important part of the governance process for us, to ensure that we have been available to you, and to highlight the main issues arising from our work. This provides you with our independent and objective insight. In my presentation today, I would like to cover four main areas of our work. Firstly, the audit of the financial statements and financial management, then our review of governance internal control matters where our report reflects on the evolution of the control environment over the past six years. I will then briefly cover our substantive performance topic on knowledge management, and finally, recap on our main performance audit areas during our mandate. I will then conclude on how WIPO has responded to our observations. Turning first to the results of our audited financial statements, I am pleased to confirm that the External Auditor's opinion was, again, unqualified. The audit revealed no errors or weaknesses which we consider material to the accuracy, completeness, or validity of the financial statements as a whole. Our audit also confirms that the transactions have occurred in line with the Financial Regulations that are set by you as Member States. WIPO's financial statements and accompanying financial commentary remain of high quality. They are supported by sound systems of internal control and reporting. Our audit results were positive and identified no significant errors or control weaknesses. We have evidenced that consistent quality of financial management at WIPO throughout our six years. We have reported the detail

of our work to the IAOC, with whom we have had a productive engagement throughout our mandate. I would like to thank the IAOC members, past and present, for their support and scrutiny of our work. On financial management, WIPO has delivered consistently strong financial performance over our mandate, even during times of unprecedented circumstances, including the pandemic and continued global uncertainties. It reflects the strong business model which WIPO has, which is cash generative. The market for intellectual property has remained buoyant, and WIPO has generated surpluses exceeding those forecasts each biennium. It is important that Member States consider what this means for the long-term model, and as we highlighted last year, to consider the approach to the use of surpluses. While WIPO has a reserves policy, enabling it to set aside revenues to fund long-term liabilities and investment in infrastructure, we believe it is important to demonstrate that fees remain appropriate for users within a more explicit framework of principles. Over our mandate, there have been considerable changes in the returns from investments and in the value of employee benefit liabilities, largely reflected in changes in market conditions. WIPO has refined the valuation methodology for these liabilities, and it has continued to build a strategic cash reserve to fund them. Following an earlier audit recommendation, the Secretariat are now considering the cost-benefits of holding these reserves in a separate legal entity to ensure they are safeguarded for the purposes intended. Moving now to the first topic area of our performance reporting which speaks to the issues of governance and internal control. These are mechanisms which help provide you, as Member States, with confidence and assurance over the management of resources. Our audit has continued to conclude that WIPO has sound systems of internal control, and no significant weaknesses have come to our attention during the audit process. We have seen a continuous evolution in WIPO's approach to its internal control environment and this has included a clearer articulation of the accountability framework, refining how internal controls are assured, maturing the approach to risk management and the modernization of financial regulations. We have emphasized the need to maintain focus on the most important controls, and WIPO is now seeking opportunities to find greater efficiency and simplifications in its business processes. Such refinement and simplification will provide a sound basis for securing greater benefits for the planned move to the cloud-based enterprise resource planning system. During our time, the statement on internal control has become fully aligned to the accountability framework, and it presents a clear articulation of the control environment, its results, and the risks that have been managed during the period. Further enhancement can be secured by a sharper focus on the disclosure of key risks and sources of assurance over them. Our report particularly highlights IT and cyber risks in this respect. Progress on the evolution of monitoring controls, and developing and operationalizing data analytics has, however, been slow. We note that the Secretariat do not now anticipate operationalizing these until the end of 2025. We see developments in this area, delivering greater visibility on the operation of controls, and better information to inform efficiencies in the cost of the control activities. Turnover within the ethics function has delayed management in responding to issues we identified last year around potential conflict risks within PCT. However, WIPO has now presented an action plan to mitigate potential reputational risks which we identified. We have noted that with the changes within the Internal Oversight Division (IOD), there is now greater focus on the significant and material risks within the forward work program. We welcome these developments, together with the commitment to seek early adoption of changes in internal auditing standards and the piloting of annual assurance opinion for 2024, with the full adoption in 2025. Turning now to our review of knowledge management, WIPO's approach to its internal records and knowledge management has faced challenges. It holds a significant volume of both digital and hardcopy records, which are not being handled according to archival management standards, making access difficult. While some of this information will be important for institutional memory, much is inactive. It should either be permanently archived or securely destroyed. An initial strategy for an enterprise content management system (ECCM) was developed in 2014, but progress in implementing it was slow. Following a review in 2020, WIPO revised its records, and archival management policy, and embarked on a new ECCM project with a budget of 8.8 million Swiss francs, aiming for completion in 2026. Alongside the technology and the processes defined in the policy

documents, it will be important for the project to ensure a focused and clear plan to address the people and cultural issues which will be critical to delivering a successful implementation. We consider the plans could be further strengthened by developing an overarching strategy for records and knowledge management. I would now like to take a look back over our mandate, and how the Secretariat has responded to our earlier recommendations. In 2018, we considered the work of the human resources management department. A new people strategy was launched in 2021 which placed considerable focus on issues of diversity and talent management, addressing areas that we had identified as needing attention. Internal training has become more strategically focused, supporting improved workforce planning and delivery of a more agile workforce. More objectivity, consistency and equity were needed in the performance management systems. Changes in this area continue to be made, and policies have been recently revised to further streamline the process. We have also seen a positive change in WIPO's approach to staff engagement. Overall, WIPO has taken sound actions to enhance its approach to HR matters and has established better processes to engage and develop staff to enhance the effectiveness of the Organization. These changes are yet to be fully embedded but should deliver benefits to WIPO and its staff. In 2019, we reported on External Offices. We highlighted the need for a clear strategy, to support the development of the network, and to ensure alignment with WIPO's needs. We recognize that it has remained difficult for Member States to reach a consensus on the scope of the evaluation of the External Offices. This has hindered progress in the development of the network. In our view, Member States may find more cohesion in agreeing on a high-level set of overarching principles, with an independent reviewer commissioned to formulate the detailed scope and deliver an evaluation report to support subsequent Member States' discussions. In 2020, we examined WIPO's strategy for using reserves in the context of the Capital Master Plan (CMP). Our observations were aimed at both the strategic focus of the plan, and the management of individual projects. At the strategic level, we could not clearly determine how individual projects were prioritized. We highlighted the importance of investment decisions being driven by need, and a clear link to WIPO's objectives. In the latest CMP, there is a greater articulation that the projects should be strategic and special nature with a minimum threshold of 3 million Swiss francs. The project proposals are now more strategic with an enhanced description of the implementation approach, clearer articulation of benefits, and a better analysis of the potential risks. In our view, the approach and strategy for the use of reserves has been significantly enhanced. Last year, we observed that there was no overall estate strategy for the Organization. Our report also highlighted that existing workspaces did not lend themselves to an innovative and collaborative environment. WIPO has committed to developing a strategy taking account of our observations, recognizing the evolving nature of the workforce, and the need to optimize the use of space. The Secretariat's intention is that the strategy will also address the need to develop smart, and sustainable buildings that will improve energy efficiency. The Secretariat will share the strategy with Member States in 2025 before presenting proposals for any substantial new investment in its existing infrastructure. The planned approach addresses the substance of our recommendations and will enable WIPO to better demonstrate how it maximizes the use of its assets. In concluding on our work, I can confirm that progress was made in closing five recommendations from previous years, with six recommendations remaining in progress. In this, our final year, we have not raised any specific new recommendations, but our report clearly highlights areas which WIPO may wish to further consider. We will engage with our successors in the handover to the Audit Board of the Republic of Indonesia. We have a long-standing relationship with our Indonesian colleagues, and we have a proven track record of securing effective handovers of previous audits. We have already prepared for the discussion and knowledge sharing to enable the transition to be effective. Finally, I would like to express my thanks to the Director General, and all the staff of WIPO for their support and cooperation in facilitating our audit over the past six years. We want to take this opportunity to wish WIPO every success in the continued delivery of its mandate. Thank you very much for your kind attention, and I would be happy to take any questions or to provide further background to our report.



59. Delegation of Poland: The CEBS Group would like to extend its thanks to the External Auditor, both for the detailed report contained in document WO/PBC/37/3, as well as the presentation focusing on its most important findings. All the observations, including the External Auditors Report, should aim at excelling the operations of WIPO. We express satisfaction that no recommendations have been issued by the external auditor which is a reflection of an effective management and operation of this organization. We note the External Auditor's report that, in 2023, WIPO financial statements remain of high quality, supported by sound systems of internal controls and reporting. The CEBS Group welcomes the External Auditor's assessment of a strong financial performance in 2023, with an overall surplus of 113.8 million Swiss francs. The reported reductions in revenue as a consequence of the decline in applications, combined with the increased level of expenditures, perhaps requires more attention with a view to ensure a sound financial situation of the organization, especially at times of significant geopolitical volatility. The CEBS members align with the External Auditor's recommendations for WIPO to demonstrate that its fees remain appropriate for users within a more explicit framework of principles. We emphasize the necessity for swift mitigation of the reputational risks, including the ones related to the delayed management of the ethics function. Our Group recognizes the importance of addressing the reported insufficient progress in improving WIPO's management of internal records and knowledge, especially in the context of the slow implementation of an enterprise content management. The CEBS Group places particular importance to the External Auditor's observations related to enhancing the quality of HR activities. A revised People Strategy of 2021, along with the recent Geographical Diversity Action Plan, should allow for a significant and visible progress in ensuring balanced management and diversity of talent across the house. We take note of the External Auditor's observation for the need to support the development of WIPO's External Offices network, and to ensure alignment with the WIPO business plans, and result-based structures. In the context of last year's budgetary discussion, defining transparent and objective criteria for the evaluation of External Offices should be perceived as a necessary action in our efforts to maximize the use of WIPO's assets. Finally, we are looking forward to engaging in a dialogue relating to the further optimization of WIPO's infrastructure, particularly, in the context of the strategy to be presented in 2025. The CEBS Group is grateful for the excellent work of the External Auditor. We also appreciate the cooperation between the outgoing and incoming External Auditors with a view of ensuring effective transition in the process.

60. Delegation of Netherlands: Group B would like to thank the External Auditor for his detailed report on the 2023 WIPO Financial Statements contained in the document WO/PBC/37/3. Our Group attaches great importance to this report which we've analyzed carefully. Our thanks also go to the Secretariat for its responses to recommendations by the External Auditors. Noting that this is the last audit performed by the current External Auditor, we are grateful for his retrospective overview of his mandate. Please allow me to reflect on a number of those. Firstly, we are pleased to note the suggested and adopted improvements to HR management. Secondly, we are pleased to see confirmed that WIPO's policy with regards to the use of its considerable reserves has been strengthened. Thirdly, we note that the Secretariat will present an estate strategy to the Member States in 2025. Fourthly, with regards to the suggestions made about the External Offices, we take note of the view to focus on a set of overarching principles. We recall that Group B has been engaged in drafting the Terms of Reference (ToR) for the evaluation of the existing Offices. Regarding financial management, we are pleased to note that WIPO's financial reporting and control systems are considered to be of consistent high quality. We are pleased to note that the surplus has risen considerably, from 7.7 million Swiss francs to 113.8 million Swiss francs, largely owing to the strong investment performance as a result of wider market conditions. Recovery of the investment portfolio of plus 52.2 million Swiss francs, partly offset last year's losses of 81.1 million Swiss francs. We take note of the External Auditor's recommendation to report on return of investment more explicitly, including benchmarks, and invite the Secretariat to reflect on this. We further note the External Auditor's recommendation to have clearer justification on prioritization and cost-effectiveness in the CMP. We are of the view that the current CMP delivers on this recommendation. On the

other hand, we note an increase in expenditures, and a slight decrease in revenues. The latter is also due to slightly fewer applications in WIPO's primary Unions. We would welcome further assessments on the rise of contractual service costs. We will discuss the ASHI options later in the agenda. We did, however, note a suggestion in the study to include a larger set of employee benefits into the separate entity to be established, extending beyond long-term liabilities for health insurance for current and retired staff. We believe that the value of these other benefits is quite small, in relation to the ASHI liability. We do not feel that enough information was provided in order to consider this option at this time. We would prefer to defer that until a later time when more information is provided. Regarding knowledge management, we note that the External Auditor appreciates the wealth of information and data that WIPO possesses, but warns against stockpiling physical and digital data of which a large share is difficult to access or remains inactive. We recognize the plea for applying archival management standards. We also recognize the recommendation to have a concise overarching strategy to which policies and plans would logically relate. We note the audit observation on the contribution knowledge management can make to sustaining institutional knowledge. On governance and internal control, we note the External Auditor's suggestion to disclose assurances of systems for internal control, such as ISO accreditations to allow the SAC to focus on effectiveness. We note the External Auditor's recommendation to streamline annual reporting, and we invite the Secretariat to reflect on this suggestion for integrated reporting. This can further include a focus on key controls which are important to the business. Further streamlining could also be reflected in the recommended three-point scale assessment. We note that the External Auditor encourages WIPO to further explore the benefits of data analytics. Similar observations are made on risk management. While WIPO is commended for having a clear assessment of its risk appetite, the External Auditor underlines the need for the risk management to be proportionate, relevant and embedded. WIPO is encouraged to steer the purpose of risk management towards informing good decision-making, rather than defining a process for the sake of it. We welcome the progress made on the independent assurance over cyber risks. On the estate strategy, we are pleased that Member States can expect an estate strategy in 2025. However, we note that we are asked to assess the building project in 2024. We look forward to further explanation on how the strategy and projects will relate to one another. Does this sequencing entail any additional risks? Furthermore, we would welcome more information on substantial investments WIPO has made in its property estate, as referenced in paragraph 1.10. Additionally, we would like for the estate strategy to be presented in 2025. Group B sincerely thanks the external auditor for his outstanding work over the past six years. We think that it is fair to state that we, as Member States, have learned a lot from your observations and recommendations, and we hope the same goes for the Secretariat. We look forward to working with the incoming External Auditor. We note that quite a number of implementation dates in the Annex will fall into the remit of the new External Auditor, and hope that a period of transition or formal handover is planned to help facilitate the reporting of these. To conclude, Group B is pleased to note that five of the 11 open recommendations for 2022, and those from earlier years that have remained opened have now been closed. As six recommendations are still open or in progress, we strongly encourage WIPO to pursue the implementation of these recommendations.

61. Delegation of China: The Chinese delegation wishes to thank the External Auditor for developing this report and for the detailed presentation on the audited results. The work of the External Auditor in ensuring the transparency, effectiveness, and efficiency of this Organization is of great importance. China wishes to thank the UK National Audit Office for their auditing efforts for WIPO in the past six years. China has noted the recommendations put forward in this report. In particular, with regards to the Capital Master Plan, China encourages WIPO to reasonably plan its usage of reserves while selecting relevant CMP proposals to be included. Strategic priorities of WIPO should be given consideration in the prioritization of proposals. Additionally, in paragraph 13 of this document, conflict of interest within the PCT was mentioned. WIPO has presented an action plan to mitigate the potential reputational risks identified. China would like to ask for more background information relating to the issue raised in paragraph 13.

62. Delegation of Iran (Islamic Republic of): The Asia and the Pacific Group would like to thank the esteemed External Auditor for presenting his report, which gives an overview of the external oversight activities conducted during the reporting period. We attach great importance and significance to the continuation of the work of the External Auditor in the most independent manner and recognize its contribution to enhance transparency and efficient internal and external oversight within the Organization. The Group also welcomes the findings of the report that regional divisions contributed to organizational results significantly in terms of awareness raising, capacity building, development, technical assistance and knowledge sharing through the South-South cooperation exchange. We encourage that WIPO's capacity development activities continue to accelerate the process of realizing the Organization's strategic objectives based on the development needs of each Member State. We would also like to urge the continued corporation between IOD, IAOC, and the External Auditor, and we look forward to the continuation of discussions on the relevant oversight of matters. We would like to thank the External Auditor for his efforts during all these years, and we welcome the incoming External Auditor from Indonesia, giving the assurance of the Group's full support and cooperation over this assumed period.

63. Delegation of the Russian Federation: I would like to thank the External Auditor for the preparation of this high-quality report. We would like to note the very practical format of the report, its wealth of information, and its readability. We are surprised to see that the External Auditor did not submit any formal recommendation. We see this as an indication of the high quality of work exhibited by the Secretariat on the management of WIPO resources. However, in view of the presence of a number of criticisms by the External Auditor, we hope that the Secretariat will continue to carefully continue to implement its internal control system and its risk management. I would like to seize this occasion to ask for clarifications on the opinion of the External Auditor on the prospect of involving AI in the work of WIPO, including potential advantages and risks for the Organization. We have also been attentive to the indication in your report of a shrinking cash ratio within WIPO. This number at the end of 2023 was down to 0.16. In the opinion of the External Auditor, is this a problem for the Organization? Are there, in your experience, standardized cash levels within the UN system? We would like to thank the External Auditor for the careful consideration of the management of human resources, in particular, the evaluation of the quality of the work of personnel. We expect that the Secretariat will undertake any necessary measures to further enhance this field. We have taken into account the information of the External Auditor on the intention of the Secretariat to develop a strategy on the management of WIPO facilities. We are hoping to see this document next year. In addition, we would like to note with satisfaction the intention of the External Auditor to do a handover plan to the new External Auditor. To conclude, we would like to thank the External Auditor for its long-standing and diligent work.

64. Delegation of Brazil: The Delegation of Brazil would like to extend its gratitude to the National Audit Office of the United Kingdom for the comprehensive report presented, marking the conclusion of its six-year mandate as the External Auditor of WIPO. We acknowledge the significant contributions made during this period, and note that starting from 2025, the Auditor General of Indonesia will assume this role. We also commend the Secretariat for the successful implementation in 2023 of five of the 11 outstanding External Auditor recommendations from 2022 and the previous years. This demonstrates a commendable commitment to enhancing the operational efficiency and transparency of the Organization. In particular, we would like to address recommendation number one from 2022 which suggests considering whether the fees for the Unions are set at appropriate rates to recover costs in determining whether the sustained levels of surplus remain aligned with Member States nominations. In this sense, this significant accumulation of reserves by WIPO suggests that a potential adjustment of the registration system fees to more accessible levels would have minimal impact on the financial health of the Organization. Member States might consider reflecting on this matter.

65. Delegation of Egypt: Since this is the first time our Delegation has taken the floor, Egypt would like to congratulate you and the Vice-Chairs on being elected for steering the affairs of this important Committee. Egypt also thanks the Secretariat for their much appreciated efforts in preparing the documents for discussion at this session. We would like to thank the External Auditor for his comprehensive report and for the very informative presentation. Egypt commends the work of the External Auditor during the previous years. The Egyptian Delegation notes with satisfaction WIPO's strong financial performance in 2023, with an overall surplus of around 114 million Swiss francs, and the increase in net assets to 605 million Swiss francs at December 2023. In this regard, I would like to seek the External Auditor's opinion on how to ensure WIPO's financial management, agility and efficiency to adverse the effect of any potential risks that may hinder the sustainability of this financial performance in the future. On another note, our Delegation is pleased to note that no new recommendations were raised, and we are looking forward for the full implementation of the remaining six recommendations.

66. Delegation of Thailand: As my delegation takes the floor for the first time, we would like to extend our congratulations to you and to the Vice-Chairs for your commendable leadership of this Committee. We also thank the Director General, your team and the Secretariat for all the efforts put forth in the strategic plans and ongoing works. Please be assured of Thailand's full support and constructive involvement during the PBC meeting. Regarding the Report of the External Auditor, we express our gratitude for the presentation, and the excellent report. Concerning knowledge management, we understand from the report that a new ECCM system is planned with a budget of around 8.8 million Swiss francs and a completion date set for 2026. This system is anticipated to enhance WIPO's data management according to the archival standards, thereby improving access and retention. We believe that the WIPO ECCM system might serve as a model for us to learn from in the future regarding the best practices in knowledge and data management. In this regard, we have the following questions. First, how does WIPO plan to ensure that the new ECCM system would be effectively integrated and utilized across the Organization? Furthermore, how will the success of the ECCM project be evaluated upon its completion in 2026?

67. Delegation of Canada: Canada offers its sincere gratitude to the External Auditor and the National Audit Office of the United Kingdom for their dedication and high-quality audits during their six-year tenure. Canada welcomes the constructive engagement between the External Auditor and WIPO. Canada further notes that per the External Auditor, WIPO's financial statements remain of high quality, supported by sound systems of internal controls and reporting. On the potential treatment of WIPO surpluses, Canada would welcome insights from the External Auditor as to whether best practices can be considered for WIPO, mindful of its role as a specialized UN agency. On the development of terms of references for the review of External Offices, Canada takes note of the External Auditor's suggestion that Member States consider a high-level set of overarching principles or objectives. The External Auditor noted that an independent reviewer could be commissioned to formulate the detailed scope and deliver the evaluation report to support future targeted discussions amongst Member States. Like other Member States, Canada looks forward to constructive discussions under the relevant Agenda item. We further appreciate the External Auditor's observations and recommendations on this related topic over the last several years. We would like to take this opportunity to welcome the incoming External Auditor from the Republic of Indonesia and look forward to working with you over the course of your tenure.

68. Delegation of Sweden: Thank you to the External Auditor for the comprehensive report. First, we would like to support the statement made by Group B. We congratulate WIPO for the surplus over the period, and we note that the PCT system is the cornerstone for WIPO's economy. For a long time, it has been over financed, despite slightly reduced demand last year. We think that this raises the issue on the levels of PCT fees, and the possibility of reviewing them since this is a significant part of the application costs for users.

69. External Auditor: Thank you to all the Member States for their kind words about the External Audit. They are much appreciated. As I said in my presentation, it has been a pleasure to undertake the external audit of WIPO, and to give you, as Member States, insight into this Organization. I would maybe like to pick up on some of the points that I heard from the various speakers where we might just add a bit more by way of final comment and response. Taking note of the comments around the importance of assurance mechanisms, and the Statement on Internal Control, we very much have had discussions with management about making more visible the assurance activities that are undertaken, such as the ISO accreditations. There are substantial assurance processes that are being undertaken by the Organization, and it is important that those are captured and reflected more fully in the Statement on Internal Control, to give you, as Member States, assurance around activities, in particular, in the area of cyber. We very much welcomed IOD moving to focus more on cyber and IT issues, and the assurance that they could provide in those really important areas. We also noted some comments around the importance of aligning annual reporting, performance reporting and financial statements. We have had a number of good conversations with management on this issue. There is a lot of material there, a lot of detail for Member States. I think it is an issue of refinement, and maybe bringing together some of those in a more concise annual report package. We will discuss with our successors some of our thinking around that. That is a conversation that no doubt will continue between our successors and management. To pick up on some of the points made by the Delegation of China, there are two really important projects that we see coming down the tracks for WIPO— the buildings project and the ERP system. They will be important projects for our successors to focus on, and we will be clear in giving our thoughts and thinking around those particular aspects to ensure that they are looking at the risks in those areas. Another point that was made was the reference to the issues around the potential conflicts-of-interest around PCT. I am happy to confirm that we have had some detailed discussions with management on this issue, which we actually reported in the previous year. Due to changes in personnel within the ethics function, some of that progress was not as visible to us, but I think management have very much engaged in this issue, and the discussions that we had with them have demonstrated that the issue is being actively taken forward. The Organization would like to ensure that it reflects best practice in making sure that reputational risks, or any perception of risks within PCT, are carefully managed by policies and assurance activities in those areas. I am sure that management can provide more details on their plans in that particular area. The distinguished Delegate from Russia mentioned that our report had not made recommendations this year. We are always a little reluctant to issue a lot of recommendations in the final year when we are not going to be around to monitor the progress of delivering those recommendations. As you identified, our report is clear in the messages and direction of travel that we think WIPO needs to take. We certainly had good engagement with management who plan to take forward a number of areas that we have reported on, despite the fact that they are not formal recommendations. We will be discussing those areas with our successors. In terms of the role of Artificial Intelligence (AI) within WIPO, it is not an area we have looked at during our mandate. Clearly, there are significant opportunities for WIPO, as there are for many other Organizations with the evolution of AI. I think what will be important from our perspective is that this clarity on the objectives, around how you might use artificial intelligence so that whatever you do in this area, you are doing it in a planned, strategic way, where you can evidence the case for any investments you might make in those technologies. Clearly, there are good advantages which I'm sure that WIPO will be well placed to exploit. There was a specific comment around the cash position last year. There was a move that reflected changes in the market to move out of short-term investments and into longer-term investments to maximize the value in the return. We do not see that as being problematic. In some respects, the significant movement in the last year actually reflects the unusual nature of the previous year where, because of market risks, money was moved out of long-term investments into short-term. We see those movements as being appropriate to follow the market trends. To give you assurances as Member States, the nature of many of WIPO's longer-term investments are that they can be liquidated, if there are cash needs. So, we do not consider that low short-term cash ratio to be

an indicator of financial health risks. Those are things that can be managed within WIPO's overall investment portfolio. There was a comment around any final thoughts that we had around how WIPO might mitigate financial risks going forward. I think it has clearly been a highly successful Organization during our six years. It is a good position for a UN entity to be in, that you have surpluses and reserves, so I think that reflects strength in financial management. But, as has been indicated by a number of speakers, there are some emerging trends that may suggest that there may be some downturn. From our perspective, looking at WIPO over the last six years, there are three things that I would maybe point towards to give you assurances as Member States. WIPO has taken a prudent approach to budgeting, so you can take assurance from that. There is always prudence embedded within the budgeting process. There has been a mature approach to tackling the long-term liabilities. Investments have been made to secure funds against long-term liabilities of the Organization which again, gives you assurance as Member States. Also, as we reported several years ago, there is a very effective function within WIPO to monitor market trends, and the impact of the economic environment on WIPO's activity. I feel there are a number of mechanisms which would provide early warning if those trends became problematic. WIPO has a good level of financial maturity and financial management to manage those risks and to see them coming. In respect of the ECCM system, I would probably hand over to management for more detail on how they will manage and measure the success factors of that project. I think that leads me with one final point which was around the issue of fees, and cost recovery. WIPO has a good approach to cost recovery. I know it engages you, as Member States, in discussion around fees. Given the level of surpluses we have seen over a number of years, we felt it was incumbent on us to draw attention to what we believe is good practice in organizations. Setting a fee for the provision of services, should, from time to time, reflect back on the overarching principles that support the fee recovery process. Part of that is to stand back, look at the level of reserves that you need to salt away to fund future investment, but to keep looking to see that those fees are fairly reflective, and that the fees remain as cost-effective as they can be for users of the service. It is not a specific criticism, it is a point that we are making. We think it is good practice to reflect periodically on those overarching principles in terms of fee recovery, so that you, as Member States, are happy with the processes that are followed. I think that covers all the points, but I am very happy to be corrected if I have missed any.

70. Assistant Director General, Administration, Finance and Management Sector: Just a few further comments on behalf of management, if I may. Firstly, with the respect to the External Auditor's observations on the potential perceived conflicts-of-interest in the PCT system, the Secretariat will be undertaking a full risk assessment in 2024. That will be led by the Patents and Technology Sector, supported by the central risk team and the Chief Ethics Officer. This process will ensure that WIPO is suitably protected against IP conflicts of interest. The planned assessment will review the adequacy of the related disclosures. As part of this exercise, the Secretariat has already begun an analysis of best practices in conflict management deployed at national IP offices, and we are identifying opportunities to strengthen the current conflict disclosure process, and/or ethical guidance provided to staff. On ECCM, we are very grateful for the External Auditor's encouragement and advice on records management, and for your support. We are underway in addressing this. I think we are behind many organizations in terms of moving to a more digital approach internally. Three years ago, almost all internal decisions were taken via paper- hardcopy file, then placed into filing cabinets. We have some catch up still to do. Our ECCM, our Enterprise Content and Collaboration Management tool, will revolutionize the way in which we manage this information. That tool is being rolled out. We are starting to migrate the first set of data across to it. We are very grateful for the External Auditor's observations in this area. As we take this forward, we will take full consideration of those observations as we bring the system into fruition. Thank you very much for the comments of the distinguished Delegation of Thailand. We are very happy to share the lessons with any Member State who would be interested as we roll this out. Our director in charge of this project is online if you require any further information. To summarize, the key challenge is not technology, but it is cultural. It is around encouraging and guiding staff to differentiate their approach or way in

which they think about documents, to move away from the process of saving documents into desktops or into hard drives and computers and then emailing them, to using a common collaborative tool, a common platform where colleagues can come together and collaborate on the platform. We are very happy to share further information on that, including all of the success criteria. If I may, Chair, I would like to say a few words. It is the end of an era with our External Auditor. With your permission, Chair, on behalf of the Director General, and the entire Organization, I would like to join many of you in thanking the National Audit Office (NAO) of the United Kingdom for their exceptional service over the past six years, serving as WIPO's External Auditor. 2023 is the last audit of the NAO's term with WIPO, and I would be remiss if I did not express our profound gratitude for their service and professionalism. In particular, Mr. Damien Brewitt and Mr. Simon Irwin, who led the audit teams throughout their mandate. Your work has been instrumental in helping us to strengthen our financial management, our governance, our risk management, and our internal controls. Through the observations and recommendations detailed in your audit reports and our engagement with you over the years, you provided valuable insights that have led to improvements in our financial practices and operational efficiencies in a number of areas, including the Capital Master Plan and the revisions to the Financial Regulations and Rules. Your recommendations have been pivotal in guiding our strategic decisions, and in enhancing our overall Organizational resilience. In our continuing commitment to implement oversight recommendations, we thank you for your valuable observations for 2023, and we will take these on board and continue to implement the outstanding recommendations this year. We will report on these to the Audit Board of Indonesia, that started their term as External Auditors at the beginning of this year. Once again, we deeply appreciate your professionalism and integrity throughout these six years, and wish you the very best for the future.

71. Chair: I thank the ADG for the intervention, and I would like to ask if any other delegation would like to take the floor. I see no request for the floor. In that case, can we proceed to concluding this agenda item? The decision paragraph reads as follows:

72. The Program and Budget Committee (PBC) recommended to the Assemblies of WIPO, each as far as it is concerned, to take note of the "Report by the External Auditor" (document WO/PBC/37/3).

## **ITEM 6 ANNUAL REPORT BY THE DIRECTOR OF THE INTERNAL OVERSIGHT DIVISION (IOD)**

73. Discussions were based on document WO/PBC/37/4.

74. Chair: Good afternoon. I think we can resume our meeting and proceed with the next item on the agenda, that is, Agenda Item 6, Annual Report by the Director of the Internal Oversight Division, (IOD.) In accordance with the WIPO Internal Oversight Charter, the Director of IOD shall submit on an annual basis, a summary report to the WIPO General Assemblies through the Program and Budget Committee. The report gives an overview of the internal oversight activities conducted during the reporting period from January 1, 2023, to December 31, 2023. I now welcome Ms. Julie Nyang'aya for the first time to the PBC and ask her to present this Agenda Item.

75. Secretariat: Thank you. Excellencies, Distinguished Delegates, dear colleagues, Ladies and Gentlemen, I am pleased to present today an overview of the oversight activities, undertaken by the Internal Oversight Division, IOD, of WIPO, during the reporting period between January 1, 2023, and December 31, 2023. This Annual Report is detailed in document WO/PBC/37/4. In line with the Internal Oversight Charter, the IOD's mission during this period was to provide independent and effective internal oversight for WIPO, under the provisions of the Charter. The work was guided by the Medium-Term Strategic Plan, MTSP, for 2022 to

2026. It was supported by conducting engagements and making recommendations to achieve the Organization's strategic focus areas and assess various elements of its control environment. The 2023 Oversight Plan was prepared after considering several factors, including risk ratings, relevance, oversight cycle, feedback from WIPO Management, Member States' representatives, and available resources. The draft oversight plan was submitted to the IAOC for review and advice before finalization. As of the issuance date of this report, the 2023 Oversight Plan has been implemented, and the implementation of the 2024 workplan is on track. During the reporting period, audits were conducted in key operational areas, including the Office of the Legal Counsel, the Patent Cooperation Treaty (PCT) Operations and Customer Relations, the WIPO Global Innovation Index, After-Service Health Insurance Claims Data, (ASHI), the WIPO Singapore Office, the Madrid Registry, the implementation of WIPO Data Privacy and Standards, and Cloud Management. Based on a clarification since sought on one of the recommendations of the PCT audit report on filing risks, I confirm that, as illustrated in the audit report, which was published in April 2023, noting that three countries accounted for 64.7 per cent of the PCT filing volumes in 2021, it was recommended that the Patents and Technology Sector review and address the need to increase the diversification of filing sources, while continuing to enhance the services provided to its key customers. On Evaluations, quality assurance was provided on evaluations commissioned by the CDIP on the Development Agenda Project: Intellectual Property and Socio-Economic Development and an evaluation was undertaken on the learnings from implementing WIPO Initiatives aimed at Empowering Women Entrepreneurs. For Investigations, 37 new complaints were registered, a 16 per cent increase from 2022. In total, 31 complaints were closed following preliminary evaluation, and 14 full investigations – including some from the prior year – were conducted. As of December 31, 2023, 16 matters were pending. In 2023, five investigations resulted in substantiated allegations, while 40 allegations were not substantiated. Three Management Implication Reports were issued. In addition to its planned oversight work, IOD provided advisory services for behavioral science intervention to improve inclusion and diversity in WIPO's recruitment process. Interactive dialogue with Management was conducted to follow-up on implementing open recommendations. As of December 31, 2023, there were 59 open recommendations, including seven high-priority and 52 medium-priority recommendations. IOD's recommendations constituted 81 per cent of all open oversight recommendations, while the remaining 19 per cent were recommendations from the External Auditor. IOD attended all sessions of the IAOC, reporting on the implementation of the internal oversight plan, discussing oversight results, and seeking advice. All reports issued were shared with the External Auditor, who was also engaged in key audit matters and provided with any necessary input. Regular meetings were held with the Ombudsperson and the Chief Ethics Officer to ensure coordination and complementary support. The Office of the Legal Counsel and the Human Resources Management Department were also engaged as appropriate. WIPO colleagues were engaged through presentations during induction training for new staff, online training sessions, and presentation to Management and Sector Leads as needed. Active collaboration and networking with other UN system organizations and entities, including the United Nations Evaluation Group, UNEG, the Heads of Internal Oversight, the UN Representatives of Internal Audit Services, the Conference of International Investigators, and the UN Representatives of Investigative Services continued. During the period, no instance or activity occurred that could be considered to jeopardize IOD's operational independence. The performance indicators continue to show a high acceptance of the relevance of IOD's work and the pertinence of the recommendations made. Feedback on the quality of oversight work was continuously sought from colleagues through client satisfaction surveys after each engagement. In addition, when I assumed office in October 2023, I specifically engaged all WIPO Directors and Senior Management on ways of building on the strengths of and improving the oversight services provided by IOD. These have informed 2024 planning and activities. To discharge its mandate, IOD's 2023 budget amounted to 2.97 million Swiss francs, representing 0.75 per cent of WIPO's budget for the same period. The human and financial resources were adequate to effectively cover the high-priority areas identified in the 2023 Oversight Workplan. On average, each staff member attended 10 training



days in 2023. The published report includes a section on Way Forward 2024 and beyond. I am pleased to share the following updates as of today with yourselves. For the Audit Section, since January 2024, four audit reports – being on Cloud Management, Validation of After-Service Health Insurance Claims Data, Cybersecurity and Quarter One Pilot Testing of 59 per cent of the Organization's key controls, design and operating effectiveness have been issued. Each report includes an overall engagement conclusion. In addition, the report on the Validation of the WPR Data by IOD was issued and is to be presented tomorrow. The Internal Audit Manual has been substantially updated to conform with the provisions of the new global internal audit standards, issued on January 9, 2024. It will soon be shared with stakeholders for their input. An additional post has been allocated to IOD, to backfill the absence of the Section Head, who has been on long-term sickness leave since mid-January but is, fortunately, on the recovery path now. The recruitment process for the addition post allocated and that of an audit staff member who was in November 2023 confirmed and committed for secondment to another agency, from April 1, 2024, is ongoing with tests currently being undertaken by shortlisted candidates. For the Investigation Section, the Investigation Manual has been updated with engagement and input from internal stakeholders. Following a detailed review and advice by the IAOC, and input from Member States' representatives, the final version and the related policy will be released in the coming weeks. Good progress is being made in utilizing the internal justice system as a first option in addressing complaints received before opening formal investigations. As a result, 13 complaints have, to date, been satisfactorily resolved without formal investigations. This allows the Investigation Section to focus on key risk areas and, over time, reduce the amount of time it takes to close investigations. This matter, that is the time taken to close cases, has been of concern to stakeholders, including yourselves. Following a competition in 2023, the Head of the Investigation Section was selected to join another agency and served three months' notice to March 31, 2024. Recruitment of the position is ongoing, along with that of an Investigator, following the end of the two-year contract period in December 2023 of the previous holder of that post. In the meantime, external consultants have been used since October 2023, to supplement the Investigation Team, and some investigations have been successfully contracted to an external firm. An additional budget has been allocated to IOD in May 2024 to facilitate further hiring of the external consultants, as may be required. For the Evaluation Section, two reports have been issued. These include the long-outstanding evaluation component that is Part II of the Audit and Evaluation of the PCT Operations and Customer Relations, which will be published per the IOD publication policy. To ensure a focus on the Organization's key strategic programs, in line with the MTSP, and to facilitate early learning and insights, sharing with Managers, pre-assessments are now being conducted before the commencement of full evaluations. We will continue to use the services of external consultants to undertake substantive evaluation work, once identified. IOD has been allocated additional budget in May 2024 to facilitate this process and ensure we get the right subject matter external resources to undertake the substantive evaluation work. The Evaluation Manual will be updated as appropriate to reflect the Organization's evolving evaluation needs. And the UNEG peer review is scheduled for completion within 2024. In conclusion, together with my IOD colleagues, I look forward to working closely with the IAOC, the Director General, Sector Leads, and WIPO personnel, to achieve the Organization's objectives and key results, as set out in the MTSP 2022-26, while continuing to strengthen our contribution to governance, risk management, internal control processes, decision-making and oversight, reputation and credibility, with our stakeholders, and ability to serve the public interest. Thank you for your attention. I'm happy to answer any questions or receive any comments that you may have.

76. Chair: I thank the Director, IOD, for her statement, and I open the floor for the intervention by Member States.

77. Delegation of the Netherlands: As internal controls and WIPO's efficient and prudent use of resources are key to the Organization, Group B appreciates the continuous efforts of the Internal Oversight Division, in conjunction with input from the IAOC and the External Auditor. In this regard, we would like to thank IOD for its 2023 Report, contained in document

WO/PBC/37/4, and its work undertaken in an independent manner. This report gives Member States a comprehensive overview of the IOD's role, and we consider it a valuable source of information, as well as a helpful point of reference, to draw on throughout the year. We commend WIPO with the appointment of Ms. Julie Nyang'aya as the new IOD Director, as of October 1, 2023. We wish her much success in this important role. We also thank the Heads of Division who took an acting role until Ms. Nyang'aya's appointment. From the report, it is clear that IOD has made significant engagements throughout the year. Mr. Chair, we note with satisfaction the high rate of closure of investigations into complaints and recommendations in 2023. We hope this trend continues. It is pleasing to see that after IOD engagement, most clients were satisfied with the engagement. On the other hand, we note an increase in the number of complaints filed in 2023. We appreciate that the number of complaints often rises as staff confidence in the investigation mechanism grows. We hope, with the onboarding of the new IOD Director, that the average time taken to complete investigations can again be brought below the targets of six months, to ensure that internal justice mechanisms are timely and meaningful. One element that we note is the doubling of complaints from 2022 to 2023, related to non-sexual harassment and discrimination (Table I, page 15), and we hope that the appropriate measures will be taken promptly by WIPO. In paragraph 44, our attention is drawn to a high-priority recommendation, which we understand is not published for security reasons. We do, however, hope the Secretariat can confirm that this recommendation has been implemented by Management in the reporting year. We hope the new IOD Director will focus her efforts on reducing the time needed to complete investigations. Getting these back into the set targets is important for the well-being of the Organization and its employees. I thank you, Mr. Chair.

78. Delegation of Poland: Members of the CEBS Group express thanks to the IOD Director, for the Annual Report by the Director of the Internal Oversight Division, as contained in a document WO/PBC/37/4, and for the detailed presentation just delivered. The report presents the detailed findings of various activities and evaluations across the WIPO strategy house, with a view to support Medium-Term Strategic Plan through relevant engagements. The Group takes note of the IOD's engagement in improving WIPO's operations through strengthened controls, accountability, transparency and learning, audits, evaluation, investigations, as well as cross-sectional engagements, in both auditors and evaluation professionals. We take note of the IOD audit and evaluations of the Human Resources Management Department, which this Group perceives as timely and important for WIPO operations. For the CEBS Group, collective and horizontal efforts are needed to identify and better understand the challenges of the recruitment processes, important to be addressed in order to ensure an effective implementation of inclusive as well as gender and geographically balanced WIPO recruitment management. As WIPO moves forward with the implementation of the geographical diversity action plan, and the 2022-26 IP and gender action plan, along with the envisaged retirement cycle that should result in more vacancy openings in the coming years, we encourage IOD to consider a more systematic and in-depth monitoring of all stages of these processes. Mr. Chair, the reported number of various audits and evaluations reflect a diligent approach applied by the IOD. The CEBS Group notes, however, that despite the significant progress in the implementation of recommendations, 95 continue to be open. We would also value further discussion on the nine recommendations, one being of high priority, issued by the IOD, as referred in paragraph 44 of the report, and progress made on their implementation. The CEBS Group expresses concerns over a significant growth of complaints filed in 2023. This matter requires further consideration, also with a view of mitigating the risk related to their financial impact on the Organization. We acknowledge the positive feedback of IOD activities, through the personnel engagement survey results. All of this effort should contribute to the effective implementation of the IOD's quality insurance and improvement program. Finally, the CEBS Group looks forward to the swift finalization of filling the vacant positions in IOD. This matter is very important, with the view to mitigate the potential negative impact on the IOD future operations. To conclude, the CEBS Group appreciates the presented results in the IOD's activities. We would also like to extend our thanks to the IOD Director for her effort to

systematically communicate with WIPO members. We take this opportunity to wish her all the success in her important work. I thank you, Mr. Chair.

79. Delegation of China: China thanks the IOD team for its report and congratulates Ms. Nyang'aya on her appointment as IOD Director. In the future, we will support you and your team in conducting internal oversight. China attended the Member States briefing by the IOD last year and hopes that there will be similar events in the future, allowing Member States to understand the IOD work program and provide recommendations. China welcomes, over the past one-year, positive cooperations between IOD, IAOC, and the External Auditor. China notes that the IOD, during the period, has issued several audit and oversight reports, such as the Audit and Evaluation of the PCT Operations and Customer Relations, Part I, Results of the Audit of PCT Operations, and the Audit of the Madrid Registry. These reports have helped in improving WIPO's work and we hope the Organization actively implements the report recommendations. To enhance transparency, China encourages WIPO, in line with relevant provisions, to publicly release more internal audit and oversight reports. China wishes to make specific comments on the following aspects. First, China appreciates the IOD's active implementation of the PBC resolutions by auditing the Cloud Management project last year and hopes that the IOD will continue to enhance audits in this regard. Given that this field concerns IT and the cutting-edge digital technology, and that WIPO is also developing and maintaining numerous IT facilities and projects, which all require auditing and oversight, the IOD therefore should focus on enhancing its team's IT knowledge and capabilities. Second, paragraph 156 of the Audit of the Madrid Registry states that since the Madrid IT platform's Project Initiation Document (PID) was launched in 2017, yet PID has undergone four revisions, due to various factors, leading to the project phase I completion, only in 2023. Given that the project is important for the Madrid System examiners, users and modernization, and the project is quite complex, we propose that in the next stage of project development, WIPO exercises prudence and only invests and have the relevant assessment and the evaluation regarding the relevant projects. Thank you, Mr. Chair.

80. Delegation of the Russian Federation: We thank the Internal Oversight Division for preparing this report. We hope that the Division will keep to its current practice of holding consultations with Member States when it draws up the workplan of the Division for each year. We think that this interactive mechanism is an important element in the accountability of WIPO. We would be grateful if the Division could include in its annual report the results of a comprehensive evaluation of the performance of WIPO's Internal Control systems, given trends in recent years. We noted that the Division has not achieved key performance indicators for 2023. Why is this? What measures does the Division envisage to improve its key performance indicators? Likewise, we would like to have more detailed determination of the timeframes needed for investigations. We do, of course, realize that, for the moment, the Investigation Service of WIPO is understaffed, but it would be interesting to know how much time you need for each stage of an examination, and is there room to improve efficiency? Moreover, we'd like to ask the Division to explain to us the process for establishing the Evaluation Reference Groups. Are you envisaging participation by representatives of Member States? We draw attention of the Secretariat to comments of the Division on International Registration Systems and the Global Innovation Index of WIPO. We urge the Secretariat, promptly and fully, to implement recommendations of the auditor in these and other areas, especially those with high priority, in particular as regards PCT. We support the proposal of IOD on the need to analyze the economic model and develop automated instruments to ensure cost and manpower savings, and at the same time, to integrate new technologies, especially in order to improve focus on clients and the internal service management model. With respect to the WIPO Global Innovation Index, we support the IOD recommendation of high-priority to take additional measures to reduce risks related to possible conflicts-of-interest and also transparency and reliability of data in the report. Inter alia, we agree that it is necessary to publish guidance on communications to help with receiving inquiries and responding to them. We think it very important to review criteria in force and the policy for publishing forewards submitted by third

parties, so that they can be properly checked, to make sure that they are fit-for-purpose, objective, and free of conflict-of-interest issues, and that they comply with the basic objective of the GII report. As regards to the Madrid System, we support the conclusions of IOD, on the need to review client service systems, to identify gaps and introduce best practices, particularly by adding more languages to the Madrid System, to make it more attractive for users worldwide. We also point out that there is a very high-priority task to review the powers of non-staff members recruited through agencies, and their actual roles and duties, in order to determine whether these non-staff members are suitable, in terms of support skills and classification levels. We hope that proper measures will be taken in 2024 to fulfil open IOD recommendations. We commend lessons of implementation of WIPO initiatives to empower women entrepreneurs. As regards to the implementation of WIPO's policy and standards on confidentiality of data, we hope that work will continue to improve the systems which manage data confidentiality and to further clarify oversight responsibilities in the area of data confidentiality. We reiterate that it is advisable to develop an online portal for Member States, so they can track oversight bodies recommendations. Such a tool, if updated regularly, would significantly improve transparency of WIPO. We'd also be grateful if you could provide us with a review of your interactions with other internal oversight bodies within the UN system. Have you discussed any innovations in oversight or any new methods of work? We also call on the Division to continue its useful collaboration with the Independent Advisory Oversight Committee and to establish working relations with the new External Auditor, in order to avoid duplication of work. Thank you.

81. Delegation of Brazil: The Brazilian delegation commends the productivity of the Internal Oversight Division, IOD, in 2023. We particularly appreciate the comprehensive evaluation of the Development Agenda Project on IP and Socio-Economic Development. This evaluation aligns well with the recommendations of Cluster B of the WIPO Development Agenda, which emphasizes the importance of IP, for promoting development, addressing public policy issues, and ensuring a balanced IP system that supports innovation and creativity, while fostering economic growth and social welfare. The insights provided by the IOD on the impact of IP on various socio-economic dimensions are invaluable. They offer a robust framework for understanding how IP can be leveraged to drive sustainable development and equitable economic opportunities, especially in developing countries. We encourage the IOD to continue this vital work and to apply its expertise to other Development Agenda Projects, ensuring they are evaluated with the same rigor and depth. This will help to further the objectives of the WIPO Development Agenda and contribute to more informed policymaking and capacity-building across Member States. Brazil will closely follow the evaluation of the project for women entrepreneurs, set to be presented in 2024. We anticipate that with the additional Human Resources received in 2023, the IOD will continue to execute its institutional mission efficiently and effectively in the current exercise. We are particularly interested in seeing how this evaluation will highlight the role of women in innovation and entrepreneurship, contributing to gender equality and economic empowerment. In this context, we would like to conclude by wishing success to the new Director of the IOD, Ms. Julie Nyang'aya, who assumed her position in October 2023. We are confident that, under her leadership, the IOD will continue to excel in its oversight functions and support the goals of WIPO and its Member States. Thank you, Mr. Chair.

82. Delegation of the Republic of Korea: The Republic of Korea would like to express appreciation for the efforts of the Internal Oversight Division. Generally, we are pleased with the various recommendations of the IOD. We note that the report has high-priority recommendations for the Global Innovation Index. Given that many countries use the GII as an indicator of innovation, it is essential that measures are taken to ensure independence and transparency surrounding the GII. Therefore, we hope that the two outstanding recommendations on the GII will be implemented by 2024. I thank you, Mr. Chair.

83. Chair: I thank you for your statements. And now I will pass the floor to the Director of the Internal Oversight Division, for addressing and responding to the questions raised by the Member States.

84. Secretariat: Thank you and thank you for your encouragement and your best wishes in this role. I will endeavor to do it to the very best of my ability, and count on your support. I will address some of the comments that have been raised. There was a comment around the PCT, the high priority finding on the PCT Sector. I can confirm that IOD has subsequently followed-up that matter and that finding has been closed. So, that recommendation has been addressed by the Sector, as we speak. In terms of Member States, representatives contributing to the planning process. I can confirm that that is a standard process, and an integral process, as far as I am concerned. And just as I engaged with you last year in November, I look to do the same again this year as we look to the next year's plan and obtain your input. In terms of investigation, I did make some remarks on the subsequent progress that we are making in 2024, and that is really – with the support of the IAOC – really looking critically at the intake process, working with the internal justice system to ensure that matters that can be resolved amicably through other measures are done so. This is effectively using the Office of the Ombudsperson, using the Sector Leads, the Managers and the Supervisors of different parties, to ensure that matters of personal differences or others do not escalate into full investigative activities. And as I indicated, since January, we have had about 13 complaints, which ordinarily in 2023, would have become full-blown cases, have actually been resolved through the effective use of the internal justice system to the satisfaction of all parties. So, we'll continue to do that, and make sure then that we remain with critical, key cases, which are then addressed in a timely manner, and look to reduce the timeline to investigate cases. On evaluations, we will continue to refocus our efforts on the evolving nature of projects being undertaken by WIPO under the 2022-26 MTSP, and the thematic issues therein, to ensure that we focus on early learning and insights to stakeholders. So, that where we need reference groups, we will look to establish those and also use different subject matter experts to ensure that we can give timely, useful advice that informs learning and key decision-making by WIPO Managers. On innovation, that is a very pertinent point, in this evolving world, and I can assure you this is something we are monitoring very keenly. We are continuing to invest in training, to re-skill IOD staff on all areas, be it cybersecurity, be it data analytics, and as recently as two weeks ago, we attended a session on auditing with AI, using artificial intelligence. And also, how do we upscale on data analytics, usage of data analytics and other emerging trends. So, that is something that we are actively pursuing, not just as WIPO, but also working with the different UN agencies that are based in Geneva and also in Europe and wider. There is quite a bit of learning that is done online within the IOD oversight functions across the UN, and we actively participate in those.

85. Delegation of the Russian Federation: I apologize, Chair...maybe I have disturbed the smooth flow of decision-making. I have a constructive proposal though, and we are very flexible to the way in which it should be implemented: should it be in the final report of the PBC, or should it be a draft in the draft decision which we are looking at now? But what we would like to reflect is the idea which we are reiterating, not for the first time, that it is necessary to have an online portal to track recommendations of oversight bodies. We don't wish to impose upon the Secretariat any stringent conditions, but we really do think we should reflect somewhere that this is a good thing, that is advisable to do this, maybe for instance the Head of the Division could be instructed to examine the possibility and study the possibility of developing such a portal?

86. Chair: I thank you for the statement...give us some time to reflect upon this. I now pass the floor to the Director to address the issue raised by the distinguished representative of the Russian Federation.

87. Secretariat: Thank you. We do have an online portal for tracking recommendations, which is managed by IOD and through it, we are able to see at any time any recommendations that the auditees or whoever wants to get into the portal, indicate how they have addressed the recommendations, attach any relevant evidence, which would then substantiate, so that is working within. I believe your ask – if I'm correct – that Member States can also be able to see that. That is something that maybe I can consult further, engage further, and see how else that could be done, and maybe get back to you.

88. Chair: Thank you very much Madame Director, for responding to the issue raised by the Distinguished Representative of the Russian Federation. Can we proceed in the following way: the request and also the reply will be reflected duly in the record of this meeting – and close this Item with the proposed text of the decision? Is it acceptable? Thank you very much.

89. Chair: As there were no further requests for the floor, the following decision paragraph was adopted.

90. The Program and Budget Committee (PBC) recommended to the WIPO General Assembly to take note of the “Annual Report by the Director of the Internal Oversight Division (IOD)” (document WO/PBC/37/4).

## **ITEM 7 PROPOSED REVISIONS TO THE WIPO INTERNAL OVERSIGHT CHARTER**

91. Discussions were based on document WO/PBC/37/5.

92. Chair: In accordance with WIPO's Financial Regulations and Rules, any amendments to the Internal Oversight Charter will be reviewed by the IAOC and the Director General and shall be submitted to the Program and Budget Committee for approval. I again welcome the Director, IOD, to present this Agenda Item.

93. Secretariat: Thank you. Your Excellencies, Distinguished Delegates, and dear colleagues, I am pleased to present today the proposed revisions to the WIPO Internal Oversight Charter, included in document WO/PBC/37/5. As part of our regular review process, the Internal Oversight Division, IOD, has carefully examined and proposed amendments to the Internal Oversight Charter, which have been shared for consultation with the WIPO Independent Advisory Oversight Committee, IAOC, and the Secretariat. These proposed changes are primarily aimed at making the Charter more succinct and clearer where necessary. The proposed amendments are now submitted to the Program and Budget Committee for your consideration, and subsequent approval by the WIPO General Assembly. The proposed amendments are outlined in Annex I of the document, and Annex II contains the table that shows the proposed amendments in 'track changes format', with a brief explanation of the changes. One of the key updates is to indicate in the charter that, from the year ending December 31, 2025, and in line with the long-outstanding recommendation by the External Auditors, the Director, IOD, will issue an annual opinion on the Statement on Internal Control in WIPO. Other modifications include: (i) clarification of the mission, mandate, authority, responsibility, scope of work, applicable standards, and procedures of IOD; (ii) alignment of wordings and provisions with the updated Global Internal Audit Standards issued on January 9, 2024, UNEG Norms and Standards and the Conference of International Investigators; and (iii) alignment of the Director, IOD's role in the maintenance of, and changes to the Charter, with the Global Internal Audit Standards. These changes are essential to ensure the continued effectiveness and efficiency of the Internal Oversight Division in providing independent and objective oversight services that enhance WIPO's operations, governance, risk management, and internal controls and support the achievement of the Organization's mission, goals, and objectives. I trust that you will find the proposed revisions to be in the best interest of WIPO and

its stakeholders. I am available to answer any questions and further clarify any aspect of the proposed amendments. Thank you.

94. Chair: I thank the Director of the Internal Oversight Division for her statement and now, I will open the floor for the interventions by the Delegations.

95. Delegation of the Netherlands: Group B would like to thank the IOD for taking swift action upon the issue of the updated international internal audit standards. We are pleased to note that with these adjustments, WIPO will be in full conformity with the standards.

96. Delegation of China: China wishes to thank WIPO for the amendment of its Internal Oversight Charter, in accordance with its regular review requirements. We would also like to thank the Director for her presentation of the document. This amendment mainly reflects the latest wording and requirements contained in the international Internal Auditing Standards. Part of the amendment also reflects requirements of relevant UN standards and recommendations by the External Auditor. In principle, we do not have any objections to the amendment overall. We wish to put forward a specific amendment proposal. Existing in the current amendment, the original Article 19 was amended to form new Article 13, in particular, some of the parties need to be regularly liaised with by the IOD have been included. We recommend that in the last paragraph of this Article – before the Chief Ethics Officer – China recommends adding “...Member States”. The reason is that oversight recommendations from Member States is a very important source of IOD's effort, and in practice, IOD convene annual meetings for Member States, listening to recommendations on their workplan and other aspects.

97. Delegation of Poland: The CEBS Group would like to thank the Director, IOD and the WIPO team for the amendments reflected in the proposed revision of the Internal Oversight Charter, as contained in document WO/PBC/37/5. We take note that the proposed changes should align the updated Internal Oversight Charter to the updated International Internal Auditing Standards, issued on January 9, 2024. We also take note of the proposed changes with the view of making the Charter more succinct and to provide further clarity. We would like to thank the IAOC and the Secretariat for considering the proposed amendments to the Internal Oversight Charter, in light of the existing regulatory and operational framework of the Organization. We welcome the proposed change to include IOD regular consultations with the Chief Ethics Officer, the Ombudsperson, as well as the Human Resources Management Department, and the Office of Legal Counsel, as it was proposed on page 8 of Annex II of the document – point 19, with reference to article 13. We see a great value in such consultations on a regular basis, which should contribute to addressing some of the management issues, being the subject of concern of this Group. Furthermore, we would also be interested about the functionality of the provisions proposed in Article 10 of the Charter, point 16 in the table, with regards to the criteria of determining which are the wrongdoings for the IOD activities. We would be grateful for broader explanations of the proposed changes with regard to this specific revision.

98. Delegation of Brazil: The proposal before us has been presented by the Secretariat, with the objective of aligning the WIPO Internal Oversight Charter with the language of new international standards for Internal Auditing, published by the Institute of Internal Auditors, IIA, in January 2024. In principle, Brazil agrees that the alignment with the international standards should be pursued. However, for the sake of clarification, Brazil would like to enquire about the effect of excluding the word “contractors” in paragraph 9 of the proposal, as found in Annex II, page 6, of the document WO/PBC/37/5. Additionally, we seek comments on how adequately the mandate to be excluded from paragraph 30(d) on Annex II, page 18, is compensated by the inclusion of paragraph 34, on Annex II, page 22, or paragraph 41(d), on Annex II, page 26. This is particularly about the emphasis on reporting to Member States cases where recommended corrective actions by internal audit have not been implemented.

99. Delegation of Canada: Canada is overall supportive and appreciative of the IOD's proposed amendments to the Internal Oversight Charter. We are, however, interested in learning additional information or clarifications behind the deletion under paragraph 30 sub paragraph (d) on Annex II, page 18, regarding a commitment to report in writing to Member States, the IAOC and the Director General, on situations where adequate and timely corrective actions have not been implemented.

100. Delegation of the United States of America: Thank you to the IOD for these proposed updates. The United States welcomes the proposals to align the Internal Oversight Charter with the IIA Global Internal Audit Standards issued in January. With regard to the proposal by China to require the IOD to liaise with Member States, we believe this reflects a duplication of work, considering that Member States receive annual reporting from the IOD, and perhaps a micromanagement of the function.

101. Chair: Thank you very much for your statement. Can I ask the distinguished representative of Brazil to repeat and to give some more clarification in regard to your proposal, in order to allow the Secretariat to write this down properly and to see your proposal in its entirety?

102. Delegation of Brazil: Would it work if I send to the Secretariat the actual written questioning, so they can have it in its entirety? I can do it right now, thank you.

103. Chair: Yes, of course, it will do if you send your proposal to the Secretariat and also, in that context, I would propose that we split for 10 minutes, just in order to allow the Secretariat to prepare the reaction for the proposal. So, with this, I suspend this meeting for 10 minutes.

104. Chair: I think we can reconvene our meeting, and without further delay, I will pass the floor to Director, IOD to address the issues made by the delegations.

105. Secretariat: In response to the question raised by China on paragraph 13, paragraph 13 of the Charter specifically deals with internal and external assurance providers. That is why we are making reference to the External Auditor. Sometimes the Office of the Controller, which is the second line, also has some audits done. The JIU also has certain audits that are done, including on WIPO, so this paragraph is specifically dealing with other sources of external or internal assurance that IOD can rely on, so as not to duplicate work or effort on areas that have already been substantively covered, and that is why Member States do not become part of that component. In terms of reporting on open recommendations to Member States, again, if you look at the Charter as a whole, a lot of these changes were being done to ensure succinctness – so that information is included in one place. But if I go back to the process of open recommendations, the IAOC, who is here, would confirm that the quarterly activity reports include detailed analysis of all open recommendations, and how long they have been open, and what corrective action – what is their status, in terms of how long they have been open and whether they have been satisfactorily addressed or not. That report goes to the IAOC and also to the Director General. The IAOC gives that particular focus and is also part of the reporting they do at the end of the IAOC meetings to Member States. So, we include the status of all open recommendations in quarterly reporting and in the overall annual report which again, you would have on the portal. It shows the status of all open recommendations, including whether they are high priority, and which Sectors they relate to. There is actually quite a robust process around that, with detailed schedules that support every recommendation listed there. I hope that addresses it – the quarterly reports – and it is also included as part of the mandatory requirements of the annual report of the IOD Director. In terms of wrongdoing – I think this is a question from Poland – how do we assess wrongdoing? There are various sources. Of course, there are various definitions of wrongdoing by the CII, by the Organization of International Investigators. We receive reports of wrongdoing either through the speaker portal or the hotline: those come confidentially to the IOD, or staff and external parties can also reach out to



me or the staff directly on email, or some even walk in personally to our offices. Any complaint that comes in then goes through an intake process, as I previously described, to assess whether it is something that can be addressed through the internal justice system, or if it needs to go through a full investigative process. That is a process that is in place to do that. We shared with the Member States the manual, the draft investigative manual, which is due for release soon, and in there, there are various definitions of various categories of wrongdoing (it is actually explained quite substantively), and that is one of the decisions we made in the new investigative manual, where we articulate and describe what the different types of possible wrongdoings that IOD would look to investigate. I hope that addresses the questions.

106. Chair: As there were no further requests for the floor, the Chair proceeded to read out the decision paragraph relative to document WO/PBC/37/5, which was adopted.

107. The Program and Budget Committee (PBC) recommended to the WIPO General Assembly to approve the proposed amendments to the Internal Oversight Charter contained in Annexes I and II of Document WO/PBC/37/5).

## **ITEM 8     PROGRESS REPORT ON THE IMPLEMENTATION OF THE JOINT INSPECTION UNIT'S (JIU) RECOMMENDATIONS**

108. Discussions were based on document WO/PBC/37/6 Rev.

109. Chair: We will now proceed with Agenda item 8 "Progress Report on the Implementation of Joint Inspection Unit's (JIU) Recommendations. This document provides an overview of the status of implementation of outstanding recommendations addressed to the World Intellectual Property Organization's Legislative Bodies, and to the Executive Head of WIPO, resulting from the reviews of the JIU during the period January 1, 2019, to February 29, 2024. All recommendations prior to January 1, 2019, have been closed. Before I pass the floor to the Secretariat to introduce the document, I would like to welcome the Acting JIU Chair, Ms. Eileen Cronin, to the PBC session. You may recall that at the 35<sup>th</sup> PBC session in 2023 there was a request that we invite the JIU Chair in the future PBC sessions.

110. Acting JIU Chair: Members of the Committee, thank you for inviting the Joint Inspection Unit to participate in this meeting. Since the presentation of the management and administration review of WIPO in 2014 (JIU/REP/2014/2), this is the first time that the JIU is invited to participate. I am speaking as the representative of the JIU Inspectors and would like to inform you that, should you have any queries or need clarification on the technical aspects of the reviews under consideration, they will be brought to the attention of author Inspector(s) for written response. As an oversight body, the Unit' rate of acceptance of recommendations by its participating organizations is the primary indicator of the relevance, importance, and quality of our reports. Timely and thorough consideration of the reports by the legislative organs and/or governing bodies and clear decisions on the action to be taken are essential for oversight work to have an impact. In the JIU's experience, the importance shown by the legislative organ and/or governing body towards oversight matters sets the tone for the priority that management attaches to the implementation of recommendations. We commend the WIPO secretariat for preparing the progress report on the implementation of JIU recommendations. WIPO is among the participating organizations with the highest rates of acceptance and implementation of JIU recommendations. For the reports issued in the period 2016 to 2022, WIPO has a 90 per cent acceptance rate and of the accepted recommendations, 96 per cent have been implemented; well above the average rates for the UN system which are 77 per cent and 80 per cent, respectively. As per JIU's commitment to undertake reviews that are important and relevant and to be accountable for producing timely reports that are aimed at improving effectiveness, efficiency, and system-wide coordination, the Unit completed all the reviews carried over from 2022 and released 10 products in 2023. The Unit's programme of work for 2024, finalized

following consultations with all participating organizations, is composed of 4 system-wide reviews and 1 single organization review. In addition to delivering the programme of work, the Unit will focus on the implementation of recommendations from the self-assessment exercise conducted in 2022. The Unit is also completing a midpoint assessment of its strategic framework, which will be part of the annual report to General Assembly in 2025. Among the highest operational priorities for the Unit is the replacement of the system for tracking and reporting on the status of recommendations. With the support from our participating organizations, this risk will be addressed in 2025. I thank the members of this Committee for the attention to the JIU's work and I trust that this interaction will continue. I also take this opportunity to thank the secretariat staff for the cooperation and collaboration that the JIU receives in conducting its reviews. Thank you.

111. Chair: I thank Madam Cronin for her remarks and also for her presence with us today.

112. Secretariat: It is my pleasure to present a review on the status of the implementation of the Joint Inspection Unit's (JIU) recommendations addressed to Legislative Bodies and the Executive Head of WIPO. Please note that the report was issued as WO/PBC/37/6 Rev. to correct paragraph 4 related to the summary of the status of recommendations and to update Table 1 of the report to include a review A471- Health Services in the UN system. Since the last report submitted to the 35<sup>th</sup> PBC session in 2023, five JIU Reviews were issued which were relevant to WIPO. These five reviews in summary covered flexible work arrangements, mental health, non-staff personnel contractual modalities, accountability frameworks, and internal pre-tribunal appeal mechanism. Subject to the endorsement of Member States in respect of recommendations contained in the present report, there will be seven recommendations addressed to WIPO's Legislative Bodies and ten recommendations addressed to the Executive Head, which remain outstanding. All other recommendations have been closed [implemented, considered not relevant to WIPO, or not accepted]. Recommendations currently outstanding are from reports for Reviews issued from 2018 to 2023. Related to the "Review of mental health and well-being policies and practices in United Nations system organizations" of the 11 recommendations issued, nine were indicated by the JIU to be relevant to WIPO. Of the nine recommendations, six recommendations were accepted or are under consideration, one recommendation was assessed as not relevant to WIPO's context as a mostly HQ based entity and two recommendations were not accepted by WIPO. The explanation for the status of these and all the recommendations is included in the Annexes I and II of this document. On the two recommendations related to the "Cybersecurity in the United Nations system organizations", you may recall that these had been proposed for closure at the 35<sup>th</sup> Session and the PBC decided that these should remain with a status "in progress". Progress has been made on these two recommendations, namely the reporting on Cybersecurity in the WIPO Performance Report 2022/23, and the full engagement of the IAOC on the matter. The Chief Security Officer has briefed the IAOC as from the 70<sup>th</sup> session onwards on Cybersecurity. The Secretariat will continue to report on Cybersecurity in future WIPO Performance Report and engage with the IAOC on the matter. Based on the above actions taken, we believe that we have implemented the two recommendations. As the JIU progress report was published before the publication of the WPR 2022/2023, the status of these remains "in progress" pending your consideration and feedback in this present session. I would like to highlight that the JIU issued a note rather than a report on April 5, 2023, for the Review entitled "Review of policies, measures, mechanisms and practices to prevent and address racism and racial discrimination in the United Nations system" and we have clarified with the JIU that no report will be issued for this review. The Secretariat is considering the 6 recommendations in the Note which are all addressed to the Executive Heads or the CEB. Subject to the requirements of the JIU Statutes related to issuing of Notes for reviews, the Secretariat will provide an update to the IAOC at their next session and to the Member States as part of the Progress Report on the Implementation of the Joint Inspection Unit's (JIU) Recommendations at the PBC Session in 2025. I would like to highlight that WIPO has attended and actively participated in the biennial meeting of JIU Focal Points of participating organizations in September 2023 where there was a healthy exchange of ideas

with the Inspectors. We have also had productive meetings with the JIU Chair and plan to maintain ongoing engagement in the future. We continue to value the recommendations and the knowledge exchange across the UN System that the JIU brings. We thank the JIU for all their efforts and engagement with WIPO. I would also like to thank colleagues within WIPO who have been very responsive in completing the various questionnaires, even in a period of very high workload. These colleagues are here in the room or are connected online and will be able to answer questions that the delegations may have.

113. Delegation of China: Thank you, Mr. Chair. Good morning Delegates. This Delegation wishes to thank the Secretariat for the progress on the implementation of the JIU recommendation report. As of February 2024, the overall implementation of JIU recommendation by WIPO, we are generally satisfied. Effective implementation of JIU recommendation will contribute to WIPO's good governance and will help this organization to be better integrated into the overall framework of the United Nations. The Delegation of China wishes to welcome the representative of the JIU at the PBC meeting for the first time. We wish to express our appreciation to your years-long efforts. The Delegation of China encourages the WIPO Secretariat to actively work on its advantages and practical operations to consider implementing JIU's now official recommendations. We have noted that, with regards recommendation three of the JIU rev 2023/3 review of accountability framework in the EU and system organizations, the recommendation says that the executive heads of the UN system organizations should, starting from 2025, present to their legislative organs, or/and governing bodies, a regular report on the implementation of the accountability framework and on the costs of its key components. Considering that an accountability framework has already been established by WIPO, regular reports will help to increase accountability, transparency, and inform member states of WIPO's accountability mechanism, as well as their implementation. China wishes that the Secretariat could have a more comprehensive evaluation of this recommendation and consider how to implement this recommendation. We have also noted that with regards recommendation one under JIU rev. 29/5, managing cloud computing services in the UN system, in the assessment part, the Secretariat noted that the concept note and the first version of the document are ready and will be presented at the upcoming digital and technology network session, which will take place in Nairobi. China appreciates and welcomes this. We hope that the Secretariat can provide more details about this, and also, we wish to ask whether interested delegates can have access to the full document as mentioned. Thank you, Chair.

114. Delegation of the Netherlands: Group B notes that the JIU has issued 10 recommendations to WIPO's legislative bodies, and 29 to the Executive Head of WIPO. In total, eight recommendations were not accepted by WIPO, and five new JIU reviews, relevant to WIPO, have been issued. Group B is supportive of the JIU and its mandate. As the only body with a mandate to evaluate UN system organizations collectively, its reports and recommendations are essential for identifying and promoting best practices aimed at improving management and methods and at achieving greater coordination between organizations. I thank you, Mr. Chair.

115. Delegation of Poland: Thank you very much, Mr. Chair. A very good morning to everyone. The CEBS Group would like to thank the Secretariat for the progress report on the implementation of the Joint Inspection Unit's recommendations as contained in document WO/PBC/37/6 rev. We are also grateful for the JIU Acting Chair for the participation in today's discussions. We found it very valuable. Both the report and the presentation allow for a comprehensive overview of the status of implementation of the recommendations addressed to the WIPO legislative bodies and 29 recommendations, out of which 25 new addressed to the Executive Head of WIPO, resulting from the reviews of the JIU during the period of January 1, 2019, to February 29, 2024. We also thank for the presentation in the document of the list of the eight active JIU reports relevant to WIPO as of February 29, 2024. We note with satisfaction JIU's Chair reporting very positive results of WIPO's implementations of the recommendation. Thank you for this. The CEBS Group is pleased to learn that all recommendations prior to

January 2019 have been closed. We also recognize the progress on the implementation of the JIUs reflected in the completion of the three JIU recommendations addressed to the legislative bodies and other quarterly 19 addressed to the executive head. We also note that five new reviews have been issued since the last report, submitted to Member States since the 35<sup>th</sup> session of the PBC. The CEBS Group would be interested to learn more details about the reasons of not accepting by WIPO some of the JIU's recommendations, which we found important for ensuring effective operation and good environment of working WIPO. We encourage the Secretariat to continue its work to facilitate and coordinate responses to the JIU's questions, surveys, and interviews in relation to ongoing and new reviews. Members of the CEBS group also thank the Secretariat for their proactive engagement in the process of JIU's implementation, also by taking part in the biennial meeting of JIU focal points, organized 19 to 20<sup>th</sup> September 2023 at the Palais des Nations in Geneva. Finally, the close cooperation of IAOC and the Internal Oversight Division (IOD), and other important actors is appreciated by the members of the CEBS Group. We believe that this significantly improved the process of the implementations of the issued recommendations. I thank you very much, Mr. Chair.

116. Delegation of Brazil: Thank you, Mr. Chair, good morning, colleagues. I have the honor to speak on behalf of the Group of Latin American and Caribbean Countries, GRULAC. We would like to highlight the recommendations contained in document WO/PBC/37/6 rev, which addresses the progress in implementing the Joint Inspection Unit, JIU recommendations. GRULAC welcomes the advances reported by the WIPO Secretariat in implementing the JIU's recommendations, particularly those related to improving governance management and internal oversight. As originally requested by Mexico, the JIU's involvement in WIPO's affairs promotes transparency and administrative efficiency, ensuring that all member states equally benefit from the organization's initiatives. We appreciate WIPO's commitment to following the best practices recommended by the JIU and encourage ongoing effort to strengthen governance structures and operational effectiveness. We stand ready to collaborate constructively to ensure that established goals and recommendations are accepted and fully achieved by WIPO. GRULAC Member States are invited to elaborate further on this agenda. Thank you.

117. Delegation of the Russian Federation: Thank you very much, Mr. Chairman. We would like to thank the Secretariat for the preparation of this report. We note the importance of the recommendations in this report, namely the review of accountability frameworks in the UN system organizations. We believe that the Secretariat can, in a timely manner, implement these recommendations. However, we would also like to attract your attention to the importance of the implementation of the recommendations in a timely manner of older JIU reports. In particular, cybersecurity in the UN system, the application of block chain systems in the UN system, towards a state of readiness, managing cloud and computing services in the UN system as well. Please, could you tell us why there are delays in the implementation of the recommendations of these JIU reports? Regarding cybersecurity, we are interested in seeing a review of the official PBC report with detailed information on certification audits, as per the ISO 27001 standard, as well as other control activities by the IOD. We commend the efforts deployed by WIPO to study the possibilities of applying this technology in the field of IP, as well as the implementation of global initiatives in this field. For example, the global identifier to harmonize and streamline the names of applicants. The Delegation of the Russian Federation leads the focus group on blockchain within the WIPO standard committee. This focus group and its Member States develop the appropriate technical standards on blockchain with the aim of helping Member States and service users in the field of IP to simplify the introduction and use of this technology to optimize IP services. We are expecting the presentation of the service provision project on cloud computing. We believe that WIPO must also consider the concerns of Member States in this field and take the necessary measures to create a comfortable and safe digital environment within the global IP ecosystem. We also believe that the Secretariat should continue to fully and responsibly participate in the work of the JIU, in particular in the preparation of systemwide reports and in responses to the unit's queries. Thank you.

118. Delegation of Mexico: Thank you very much, Mr. Chairman. My delegation would like to thank the Secretariat for the report presented as well as to its readiness to listen to the Delegation of Mexico's proposal to invite the JIU to this committee, which enables us to have their presence today. We also thank the Chair of the JIU, who can't be here, but who is replaced by Eileen Cronin, whose presence we thank for her presentation. Taking into account the technical nature of the organization, from my delegation it is important to recognize the valuable work carried by the JIU within the United Nations system. My delegation would like to take this opportunity to advocate not only recommendations of the JIU but also reports presented by the Secretariat. In relation to the report of the review of the use of staff that are not involved in related services in the United Nations services, in particular recommendations 1 and 2, we would like the JIU to provide greater clarity as to the objective of these recommendations, and provide the Secretariat with the necessary information in order to have greater clarity as to the relevance of the definition of "related staff", or staff on loan by other organizations within the United Nations system, or subcontracted by the organization. As to the report on the review of mental health within organizations of the United Nations system, particularly recommendations 2 and 10, we would like to know, whether it's possible, the opinion of the JIU and whether they agree with the Secretariat as to the need to focus not only on providing information with respect to these activities, but as to the percentage of people involved. If there is progress we would like to be informed within the common system, that is, with indicators which will enable us to evaluate mental health and well-being. Finally, my delegation would like to pay tribute to the work of the Secretariat in implementing JIU recommendations, commending the organization for a greater acceptance rate. Thank you very much.

119. Delegation of Peru: Thank you very much, Chairman. At the outset, we would like to associate ourselves with the statement by Brazil on behalf of GRULAC and delegations. We would like to thank you for your report. We just have a question and comment as to the distinguished delegate of Mexico, that is as to recommendations 2 and 10, which were not accepted. This would emphasize on a focus on mental health and well-being and with an empirical data. It seems to me, certainly, that there is no opposition to this approach *per se*, but rather the difficulty is in preparing indicators and also in the time involved to prepare for these indicators. In this sense, and if my understanding is correct and we are not questioning the approach, we would like to know more detail and response by WIPO whether actions are planned to improve the preparation of indicators in the United Nations system. Thank you very much.

120. Delegation of Canada: Thank you, Chair. The Delegation of Canada supports the work of the JIU and appreciates the constructive relationship between WIPO and the JIU. To that end, the Delegation of Canada welcomes WIPO's active participation in the biannual meeting of the JIU focal points. With respect to the JIU recommendation to, by the end of 2026, develop mental health and well-being workplace action plan, the Delegation of Canada welcomes HRMD's consideration of the initiative and looks forward to future updates on the action plan. While reviews are ongoing, once information is available, the Delegation of Canada is interested in learning WIPO's response and approach to the JIU reviews covering policies, measures, mechanisms and practices to prevent and address racism and racial discrimination in the UN system, as well as the review of policies and practices to prevent and respond to sexual exploitation and abuse in the UN system organizations. Thank you, Chair.

121. Delegation of the United States of America: Thank you, Mr. Chair. The Delegation of the United States of America aligns with the statement made by Group B and has a brief follow-up for clarification and information. Regarding recommendation 4, from the JIU report on flexible working arrangements in the UN system organizations, it appears from the management assessment that WIPO is already complying with the core of this guidance, namely, to provide transparency in reporting. Could the Secretariat share what aspect of the recommendation is thus pending consideration? Additionally, regarding recommendations 1 and 2 from the JIU report on the review of the use of non-staff personnel and related contract modalities, we invite

the Secretariat to consider the conditions it has identified as problematic. Specifically, we understand that it is the Secretariat's view that adopting the term "affiliate personnel" is too prescriptive, and that the Secretariat has remaining questions about how the term will be applied. We recognize these legitimate concerns but perceive that they are actually highlighting the need for greater transparency and coordination regarding non-staff personnel in the UN system. We greatly appreciate WIPO's active participation as a member of the JIU since 1981 and encourage the Secretariat to engage with the JIU to obtain the necessary clarifications that would allow the organization to fully implement these recommendations. Thank you, Chair.

122. Secretariat: Thank you very much, Mr. Chair, and very good morning to everyone. We have a number of colleagues in the room and owners of the different recommendations, so bear with me while I coordinate and call upon them, Mr. Chair. First, there was a question from the delegation of China on the digital transformation network and the details of the report, related to blockchain, if I am not mistaken.

123. Delegation of China: Thank you, Mr. Chair. As a matter of fact, I was talking about report JIU/REP/2019/5, recommendation 1. The assessment should be included in the JIU report. I was not talking about the blockchain, it is just about the finalization of review on managing cloud computing services. This document will be presented in the Nairobi meeting at the end of this year, and this is what we read from the document. Thank you.

124. Secretariat: This concerns the considerations of the Digital and Technology Network (DTN). The DTN is underneath the Chief Executive Board (CEB) within the UN family. WIPO is a member as are all the other members of the UN family. The meeting that has been referred to took place in 2023. We can share with the interested delegations how to find the reports. These are available on the CEB website. To give some summary of what was discussed in Nairobi, there was a general concern that we need to always have some risk mitigation options available, despite the fact that most of the UN entities are moving more and more into cloud. The idea is being if something goes wrong, it is always good to cover your bets. It is always good to have some resilience and risk mitigation in your options. As a consequence, the notion of private cloud, which is more or less the next generation of data centers, hosted data centers, will continue to be provided by the UNICC, which is a computing sharing service, which I think most delegates are aware of, along with the UN Secretariat. We have the option of using, when needed, the cloud facilities in a private cloud case through either of those entities if we wish. And in addition, we still have of course the option of using public cloud, but I should remind the colleagues today that the trend is very, very strongly going in the direction of using public cloud, because it is very secure, it is very convenient, it is evolving in a rapid fashion, and it is economically providing very good value. I hope that clarifies everything. Thank you.

125. Secretariat: I would like to address the comment made by the distinguished Delegation of Mexico and the Delegation of the United States of America regarding the two recommendations that are under consideration, further to the review of the use of non-staff personnel. At this stage, those recommendations are indeed under consideration, because we are unsure of the objective of a single denomination across the UN, as it covers different contractual modalities with different risk, different constraints, and different type of contractual relationship, whether direct or indirect. The use and the manner of use of non-staff across the UN differs, sometimes quite significantly from one organization to another. One nomenclature could lead to a blurring of a vast array of contractual modality, hence the fact that the recommendations are still under consideration. Thank you.

126. Secretariat: The main question came from the distinguished Delegation of the Russian Federation, in respect to the ISO 27001 certification audit. We would be more than happy to share a copy of the full certification audit report to interested delegations. I will provide that to the Secretariat for distribution. And in respect to the control activities and reviews carried out by

the Internal Oversight Division, these reports are, as normally, available to Member States for consultation through the standard processes. Thank you.

127. Secretariat: I will start by explaining how we approach the JIU recommendations, because I think it will help to answer some of the questions we have received. The JIU recommendations are indeed very helpful. When we look at them, we consider the principle of the recommendation, and then we look at how we are going to impactfully implement the recommendation. That is why sometimes we make a difference between something that may already have been implemented, or something we will implement in a quite straightforward way. But there are also occasions where we do not want to invent our own answer, and we see value in discussing with other UN agencies, for example, in terms of how they are approaching it, for a better impact. If I look at recommendations 2 and 10 on mental health, this is exactly that situation where we do agree on the importance of an evidence-based and data-driven organizational approach to mental health and well-being, but the recommendation itself is actually still focusing on reporting of activities, rather than the actual impact. Indeed, actions are planned to improve and to address, and we are going to be discussing this in the context of the UN mental health and well-being strategy implementation board later this month, but also with the HR network. To clarify, this is generally the reason why we put under consideration. We agree on principle, but we would like a little bit more discussion to come up with how we are going to implement it. In relation to the question from the distinguished Delegation of the United States of America on the flexible working arrangements, we do feel that we largely already comply on this recommendation, but this goes back to what we feel is impactful. I am not sure Member States necessarily want to see the nitty-gritty details of how many people are taking which type of arrangement. We would like to focus more on what are the positive aspects of flexible working arrangement in terms of engagement and well-being, but also what are the negative ones on collaboration and innovation. That is what we are aiming at, to look more at the qualitative aspects, and this will definitely require more time to think through on adequate indicators. Thank you. I hope this addresses the questions.

128. Secretariat: I did note a question on the accountability framework, the recommendation related to accountability framework and the cost of its key components. Yes, WIPO has an established accountability framework and we have engaged with the PBC to revise and update this. It is also aligned with our overall results-based management framework. In terms of providing cost, this is also a question that has been addressed within the interagency mechanisms of the UN. This is not a new topic for discussion. This is of course from a report of 2023, we are considering it, but I must also confess that we would have to align also with other UN agencies on how to approach this, so that we have a more coherent approach to this. This is why it will take a little bit of time for us to consider and connect with other agencies as well. That is the status of that particular recommendation.

129. Secretariat: If I may address the question related to the long outstanding recommendations, there are not many of them, but there are a few that are fairly complex to implement, especially if they involve discussions across the UN system. In those cases, for us to assess them as implemented, progress has to be made across the UN system. For example, the particular one that was referring to blockchain, it is a recommendation to Member States to engage. There is a standing committee discussing these issues. We monitor to see how those discussions are going on, in terms of the standards, and then we assess whether we can close it, and this can take a bit of time. Otherwise, if you look at it, we have been focusing quite a lot on closing these long-outstanding recommendations.

130. Assistant Director General, Infrastructure and Platforms Sector: With regard to the particular question on the utilization of blockchain technology, as pointed out in this context, there is a specific Task Force under the Committee on WIPO Standards. That Task Force is working on the possible establishment of a new WIPO standard in terms of the blockchain technology. This is ongoing and the Task Force has already reported on the progress and

ongoing activities to the Committee on WIPO Standards multiple times, thanks to the participating IP Offices and Member States to this Task Force. That discussion is ongoing, and we look forward to further collaboration and cooperation with the Task Force members. The next Committee on WIPO standards meeting is scheduled for September 16 to 20, 2024. We are hoping to have more information in this context in the upcoming Committee meeting. Thank you very much.

131. Delegation of Mexico: Thank you very much, Chairman. I would just like to know whether we will have an opportunity to count on comments from the JIU. My delegation made some questions directly to the JIU. I do not know whether we can count on having some responses. Thank you very much.

132. Acting JIU Chair: Thank you once again. In terms of the non-staff review, as those recommendations are under consideration, I really encourage the Secretariat to have a conversation with the Inspectors. They are happy to do so for clarity on the intent behind those recommendations. I think it would be a fruitful conversation, not just for WIPO but also for the system and to get together more information about how other organizations are approaching those recommendations. In terms of recommendations 2 and 10 from the mental health review, I was the primary author for that review, and I was disappointed that those recommendations were not accepted by WIPO. I have offered to meet with the Secretariat staff to discuss the intent behind those two recommendations, and maybe have them reconsider. After the discussion, and what other organizations have done and how it has been interpreted. But also, these recommendations are about developing an approach that involves data and evidence. I would hope that that would be taken into consideration. If the interpretation was around activities, I apologize for that, because it is not around activities. Chapter 2 of that review clearly outlines the data that we think is important to consider in developing an approach to mental health and well-being for organizations. I think that is something to take into consideration alongside the scorecard indicators. I am happy to have that conversation with the Secretariat staff and outline the intent behind those recommendations and are available to do so. I thank you for that. I would also like to thank Member States for inviting the JIU to be here today. This is a best practice and one that I hope will continue, because I think it is a really good opportunity for you to hear from us, but also it is a great opportunity for us to hear from you, and how you are interpreting our reviews, but also how the Secretariat is responding. That is good information, good evidence for us in our work going forward. I thank you again.

133. Chair: Thank you Ms. Cronin for your response. Dear colleagues, following the explanations from the Secretariat as well as from the Acting JIU Chair and on the reporting on cybersecurity in the WPR 2022/23 on the two recommendations that the PBC decided to keep open, may I consider that the Delegations are now satisfied that these should be closed?

134. Delegation of Mexico: Bearing in mind what the representative of the JIU has just said, perhaps we might reconsider the status of some of the recommendations the Secretariat did not accept. Perhaps this should be reflected in the decision, to have one sub-item iii, which could say that there could be, in view of a rapprochement with the JIU, a review of these recommendations, rather than a non-acceptance of these recommendations. Thank you.

135. The Program and Budget Committee (PBC):

- (i) took note of the present report (document WO/PBC/37/6 Rev.);
- (ii) welcomed and endorsed the Secretariat's assessment of the status of the implementation of recommendations under:
  - JIU/REP/2023/8 (Recommendations 3, 4, 5 and 6);



- JIU/REP/2023/6 (Recommendations 1, 3, 5 and 6);
- JIU/REP/2023/4 (Recommendations 1, 4, 5, 8 and 11);
- JIU/REP/2023/2 (Recommendations 1, 3, 4, 6 and 7);
- JIU/REP/2019/8 (Recommendation 4);
- JIU/REP/2018/4 (Recommendations 10) as set out in the present report;

(iii) recommended to retain under consideration as the status of the implementation of recommendations under JIU/REP/2023/4 (Recommendations 2 and 10);

(iv) recommended to close JIU/REP/2021/3 (Recommendations 1 and 2); and

(v) called on the Secretariat to propose assessments for the open recommendations made by the Joint Inspection Unit (JIU) for Member States' consideration.

## **ITEM 9 WIPO PERFORMANCE REPORT; AND**

## **ITEM 10 INTERNAL OVERSIGHT DIVISION (IOD) VALIDATION OF THE WIPO PERFORMANCE REPORT 2022/23**

136. Discussions were based on documents WO/PBC/37/7 and WO/PBC/37/8.

137. Chair: I am happy to proceed further and move on to the next Agenda Item. Agenda Item 9, "WIPO Performance Report 2022/23" and Agenda Item 10 "Internal Oversight Division (IOD) Validation of the WIPO Performance Report" will be taken together since these items are related. We will begin with Agenda Item 9 and continue immediately with Item 10. The WIPO Performance Report (WPR) 2022/23, the first end-biennium performance report under the Medium-Term Strategic Plan (MTSP) 2022-2026, has been prepared in accordance with Regulation 4.4 of the Financial Regulations and Rules approved by the Assemblies in July 2022. I invite the Assistant Director General Mr. Andrew Staines, Administration, Finance and Management Sector to present Agenda Item 9.

138. Assistant Director General, Administration, Finance and Management Sector: The WPR 2022/23 provides a comprehensive view of the vast range of results that we achieved as an Organization in the biennium 2022/23 measured against the results framework that you, Member States, approved in the Program of Work and Budget. As the Chair just stated, this is the first biennial Performance Report under the new MTSP 2022-2026. I am pleased to report that in the 2022/23 biennium, we fully achieved 73 per cent of our targets with particular strong performances in the areas of communication and engagement, the future of the global IP ecosystem and IP as a tool for growth and sustainable development with a strong focus on SMEs, women, youth and indigenous communities. Our performance in 2022/23 can be compared with a target achievement rate of 58 per cent in the preceding biennium. WIPO also ended the biennium with strong financial results. The operating surplus for the biennium 2022/23 amounted to 172.5 million Swiss francs, an increase of 72.8 million Swiss francs compared to the Program of Work and Budget 2022/23 estimate. The surplus for the biennium amounted to 121.5 million Swiss francs. WIPO Development Agenda recommendations continued to be fully mainstreamed across all WIPO Sectors and Strategic Pillars, enhancing the Organization's impact-driven and development-oriented initiatives and their contribution to

the SDGs. This resulted in a development expenditure constituting 19.7 per cent of total expenditure – an increase of almost one percentage-point as compared to the original estimate for the biennium. Among the many development highlights, I am pleased to report that over 50 Member States from all WIPO regions benefitted from WIPO's COVID-19 Response Package. The WPR provides you with a comprehensive overview of the many initiatives and projects implemented under the package, many of which will continue in the current biennium. Thank you very much for your attention. My colleagues would be pleased to answer any questions on the Report.

139. Chair: Thank you, ADG Staines for this insightful presentation. We move on now to Agenda Item 10, Validation Report of the WIPO Performance Report 2022/23. This document provides IOD's main findings, conclusions and recommendations arising from the validation exercise of the WIPO WPR. I now invite Ms. Julie Nyang'aya Director, IOD to present agenda item 10.

140. Director, IOD: Distinguished Delegates, ladies and gentlemen and my colleagues, it is my distinct honor to present today the Internal Oversight Division's (IOD) validation of the WIPO Performance Report (WPR) for the 2022/23 biennium. This report is an essential component of WIPO's commitment to transparency, accountability, and continuous improvement. The validation exercise was conducted in accordance with IOD's 2024 Oversight Plan and is the eighth validation exercise undertaken by IOD since 2018. The objectives of this validation were twofold: first, to provide an independent verification of the performance information in the WPR, ensuring that the data is reliable and authentic; and second, to follow up on the implementation status of recommendations from previous validation reports. Following the adoption of the new WIPO MTSP 2022-2026 and the reduction of individual WPR performance indicators and performance data, IOD modified the WPR validation methodology to include a higher sample of performance indicators and performance data to be validated. This approach allows for better coverage of indicators and data, ensuring that all indicators are looked at once every two biennia, further heightening the assurance level provided to Member States. The new methodology also introduces enhanced validation criteria comparable to WPR 2020/21 while bringing new dimensions to better align with the new MTSP. The validation exercise revealed an overall improvement of performance data quality. Thirty-eight performance data (100 per cent of those verified) were found to sufficiently meet the validation criteria for overall performance data assessments, which is an increase from the WPR 2020/21 exercise, when 94 per cent of the performance data were reported as sufficiently meeting the validation criteria. Thirty-eight, or 100 per cent were accurately self-assessed against the traffic light system, and the accuracy of self-assessments against the traffic light system remained the same as in the WPR 2020/21. The validation exercise identified one case where no data was accessible due to insufficient consistency of questionnaires to assess participants' satisfaction level in WIPO training and skills development programs in Africa in 2023. This issue was identified as a lesson learned, and mitigation actions were taken to make this data available for 2024. Furthermore, one pending WPR 2020/21 recommendation on the recruitment lead time performance indicator is no longer applicable. The subsequent analysis indicated a low impact of the recommended methodology changes, and the performance indicator concerned was discontinued in the PoW&B 2022/23. Following this validation exercise, IOD would like to underline that WIPO sectors should consider continuing to undertake and enhance the curation of cross-functional collaboration and lessons learned in the WPR. I would like to thank all WIPO colleagues for their assistance and cooperation during this assignment. Thank you for your attention. I am happy to answer any questions or receive any comments you may have.

141. Chair: I thank the Director, IOD for her presentation. I will open the floor for interventions by the delegations on both reports, the WIPO Performance Report for 2022/23 and Internal Oversight Validation of the WIPO Performance Report 2022/23.

142. Delegation of Poland: Poland speaking on behalf of the CEBS Group would like to thank the Secretariat for preparing the WIPO Performance Report 2022/2023 as contained in document WO/PBC/37/7 as well as the IOD Validation of WPR 2022/2023 presented in document WO/PBC/37/8. Equally, we express our gratitude for presenting in document WO/PBC/37/9 the detailed Annual Financial Report and Financial Statements of 2023. Both documents are detailed, insightful and present the information both in accordance with the Medium-Term Strategic Plan as well as in line with required financial reporting standards. As the documents report the work of WIPO, I take this opportunity to extend the Group's thanks to the entire WIPO Team for your everyday hard and high-quality work and for your dedication to listen to our needs and respond to our expectations. Mr. Chair, we note with satisfaction the fact that despite geopolitical and geoeconomic challenges, WIPO's performance, both operational and financial, was effective and based on estimates made. We note that the reported fall in the PCT revenue, being the result of a smaller number of filings, has been effectively balanced and addressed. At the same time, the CEBS Group is pleased to see a tangible 6.2 per cent increase in the Madrid fee income, as compared to the biennial estimate. We are also satisfied with the reported 22.5 per cent growth fee income of the Hague, and particularly with a substantive growth of over 86 per cent of the Lisbon fee income, as against biennial estimates. We also note a tangible increase of the income of the WIPO Arbitration and Mediation Center. All this data is clear evidence of the Systems' development and growing interest on the side of the IP users. At the same time, the reported overall decrease of miscellaneous income as well as investment losses in 2022 require further attention, regular monitoring and adequate management. The CEBS Group also takes note of the lower than programmed and expected overall expenditure of WIPO in 2022/2023, despite the increased and intensive activities across the House, including preparations for two diplomatic conferences. We continuously emphasize the need of WIPO budget programming and realization to reflect high dynamics of the economic environment, growth of innovative sectors and development of new technologies that drive progress of IP ecosystems. We are pleased to see that WIPO's budget and Organization's operations were fully aligned with implementation of activities within the framework of four Strategic Pillars and as set out in the Medium-Term Strategic Plan 2022-2026. In our view this approach is a warranty of WIPO delivering concrete results, important to fulfill common vision and agreed directions for WIPO's development. We commend the WIPO Team for a high level of fully and partially achieving the expected results. The 13 per cent of the results reported as not being achieved deserve a thorough analysis both in the context of the circumstances and reasons behind these shortcomings as well as the effectiveness of parameters defining this evaluation. In particular, we would be grateful for a more insightful analysis of the relatively low (57 per cent) level of achieved results within the IP Service, Knowledge and Data, especially compared to other Strategic Pillars. This Pillar is critically important for delivering high quality services to the IP users and clients. We take note of all the information presented through the reporting documents with regards to the interest-, benefit- and result-driven WIPO engagement in cooperation as well as support to business communities, SMEs, academia, universities and civil societies. In this respect, we welcome the expanded and improved WIPO activities under Strategic Pillar 4 aimed at providing effective support to governments, enterprises, communities and individuals which is of paramount importance for CEBS members. The CEBS Group acknowledges the great role of the Brands and Designs Sector, with its potential growth. They are an important source of market power and thus are central to economic growth and development. We therefore welcome the development of various initiatives toward the promotion and marketing of different systems, systematic upgrade of IT infrastructure, as well as activities to provide legal and technical assistance. The Copyright and Creative Industries are an essential component of sustainable development and have been dynamically growing across the CEBS region. The indicated digitalization of industries and broader exposure of our societies and economies to new challenges related to Artificial Intelligence, will require timely and effective response from WIPO. We therefore welcome the Organization's approach to continue working towards achieving balanced copyright frameworks and development of tools related to copyright development, management and digital outreach. The CEBS Group

recognizes the intensification and broadening of scope of operations within the Regional and National Development Sector, which leverages the unique knowledge of and engagement with Member States, also with a view to achieve substantial development goals. We therefore support the envisaged effective development of cooperation between WIPO and Member States, also through improved communication with relevant stakeholders. In this context, we would be keen on receiving more detailed information regarding the operations of WIPO External Offices, also with a view of the effective utilization of the financial resources allocated to their operations as well as in context of the impact of risks defined as important for their activities. We welcome the achievements of the work within the Global Challenges and Partnerships Sector. We share the view that WIPO should actively engage in global efforts addressing contemporary challenges. Technology, creativity and innovation provide solutions to these problems and thus should be promoted. We express satisfaction with the continued and even intensified activities of the IP and Innovation Ecosystem Sector, the work of which is key to delivering adequate assistance to start-ups, entrepreneurs and to leveraging IP effectively as a tool for economic growth. CEBS countries also take note of the activities aimed at the development of various infrastructure and platforms designed to make IP more accessible and understandable for innovators and creators. Further digitalization, digital transformation and broader use of technologies for administration, information and systems is key to obtaining improved results and ensuring optimum resource management. To conclude, let me once again thank the WIPO Team for the detailed documents, leaving us assured that WIPO's activities are fulfilled in accordance with its mission and goals, with a particular focus on an effective and optimized resources allocation and management. Thank you.

143. Delegation of the Netherlands: Thank you, Mr. Chair. Our statement will only cover Agenda Item 9. Group B thanks the Secretariat for preparing the WIPO Performance Report 2022/23. We have noted the External Auditor's recommendation to streamline reporting. Group B considers the reports of WIPO to be of consistent high quality and we note the additional detailed answers that the WPR 2022/23 provides. We would however agree elements of the financial reporting are not as effective as they could be. We would like to see a higher level of detail to maximize readability. We acknowledge the value of the substantive performance reporting as a reference guide. The report underlines the many activities undertaken by WIPO to make IP worthwhile for its users and we commend all who contributed to that. For trends analysis, it would be helpful to have a breakdown per year and/or additional columns to compare the current biennium with the previous one. We appreciate the time and effort taken by the Secretariat in preparing this valuable report. Thank you, Mr. Chair.

144. Delegation of China: Thank you, Chair. China wishes to thank the Secretariat for preparing the WPR 2022/23. We are of the view that a comprehensive and objective assessment of performance, and a timely and transparently published report is not only significant for the good governance of this Organization, but also conducive to Member States to understand the progress made in this Organization. China has noted that in 2022/23, the Expected Results of this Organization has the following evaluation results: 73 per cent were fully achieved, 11 per cent partially achieved, 13 per cent not achieved. Different divisions of the Organization have made diligent efforts which we appreciate. We also encourage those divisions that have not achieved the Expected Results to continue their efforts. In this report, it mentioned the CMP 41 PCT Resilient and Secure Platform (RSP) Hybrid Phase. In this implementation process, the data encryption level has been elevated and relevant audits were carried out. China welcomes this. The CMP 41 RSP project will continue to be advanced in 2024. We are hopeful that in the implementation process WIPO can continue to attach great importance to data security and continue to enhance third-party auditing and enhance communication with PCT users and actively respond to any possible concerns that may be raised. Meanwhile, in this report, it refers to the Funds-in Trust in China. In July 2023, WIPO convened a cross-regional meeting in Beijing. This laid the foundation for the successful development of the Diplomatic Treaty on Intellectual Property Rights, Genetic Resources, and associated Traditional Knowledge. We wish to thank the Secretariat for the support of the meeting held in Beijing, and the deep

involvement of different regional groups. We congratulate the Organization on the successful conclusion of this historical treaty. This is our summary statement on the report. On some specific content, we will make the following observations. First, on page 10, in the Foundation, the achievement rate is 55 per cent. In the year 2022, the achievement rate was 76 per cent. What is the achievement rate for the Foundation in the year 2023? Can the Secretariat further clarify why the achievement rate for the foundation level is relatively low? Second, on page 25, it says that to facilitate multilingualism, on-the-fly machine translation piloting has been scaled up on the WIPO website. Relevant content was translated into the five other UN languages, apart from English, and also Portuguese. The satisfaction rate continuously surpassed 70 per cent, which we appreciate. We wish to further understand what is the cost of developing and maintaining the on-the-fly machine translation piloting project? Can this tool be used to expand the language provided for the service systems within this Organization? Third, we would like to ask the Director, Hague Registry how the new and renewal design unit cost is calculated. Lastly, we have noted that in 2023, the Information and Communication Technology Division, and in some relevant sectors, large-scale institutional adjustment were made. China wishes to seek more clarification from the Secretariat. For example, whether such an adjustment might have impact on the work of this organization and the achievement of Expected Results. Additionally, we are of the view that the development of the WPR should be concise and efficient while maintaining a certain level of transparency by giving Member States necessary information to enhance oversight. Given that institutional adjustments might entail a series of budget and staffing adjustments, we wish to recommend that WIPO, after positive consideration, provide relevant disclosures including financial performance, staffing adjustments, as well as the impact of such an adjustment on the relevant performance of this Organization.

145. Delegation of Brazil: Thank you very much, Mr. Chair. Agenda Item 9, WIPO Performance Report 2022/23, is a self-assessment by the Secretariat and does not pretend to reflect the positions and views of the Member States regarding the implementation of WIPO's programs. The results achieved against the set of indicators for each Strategic Pillar vary with medium performance in Strategic Pillar 3, and in the administrative area, where 57 per cent and 55 per cent, were fulfilled respectively. There was reasonable performance in Strategic Pillars 1 and 2, where 73 per cent and 80 per cent of targets were met, and excellent performance in Strategic Pillar 4, where 96 per cent of the targets were achieved. The Delegation of Brazil would like to congratulate the Secretariat, particularly for the results in Strategic Pillar 4 which are important to the interests of Brazil and other developing countries. We encourage the adoption of targets for these indicators to further deepen WIPO's contribution to the achievement of the SDGs, and the implementation of the Development Agenda (DA). Regarding development expenditure, the Delegation notes the low budget execution rates for four out of the five DA projects marked as complete on page 17 of the WPR. For instance, Phase I of the Project on Copyright and the Distribution of Content in the Digital Environment was concluded with only 57 per cent of its allocation utilized. It is worth recalling that during the discussion of Phase II of this project, approved during the 31st session of the CDIP, concerns were raised about budgetary capacity to address the African Group's request to expand the project beyond Latin America. The data presented suggests this is not an isolated case. Another example being the project "Registration of collective marks of local enterprises as a cross-cutting economic development issue", completed in early 2024, which is still in progress by the end of 2023, had only 55 per cent of its budget utilized. These observations suggests that there is room for DA projects to be more comprehensive without significant budgetary impact. Brazil would like to avail of this opportunity to highlight the performance of the WIPO Brazil Office (WBO) opened in 2009 to support the implementation of intellectual property projects and activities in Brazil. The WBO has been dedicated to contributing to the achievement of the SDGs, by strengthening the use of IP by minorities, and facilitating access to the innovation and creativity ecosystem for a great number of users. Its portfolio of projects throughout the entire Brazilian territory includes, among others, a training and mentoring project in IP for women in STEM careers, in cooperation with the Ministry of Science, Technology and Innovation, a project to strengthen the culture and use of the IP system among Quilombola women, in cooperation with the Ministry of Culture, and a

project to train design students for public universities in the strategic use of IP for the development of products for associations of producers of geographical indications and collective marks, in cooperation with the National Institute of Industrial Property (INPI) and Sebrae. Between 2014 and 2022, the WBO has also contributed to WIPO's mission to disseminate knowledge on IP related topics through events attended by approximately 121,000 participants of various nationalities, mainly from developing countries. With its accumulative experience in addition to its ongoing contribution to fostering IP in Brazil, WBO is well positioned to collaborate with the other WIPO Offices to disseminate best practices, to strengthen the IP system in other domestic jurisdictions. In sum, Mr. Chair, the importance of the WIPO Brazil Office is evidenced that it organizes and executes projects in partnership with entities at various levels of the Brazilian government and also throughout the region and is therefore key for providing an institutional framework for projects that would not be carried out without the Office or would be implemented sparsely with no coordination whatsoever. Thank you, Mr. Chair.

146. Delegation of Italy: Thank you, Mr. Chair. We acknowledge the good overall results in the last biennium, and we feel reassured by WIPO's financial solidity following the last WIPO Performance Report. Nevertheless, we would like to have some more information about the potential reasons for the downward IP application trends compared to the data estimated according to your forecasts in the budget. We also acknowledge the results related to expenses compared to the budget. If on one side we consider that the majority of WIPO's costs could be adequately foreseen, on the other side, we are also aware that there are some external factors beyond WIPO's control, like inflation, whose impact on the users and consequently on the service supply chain cannot be precisely measured in advance. With reference to WIPO staff costs, that represent the most important percentage of WIPO's expenses, we are particularly interested in understanding the reasons why the discount rate applied for accrual of long-term liabilities was reduced with the consequent impact on the amount of WIPO liabilities. This could be also discussed maybe under different items on the agenda. Thank you, Mr. Chair.

147. Delegation of the United States of America: Thank you, Chair. The United States supports Group B's statement. The US also thanks the Secretariat for preparing the WIPO Performance Report 2022/23. We also thank the IOD for their Validation of the WIPO Performance Report 2022/23. We are pleased that WIPO's operating results for the biennium is higher than expected, leaving WIPO with a surplus of 121.5 million Swiss francs. However, we also note that WIPO is almost entirely reliant upon income from its various IP filing systems for all of its income, as it provided 96.1 per cent of WIPO's income in this past biennium. PCT shoulders most of that burden, having brought in 77 per cent of the total income for the biennium, whereas Madrid brought in 17.5 per cent of the total income. Moreover, aside from the Hague, all filing systems failed to meet their estimates for application filings for the biennium. We note the decline in growth in PCT applications each year since 2019, and in particular the decline in applications for 2023, as well as the consecutive years of declining Madrid applications. This trend reinforces the need to ensure that each system is financially self-sustaining, ensuring funds from the PCT and Madrid Systems are used to protect the long-term health of those Systems. Thus, this delegation continues to note the need for this Organization to continue to work for each of the IP filing Systems to be individually financially sustainable. We also note that Annexes VII through IX on indicators of the PCT, Madrid and the Hague systems are quite informative as to the Systems' operations and metrics, providing some of the data necessary for obtaining the insights just mentioned. However, no such index is provided for the Lisbon System. Thus, we request that this information be provided for Lisbon for the 2022/23 biennium and that this information be included in performance reports. On another note, the United States was pleased to see the progress being made towards the goal of achieving gender balance in its staffing. We note that while the performance targets were not met, some areas showed improvement, and all came within 3 per cent points of the target set by 2023. Most notably, staffing at the D2 level increased from 8.2 per cent to 30 per cent during the biennium. The United States strongly supports these efforts and welcomes any information on steps that can be taken to ensure future targets are met. Thank you, Chair.

148. Delegation of Japan: Thank you, Mr. Chair. First of all, the Delegation of Japan would like to express our gratitude to the PBC Chair, Director General Daren Tang, as well as to ADG Andrew Staines and the Secretariat for the efforts in organizing this meeting. We align ourselves with the statement made by the distinguished Delegation of the Netherlands on behalf of Group B. We would like to commend the Secretariat for their hard work in preparing the WIPO Performance Report 2022/23. This delegation would like to comment on the results described in the report. With respect to WIPO Green, mentioned on page 38 of the report, the steady increase in the number of partners is commendable. As stated on the same page, WIPO Green matchmaking and acceleration projects generated 26 matches in countries, including Japan, during 2022/23. The Japan Patent Office has been supporting the initiatives of WIPO Green through the utilization of the Funds-in-Trust Japan IP Global. In the Latin American acceleration project, 105 additional technologies and 65 needs were identified and uploaded to the WIPO Green database, while 15 connections and 19 matches were also established. This was indicated in the Funds-in-Trust Progress Report 2023, in Annex X, which also provides an overview of other key results achieved under the Funds-in-Trust Japan IP Global in 2023. We would like to continue our contributions so that further matching results can continue to be achieved in the future. Thank you, Chair.

149. Delegation of the Republic of Korea: Thank you, Mr. Chair. The Republic of Korea wishes to express its gratitude to the Secretariat for preparing the WIPO Performance Report 2022/23. We would like to thank the IOD for their hard work in conducting the validation of the WIPO Performance Report. We look forward to the Secretariat's implementation of IOD's recommendations. We would like to comment on several pillars. Regarding Strategic Pillar 2, we hope that the WIPO white paper on blockchain technologies in IP ecosystems, published with the support of the Funds-in-Trust Korea, will help bridge the high-tech divide between developed and developing countries. Regarding Strategic Pillar 3, we recognize that the number of international applications under the PCT and Madrid systems has decreased compared to previous years. We request the Secretariat to continue to improve the systems to ensure they are user friendly and reflect the needs of users. Regarding Strategic Pillar 4, we recognize that there are many countries that are implementing national IP strategies and the Republic of Korea has a lot of experience and know-how in this area which we hope to share with Member States. We have successfully administered various education courses with the support of the Funds-in-Trust Korea. The IP science and innovation leadership course for women scientists and innovators was organized to help close the IP gender gap in collaboration with UNESCO. It was completed by 19 participants from 14 countries. Also, the joint master's degree program in IP and development policy at the KDI school in the Republic of Korea was completed by 50 participants from 10 countries. To conclude, the Republic of Korea will continue such efforts to improve the IP knowledge and skills of WIPO Member States.

150. Delegation of the Russian Federation: Thank you, Chair. The Delegation of the Russian Federation is grateful to the Secretariat for preparing the WIPO Performance Report 2022/23. We welcome the high assets level at the end of 2023 and the budget surplus, after the two-year period, of 121.5 million Swiss francs. We note the stable financial position of the Organization and high performance indicators. We note the growth of income from international registration systems administered by WIPO. At the same time, we call for a more prudent approach to evaluation, assessment and forecast because forecast indicators do not always correspond to actual indicators, although they are quite close. We also see growth in general expenditure, which exceeds the indicator in the budget. We commend the implementation of the Development Agenda Projects and the programs to improve the international registration systems, both from the legal and technical development point of view. We hope the Secretariat will continue to maintain an open approach to provide Member States with a full picture of financial and administrative activities of the Organization and the exact position. We welcome WIPO's efforts to increase multilateral cooperation with the World Health Organization (WHO) and the World Trade Organization (WTO) on pandemic-related issues. This is very topical given the pandemic agreement which has been developed within the WHO. We also commend the

WIPO initiative for the digital agenda, especially in the context of implementing advanced technologies. We note that there is a relatively low percentage of achievement of Expected Results under Strategic Pillar 3, Provide high quality intellectual property services, knowledge and data that deliver value to users around the world, which is at 93 per cent of budget utilization and 57 per cent of achievement of the performance target, including a rather slow implementation of certain ICT projects. We believe that the Organization is fairly successful in general in fulfilling the functions under the agreed budget and without unjustified expenditure excess. We hope this positive dynamic will also continue in the future. We agree with Brazil about the need for sufficient financing for the External Offices of the Organization, and their activities. These will make a great contribution to the implementation of the mandate of the Organization, and dissemination of information on global IP services and provision of direct assistance to applicants and service users on the ground in those countries where those External Offices are located. Thank you.

151. Chair: Thank you for the statements. If I understood correctly, some delegations in their statements referred only to the Agenda Item 9. Therefore, I would like to ask whether any delegation would like to take the floor and make a statement with regard to Agenda Item 10? It seems not to be the case. Taking into account that several questions and issues have been raised by the delegations, please allow us for 10 minutes time to prepare the responses to the questions and comments raised by the delegations. Thank you very much for your understanding.

152. Chair: Distinguished delegates, colleagues from the Secretariat will be answering the questions. I would ask the Director, Program Performance and Budget Division to coordinate the responses from the Secretariat to address particular issues raised by the Member States.

153. Secretariat: Thank you so much, Chair. I believe there was a question from the distinguished Delegation of China concerning the achievement of performance targets under the Foundation. I will give the floor to ADG, Andrew Staines.

154. Assistant Director General, Administration, Finance and Management Sector: Thank you to the distinguished Delegate of China for the question. In response to the reasons why there was a 55 per cent achievement of the targets as noted on page 10 of the report, there are a number of reasons underpinning that. Firstly, due to inflationary pressures experienced in 2022/23, the targets set for the average air ticket fare could not be achieved. Secondly, progress towards gender balance at P4 to D2 levels saw some improvements at P5 and D2 levels, but it was not sufficient to meet the targets. It should be noted that gender balance at these grades must be a longer-term objective which is heavily dependent on upcoming retirements. Finally, results-based management and risk management are at the last step of the maturity and are already relatively mature. The final incremental improvements targeted for the 2022/23 biennium were not possible to achieve due to some unexpected delays in the implementation of some initiatives.

155. Secretariat: There was a second question from the distinguished Delegate of China on machine translation on the website and the cost. I would like to give the floor to our ADG Kenichiro Natsume.

156. Assistant Director General, Infrastructure and Platforms Sector: Thank you very much. Regarding the question on machine translation, my understanding is that there was a question about the cost as well as possible expansion of the service of the widget to other parts of the Organization. First, in terms of the cost, I am happy to say that the system, which is called WIPO Translate, has been developed internally and the cost is quite minimal. We have a team called Advanced Technology Application Center (ATAC) which has internally developed it with the assistance of artificial intelligence (AI) technology. That is our first point about the cost which is quite minimal. Second, there is a possibility to expand current widget functionality to other



services and other parts of the website. We have been discussing these issues with our internal team, the language task force, which is a cross-sectoral discussion space. We will take that into account for future possible expansion. Thank you very much.

157. Secretariat: I will pass the floor to the Director, Hague Registry to respond to the question on how we calculate the unit cost for the Hague.

158. Secretariat: Thank you to the honorable Delegation of China for the question and the interest in the Hague unit cost. Those figures are cited on page 40 of the document. As to the methodology behind it, may I draw the attention of the Delegation to pages 91 and 92 of Annex IX of the document and the high-level answer to the question is that the unit cost is calculated by dividing the total cost of production by the number of new or renewed designs. I further stress that this methodology is aligned with the methodologies for calculating the PCT and Madrid Union costs.

159. Secretariat: I will pass the floor to ADG Staines to address the question related to the restructuring and centralization of our ICT functions and the benefits.

160. Assistant Director General, Administration, Finance and Management Sector: Thank you again for the questions. An important part of our digital transformation is the phased consolidation of ICT services into one single department. We envisage a number of possible benefits that may come from this centralization. Firstly, it builds a one-stop shop for IT services and allows us to improve our customer service to both internal and external customers. It allows us to approach our IT architecture in a more consistent and coherent manner. Secondly, it allows for better allocation of technical resources to meet business demands, and helps to ensure that the IT capabilities most critical to the Organization are efficiently staffed and prioritized for various demands internally. Thirdly, it could help us build a cadre of IT professionals, to help oversee our technical skill set and provide increased opportunities for our staff to acquire new skills and a better chance for staff to develop in their career. Thank you for the suggestion to update the benefits in the future WIPO Performance Reports, which we would be happy to do. The Program of Work and Budget for the 2024/25 biennium fully captures the consolidation of resources into one department.

161. Secretariat: A number of delegations raised the issue of the decrease we have seen recently in filings. We have our Chief Economist here who will provide insights into reasons for this decrease.

162. Secretariat: In relation to the weaker filing performance, what we have seen over the last two years, is not a trend specific to WIPO. This is a trend we have seen globally, at many national and regional intellectual property offices. It concerns patents, but it especially concerns trademarks, where in the course of the pandemic, we had a boom in trademark filings all over the world. In 2021, Madrid trademark filings increased by 15 per cent, which was really quite remarkable. It was in the post-pandemic area that we saw the declines. The Madrid System had two years of declines. The PCT system still grew in 2022, and then saw a very small decline in 2023. Why did we see that? In fact, at a certain level it is puzzling because it is countercyclical. During the pandemic, when we had the declines in economic output, intellectual property filings held up quite well. It was only in the post pandemic area when we saw the downturn. We probably do not have all the explanations yet, but if I were to pinpoint one explanation, it has to do with the fact that starting in 2022, central banks around the world started to raise interest rates to fight inflationary pressure. That had a detrimental effect on the whole entrepreneurial start-up environment. We have seen a sharp decline in risk financing around the world. We have seen declines in start-up activities. The whole entrepreneurial ecosystem was clearly negatively affected by the rise in interest rates. That is at least one logical explanation. It may not be the only explanation. Looking forward, we are monitoring the data very closely every month when we essentially get new information. We have not seen a turnaround in filings yet.

Maybe they are beginning to bottom out. I do think this is a cyclical phenomenon. I do think eventually we will see a recovery in both patent and trademark filings. On a cautionary note, looking at the long-term forecast that our statistical model produces, it is more pessimistic as far as the longer-term growth, at least for the PCT system, may be less so for the Madrid System, than it was five years ago. Five years ago, the long-term average annual growth rate would be between 3 and 3.5 per cent. Right now, our model predicts long-term growth of between 1 and 1.5 per cent. That has really adjusted to the weaker performance in the year, and it may in fact be partially affected by the cyclical movements. I think it is probably reasonable to expect growth at a slower rate compared to what we have seen before the COVID-19 pandemic. I hope this explanation is helpful.

163. Secretariat: I believe we have come to the end of the questions which were raised. We have taken due note of the various comments and suggestions that have been made. There was one very specific suggestion from the Delegation of the United States of America concerning the indicators of the global IP systems that we have in Annexes VII to IX. There was a specific request to include such an annex for the Lisbon System in future WPRs. It takes some time to develop these indicators. It is quite a lot of work because you have to go through all the calculations to come up with the indicators. We have taken due note of that request and will include it in the future reporting in the WPR if that is amenable to the Delegation. Thank you, Chair, that finishes the round.

164. Chair: Thank you very much to the Secretariat for providing us with the answers and clarifications on the issues and questions raised by the Member States. I would like to ask whether any Member State would like to react, intervene, ask additional questions, or make additional comments, after the clarifications provided by the Secretariat?

165. Delegation of Poland: Thank you very much, Mr. Chair. I thank the Secretariat for all the information that was presented. The CEBS Group kindly requests more detailed information on the resources of the External Offices in the WIPO Performance Report. Perhaps you could guide us where we could find this information. We would value a little bit more information about the lower level of achieved results in the area of IP services, knowledge and data.

166. Delegation of China: Thank you, Chair, for giving me the floor again. China wishes to thank ADG Andrew Staines and ADG Kenichiro Natsume for their responses and the positive consideration of some of our recommendations. Regarding the question on the Foundation, we thank ADG Andrew Staines for the clarification. I recall that I had a specific question on the achievement rate for the foundation in 2023 which was not answered. I wish to thank the Director, Hague Registry for his response. My understanding is that based on your clarification, the calculation of the Hague System is structurally the same when compared to the PCT and Madrid System. I wish to seek further clarification in this regard. On page 40 of the WPR, the new and renewed design unit costs for the Hague has a target value of 395 Swiss francs. Yet, the actual cost for the year 2022 was 455 Swiss francs, and 448 Swiss francs for 2023. They are quite far away from the target value. China wishes to understand the specific reasons for that. Additionally, on page 93, the regular applications that were dealt within one month in the Hague system was reduced from 93.5 per cent in 2022 to 84.3 per cent 2023. China wishes to understand the reason for such a decline and whether the Secretariat has developed any measures for improvement on this front.

167. Chair: In order to allow the Secretariat to prepare for answering these questions, please give us a few minutes.

168. Chair: Thank you very much for your patience. The Secretariat will provide the answers to the questions raised by the Member States.

169. Secretariat: In response to the question on the Foundation performance in 2023, I would like to highlight that this is a biennial performance report covering the whole biennium of 2022/23. We do not have annual targets for most indicators, only for a very small percentage of KPIs which refer to filings, registrations and renewals for the global IP systems where they are broken down on an annual basis. In the first year of the biennium, we report on whether we are on track or not on track, and at the end of the biennium we report on achievement of the target or non-achievement of the target. We do not have a break down per year for the KPIs under the Foundation. In response to the follow up question from the distinguished Delegate of Poland on the reasons why the overall achievement of the KPIs amounted to 57 per cent for Strategic Pillar 3, one reason for that was that the Strategic Pillar 3 covers the global IP services. Since the filing numbers were less than what was forecasted for the biennium, we have not reached those corresponding targets. There is another set of KPIs which refers to the global databases on which I will hand over to ADG Kenichiro Natsume to provide us some insights into the performance on those.

170. Assistant Director General, Infrastructure and Platforms Sector: Regarding the global databases, there are four key performance indicators which are categorized as not achieved. Two concern access to the global databases, and two of those are the satisfactory rate for those databases. On the first point regarding access to the database, access to the database by robots is a never-ending attempt and it is very difficult for us to measure. Our global databases are not exceptions. Regarding the Global Brand Database and Global Design Database, it should be mentioned that for 2023 we tried to have more accurate unique visitors by possibly excluding access by robots. However, the baseline data, which was obtained back in 2021, is based on the previous method which contains more access by possible robots. That is the reason why we have significantly less numbers of visitors. If we could exclude the possible access by robots from 2021 data, our assumption is that the baseline numbers are less than presented in the current document and the performance should be far better. Concerning the level of user satisfaction, the cloud migration of the Global Brand Database introduced a new user interface. Users may have not been very much familiar with it, as some preferred the previous interface. That could be the reason why we saw this figure. As for the Global Design Database, due to the limited resources available on our side, we were not able to make any significant update or add new functionality to the Global Design Database. We now have completed the cloud migration of the Global Brand Database. Therefore, we hope to be in a better position to improve the Global Design Database. I would like to take this opportunity to mention that WIPO's global databases are the most visited WIPO services on the internet, and I appreciate such utilization of those databases. We would like to continue to make our efforts to make global databases more user-friendly and more useful for our users. Thank you very much.

171. Secretariat: I will now pass the floor to the Director, Hague Registry to address the follow-up questions on the calculation of the Hague unit cost and why the actual unit cost in 2023 was higher, and the timeliness on processing.

172. Secretariat: Thank you again to the honorable Delegate of China for his indefatigable interest in the Hague figures. Concerning the unit cost, as I said a moment ago, unit cost is calculated by dividing the total cost of production by the number of new and renewed designs. The reason why the target was slightly missed is because of two things. First, the costs were higher than expected, and second the renewed designs were lower than expected. The Capital Master Plan Project, Hague Externalization Platform, was supposed to end in 2022. In early 2022, the decision was made to postpone its finalization to 2023 so it could align better with work done under the IP Portal Program. That shifted the cost to 2023 which was higher than expected at the time that these calculations were made. Also, we had anticipated a figure around 29,000 renewed designs. We only had 26,000 renewed designs by the end of the year. So, again, a bigger cost than expected, and lower renewed designs than expected explains why the unit cost is higher than targeted. On the question on increasing pendency times, this is explained on page 93 of Annex I. The reason why the number of processed applications within

one month went from 93 per cent in 2022 to 84 per cent in 2023 had to do with a combination of increased filings and reduced examination capacity. An increase of filings is of course obviously a very good thing. The surge that we experienced in 2023 had to do with the accession of China to the Hague System. The reduction in examination capacity had to do with retirements in the Hague Examination Team. We lost 20 per cent of our examination workforce due to attrition. Although we had taken steps to anticipate those retirements, training new examiners took time and those who trained the new examiners had lower productivity. All of this explains why this resulted in a bit of a slowing down of the processing time in 2023. We are falling back on our feet and, as of this year, we have been able to recruit a full team of examiners. I hope this is sufficient, Mr. Chair. Thank you very much.

173. Secretariat: With regards to the question on the resource utilization for the External Offices in the biennium 2022/23, External Offices are an integral part of the Regional and National Development Sector. Therefore, the expenditures for the External Offices in 2022/23 are reported under that sector both in terms of the results they have contributed to, and as a breakdown of the personnel and non-personnel resources. I hope this satisfies the Delegation.

174. Chair: Thank you very much for the clarifications provided by the Secretariat. I would like to ask whether any delegation would like to take the floor and react to the explanations provided by the Secretariat. I see no delegation asking for the floor. In that case, can we proceed to the adoption of the decision paragraphs regarding Agenda Item 9 and Agenda Item 10. As far as the Agenda Item 9 is concerned, allow me to read out the draft decision:

175. The Program and Budget Committee (PBC), having reviewed the WIPO Performance Report (WPR) for 2022/23 (document WO/PBC/37/7), and recognizing its nature as a self-assessment of the Secretariat, recommended to the Assemblies of WIPO, each as far as it is concerned, to take note of the positive financial performance and Sectors' achievement of the Expected Results in the biennium 2022/23.

176. Chair: We move on to the draft paragraph decision regarding Agenda Item 10 which reads as follows:

177. The Program and Budget Committee (PBC) took note of the "Internal Oversight Division (IOD) Validation Report of the WIPO Performance Report 2022/23" (document WO/PBC/37/8).

## **ITEM 11 ANNUAL FINANCIAL STATEMENTS 2023; STATUS OF THE PAYMENT OF CONTRIBUTIONS AS AT APRIL 30, 2024**

### **(A) ANNUAL FINANCIAL REPORT AND FINANCIAL STATEMENTS 2023**

178. Discussions were based on document WO/PBC/37/9

179. Chair: We move to the next Agenda Items, 11(a) "Annual Financial Reports and Financial Statements 2023", 11 (b) "Update on Investments and 11(c) "Status of Payment of Contributions as at April 30 2024". We will start with Agenda Item 11(a). In accordance with the Regulation 6.12 of the Financial Regulations and Rules, the PBC is required to examine the financial statements and to forward them to the General Assembly with comments and recommendations. Accordingly, document WO/PBC/37/9 provides the financial statements of the organization for the year ended December 31, 2023. I now invite the Director, Finance Division, to present this agenda item.

180. Secretariat: The Annual Financial Statements for 2023 have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) and have received an unqualified audit report. This document also includes WIPO's Statement on Internal Control. The Financial Report provides a discussion and analysis of the results for the year as well as details of the financial position of the Organization at the end of December 2023. The Organization's result for 2023 showed a surplus of 113.8 million Swiss francs, with total revenue of 489.3 million Swiss francs, total expenses of 427.6 million Swiss francs, and investment gains of 52 million Swiss francs. This can be compared to a surplus of 7.7 million Swiss francs in 2022, with total revenue of 498.5 million Swiss francs, total expenses of 402.8 million Swiss francs, and investment losses of 88 million Swiss francs. Removing the impact of the investment gains and losses recorded in 2023 and 2022 respectively reveals that the Organization recorded a reduction in its operating surplus of 35.6 per cent over 2022. Total revenue was down 1.85 per cent compared to 2022. Total expenditure increased 6.2 per cent compared to 2022. As at December 31, 2023, the Organization had net assets of 605.1 million Swiss francs, with total assets of 1,732.5 million Swiss francs and total liabilities of 1,127.3 million Swiss francs. During 2023, the Organization's net assets increased by 45.2 million Swiss francs. This was due to the surplus for the year of 113.8 million Swiss francs which more than offset an increase in actuarial losses and falls in the Revaluation Reserve and Special Projects Reserve. I thank you for your attention, and I am happy to answer any questions.

181. Delegation of the Netherlands: We thank the Secretariat for preparing this report. The report provides a good understanding of WIPO's financial position. The report tells us that investment gains recovered nicely in 2023, as compared to 2022, owing to market conditions. Nevertheless, WIPO's operating surplus fell by 36 per cent in 2023. We feel that this is significant and should be noted by Member States. We would welcome your explanation of this development and your expectations for the coming years. The level of the operating surplus is partly explained by the level of expenses. It strikes us in the report, that expenses have not only risen considerably, but are also 10 per cent higher than budgeted. Considering the majority of expenses are predictable, even if we recognize that there are some factors like the inflation rate that are out of WIPO's control and forecasts, we question why are some notably higher than expected? The variation seems to partly emanate from the rise in expenses for contractual services, mainly IT services, and individual and other contractual services. Could this rise have been predicted or prevented? Are WIPO staff with flexible contracts considered individual contractual services? Fees for PCT, and to a lesser extent Madrid, continued to be the largest sources of revenue by far. Declining PCT and Madrid filings are a source of concern for this Group. Could you please explain if you see this as a temporary drop, or is this expected to be of a more structural nature? Does WIPO have a plan to address this downward trend? We invite the Secretariat to update the membership on steps that WIPO is taking to closely monitor the implications of this downward trend, and any mitigation measures to reverse it.

182. Delegation of China: We thank the Secretariat for preparing and presenting document WO/PBC/37/9. This report is prepared in accordance with IPSAS, with a detailed explanation of WIPO's financial position as of the end of 2023, demonstrating WIPO's Finance Division's open, transparent, professional and meticulous work ethic. China acknowledges the positive financial outcome by WIPO over the past year. The overall assets and liabilities of this Organization is sound and balanced with a surplus of 113.8 million Swiss francs and investment gains of 52.2 million Swiss francs. We hope that in the coming years WIPO can continue to maintain a sound trend financially, reasonably plan the use of surpluses and put more resources to help comprehensively elevate the service level of the IP service system and other important areas including IP development.

183. Delegation of the Russian Federation: The Delegation of the Russian Federation would like to thank the Secretariat for the preparation of the Annual Financial Report and Financial Statements 2023. Unlike the indicators from the 2022/23 biennium that were presented yesterday, the dynamic in 2023 looks less positive, although, it has a positive comparison with

2022. We would like to note the shrinking cash ratio by multiple millions compared to last year. We note the reduction of the operational surplus from over 90 million Swiss francs in 2022 to 61 million Swiss francs in 2023. We would also like to note the negative indicator between the expenses and revenue on special accounts and the reduction of income with a view of the PCT and Madrid Systems for 2023. What is the reason for these reductions? We would like to note the expenses related to guaranteeing the operational functionality of the Organization in comparison to 2023. In addition, we would like to commend the investment surplus for 2023, amounting to approximately 52.2 million Swiss francs. We hope that WIPO will continue to be cautious in view of its investment policy to avoid the emergence of a situation similar to 2022. We would also like to commend the increase of net assets at the end of 2023 in comparison with the figures of 2022 and 2021. We believe that it would be coherent to further reinforce and implement oversight activities and actions, in particular, as a reaction to emerging risks. On our end, we will continue to support WIPO's efforts to ensure the continuous and optimal functioning of the Organization for a further development of a global IP ecosystem for the good of everyone.

184. Delegation of Brazil: I am making this intervention in my national capacity. Mr. Chair, the Delegation of Brazil is pleased to note strong financial results achieved in 2023, highlighted by a surplus of 113.8 million Swiss francs in WIPO's accounts, compared to 7.7 million Swiss francs in 2022. A significant portion of this positive outcome can be attributed to the performance of the Organization's investments with gains of 52.2 million Swiss francs in 2023, contrasting with the loss of 88 million Swiss francs in 2022. These gains have mitigated the lower revenue from services and contributions last year, compared to 2022. It is undeniable that WIPO maintains excellent financial health, with total reserves at the end of 2023 amounting to 824.1 million Swiss francs. However, it should be noted that this amount significantly exceeds the established targets for the maintenance of the Organization's reserves of 222.5 million Swiss francs. This substantial accumulation of reserves above the target invites reflection on how this surplus could be utilized to the benefit of the Organization and the priorities of its Member States. As noted yesterday by this delegation on Agenda Items 5 and 9, such financial health, together with the significant surplus exceeding the established target for the maintenance of WIPO's reserves, are clear indicators that not only an across-the-board and adjustment of registration system fees to more accessible levels is possible, but also more room for Development Agenda project to be more comprehensive without significant budgetary impact is necessary.

185. Chair: Thank you for your statements. I see no further requests for the floor. Taking into account the several questions asked by delegations, I will ask for five minutes time for the Secretariat to prepare answering the questions posed by the delegations.

186. Chair: Thank you very much for your patience. Allow me now to pass the floor to the Director, Finance Division to respond to the questions and issues raised by the delegations.

187. Secretariat: Thank you very much to the delegations for their questions. I will do my best and hope to take them in the order in which they were asked. On the question from the Delegation of the Netherlands regarding expenses and the fact that they have increased more than 10 per cent above the budget, the expenses have not increased more than 10 per cent above budget. I think you are possibly looking at the wrong information or misreading information. I am happy to come and explain it to you in more detail. However, it's true that the expenses did go up in 2023, particularly in the area of contractual services. This is largely attributable to inflation. In 2023, we renegotiated many of our long-term contractual service contracts. Many of them came up for a five year renewal so requests for proposals (RFPs) were launched, and those contracts, on an average, increased by about 20 per cent, which does reflect the impact of inflation. In 2023, staff costs increased over the first year of the biennium because of step increases and so on. Travel costs were also more expensive in 2023. This reflects inflation again, particularly the increase in travel costs in actual ticket costs. There was more investment in IT projects in 2023. That marks the progress of many of our IT projects as we incurred more IT costs in 2023 as those projects were proceeding along their development

path. The Individual Contractual Services were included in contractual services, but they did not show a particularly marked increase. On the question concerning the cash ratio, it is true, our cash ratio has fallen compared to 2022. This is a reflection of positive interest rates prevailing in Switzerland. We were able to move some of our cash into money market funds. These are reflected in the Financial Statements as investments, so they would fall out of the cash ratio calculations, but they are liquid cash. Money market funds can be cashed in as and when we need that liquidity. We have taken advantage of the fact that there are positive interest rates in the Swiss markets and have moved cash into the money market funds. I think there was a question that I may have not quite caught correctly about the fall in revenue on special accounts. The revenue from voluntary contributions, in accordance with IPSAS, actually increased in 2023 over 2022. We recognize revenue for voluntary contributions in accordance with the delivery of projects, so we do not recognize revenue simply on the basis of cash received, but as the projects financed by these voluntary contributions are delivered. That is how we recognize the revenue. Revenue did increase over 2022 on a cash basis, so the actual cash we received from voluntary contributions stayed more or less stable between the two years. I may have misheard the question from the Delegation of the Russian Federation. If the delegation would like to come back to me on that, I would be very grateful. There were comments about the fall in revenue and whether this is seen as temporary or structural, and what steps are being taken to mitigate this. Yesterday we had a detailed explanation from our Chief Economist. I will hand over to the Controller to provide more information on the mitigation steps.

188. Secretariat: On the question of the filings decline and what are we doing about it, indeed, our Chief Economist was here yesterday and provided a detailed explanation. I will be happy to share the verbatim transcript with the delegation. In essence, I think he made three or four points. One, it is a reflection of global trends. We are looking into it. It is new data that is coming to light, and therefore we are looking into it to understand all the reasons for the decline. One or two of the reasons he pinpointed were related to rising interest rates and the impact on start-ups and entrepreneurs, and the overall complex economic environment. An important point he made was that the long-term forecast of the PCT has been downgraded. I think as of now, based on the information provided by the Chief Economist, the longer term forecasts, in particular, PCT, which are very significant for this Organization, remain downgraded, vis-à-vis earlier. I would now call upon my colleagues to provide more information.

189. Secretariat: In response to the question on what WIPO is doing to mitigate the risk of declining filings in the Madrid System, the short answer is that we are fundamentally revamping our marketing and promotion approaches. I will provide more details. We have been marketing and promoting the Madrid System for many decades, and we have already evolved since the early days. For instance, we do more webinars, et cetera. Nonetheless, when we saw that there were two years of declining filings, we thought long and hard about how we can change our marketing and promotion approaches. I think we will end up with an approach that is much more thorough; let me perhaps expand a little bit of that. We believe that although the Madrid System is extensively used, there are still two categories of users where there is still a lot of potential. The first category are larger companies, global players that normally should use the Madrid System, but do not use it. That is one area where we think we can make progress. The second category, which is in line with the Director General's strategy and the MTSP 2022-2026, is to get more small and medium-sized enterprises (SMEs) to use the system. These are the two categories of users where we think there is more potential, and we are going to exploit that potential more thoroughly. We are building a marketing and promotion approach based on four elements, which did not really exist in the past. The first element is data analysis. We are currently capable with the technology and the data to identify at an individual level which company, large or small, should normally use the Madrid System. That allows us to generate lists of companies in various countries so that we have a very clear identification of the potential users. This is something that we never had in the past, at that level of granularity, at the company level, which is now possible due to data analysis. That is the first new element. The

second new element is that for the first time in WIPO we are using digital marketing campaigns. We are using the social media platforms to attract the attention of potential users on the value of the system. This is particularly important for SMEs because the challenge with SMEs is there are so many of them, so how do you reach them? We think that one of the more realistic approaches for having this scale effect is digital marketing. That is the second element. The third element, which is also particularly important for SMEs, is that we are going to spend more time training and educating the trademark professionals such as agents and attorneys. We know that agents and attorneys in countries which have been long-standing members of the Madrid System are completely at ease with the system and are very comfortable using it. In the newer countries, this is not necessarily the case. SMEs usually do not have the in-house expertise from an IP point of view to decide on whether they should use the Madrid System or not. Their natural inclination is to go to their lawyer and ask them what they should do. If the lawyer or agent is not sufficiently comfortable or knowledgeable about the Madrid System, they will naturally say, "why don't you just use the direct route, because then I can contact my colleague in the other country, and they will file the application for you." We think there is a great deal of value in trying to build a community of agents and attorneys that are highly knowledgeable about the Madrid System, and favorable towards the Madrid System. The fourth and final element is to expand the use of local work. For many years we have had people that work for us in Japan and China, not necessarily staff, sometimes consultants, who go and visit companies and talk to them about the Madrid System and why they should use it. For the larger companies, these visits and live discussions are key. We believe we should expand those programs to other countries that have great potential for filing in the future. These four new elements are intended to mitigate the declining filings. Even if the filings were not declining, we think these elements should be put in place as the next generation of marketing and promotion activities for the Madrid System.

190. Secretariat: My information may more or less overlap with the information provided by the Madrid colleague. In order to reach out to potential PCT users to increase the number of PCT filings, the PCT departments have undertaken various projects such as PCT training and outreach activities. These activities help to increase awareness of the PCT System among users, including potential users. We are going to have more outreach and marketing activities in various markets. These activities may include more tailored marketing and assistance to our users and potential users, including large corporations that do not use the PCT system. For example, in order to identify potential users and effectively support those users, we are working very closely with technical and marketing experts in PCT contracting states where there are large underusers. In addition, PCT Operations has undertaken the transformation of its workforce from an application-driven to a client-driven service provider in order to improve productivity and efficiency and enhance user satisfaction, which is beneficial to our users, including those who are unfamiliar with the PCT procedures. These activities will encourage our users and potential users to be familiar with the PCT system, and thus help them use the PCT system more in the future.

191. Secretariat: Mr. Chair, the global IP systems and the revenue from the global IP systems form the financial foundation of this Organization. The Director General accords the highest priority to the monitoring and growth of these systems. The Director General, who chairs the Risk Management Group, has asked and guided us in working on the future growth of the system. This is work that has recently begun, and we hope to continue that work in close collaboration across different sectors.

192. Chair: I thank the Secretariat for providing that information and clarification to the questions and comments given by the Member States. As I see no requests for the floor, I will proceed to read out the draft decision paragraph, which was adopted.

193. The Program and Budget Committee (PBC) recommended to the Assemblies of WIPO, each as far as it is concerned, to



approve the “Annual Financial Report and Financial Statements 2023” (document WO/PBC/37/9).

## (B) UPDATE ON INVESTMENTS

194. Discussions were based on document WO/PBC/37/Investments.

195. Chair: Now we can look to Agenda Item 11 (b) Update on Investments. I now invite the Director, Finance Division followed by the Treasurer, Finance Division to present this Agenda Item.

196. Secretariat: WIPO implemented its core and strategic investment portfolios with the aim of managing its cash, representing surpluses generated over previous biennia, in a way that would enable the Organization to meet its future liabilities. The portfolios have been invested exclusively in assets that generate income such as global equities, bonds and real estate. Diversifying our portfolio across different asset classes and geographies helps us manage risk, lower volatility, and reduce the overall risk profile of the Organization. Last year was challenging for global investors. High interest rates, persistent inflation, geopolitical tensions, and an uncertain economic outlook were evidenced in 2023. Despite these various obstacles, WIPO's core and strategic portfolios demonstrated resilience, securing a positive 4.9 per cent and 5.7 per cent total fund net return, respectively, and ending the year exceeding one billion Swiss francs in net assets. Before I hand the floor to our Treasurer, to provide an update on WIPO's investment portfolios, I should like to add some further points of introduction. We invest in the medium to long term to match the commitments arising from our liabilities over the projected time horizon. During this period, we expect the value of WIPO's investments to do well in some years, as we saw for instance in 2019 to 2021 and last year whilst in other years, the Organization's investments may fall. The latter is not necessarily something to be concerned about, provided that over the projected investment horizon, we are focused on ensuring liquidity and securing the average return we expect. In this regard, WIPO's Advisory Committee on Investments (ACI), with the support of its investment adviser, continues to monitor market developments, and works to manage the investment portfolios to achieve their intended targets. I would now like to hand the floor to our Treasurer to provide an update on WIPO's investment portfolios.

197. Secretariat: The document I will be presenting is WO/PBC/37/ Update on Investments which is available under the other related documents section on the WIPO website. This presentation is intended to provide the status of WIPO's investments, and specifically WIPO's investments for core cash and strategic cash portfolios. Distinguished delegates may be familiar with this chart from PBC 36 last year. It is worth reiterating, strong investment governance is the basis of a successful portfolio, and in WIPO, a strong governance framework underlines everything we do. In WIPO, we continue to measure ourselves against best practices for governance, internal controls, risk management and stewardship because we believe this helps us deliver value to Member States. This diagram highlights the layers of governance oversight and controls that have been embedded in WIPO's investment process. Amongst other things, the governance framework establishes clear ownership of investment positions, clarity of investment objectives, clear delegation of authority and accountability for decisions, transparency of decisions and results. We continue to invest in developing the maturity of our governance framework. In our regular engagement with the IAOC, WIPO continues to take on board the good recommendations from the Committee. We continue to benchmark ourselves extensively with our peers across the UN agencies. Earlier this year, WIPO completed a peer review study with the World Bank Treasury. Following the study, WIPO implemented a series of recommendations that are intended to focus on improving our risk management capabilities and strengthening our governance framework. In May, after the completion of an extensive search, WIPO appointed a new investment advisor to assist the Advisory Committee on Investments (ACI). The advisory contract covers matters such as policy and strategy development, asset

allocation, risk and compliance reporting. More recently, the ACI has commenced discussions with external investment professional experts to participate in the committee. The purpose of an external professional expert is to support the ACI with objective views and expert advice regarding all aspects of WIPO's investment activities. A strong governance framework sets clear standards of care for our investment activities. It is embedded in every aspect of WIPO's investment process and has been key to the success of our portfolios, as demonstrated in the results that will be explained in the next two charts. But, before we update the performances of our portfolios, some remarks on the global financial markets are necessary in order to set the stage. Investments began 2024 at a precarious point. To understand why, let's consider where we stood a year ago at the beginning of 2023. Fresh from a very difficult 2022, investors were cautiously optimistic and the prospect of cooling inflation and interest rate cuts, while still alert to the possibility of an economic recession. As we know now, the global economy blew past these cautious forecasts, supported by greater than estimated consumer savings, more aggressive fiscal spending, and looser financial conditions, resulting in a spectacular advance in the major equity and fixed income markets in late 2023. The setup for 2024 couldn't be more different. The markets' exuberant rally at the end of 2023 has left equities overvalued, with investors especially emboldened by the indication that major central bank rate cuts are on the horizon. With such lofty expectations priced into the asset markets, there was little room for error, but plenty for disappointment in 2024. From WIPO's perspective, the experience for the first four months of 2024 has been stable. Global markets in the first four months have been resilient, indicating mostly positive returns. Positive fundamentals fueled strong equity performance, meanwhile fixed income came under pressure on the back of questions around delays in interest-rate cuts. Volatility risks remain, but a positive momentum is building, and it is hard to ignore a sense of cautious optimism among global investors. As we look ahead in 2024, we are more measured in our outlook and performance, with this year more likely to be an average year for markets rather than a double-digit winner. The confluence of risk, geopolitics and markets has the potential to induce volatility into the financial markets. As investors, we remain extremely cautious, and continue to believe while short-term headwinds persist, our investment portfolios are resilient and in a position to successfully deliver the medium and long-term targets. On this note, let's take a look at the performance of WIPO's core cash portfolio. This chart highlights the performance of the core cash portfolio for the first four months of this year. The portfolio value was 811 million Swiss francs, and the unrealized gains were 6.9 million Swiss francs, as of April 30 this year. The contributions to the gains by asset classes are also highlighted in the chart. For instance, Swiss real estate contributed to 3.9 million Swiss franc gains, and the Swiss bonds contributed 900,000 Swiss francs for the first four months of this year. From the table, you will note that the unrealized gains for the first four months were +0.9 per cent, and a corresponding benchmark was +0.8 per cent. Therefore, the relative return, which is the difference between actual and benchmark performance, was +0.1 per cent for the first four months of this year. If I can draw your attention to the other numbers in the table. While 2023 was a good year, recording a +4.9 per cent in return, it is easy to forget that most of the surge happened in the year's final two months. Before that, things were more uncertain. However, it is important to remember that WIPO's core cash portfolio is invested over a longer time horizon, with the time to deliver a positive return in Swiss francs over a five year horizon. To this end, the core cash portfolio delivered +1.5 per cent annualized over a five year period, ending April 30. The same portfolio delivered +1.3 per cent annualized since inception. Despite challenging financial market conditions, compounded with persistent short-term volatility, the portfolio was resilient and the strategy was able to meet its objective. For strategic cash, the portfolio value was 259 million Swiss francs, and the unrealized gains were 6.8 million Swiss francs, resulting in +2.7 per cent investment return as of April 30 this year. Similar to the previous page, the contributions to the gains and losses by asset class are highlighted in the chart. For the first four months of this year, the unrealized gains were led by the performance of equities, which contributed to 5.3 million for strategic cash. If you recall, the investments for strategic cash are for the long-term, and have a time horizon of 20 years. When we observe the performance over time, the strategic portfolio has delivered +2.4 per cent, annualized over a five

year period ending April 30. The same portfolio has delivered +2.1 per cent since inception. Again, despite a difficult market, compounded with short-term volatility, the strategic cash portfolio was resilient and strategy deployed continues to be on-track to achieve its long-term target of 2 per cent and to provide funding for WIPO's long-term employee benefit over a 20 year period. Most of my earlier comments in the previous two charts are noted here. Therefore, in the interest of time I shall not repeat. However, it is worth mentioning three points. First, we believe strong governance in our investment framework is crucial because it helps this Organization to deliver long-term success. In this regard, WIPO continues to invest time and resource in developing our maturity in this area. Second, when investing, it is known that past performance may not be a good predictor of future returns. What does predict investment performance dependably, are the fees charged by our investment managers. In this regard, WIPO believes managing costs arising from transactions, brokerage, custodian, advisory services, and investment management, are key to the success of our investments. And third, finally, market volatility is inevitable. Bumps along the track are to be expected, given all the crosscurrents impacting the global financial markets. As global investors, WIPO's portfolios are not immune to these crosscurrents. However, WIPO's investments are for the medium and long-term. During this time, we expect our investments to do well, and in other years our investments may fall. The latter, whilst unfortunate, is not something to be concerned about provided that, over the projected time horizon, we continue to deliver the expected targeted return. In this regard, our strategies have demonstrated their resilience, and are expected to continue to deliver for future periods. From WIPO's perspective, it has always been the time in the market and not timing the market that matters. This concludes my presentation. Thank you for listening, and I thank you for your attention. Together with my colleagues, we look forward to your comments or questions, if any.

198. Chair: I thank the speakers for their statements, and now open the floor for delegations to intervene. Allow me to give the floor to the distinguished representative of the Netherlands, Group B coordinator.

199. Delegation of Netherlands: Group B would like to thank the Secretariat for its presentation, which confirms once more, that in the current geopolitical climate, investment results cannot be taken for granted. We are content that WIPO's strategy seems to be resilient. We do, however, note the recommendation of the External Auditor, to enhance the information available regarding investment performance.

200. Delegation of Italy: We acknowledge that the investment result for 2023 was achieved in a year that saw moderate global growth, had restrictive monetary policies, bank failures in early 2023, and enormous geopolitical risks. Expectations on inflation and monetary policy reaction were driving financial markets. The world economy entered 2023 with high inflation readings, but with indications for many countries that inflation could be close to peak levels. Central banks continue to tie financial conditions substantially. Over the course of 2023, the European Central Bank (ECB) increased its financing rate by two percentage points from 2.5 to 4.5 per cent in September, and then paused. The US Federal reserve, which had started the cycle earlier, increased its federal fund starting rate by another percentage point by July. On the backdrop of a steep rise in interest rates, economic growth slowed down, but to a lesser extent than expected at the beginning of the year. Most economic areas managed to avoid a hard landing supported by resilient consumer demand on strong labor markets. Overall, the global economy is expected to have grown by 3.1 per cent in 2023, which is 0.4 per cent lower than in 2022, and substantially lower than historical average of 3.8 per cent. I'm talking about pre-COVID pandemic. Emerging and developing economies generally perform better than their advanced counterparts, with a stable growth rate of 4.1 per cent. The broad equity markets performed very well. The STOXX Europe 600 recorded a return of 16.5 per cent, and the S&P 500, an impressive return of 26.3 per cent. In a nutshell, 2023 turned out to be a very good year for financial markets, and the main reserve funds. Moderate risk funds belonging to similar international Organizations as WIPO, performed more than 13 per cent while the benchmark

was always higher than 11 per cent average return, and again I'm referring to the performance of funds by similar international organizations for the same purposes. We are not talking about purely speculative purposes, of course, but in order to cover the list of liabilities and cash necessities, in five, 10 and 20 years is higher than 5 per cent. Having said so, we would like to know if you are considering different asset allocation in order to increase the performance.

201. Delegation of Thailand: I wish to commend the WIPO team in charge of the capital investment. We understand that work must be harder during the past several years due to the geopolitical uncertainty and economic competition. I have several questions to raise from the presentation. On the diversification and risk management, how does WIPO assess and manage the risk associated with its investment in emerging markets and real estate? On the global market outlook, how does WIPO plan to adjust its investment strategy in response to this inflation path, and the potential higher interest rate?

202. Chair: I thank you for your statement. I can see no requests for the floor, and since some questions have been asked, I would ask the Secretariat to prepare their responses to the questions. Give us five minutes. I will pass the floor to the Director of the Finance Division to coordinate the process of answering the questions on behalf of the Secretariat.

203. Secretariat: My colleague, the Treasurer of the Finance Division, has all the answers to the questions so I will pass the floor to him.

204. Secretariat: I will try my best to answer in the order the questions came in. But firstly, thank you for your questions. I think the first question was from the distinguished Delegate from the Netherlands regarding external auditors, and how we could enhance information and express the financial statements to show our investments. I think we do not have any issues with this in the sense that we could provide more meat in the notes. We could include things like our benchmark per asset class and extra disclosures could be included in the financial statements for future reporting. I think that would be something that could easily enhance the way that we express our reporting in financial statements related to areas of our investment activities. There was a couple of questions from the Delegate of Italy. I will start with perhaps comparing ourselves, the performance of WIPO's portfolios for both core and strategic with the performances from funds from other agencies. I think one of the first things that we need to recognize is the performances for WIPO's portfolios, for both core and strategic, are expressed in Swiss francs. It is very difficult to compare ourselves against portfolios that may be denominated in other currencies because their risk-free rates are a lot higher. They will be performing in the regions of north of five or six per cent. But, when we compare to the Swiss franc, it is inherently different. We are Swiss franc based. I have mentioned that we engaged new investment advisers, PPC metrics, that just joined us. We are able to benchmark ourselves with very similar funds denominated in Swiss francs, pension funds in Swiss francs in the universe that we have, and we are very comparable in terms of our returns and the risks that we are taking. The returns that we are getting are very comparable with the universe of Swiss francs fund in Switzerland. In fact, I think the first quarter of this year, we rank in the first quarter on the comparison benchmark that they have, and in five years, we rank in the second quartile in terms of performance, when we benchmark ourselves with comparable Swiss franc-based funds. In terms of our ability to increase the targeted return, to increase our performance through different asset allocation, one of the things we are able to do next year is the ALM study that we will be doing in 2025, which sets the targeted returns that we might need, to achieve our objectives to provide funding for our long-term employee benefit. This is one of the opportunities that we will review whether our asset allocation needs to be tweaked or changed, and what targeted returns will be sufficient for us to provide long-term funding. Certainly, to the question of whether we are considering different allocations, or what assets we will be investing in, the opportunity will present itself when the Organization embarks on its ALM study which will trigger us to review our Strategic Asset Allocation (SAA), and also our targeted returns. For questions from the distinguished Delegate of Thailand, I think there are three questions. First with regards

to how do we manage risk in the emerging market bond space, and real estate. These two asset classes were included in our asset mix because of diversification and the income that they provide to the portfolio. Again, they are part of the considerations for our asset allocation as we select the asset class that we believe will enable us, through the core and strategic cash portfolio, to have the best probability of success, of achieving its target. The risk of the portfolio, which includes emerging markets and real estate are all part of the consideration, as we discussed what our strategic asset allocation is. Again, when it comes to the strategic cash portfolio, the opportunity is also next year to review it, but at any one time, the ACI continues to review our strategy, the risk that goes into the strategy in the quarterly meetings that we have as part of the terms of reference for ACI. There was a question on inflation and how do we adjust for inflation. Certainly, rising prices across the world are a concern for us, and we continue to monitor the development of inflation in Switzerland, whether it is entrenched in Switzerland. If you reflect last year when inflation rates were north of five per cent or were close to 10 per cent everywhere else in the world, inflation was just below three per cent in Switzerland. And it does not seem to be, at this moment, entrenched in the system. But the ACI continues to monitor development of inflation and what it means to our strategy, in terms of whether we should be looking at real returns or nominal returns. That's something that is part of our consideration as we develop our strategy for strategic cash when we review it next year. I think there was a question on what higher rates that are generally available out in the market mean to us. The shift from negative interest rates to positive in Switzerland is a profound one in the sense that for the last seven years prior to 2022, we were working under a negative interest rates regime, which was very difficult. The high interest rates allow us to pursue a more comfortable path to de-risk our portfolio, to achieve our objective. The ACI has taken actions to enable us to do that, which is basically dial down our risk, in order to achieve our objectives. So, again, under the high interest rate environment, we are able to take advantage of that and de-risk our portfolios accordingly to meet our objectives. I believe these were the only questions I received. I hope it is sufficient. Please do let me know if more clarification is needed.

205. Chair: I thank you for your explanations given. I would like to ask whether any delegation would like to take the floor to react. I see no request for the floor. Can we then proceed to close this Agenda Item as no action is required from the PBC? It is so decided. This Agenda Item is closed.

#### (C) STATUS OF THE PAYMENT OF CONTRIBUTIONS AS AT APRIL 30, 2024

206. Discussions were based on document WO/PBC/37/10.

207. Chair: We move on to Agenda Item 11(c) The document reference is WO/PBC/37/10, status on the payment of contribution as of April 30, 2023. I again invite the Director of the Finance Division to take the floor and to present this item.

208. Secretariat: This document provides details of the status of the payments of contributions as of April 30, 2024, including information concerning the arrears in annual contributions, and in payments towards the working capital funds. Contributions paid since the issuance of the document and as of today's date are as follows: Vanuatu - 2,849 Swiss francs, Japan - 1,139,475 Swiss francs, Mali - 1,474 Swiss francs, Belize - 2,849 Swiss francs, Gabon - 126 Swiss francs, Cote d'Ivoire - 21 Swiss francs, Niger - 21 Swiss francs, Luxembourg - 45,579 Swiss francs, Republic of Korea - 426,372 Swiss francs, Germany - 135,668 Swiss francs, France - 299,544 Swiss francs, People's Democratic Republic of Laos - 1,424 Swiss francs, Jamaica - 2,849 Swiss francs, and Greece - 102,554 Swiss francs. Thank you very much for your attention. I'm happy to take questions on this.

209. Delegation of France: I would like to take this opportunity to express to you, and to the PBC, our entire confidence for leading this discussion this week. I'd like to just make a

correction as far as what was announced. France has already paid its contribution so that's a mistake.

210. Secretariat: Yes, indeed, France has paid its contribution. The document was drawn up as of the end of April 2024, and so the details of the contributions I have just read out are contributions that have been paid since that date. So, the contribution from France must have been paid after April 30, 2024. If that is incorrect, please let me know.

211. The Program and Budget Committee (PBC) took note of the "Status of the Payment of Contributions as at April 30, 2024" (document WO/PBC/37/10).

## **ITEM 12 ANNUAL REPORT ON HUMAN RESOURCES**

212. Discussions were based on WO/PBC/37/INF/1.

213. Chair: Dear colleagues I think we can now move on to the next agenda item for today, which is Agenda item 12 and the document "Annual Report on Human Resources" which is submitted to the PBC for information purposes in accordance with the decision taken by the PBC at its September 2012 session, when it "requested that the Human Resources annual report to the Coordination Committee be also presented in the future to the Autumn Session of the PBC for its consideration." No decision is required by the PBC. I now invite Ms. Adélaïde Barbier from the Secretariat to present this item.

214. Secretariat: Mr. Chair, distinguished Delegates, I am pleased to present the Annual Report on Human Resources (document WO/PBC/37/INF/1) as an information document to this Committee. This Annual Report will be submitted to the WIPO Coordination Committee for its consideration during the Assemblies of WIPO Member States in July 2024. It covers the period from January 1 to December 31, 2023, and comprises all HR Matters for which reporting to the WIPO Coordination Committee is required, as well as an overview of HR-related policies, initiatives, and activities of interest to Member States. WIPO is currently undergoing a significant transformation to adapt to the constantly changing Intellectual Property (IP) landscape and to better cater to its Member States and the global community. The Organization's HR Strategy 2022-2026 is central to this effort. We strive to ensure that the workforce is equipped to serve our stakeholders, driving innovation and supporting business objectives. The midway point in implementing the Medium-Term Strategic Plan (MTSP) and the HR Strategy showcases a shift in perspective, acknowledging that people management is a shared responsibility, supported by the Human Resources Management Department (HRMD). This change is pivotal in facilitating WIPO's journey towards its goals. As Human Resources (HR) evolves into a more strategic function, it is becoming instrumental in igniting programs and processes to retain talent and support business objectives. Enhancing the Department's capabilities in areas such as data analytics, strategic workforce planning, and change management are crucial for driving innovation and adapting to organizational change. Allow me to share with you six critical points in our journey of transformation: 1) Culture: culture plays a pivotal role in WIPO's transformation, acting as the organization's DNA shaped by leadership, practice, and mindset shifts. A holistic approach to cultural change, including leadership training programs, staff engagement surveys, and a redefined approach to performance management, is gradually shaping the desired cultural shift. 2) Organizational agility/change in a dynamic environment: agility, driven by horizontal teamwork and adaptable structures, improves performance and boosts employee engagement. WIPO's shift towards a marketplace model that empowers horizontal teams is enabling decision-making, communication, and knowledge transfer and is crucial for cultural transformation. WIPO is ensuring that the Organization remains fit for purpose. This means evolving our processes, strategy and structures. It also requires upskilling and reskilling our existing workforce as well as acquiring new talent and capitalizing on technology. Investments in artificial intelligence (AI) and

technology projects are modernizing services and processes, streamlining operations, and increasing efficiency. Navigating the dynamic landscape requires redefining workforce planning, enhancing diversity, and promoting equal opportunities for growth. Ensuring that the right skills are available at the right place and the right time is also critical. WIPO's emphasis on mobility, diversity, skill revitalization, and capacity-building underscore its commitment to adaptability and innovation. 3) Performance management: performance management at WIPO is evolving towards a dialogue-driven approach, prioritizing feedback and growth. WIPO's new performance management policy, which is expected to evolve further, has not only refocused, but lightened our approach to, performance management. 4) Upskilling/reskilling. Efforts to reskill and upskill the workforce, alongside initiatives such as the revised and enhanced Gender Equality Policy and the implementation of WIPO's first Disability and Inclusion Strategy, foster inclusivity and talent retention. WIPO has worked on building the foundation to adopt a more strategic training approach, including the learning and development matrices, developed by the WIPO Academy and HRMD in close collaboration with the business areas. This paves the way for continuous learning and skill development to support both individual growth and WIPO's broader mission. 5) Diversity and inclusion: studies show that diverse and inclusive organizations perform better, are more innovative and dynamic and lead to better talent retention. WIPO recognizes the significance of diversity and remains firmly committed to enhancing the diversity in its workforce. The unveiling in July 2023 of the Geographical Diversity Action Plan (GDAP) to the WIPO Coordination Committee, highlights WIPO's commitment to working together with Member States to increase geographical representation in the staff population. We need, however, to keep in mind that WIPO is a relatively small organization and hence the annual rate of change is relatively modest. As of 2026 an increase in retirements could help to accelerate this process if Member States work with us to build Talent pipelines. We are initiating a pilot project on Careers in IP with three Member States. 6) Well-being: as part of fostering a nurturing employee experience, WIPO is prioritizing talent management alignment, engagement initiatives, and workplace respect. Emphasizing mental health and well-being, the Organization is actively implementing initiatives to ensure a supportive and inclusive environment for all employees. WIPO's participation in the development and implementation of the UN Mental Health and Well-Being Strategy reflects this commitment.

215. Chair: Thank you Madam Director for your statement. I now open the floor for interventions by the Member States. As per usual practice, the floor will be given first to Group Coordinators. I give the floor to the distinguished representative of Poland, the CEBS Group Coordinator.

216. Delegation of Poland: Thank you, Mr. Chair. On behalf of the CEBS Group I would like to extend our thanks to the Human Resources Management Department for all the information presented in the WIPO Annual Report on Human Resources as contained in the document WO/PBC/37/INF/1. At the outset, allow me to emphasize that advancing human resources management, with a view to change the unfavorable geographical imbalance, remains a priority for this Group. The fact that the report was made accessible to WIPO Members at such short notice makes it very difficult to study the information, analyze the trends as well as ensure a high-quality dialogue with WIPO's Secretariat on this pertinent matter. We once again extend our request for the timely publishing of all the documents that are important for our discussions both during the PBC as well as the Coordination Committee. We also extend our thanks to the Director of HR Department, Ms. Adelaide Barbier, for organizing the information sessions in between the PBC and the Coordination Committee meetings and for today's presentation. We found them a valuable opportunity for substantive discussions. Mr. Chair, the CEBS Group recognizes the efforts made by the Human Resources Management Department aimed at introducing necessary and critical changes in human resources policies. We welcome the fact that some of them were conceptualized in 2023, with a view to be implemented in the coming years. We look forward to cooperating with WIPO's Secretariat to ensure effective and sufficient progress of some of the valuable initiatives, based on the HR Strategy 2022-2026,

Medium-Term Strategic Plan (MTSP) as well as recent Geographical Diversity Action Plan (GDAP). The CEBS engagement is based on the fact that, despite efforts made, our Group continuously remains underrepresented in WIPO. This unfavorable situation does not reflect the dynamics of development of the IP ecosystems across the region, bringing substantial and visible institutional as well as economic growth. In our opinion, the expertise of professionals from CEBS region offers a unique asset of using IP for the socio-economic transition as well as taking advantage of IP for growth and development. For this very reason the fact that CEBS Group remains underrepresented, while some of our CEBS Group members are in the Group of 71 countries without any representation in the WIPO Secretariat remain a reason of profound concern. We have studied all the data and information presented in the report as well as the HR brochure referenced in the report. Although a considerable amount of data contained in the report is valuable and illustrates some positive progress, the CEBS Group sees the need to further supplement the information to better map, identify and effectively address challenges related to continuous underrepresentation in WIPO's recruitment which may hamper the effective implementation of an inclusive and balanced recruitment process. Firstly, we are grateful for the presentation of aggregated data related to posts geographical distribution as reflected in the graph on page 7 of the report, however, as previously mentioned for the CEBS Group it is important to receive a breakdown of information specific to our region. The presented accumulated data for the entire Eastern and Central Europe and Central Asia is not sufficiently informative for Members of our region and does not allow for an insightful analysis of the direction of change. Therefore, we would request the Secretariat to provide us with data specific to the CEBS region. Secondly, the same request refers to the breakdown specific to the Groups structure of employment, number of applicants as well as selected candidates, with the division of the internal and external individuals being selected. For example, with reference to the number of applications as indicated in the report, information on a quarter of applications in the aggregated region comes from one country and not being a member of our Group makes it very difficult if not impossible to study the data and the trajectory of change. This information is critical for CEBS members to better understand and engage in additional efforts to further encourage applications from experts and professionals from our region. Similarly, the breakdown of data in the context of the recruitment structure should allow us to better understand if there is any progress in addressing the issue of insufficient CEBS representation in senior positions at WIPO. We reiterate our request to the Human Resources Management Department to provide us with the information breakdown regarding their visible lack of success of CEBS candidates at the final stage of selection. The data presented in the table on page 12 of the report show the lack of progress in addressing this situation. This challenge, identified in the past, continues to be a serious burden and source of discouragement for professionals from our region. We therefore once again ask the WIPO Secretariat to analyze this specific issue, based on the files, and provide us with concrete information regarding the source of the problem, which is the first step to finding effective solutions. We are grateful to the Secretariat for all activities related to the implementation of the Geographical Diversity Action Plan, which in our opinion should be perceived as a key component of WIPO recruitment strategy. We would be interested to receive more detailed information from the Secretariat regarding the shifts of geographical structure of WIPO employment, as shown in paragraph 27 of the report (meaning the decrease of employees from Western Europe). We would like to know the countries and regions that have benefited the most from this change. We thank the Secretariat for providing us with the internal to external candidates' distribution in the conclusion of the recruitment processes through 91 job openings in the reported period. We would like to further explore these dynamics, by receiving information on how many internal candidates applied through the job openings as well as what positions were offered to internal candidates. As CEBS Group members are not sufficiently represented in WIPO, a relatively big proportion of recruitment among internal staff, most likely at higher positions, may not take us any closer to addressing the challenge of the unbalanced geographical structure of WIPO's recruitment. We ask the HR Department to kindly provide us with an update on the number of reclassification procedures carried out in the reported period. The CEBS Group additionally requests the Secretariat to



supplement the prepared report by a detailed listing of all the positions filled in the reporting period, their level, nationality of the selected candidate and the indication of the relationship with WIPO of the selected candidate prior to their recruitment (external/internal, working non-staff experience with WIPO etc.). To conclude, Mr. Chair, given the unsatisfactory progress in bringing the geographical balance to WIPO's employment, the CEBS Group would see a value in launching a structural dialogue framework of interested Members with WIPO's Secretariat allowing for a more efficient identification, mapping and addressing challenges of all stages of the recruitment processes that can stand in the way of ensuring successful implementation of geographical diversity across WIPO. We would also value greater engagement of the IAOC and IOD in the process to monitor recruitment procedures, which should enhance collective and horizontal efforts to ensure achievements of the expected results through the adopted policies and strategies. We join everyone who has extended thanks to the WIPO Human Resources Management Department for its efforts to make qualitative change in ensuring gender balance, as well as progressing in improving the environment and work culture in WIPO. We also recognize the work of the Human Resources team aimed at safeguarding the Organization's high-quality standards by introducing various programs and strategies to employment policies. We stand ready to constructively engage in discussions on further modifications of the Staff Regulations and Rules as indicated in the report. I thank you, Mr. Chair.

217. Delegation of Kenya: Thank you, Mr. Chair and good morning colleagues. Kenya is honored to make these statements on behalf of the African Group. The African Group thanks the Secretariat and human resources team for preparing and presenting the Annual Report on Human Resources, contained in document WO/PBC/37/INF/1. The Group notes with appreciation the steps taken during the period covered by this report to improve the geographical balance amongst the WIPO workforce as well as achieving gender parity. This includes the inauguration of the Geographical Diversity Action Plan in 2023, which focuses on three pillars, namely 1) Member State engagement; 2) Mainstreaming diversity into all facets of WIPO's organization; and 3) Accelerating capacity building efforts. It is encouraging to note the continued increase in the representation of women in the WIPO workforce, particular in senior positions over the years. Indeed, this reflects WIPO's commitment to achieving gender parity at all levels. However, it must be wary of having a significantly higher percentage of women than men in the WIPO workforce, which may once again result in gender imbalances. This delicate balance must be maintained. The Group also takes note of the Report's assertion that in the last five years, there has been a redistribution in representation where Western Europe has seen a decline from 41.1 per cent to 37.1 per cent of the workforce, against positive changes in other geographical regions. In our view, Mr. Chair, these changes have only been marginal, and the overall trend indicates a continuation of the status quo. We must, therefore, redouble our efforts and continue working on initiatives that could help accelerate the achievement of equitable geographical representation. We echo the call for more representation and opportunities for the career advancement of Africans in WIPO, especially in the Organization's senior positions. It is concerning that about 50 per cent of African Member States have no representation in the WIPO workforce. We want to highlight that this is not a result of lack of interest from Africans, as per the information presented in the report, Africa has the highest number of applicants by a significant margin. The Group is concerned that despite presenting the largest pool of applicants, the number of selected candidates remains lower than other regions. While increased country engagement and improved mechanisms for preparing candidates may help, we feel there is lack of clarity in the process of selecting applicants, particularly at the final stage of recruitment. In light of the above, we wish the Secretariat to comment on the following: 1) the imbalance in the number of African candidates that made it to the final selection process, vis-à-vis the high number of applicants; 2) the possibility of embarking on alternative lines of action, including possible headhunting in grossly underrepresented countries and regions to identify a diverse pool of applicants or vacancies; and 3) the possibility of including a competency guide on employment for applicants that may be in need of this information to facilitate fairness in competing for the corresponding positions. The African Group hopes that the positive trends in geographical diversity will be more visible in

the future to enable WIPO to better reflect on the future of the people it serves. Thank you very much, Mr. Chair.

218. Delegation of Iran (Islamic Republic of): Thank you, Mr. Chair. I have the honor to deliver this statement on behalf of the Asia Pacific Group. The Group takes note of the Annual Report on Human Resources in document WIPO/ PBC/37/INF/1. We are grateful to Ms. Barbier and her team for the preparation and presentation of the Report, which includes information and progress made towards staffing goals as well as an overview of HR-related policies, strategies and activities of the Organization. The Asia Pacific Group emphasizes the importance of upholding principles of transparency and accountability in all aspects and stages of human resources management. We believe that geographical representation is a fair mechanism to ensure transparency and efficiency and by prioritizing geographical diversity and Group representation at a country specific level, WIPO can foster innovation and creativity and better serve its global constituency. The APG looks forward to improved outreach efforts to unrepresented and underrepresented Member States to enhance geographical representation, especially when it comes to the consideration of some regions, such as the Middle East which significantly lacks representation in WIPO's workforce. In this regard, we urge WIPO to focus on addressing the needs of these countries and promoting their inclusion into the Organization. We believe that the positive result on WIPO's Policy on Gender Equality could continue to serve as an inspiration for efforts on geographical representation. Additionally, we believe that multilingualism is another issue that is of the utmost importance for our region. To improve efficiency and accountability of HR related policies, we strongly encourage the Human Resources Management Department (HRMD) to enhance and collaborate more closely with the United Nations Department of Management Strategy, Policy and Compliance as well as other UN agency HR divisions, to enhance and mainstream geographical diversity and multilingualism. We look forward to further discussions and deliberations on these matters in the upcoming Coordination Committee and the General Assembly session. We are ready to cooperate with HRMD to achieve the final goal of geographical representation and diversity across the Organization. Thank you, Mr. Chair.

219. Delegation of the Netherlands (Kingdom of): Thank you, Chair. On behalf of Group B, I would like to thank the Secretariat and Ms. Barbier for presenting the Annual Report on Human Resources. It is good to see that WIPO is making more efforts and becoming more diverse and inclusive under the leadership of Director General Tang, and how a cultural change is being pursued by management and HR. We welcome continued transparency of HR priorities, practices and outcomes that enable WIPO to fulfil its mandate. We also thank you for the increased outreach and recruitment efforts to attract qualified candidates, including from unrepresented Member States. We especially commend the important steps taken in making sure that WIPO is an inclusive and secure place to work. Filling the vacancy of the Ombudsperson is an important testimony to this. We are currently seeing a workforce in which approximately four in ten staff are temporary staff. Is there a certain target ratio for this? Does the high level of temporary staff explain at least to some extent why the expenses for contractual services are high? Chair, noting that within the next 10 to 15 years, 50 per cent of the staff will retire, the high rate of staff on flexible contracts is compounding our concerns. To what extent is WIPO ready to prevent a loss of institutional and substantive knowledge? Concerning the question on gender, we noted observation 50 and 41 in the HR Report - while women do better than men among young experts, fellows and interns in meeting job requirements, men are more likely to be invited to the interview phase and to be selected. Can the Secretariat explain the reasons behind these different results? Regarding recognizing performance, we take note that WIPO has reintroduced its Rewards and Recognition Program following inputs received from participants in the management retreat. Our understanding, however, is that the program remained funded under other staff costs of 1,152,000 Swiss francs for the Program of Work and Budget 2024/25 and 22/23 and 1.2 million Swiss francs in 2020/21. We therefore welcome additional information on how the rewards and recognition program have evolved through its present reintroduction. Chair, we note that this document will

also be discussed at the Coordination Committee in July, we thank you and the Secretariat for facilitating this discussion within the PBC. Thank you, Chair.

220. Delegation of Brazil: Thank you Chair. The Delegation of Brazil has the honor to take the floor on behalf of the Group of Latin American and Caribbean Countries, GRULAC. Among the key features of document WO/PBC/37/INF/1, we would like to highlight the actions and results on geographical representation and recruitment as presented in the Annual Report on Human Resources before us. GRULAC appreciates the efforts of WIPO in enhancing geographical diversity among its staff. The report indicates positive trends in recruiting personnel from underrepresented regions including several countries within our Group. These efforts seem to ensure that WIPO's workforce reflects the global nature of Intellectual Property and brings diverse perspectives to its operations. We also commend the initiatives aimed at improving recruitment processes, making them more transparent and inclusive. These measures help in attracting a broad range of talents, fostering innovation and enhancing the effectiveness of WIPO's programs. We encourage WIPO to continue prioritizing geographical representation and inclusive recruitment practices to maintain and further this positive trajectory. GRULAC Member States are invited as well to elaborate further on agenda item. Thank you, Mr. Chair.

221. Delegation of China: Thank you, Mr. Chair. China wishes to thank the Secretariat for drafting and issuing this Annual Report on Human Resources. The report has presented in detail human resource related policies, initiatives and activities. China appreciates the positive results achieved in HR management at WIPO in 2023, as well as the consistent efforts made in geographical representation and gender equality among the WIPO staff, in particular, geographical representation. With measures such as multilateral meetings for Member States to understand needs and concerns of all parties, China is looking forward to positive improvement of geographical diversity with joint efforts made between the Secretariat and Member States. China has also noted the joint pilot project with three countries in paragraph 30 of the document to build a talent pool. Has this joint project already been started? How would WIPO select participating countries? We would be most grateful if the Secretariat could provide more information on this program. Thank you very much.

222. Delegation of the Russian Federation: Thank you, Chair. We thank the Secretariat for this high-quality report. We believe that the main selection criteria should be the high competency of candidates and also equitable geographical distribution. In this context, we would like to express thanks to the Secretariat and support its proactive approach towards achieving equitable geographical distribution. We think it would be useful for WIPO, including through its offices in various countries, that it studies labor markets in underrepresented regions in order to identify and select the most widely used channels to publish vacancy notices. We value regular briefings on HR in WIPO and hope this practice will continue in the future. We would like once again to emphasize that it is important to develop an online portal to Member States with regular updates of HR statistics. Before, the Secretariat used to agree with us on this. We hope to see this tool in use in the near future. We would also be interested in the views of the secretariat about the relevance to WIPO of the vision of the United Nations Secretary General, which is entitled, UN 2.0. How is this vision relevant to the development of the HR management strategy? A considerable number of the initiatives contained in the vision of the Secretary General could in our view, be in line with the intentions of the Secretariat to foster what is called a future focused workforce, especially with big data processing and with the use of behavioral science. We have asked the Secretariat to inform us of their interaction with other UN agencies within the UN Chief Executive Board for Coordination (CEB). What trends are likely to influence human resources management in the future? A further possibility for human resources development strategy that could be considered is the possibility of introducing key performance indicators for the WIPO Human Resources Management Division and then reporting on these indicators. What do you think about this? Finally, we call upon the WIPO Secretariat to adhere strictly to decisions approved by the UN General assembly and the International civil service commission.

223. Delegation of Nigeria: Thank you, distinguished Chair, good morning, colleagues. Nigeria is fully in alignment and supports the statement delivered by Delegation of Kenya on behalf of the African Group. I would like to extend our appreciation and courtesies to the Secretariat, especially to Madam Barbier and her team for the compilation of the Annual Report on Human Resources, including information and progress made towards the seven goals as well as an overview of human resources related policies, initiatives and activities of the Organization. We further wish to appreciate the Secretariat on the achievement made during the period covered by this report, particularly on the aspect of gender parity. We commend WIPO's effort to initiate the new Geographical Diversity Action Plan (GDAP) strategy, conscious of the dire need to accelerate the enhancement of geographical diversity in the WIPO workforce. However, this transformation would be beneficial only to the extent that it helps the Organization address prevailing challenges, including the absence of equitable geographical representation. Chair, WIPO's human resources constitute the bedrock of this structure and a key element of the Organization for the effective function of the body. The Delegation of Nigeria therefore attaches great importance to the effective administration of human resources, considering its relations to organizational efficiency and service orientation. It is in this connection that my delegation takes copious note of the gaps in the geographical representation of WIPO's staff. In light of the above, my delegation would like to seize this opportunity to make the following observations and pose a few questions on the report on the consideration. Chair, with respect to the WIPO data on geographical distribution submitted in December 2023, it was reviewed in the table on Posts subject to geographical distribution that Africa with 53 Member States has a grand total of only 71 representatives in the Organization's workforce. The APG, with 46 Member States has 71 representatives; CACEEC with 9 members has 17 representatives; CEBS with 19 Member States has 36 representatives; Group B with 32 Member States has a whopping number of 302 representatives; and GRULAC with 33 Member States has 49 representatives. Chair, it is difficult to reconcile these numbers. Furthermore, Nigeria notes the significant gap between the number of applications and rate of selection on the basis of regional groupings. In reference to paragraph 49 of the report on the consideration, out of 2763 applications from Africa, it was stated that Nigeria and Kenya represent slightly more than 25 per cent, it would be highly appreciated by this delegation if the Secretariat would kindly give the number of applicants from these two countries that were eventually selected. Regarding the claims in the report found in paragraph 26, bullet point 2, on Mainstreaming of Geographical Diversity across WIPO, where it was stated that WIPO champions the importance of diversity and hiring managers on selection boards, my delegation would like to know how reflective of geographical balance is WIPO's recruitment selection panels, the review bodies and hiring managers as well as the staff of the HRMD? My delegation also notes the opportunities provided by the large number of retirements in the coming years, as explained by the Secretariat in previous briefings. In this regard, we would like to invite the Secretariat to update the meeting on the future of succession plans to leverage the upcoming forecasted retirement to make progress towards the equitable geographical representation and gender balance. Thank you.

224. Delegation of Mexico: Thank you, Chair. My delegation aligns itself with the intervention of the Delegation Brazil on behalf of GRULAC. We thank the Director of Human Resources and its team for preparing this report. We would also like to thank them for considering what our country has spoken about previously. We are impressed with the efforts being made to improve gender balance, equitable geographical distribution and diversity, and in particular work done to improve accessibility and capacity building. This will allow us to increase work opportunities for people with special needs and disabilities. We know there is a long way to go, and this will take time, however, we hope that results will be positive over the coming years. We would like to thank WIPO for its participation in the Wilton Park Retreat on Disability Rights that was organized with Australia, Mexico and the United Kingdom. We would also like to highlight the information provided regarding recruitment trends, if I understand correctly WIPO is the only Organization that provides this kind of information. We believe that the data is extremely useful for our region as it allows us to identify opportunities and challenges. Regarding actions to prevent sexual harassment, we note the holistic approach from the HR department and the

Ombudsperson, as well as the Office of the Legal Counsel are taking in order to respond to harassment claims in an area where people can feel comfortable reporting these issues. We think it is important to keep track of the number of cases as well as those that were resolved informally. This information must be provided to the Committee considering the important role of the ombudsperson in the internal justice system of WIPO, we think that it is important that the Ombudsperson report be discussed here, as well as addressing this issue across the system. Mexico support WIPO's vision for a dynamic and culturally diverse workforce which can achieve WIPO's objectives. Thank you.

225. Delegation of Saudi Arabia: Mr. Chair, the delegation of my country, the Kingdom of Saudi Arabia expresses deep thanks and appreciation to the Secretariat for the report presented. I would also like to thank Ms. Barbier for the presentation of this report and for all its efforts. We would like to emphasize the importance of considering the geographical distribution of human resources at WIPO and finding effective ways for such geographical distribution and allocation. Thank you.

226. Delegation of France: Thank you, Mr. Chair. France would like to thank the Secretariat for the work that it has put into presenting this Annual Report on Human Resources to the PBC. We applaud the results that have been achieved at the halfway point for the implementation of the HR Strategy. We support these policies which open the way to the improved consideration of diversity, equitable geographical representation, culture, and further measures to improve recruitment and staff retention. We have full faith in the Secretariat to continue to develop further measures contained in the HR strategy. We hope that efforts to attain gender balance in the Organization will be fruitful in terms of recruitment and strategic vision and we look forward to further discussions at the Coordination Committee. Thank you.

227. Delegation of Canada: Thank you, Mr. Chair. Canada appreciates the opportunity to discuss the Annual Report on Human Resources. We view this report as a key window into the health of the Organization and well-being of its staff. Canada views this year's report as comprehensive and addresses numerous areas, including the implementation of WIPO's HR Strategy for 2022 to 2026, the role of cultural influencers within WIPO, for example how management shapes the work culture, WIPO's future focused workforce, the novel idea generation on mobility and talent management, such as a staff exchange pilot with national IP offices and WIPO's geographical diversity action plan and building talent pools. There are aspects of the report where Canada would welcome some additional information if available. Canada is interested in learning more about the reintroduction of the rewards and recognition program, the RRP, and how this RRP may relate to previous iterations of the RRP. Canada is further looking forward to the completion of the guiding document on reasonable accommodation. We welcome learning that WIPO is working with an Organization to assess WIPO HR policies from a disability inclusion perspective. We note that the findings to date suggest changes are needed to ensure accessibility. Can WIPO clarify how WIPO is intending to use the findings? Thank you, Chair.

228. Delegation of Sweden: Thank you, Chair. Thank you, WIPO for the report. Firstly, we would like to support the statement made by Group B. We understand that WIPO has devoted considerable resources to issues raised in the report. We can also see that efforts were made to attract as much as possible qualified candidates, which should be the most important criterion in recruitment. However, we can also see the gender balance in the higher grades, D levels and P5 levels still is unbalanced in this perspective. When looking at historical figures, we can see that there have not been any significant improvements despite efforts made. We also read in the report that women are over-represented in the Young Expert Program. This indicates that WIPO is not reaching its goals when it comes to hiring the most qualified candidates for higher positions. Thank you.

229. Delegation of United States of America: Thank you, Chair, and thank you to the Human Resources Management Department for this report. The United States aligns itself with the statement from Group B. We greatly appreciate the Human Resources Management Department's integrated view of human resource management. We commend the investment and leadership in management training at various levels and we look forward to the launch of the revamped WIPO job portal. As in the previous year, we note with concern the underrepresentation of women in positions graded P5 and above as outlined in the WIPO workforce report. In the future, we would like to see the trends in gender representation by grade as referenced in the Annual Report. We would also appreciate more information on the evolution of operational policies with a trust-based approach. We note Human Resource's Management Division's coordination with internal and external Auditors but would benefit from greater visibility into how this change is integrated with the risk management framework and WIPO's accountability framework. We recognize the importance of trust in organizational culture but do not see this at odds with continuing to apply due diligence and oversight reporting. Thank you, Chair.

230. Delegation of Switzerland: Thank you, Chair. Firstly, let me congratulate you on your election as Chair, I omitted this in my intervention yesterday. The Swiss delegation would like to thank the Director of Human Resources, Ms. Adélaïde Barbier for presenting the HR Report. We would like to emphasize the concern expressed by Group B regarding the high ratio of temporary contracts. As you pointed out, talent retention is one of the major objectives of the HR policy and with a workforce in which approximate 4 in 10 staff are temporary staff of any kind, how can WIPO successfully retain or attract talented people? From the Swiss perspective, on the one hand we see a contradiction between the intense recourse to flexible contracts, and on the other hand the need to ensure the necessary expertise of the Organization. In personal conversations with WIPO's staff, I have understood that there are hiring managers who struggle to find appropriate candidates to fill positions. Given WIPO's mandate to act as a highly specialized technical agency, Switzerland is concerned that in the long run, WIPO may not be able to retain and attract sufficient talent. I thank you.

231. Delegation of Japan: Thank you, Mr. Chair. This delegation aligns itself with the statement delivered by the distinguished Delegation of the Netherlands on behalf of Group B. This delegation appreciates the fact that the Secretariat has been continuing activities and initiatives involving human resources. We believe that managing human resources appropriately is essential to ensure sound organizational administration. We would like the Secretariat to continue improving HR management while also providing effective services to the users and meeting the needs of management, staff at WIPO and all IP stakeholders. The core mission at WIPO is to provide better services to users. The financial foundation of this Organization is supported by the revenue generated from its global IP services and accordingly, the geographical diversity of WIPO's staff should be considered by taking into account the geographical distribution of international applications, registrations, users and languages used in international application administrations, in addition to the candidate's individual abilities. Thank you, Mr. Chair.

232. Delegation of Germany: Thank you, Mr. Chair, for giving me the floor. Thank you, HR team for preparing the HR Report and thank you Ms. Barbier for presenting it. Firstly, I would like to align myself with the statement made by Group B. Secondly, I would like to support Switzerland's statement concerning temporary staff as this is also an issue of concern for us, the ratio of temporary staff at WIPO is very high. And lastly, I would like to highlight one aspect in the HR Report that is very important for us, this concerns the decision-making process when employing or promoting WIPO staff. When working with WIPO colleagues I am always struck by the highly qualified and professional WIPO staff. This is a very positive thing to note since WIPO's mandate is very complex in substance, therefore, having very qualified staff is of the utmost importance. We also congratulate the Secretariat for its efforts to find a fair balance for gender and regional distribution. Whilst we believe that the most decisive aspect in the

decision-making process should always be the quality of a candidate, if there are two equally qualified candidates from different Groups, the candidate from the underrepresented region should be chosen. This of course also applies to gender balance. In our view this is the only way to ensure that the very high standards of WIPO staff can be maintained. Thank you very much.

233. Delegation of Brazil: Thank you, Mr. Chair. In its national capacity, the Delegation of Brazil aligning itself with the statement made by GRULAC, would like to begin by commending WIPO's policies for promoting diversity and improving the Organization's work environment. We recognize and appreciate the ongoing efforts to create an inclusive and equitable environment for all staff members. However, when addressing the issue of geographic representation of staff, we would like to highlight a significant challenge - the document WO/PBC/37/INF/1 presents figures that are difficult to assess in terms of adequacy. Due to the lack of an agreement among Member States on a WIPO equitable geographic distribution policy, this difficulty is exemplified in the WIPO Performance Report 2022/23 where, when presenting geographical distribution indicators on page 60 data provided is considered not accessible since there are no defined targets. This very gap presents a precise analysis and reinforces the impression that despite WIPO's efforts, developing countries remain underrepresented in the Organization. A more balanced geographic distribution of WIPO's staff is crucial for several reasons. Firstly, it ensures that the diverse perspectives and needs of all Member States are adequately represented in the Organization's decision-making processes. This is particularly important for developing countries, which often face unique intellectual property challenges that require tailored solutions and greater advocacy within international platforms. Secondly, prioritizing the recruitment of staff from developing countries can enhance the capacity of WIPO to understand and address the specific issues faced by these nations. Employees with first-hand experience and knowledge of the local context can contribute significantly to creating effective and relevant policies and programs. Furthermore, a more geographically diverse workforce fosters a richer exchange of ideas and innovations, driving the Organization's overall effectiveness and dynamism and it reflects the global nature of WIPO's mandate and helps build stronger, more inclusive international cooperation. Considering these points, Mr. Chair, we strongly urge WIPO at the upcoming Coordination Committee meeting to take action towards the establishment of clear and agreed-upon targets for geographic distribution within the Organization. Such measures will not only enhance the representation of developing countries but also contribute to a more balanced and equitable international IP system. Thank you.

234. Chair: I thank you Delegation of Brazil for your statement. The floor is open to delegations. Since there are no requests, we shall now have a 10 minute break so that the Secretariat can prepare responses to your questions. Dear delegates, we can resume our we shall continue with our work on the Annual Human Resources Report. I pass the floor now the Director, Human Resources Management Department for response to your questions.

235. Secretariat: Thank you very much, Chair. I would like to thank all the distinguished delegations for their questions. Since there are a lot of questions, they will be addressed in a thematic order. I will also try to cover the broader picture for some of the individual requests. Firstly, regarding the point made by the CEBS Group regarding the delayed publication of the report, I would like to reiterate that this is a Coordination Committee document and not a PBC document. Therefore, deadline for publication and posting of the Report is based on the date of the session of the Coordination Committee at the Assemblies of WIPO Member States. Nonetheless, we tried to ensure that you had sufficient time for its review, hence its publication more than two weeks before this PBC session. We also considered the timing of the Diplomatic Conference and hence the staging of a pre-PBC briefing session. Secondly, regarding the bilateral briefings, I wish to thank all the delegations that have noted our efforts to engage in a continuing discussion, compared to a discussion once a year at the PBC and then later at the Coordination Committee. We will continue with these briefings, and I would also like to reiterate

my encouragement for bilateral briefings because although there are requests to separate by subregion, even within a subregion, there are also differences by country. Bilateral meetings could be expanded since we have 193 Member States and we have had only 19 requests for bilateral briefings over the course of this year. Additionally, I will continue my efforts to meet regularly with the Regional Groups, however, it is true that one-to-one discussions about the labour market situation in a given country, gives further insight into problems, and lets us know that issues faced at WIPO are also being faced by other IP offices. I take this opportunity to thank you for your engagement and I encourage others to do so. The CEBS Group also requested further details, we will do our best, bearing in mind that our current systems are not as straightforward and retrieving the said details requires the review of individual files, and we do not have the resources for this now. I thank the Delegation of Mexico for recognizing the fact that at some point we cannot go further with details. The point is that we live in a digital world and we are inundated with data. It is more important for us to provide you with insights gleaned from data than to inundate you with data. Regarding internal and external competitions, this was a question raised last year by Member States, therefore we have provided additional details in this report. However, Member States also agreed that it was not necessary to publish the individual details of a every single competition. With respect to a question raised by the Delegation of the United States of America on gender representation, we have been training more of our female colleagues to provide a better balance in the representation of women in the higher grades and we will continue our efforts on the question of gender. We also provide further information in the WIPO Performance Report on the segmentation for P4 to D2 positions. However, we do not see a gender imbalance in junior positions, nonetheless we are tracking this. With respect to the question from the Delegation of Sweden on why is there more success for the younger female population than for senior female population, this is related to the fact that the process for younger roles is straightforward, whereas as we progress with grades in such a specialized agency, requirements become specific, irrespective of gender or geographical representation. We plan to address this issue by disseminating and providing more information to support candidates. However, please take note of the fact that WIPO is still dependent on the available number of posts to even make progress on gender representation. Furthermore, we recall that last year Member States decided to look at overall targets rather than at individual targets by grade and this has been adjusted for this biennium. Concerning the subject of geographical representation - we have looked at the various themes, which are not surprising, i.e., change is not fast enough, or even marginal. I acknowledge your frustration, but WIPO can only move the needle based on the availability of posts and this brings us back to what was discussed within the context of the GDAP, in which it is reflected that WIPO only has about 33 posts for growth on representation on a yearly basis. However, this will change as from 2026, so it is important that we get a headstart in building recruitment pipelines. Secondly regarding the progression of candidates and successful outcomes – if we take Africa as an example, we have managed to increase the number of applications, but not necessarily transform the outcomes. And this relates back to all the efforts the GDAP is trying to address, which is how do we communicate better? Many candidates are not a match for the post, for, not because they are not a match for WIPO but because they are not a match for a P3 position for instance, and candidates do not understand this. They see six years of experience, the reality is that most of the candidates we hire in P3 positions have 12 years of professional experience, therefore chances of being selected with six years experience are much lower, because of the competition, and it is a merit-based, competitive process. We are updating our website to provide more information to candidates and also reaching out to you to help us to look at the specifics of the local markets. There was a reference made to the use of headhunting firms, this a new and expensive approach, which is used for difficult and hard to recruit positions e.g., for women in IT roles. We cannot use this systematically since it is expensive, and we have limited funding. It is important to note that 25 per cent of our recruitment is IT-based, and a deep-dive indicates that there is more hiring in IT roles from Western Europe, North America, Asia and the Pacific. However, it is mainly India which provides us with most candidates from that region. We need to work together to not only focus on broad support, but also look at targeted areas



and will continue to do so. With respect to a question on the selection process, there is not much more that we can really say about the process, which is very much a merit-based process, with testing, that is done as much as possible on an anonymous basis, looking at case studies, looking at typical examples of things that a person would be confronted with on a regular basis in that role. This also relates to the point made by the Delegations of Germany and Switzerland. Relating to the point made by the Delegation of Japan, on the support to global services, we also have to recognise that the geographical representation of WIPO's workforce has historically been influenced by the geographical origins of IP registrations. This is actually changing and this process will also, further down, also influence the overall composition of the workforce. That is why we are connecting these aspects by looking at joint efforts on capacity building, because further down the line, it will also benefit both the country, and WIPO. In regards to a question from the Delegation of Nigeria about the recruitment panels, indeed we make efforts to have both gender and geographical representation within our selection panels and this is already the case. Regarding geographical representation within HR, it was not so good in the past, as we did not have that many opportunities to change. However, since the past, we have recruited colleagues from Brazil, Hungary, Canada, Bosnia, Philippines, Ecuador, Poland, Spain, and Myanmar. HR is trying to lead by example and show that HR is doing its best to broaden diversity. This is also very important, because it also means that if we are delivering a specific project in one region or country, it goes back to multilingualism that we have the language capacity to do it in different languages. Obviously, HR does not have enough staff positions in the Department to represent all of the Member States. That is why also we are working with our colleagues in the Regional and National Development Sector, and other sectors as required. With respect to some other specific points, the Middle East is a region where we really need to focus our efforts and we are really trying to focus on the young people, i.e. youth population. On the work with the UN common system, I confirm that we are highly engaged with the UN community, and are part of the Working Group on the ongoing compensation review with the ICSC. We have also proposed to work with the ICSC on our Rewards and Recognition Program. WIPO is also part of the implementation group on the Mental Health and Wellbeing Strategy and part of the Disability Inclusion Taskforce. Thank you to the Delegation of Mexico for inviting WIPO to the Wilson Park retreat, which was very much an eye-opener and we look forward to more engagement. We agree that we have a long way to go as well on disability. With respect to sexual harassment, Assistant Director General Andy Staines, who is here, is part of the executive group, and I am also part of the Group representing WIPO. With respect to the question from the Delegation of the Russian Federation regarding common themes being discussed within the system, at the last HR Network session, one of the themes discussed was common strategies on workforce planning, and notably, with the objective to increase diversity. We are part of the Working Group, and, in fact, we have a lot of work in the pipeline on workforce planning that is also covered in the GDAP. I expect to be able to present more information next year and definitely over the course of this year, as we will continue our regular briefings with Member States. The second subject that was discussed was artificial intelligence, and how it is going to start impacting the workforce. I would say that WIPO, compared to other agencies, has probably been more exposed, largely in translation, where we have been using AI tools already. We will be certainly looking at this aspect, because it is going to influence the registries as much as the IP offices, hence we are keeping a close look at this. Our approach is to use AI to augment, and not to replace. On the question of UN 2.0, we agreed that the themes largely correspond to some of the things we are doing that are reflected in the HR Strategy, and the future focused workforce is very much part of our interest. So is the use of behavioural science, notably, things that will be done in the context of evolving our culture. A point was raised on concerns about loss of knowledge, that is why we are so focused on workforce planning, and succession planning as a way to solidify our approach looking forward and being more systematic. Elena, sitting next to me, will be leading these efforts in Q4 of this year. Furthermore, we have complied with UN decisions, and we have implemented both decisions, on parental leave and on post adjustment. With regards to a question about the temporary population vs fixed population, this is based on our Workforce

Brochure that shows a core workforce, and flexible workforce. Within the total workforce, the flexible workforce represents 40 per cent. The flexible workforce is a broad group that includes a number of categories. The one that I would really like to point out, because this is the one that has seen a significant increase, is the young people population. As you know, we have put a lot of effort into bringing more young people through programs like the Fellowship program and Young Expert Program (YEP), which together represent nearly 122 individuals. The number is big. The flexible component also includes contracts like AITC, i.e. people contracted to support us with our language services, such as translation. These are not areas where we have issues of knowledge transfer, but I do want to reassure you that this is, indeed, something that we follow closely. This is the reason why workforce planning is so crucial, that we make these decisions on where we need a core workforce, where we use more flexible resourcing solutions. With respect to the Rewards and Recognition Program from the Delegation of Canada, the approach that we have really taken in reactivating the program was to ensure recognition in a more equitable way and more consistent ways. There was a whole effort on collaboration amongst the Sectors, to ensure that when outstanding performance ratings are given, there is not a sector where it is much easier to receive an outstanding rating, or seen as more lax. The criteria have been specified, and there is a calibration that has now been agreed upon at sector levels, allowing for an individual outstanding performance to get a financial reward. Therefore, there is a direct link between performance and the reward on an individual basis. This was not the case in the past where it was a mix of some outstanding as well as some effective ratings, and was not completely transparent. Here, it is very clear, you get an outstanding rating, you will get a financial reward. The second aspect encouraged is working across sectors, i.e. working in teams, and that is why we reactivated the working as one reward, which rewards teams that have worked across areas/ sectors over the course of the year. The Sector -Leads and the Director General agreed that, while it is important to recognise teams that do very good and visible work for WIPO, we also need to reward those that are less visible, sometimes within sub-sectors, for example, examination. This year, in the working as on rewards, we also put some emphasis on a few teams performing these kinds of services. I believe this was actually welcomed by our staff from the number of comments received. With regards to the comment from the Delegation of the United States of America on a trust-based approach, we are looking at both a trust-based approach, but looking at things from a risk management perspective, and we have worked very closely with the Office of the Controller. We are also working very closely with the auditors to make sure that the controls are where they need to be, and based on the risk. But, at the same time, where we can have a more streamlined approach, we have done so, for example, in the management of dependency declarations. This actually discharges a lot of multilayered control work that was done within the HR Department and is also a good way to be more efficient in the use of our colleagues' time. With respect to a comment from the Delegation of Brazil on the Performance Report and the reference to geographical representation targets, at this stage, the official targets are still based on the 1975 Principles on geographical distribution. This is the reason why twice per year, we transmit the Report on geographical distribution, which is not a public document. In this document, you find tables that are not only by geographical regions, as per the 1975 Accord, and aligned with the U.N.'s regions, but also on data by WIPO Groups, broken down country by country, with the grades as well. It is incorporated as part of this HR report. With respect to a question from the Delegation of China about the pilot project, I'm happy to reach out to you. It was presented in the April briefing on GDAP to Member States. We can definitely share the slides, and will be happy to have some discussions on this matter. Furthermore, these briefings will continue, and we have a date for another meeting before the Coordination Committee on the GDAP, and we will be looking forward to have the Delegation join in the meeting. In regards to the point made by the Delegation of the Russian Federation on the availability of data online, it is also on my radar, and very much related to the work that we are doing on Business Intelligence and the possibility to have dashboards. It is progressing slowly and it is complicated, as we need to differentiate between data that we can make public, and data that should only be available for Member States. That is part of the problem. I expect it to come out slowly, but surely, with probably an

acceleration when we get a new ERP that is part of the discussion on the Capital Master Plan. We would like to take this opportunity to thank you for your support on this specific project and we thank the Delegations of the United States of America, Germany, and Switzerland for commending our efforts on leadership training. Leadership training is one of the critical paths for all staff and we will continue our efforts across the Organization. Finally, on the question on reasonable accommodation from the Delegation of Canada, an external consultant has reviewed our HR policies and has provided a combination of substantive, and formatting comments. Overall, the review was quite positive, but this does not mean that there is no room for improvement. We will implement recommendations progressively, bearing in mind that some of the recommendations are related to the evolution of our technology. Additionally, our current recruitment application is rather old, therefore, we are looking into another tool for the future. In terms of other reviews, we have just completed a review of our policy on parental leave.

236. Delegation of Poland: Thank you very much Director for the information and explanations presented, they are useful. I have two points: one on the publication of the report, I would kindly reiterate the request for the timely publication of the report, as it is the case of today's discussion, thus far it is longest agenda item thus far under the PBC, bearing in mind that even though we are not adopting the Report in the PBC the questions and information regarding the HR report is very pertinent and important, hence the needs for its the early publication. As you know, this report is studied in detail by colleagues in the capital and sufficient time is needed to study and analyze its data which is sometimes challenging. Some of the information provide thus far has been relevant to the questions raised by the CEBS Group, whereas some of it still requires further communication with the Human Resources Management Department, we will follow up with you. Regarding the listing of positions, the better way to illustrate this is by addressing what is happening with geographical diversity, the new vacancies being filled and by showing in more detail the structure of the process by listing instead more details of the outcomes of the vacancy filled. I will be very happy to engage in the discussion of how this would be presented, without breaking the Committee agreement, but definitely this Group sees a need for a more detailed presentation of this statement. Thank you, Madam Director. Thank you, Mr. Chair.

237. Delegation of Kenya: Thank you, Mr. Chair, thank you Madam Director for the presentation and for the detailed explanations to the questions that we posed. For the African Group, we will still need further engagement with you and your department specifically to look at the question on African candidates being the largest in terms of applicants, but still being the lowest in terms of those who succeed. It would be good for us to understand some of the specific issues that your department may have identified that is contributing to this situation. The other issue is as you have mentioned the issue of headhunting. We are happy to hear that this is a tool that you are using though an expensive measure. From what we understand, you are using head-hunters to source some of the difficult positions that you are trying to fill. From our end, we would like to understand if this tool will also be extended, to underrepresented regions and countries? Is the use of head-hunters possible as an alternative, especially for countries that are not represented in the Organization? This could be a way to address this situation. Thank you very much.

238. Delegation of Nigeria: Thank you, Chair. Nobody envies the job of the Director of Human Resources as it is a very difficult task. I thank you for the clarification and the openness provided in terms of the questions posed. Please note that from the list of countries that you highlighted, when we asked how reflective of geographical representation is the HRMD we did not see any African countries amongst the countries highlighted. Out of almost 3'000 job applications from Africa last year only six made it to the final stage which is deeply concerning for the Group and for Nigeria as a nation because as big as the country is, we are underrepresented in WIPO. Furthermore, it is difficult for diplomats to justify our participation at the PBC when we make our reports back to our capital. They see the figures and see how

unreconcilable they are, and this raises concerns, in addition to our constant demand for justice and fairness as you apply the policy. We have also requested an update on the succession plan to leverage the upcoming forecasted retirement to make progress towards equitable geographical representation. Even though, you have already highlighted space in the foreseeable future, we would like to ensure and to know how you plan on incorporating the huge gap in equitable geographical representation in the succession plans that you have already? Thank you.

239. Delegation of Brazil: Thank you, Mr. Chair and thank you Director Barbier for your openness and straightforwardness when responding to questions and issues and considerations that Member States have concerning human resources, specifically how the geographical distribution of the workforce is carried out by initiatives at the head of human resources. We are aware that, as I said in my intervention that there is a significant gap that prevents a precise analysis and enforces the impression that despite all efforts, developing countries remain underrepresented in the Organization. Furthermore, I am unhappy and have known since joining these Committees as a delegate that the 1975 agreement is the baseline of discussions around geographic distribution is what we have as an Organization. I think that since 1975, there are some events that collectively changed and reshaped international relations, concerning economic structures, global governance and that contributes to the current dynamics of international world order. To list a few, since 1975: we have seen the end of the Cold War, economic globalization, the establishment of the WTO and it is Annex C, the TRIPS Agreement, the rise of China and economic reform under Deng Xiaoping and China's accession to WTO in 2001. On technological revolution: the growth of the internet, digital technology, the advancements of information and technologies. The September 11 attacks in 2001, the financial crisis in Asia in 1997, and the global financial crisis of 2007 and 2008. For environment and climate change: the Kyoto protocol and agreements, Brexit, the COVID-19 pandemic, the geopolitical tensions and shifts that we have seen already, and the rise of populism and nationalism. The world has indeed changed since 1975, and that is why Brazil urges WIPO, and the upcoming Coordination Committee and Member States, to re-discuss and act towards the establishment of clear and agreed upon targets for geographical distribution within the Organization. I look forward to working with Coordinators to ensure that we can all update the 1975 agreement. Thank you very much.

240. Delegation of Uganda: Thank you, Mr. Chair, for giving me the floor. I would like to congratulate you, since this is our first time taking the floor, upon your election, and we are pleased by your professionalism in steering the work of this Committee. I would also like to thank the HR Director for her report, we also highly appreciate her efforts to make time to meet bilaterally with Member States to answer questions. As a delegation we seek clarity on the final stages of the recruitment process as already indicated by the African Group Coordinator. As delegates in based in Geneva we receive a lot of queries from our capital on candidates trying to get or to compete for positions. We acknowledged that the number of positions is limited compared to the number of applications. However, we would like the HR Director to explain what happens in the final stage of the recruitment process, we ask because some of these candidates have moved to the final stage and have not been successful. Thank you, Mr. Chair.

241. Delegation of Sweden: Thank you, Mr. Chair. And thank you for your answer to our question. I have understood that you had problems getting qualified female applicants for higher positions, have you analyzed why? Is it because they are not promoted from the Member States? Are they not interested in these positions? Is it that they do not meet the qualifications for the specific needs that you are seeking for? Or is it something else? Thank you.

242. Secretariat: Thank you, Mr. Chair. Regarding the questions on recruitment data from the Delegation of Poland, I am happy to engage and to continue the discussion offline. However, we also need to provide recruitment data in the report, and it is this recruitment data that delays

the publication of the report. If we publish too early, Member States will not have this information. Additionally, it is also important to note that getting the data is not straightforward with our systems, once we extract the data it must be processed, analyzed and then presented which takes time. As you can see, we are unable to report on the entire year's recruitment information, and it is not a perfect outcome, but we will continue with our efforts. On a more positive note, we can agree that this year's Annual Report was published earlier than last year's report. Concerning the listing of positions, we can discuss this on a bilateral basis. Regarding the question from the Delegation of Kenya on behalf of the Africa Group, focusing specifically on that region, there are different and very important themes. One of them is the non-representation of some African countries, which is an important issue for the region, imbalance within the region and the need to understand some of the country specifics, and candidatures. We have made a lot of global outreach efforts which have paid off by bringing in a lot of young people and this has contributed to the success of our young peoples programs. However, this does not necessarily match with senior positions which require more international experience. The Delegation mentioned headhunting, it is important to note that WIPO is the first within the UN system to do this and some other agencies are now piggy-backing off our agreements. We started off by engaging headhunting firms for positions that were difficult to fill, and right from the beginning we were also looking at gender representation to learn lessons on gender and know how this that could work. We have also used headhunting firms for IT positions, and women in senior IT positions because it is an important proportion of our recruitment and to ensure that we did better in this respect. A concrete example of the use of the headhunting company with a focus on geographical representation is the publication of the HR Deputy Director position at grade D1. The brief was asking for candidates from non-represented countries, as well as underrepresented regions thus targeting the use of the headhunting firm. Some lessons learned were that some of our profiles are challenging, which leads us back to the question of "what does not work and what works". With respect to the question from the Delegation of Sweden on how we get women applicants, it is a combination of the above, it is more challenging, notwithstanding regional differences where you might have more imbalanced candidatures. Africa is a case in point where there is an imbalance in female applications and candidates for senior roles. Some of this is related to the nature of our work, which is very specialized, and IT-related since our services are IT-based and an important number of positions are IT specific. This impacts the geographical representation of the Organization. Concerning the question from the Delegation of Nigeria on succession planning, let me start first by thanking the Delegation for recognizing the challenges HR is facing. With regards to this issue, we are evolving the approach as a role based approach is outdated. This means that we no longer consider succession as for example a Director in a Division is retiring, and who may be the next Director from that Division. The aim is to have a skills-based, future-focused succession planning, which centers also around WIPO's needs of the said skills in the future. Therefore, the objective is two-fold, firstly internally through though training, mobility, upskilling and reskilling of staff. The other objective is the ability to better communicate to Member States, in the context of the GDAP discussions, on the gaps of skillsets, and we expect to have further conversations on this topic towards the end of the year or early next year. Regarding the point made by the Delegation of Brazil on the 1975 Agreement, it is indeed very old and several things have happened since then around the world, but it should be noted that this is the case across the UN system, and we are aligned with system with respect to the formula, which is a combination of geographical representation and contributions by Member States. Concerning the question from the Delegation of Uganda on the final stages of recruitment, it is important to have a detailed look at each case. I recall last year the CEBS Group indicated very low conversion rates regarding candidates recommended, but not selected, and when we looked into the details, and we discovered that there were instances when the candidate had declined the offer. Therefore, sometimes there are just multiple reasons affecting geographical representation, which is also makes it very challenging for us for the report, and thus the details of each case must be determined. I hope I have covered your questions, please note that I am also available for direct discussions.

### ITEM 13 CAPITAL MASTER PLAN PROJECTS

243. Discussions were based on documents WO/PBC//37/11.

244. Chair: Distinguished Delegates, dear Colleagues, a very good afternoon. We will proceed with Agenda Item 13, Capital Master Plan Projects. WIPO's services and support to its Member States and its customers rely on a strong foundation comprised of its premises, ICT systems and safety and security. Keeping them fit-for-purpose requires continued capital investments. Since 2013, the Assemblies of the Member States of WIPO have approved the funding of WIPO Capital Master Plan Projects, comprising capital investments financed from the Reserves in line with the Revised WIPO Policy related to Reserves. This document contains an outline of the long-term outlook for capital investments in the areas of ICT as well as buildings and facilities. I now invite Mr. Andrew Staines, Assistant Director General, to present this Agenda Item.

245. Assistant Director General, Administration, Finance and Management Sector: A very good afternoon, everyone. The Capital Master Plan Projects proposals include capital investments in technology and buildings infrastructure to keep our premises fit-for-purpose and to lift our critical IT systems, the Madrid IT Platform and our Enterprise Resource Planning system, into the next generation of technology. Last year, when presenting the Program of Work and Budget for the 2024/25 biennium, we did not present a proposal for financing projects from the reserves. This decision was based on the Secretariat's due consideration of the recommendations made by the External Auditors in their longform report from 2022. That is, WIPO should *inter alia*, include only significant investments above a certain threshold in its proposals for projects financed by the reserves. The External Auditor also suggested that we strengthen individual project proposals. We therefore decided in 2023 to postpone the submission of Capital Master Plan Projects for your consideration to this year. The proposal in front of you includes an outlook of our medium-term ICT capital investment strategy as well as an outline towards a new strategy for the WIPO campus. I am pleased to inform you that this proposal addresses all the recommendations made by the External Auditor pertaining to Capital Master Plan Projects, and that all recommendations have now been fully implemented and closed. I would like to briefly outline the three projects being proposed for your consideration. The first project concerns Phase II of the Madrid IT Platform project. The first phase of the Madrid IT Platform Project focused on significantly enhancing the customer experience by improving system usability and functionality. Notable achievements include the delivery of online forms covering 96 per cent of all transaction volumes, the new notification system, expanded credit card payments and improvements to designation status information. This year, we will introduce the new online eMadrid, providing a secure, centralized location for filing and managing international applications and registrations. Phase II of the project aims to develop a robust, scalable architecture for the core system to support all Madrid System transactions, enhancing system responsiveness, reliability and efficiency. The second proposal concerns the Enterprise Resource Planning (ERP) system. Our current ERP, the AIMS platform, was launched in 2010, and has been pivotal in managing WIPO's administrative, human resource and financial administrative and management processes. Given that ERP solutions have significantly evolved over the past 15 years, the system is in need of an overhaul to bring it up to modern standards. In 2022, the WIPO Assemblies approved the first phase of the AIMS Transformation project, aiming at upgrading to a next-generation ERP system enhancing functionality and user experience. Phase I included gathering experiences and lessons learned from other organizations to inform our selection of the next ERP system. It also involved having a critical look at our current administrative processes with a view of simplifying and streamlining for enhanced efficiencies. The next phase will focus on the implementation of the core ERP capabilities, finance, procurement, travel and HR and integration capabilities with on-premises business systems such as PCT, Madrid, Hague and AMC. It is part of the broader, WIPO digital transformation strategy, already initiated in some areas such as planning and budgeting. The third proposal concerns updating our building management system with a modern integrated system that efficiently controls and monitors building operations and, at the same time, we wish

to upgrade lighting in some of our buildings. This new system will improve the energy performance of our buildings, whilst enhancing occupant experience and well-being. The current system comes to its end-of-life in 2027, so the project is critical to ensure that no interruptions occur to the control of our building facilities. Mr. Chair, under the earlier agenda items, I note that there were one or two questions pertaining to the coherence of this project with a wider longer term estates strategy. I wanted at this point, at the outset, to reassure you that this project is fully coherent. Indeed, it does not conflict in any way with the longer-term strategy. The reason being is this is an essential upgrade of our existing infrastructure. It has become necessary now because of the end-of-life support by the manufacturer in 2027, and it's a period of several years, up to four years, to carry out the upgrade process. To ensure that we have full coverage for our system, we need to do it now. It is part of our longer-term capital maintenance work. It doesn't affect the future property strategy. Indeed, whatever the members decide to do with respect to the buildings, in practice, we will retain this system. The system will continue to deliver for us. Not least because it is also intrinsically linked into the Geneva infrastructure, including the general access system that brings water from the lake for our HVAC purposes. It's fully consistent with our longer-term outlook, but it is a project where we have bought it forward a year before presenting you the full medium-term strategy, because we needed to do it now because of the timings.

246. Delegation of the Netherlands: We thank the Secretariat for preparing this proposal. Group B notes that the External Auditor has provided positive feedback as to the strategic justification of the proposed projects. We therefore are comfortable acknowledging the special nature of the proposed projects. We further note that the current level of reserves is sufficient for funding these proposals. We recognize the great importance of the three projects for WIPO's operations and therefore review the proposal positively. We would like to enquire with the Secretariat about the point raised earlier about the sequencing. Are there any particular reasons why the BMS should be approved at this meeting prior to discussing the estate strategy? Does the fact that we will need to invest in the new BMS before we are presented with the promised estates strategy entail any risks? What is the expected lifetime of the new BMS? We take note of the changed technological context which led to a decision to review the lift-and-shift strategy. It was concluded that migration of the current ERP package to the cloud would have limited benefits. We trust that cross-domain data sharing within a new solution cannot lead to unjustified access to sensitive information or to loss of data input that did not match inputs in another domain.

247. Delegation of Poland: Members of CEBS Group express thanks for the detailed and comprehensive information regarding the implementation of the Capital Master Plan Projects, as contained in document WO/PBC/37/11. The Group recognizes the need for further investment and modernization of WIPO's infrastructure, in particular with a view of effective management of the Organization's premises, ensuring relevant and secure information and communication (ICT) systems as well as safeguarding high standards of security and safety. All of these investments should contribute to the improvement of the quality of WIPO's operations, which is especially important from the perspective of the IP users. As WIPO serves as a provider of services to thousands of private sector entities, it is important that ICT services meet up-to date and high quality standards. Furthermore, our Group is of the view that the envisaged investments in Customer Data Management, Customer Relationship Management, Customer Experience Management as well as Customer Portals and Infoline services should be perceived as a key element of ensuring an efficient IP ecosystem in the global context. For the CEBS Group it is important to apply objective and broadly understood criteria that will allow for the investment prioritization, depending on the needs of various systems, their growth, as well as the current level of automation and the evolution of customer needs, the complexity of the regulatory framework and business processes. The CEBS Group recognizes the need of WIPO effective space utilization, especially in the context of the post Covid-19 environment of work. The presented long-term strategic vision and a short- to medium-term preventive maintenance plan should offer a balanced approach to ensure that WIPO's facilities serve fit-for-purpose needs in the short term, while allowing to address the future needs of the Organization. In this

respect we look forward to the presentation of the long-term WIPO Campus Strategy, scheduled for 2025/2026. We thank the WIPO Secretariat for presenting the details of the financial aspects of the ongoing and planned investments as well as the completion of a number of important projects, such as the PCT Resilient and Secure Platform (phase I), WIPO IP Portal Phase II, Conference Systems Upgrade, Dynamic Incident Management, Security Enhancements, Data Encryption and User Management, and Identity Access Governance. All of these projects are perceived by CEBS Members as valid and important. In time of profound volatility in capital markets, we emphasize the need for a more consistent and scrutinized process of the project selection, based on the developed criteria and priorities. The CEBS Group takes note of the additional criteria to be applied in the Capital Master Plan Projects, as outlined in paragraph 21 of the document. Based on the fact of a rather low participation of the CEBS entities in WIPO procurement and investment processes, it is important for the Group that the proposed criteria do not limit the possibility of engagement in these important projects of potentially new providers. At the same time, the CEBS Group emphasizes the need for a comprehensive and transparent communication with Member States on the planned and envisaged investments at their various stages. This should allow for ensuring broader engagement of potential providers and optimization of the selection of stakeholders in WIPO capital investment processes.

248. Delegation of the Russian Federation: The Russian Federation would like to thank the Secretariat for the preparation of the Capital Master Plan Projects Proposals. Before recommending to the Assemblies to adopt the proposal for the Capital Master Plan Projects, and the financing of three projects from the WIPO reserves presented in the document, we would like to clarify a number of practical points tied to the advantages of the implementation of the Madrid IT Platform Phase II. First, we have questions regarding the inherent risks and the strategy to reduce those risks in the context of the introduction of the new IT platform. One of the risks is the change of the regulatory framework tied to the Madrid System and other essential activities which require the introduction of priority level modifications in the existing system. Recently, the Secretariat of the Madrid Registry conducted informal consultations with Member States on the issue of the future development of the Madrid System. After these consultations, and according to the preliminary evaluation of participants, the participants do not see an extension of the languages as a risk for the introduction of the new Madrid IT Platform. Additionally, we believe that the strategy to reduce the risk is not entirely clear and not sufficient to mitigate the risk. We would also like to ask clarification from the Secretariat if there are enough pledged funds to accommodate future potential changes to the Madrid System. Also, will the introduction of the new IT platform have negative consequences on the future development of the Madrid System and potential changes to it? Taking into account the future development of the Madrid System, on a technical and regulatory level, we believe that it would be coherent to adjust the aforementioned risk which, in our opinion, could have negative consequences for the future development and enhancement of the Madrid System. Taking into account the fact that one of the objectives of the introduction of the new IT platform is the optimization of expenses, we would propose an enhanced focus on the necessity to take into account the requirements for the future development of the Madrid System. On our end, we would be ready, together with like-minded Member States, to develop an alternative formulation for the risk mitigation strategy.

249. Delegation of China: China I thank the ADG, Administration, Finance and Management Sector for his presentation of this document. This Delegation would like to make a very concrete remark on the Madrid System IT Platform Phase II. This Delegation would like to thank the Russian Delegation for his expression of concerns and the questions posed on this point. We think that Russia's concern on this point is quite reasonable. This project has a budget of 10 million Swiss francs and a cycle of four years, so it is not a small project and needs to be tackled with caution. Secondly, WIPO in its past investments in IT projects has repeatedly seen a duplication of investments and wasted budgets due to late adjustments to the projects. For instance, as I said yesterday on the Annual Report by the Director of the Internal Oversight Division, the Madrid Registry report paragraph 150 mentions that the Madrid IT Platform since



its start in 2017, has been adjusted four times, which led to the finalization of Phase I in 2023. Therefore, we believe the Secretariat should learn from the lessons and foresee the risks at the very beginning of the design phase. On page four of the Annex, the Madrid Working Group on the legal developments were yet to decide on the inclusion of the other three UN official languages such as Chinese in the Madrid System. This brings the possibility to further adjust the Phase II currently only in English, French and Spanish. It may make the new Madrid IT platform inaccessible by its users and examiners. Furthermore, the Madrid Working Group on the legal development is still in the process of discussing core issues of the system, including dependency. These factors may cause significant changes in the operation of the system and pose significant risks to the implementation of the project. Therefore, China suggests that the Secretariat takes appropriate, effective and sufficient measures to avoid these risks.

250. Delegation of Egypt: The Delegation of Egypt thanks the ADG for presenting this document that sets out the longer-term outlook for capital investments in the area of ICT as well as the WIPO campus. Our Delegation took note of the status of the CMP projects financed from the reserves as well as capital master plan drivers and additional selection criteria. We commend the fulfilment by the Secretariat of the External Auditor's recommendations pertaining to project management and reporting. As regards the Madrid IT Platform Phase II project, the Delegation of Egypt would like to join the distinct Delegations of China and Russian Federation in their inquiries about the proposed project. The Delegation of Egypt is seeking further clarification on the second element of the risk mitigation strategies. What exactly does the Secretariat mean by implementing changes in the current Madrid IT System using to the extent possible a plug-and-play approach so to make them reusable in the new Madrid IT platform? Will the proposed new project be agile to any future legal framework changes of the Madrid System and any possible introduction of Arabic, Chinese and Russian as well as any other new languages into the Madrid System?

251. Delegation of the United States of America: The United States supports Group B's statement. We thank the Madrid Union in advance for financing its own ICT project proposal. However, we think it is unfortunate that some unions have a special arrangement where they are not held accountable for their share of the cost while receiving all of the benefits. Thus, the United States proposes that the indirect administrative cost for the other project proposals be allocated to all unions that benefit from those projects. While the Hague and Lisbon Unions are presently reporting cumulative deficits, we do not see why these costs cannot be allocated to them.

252. Delegation of Switzerland: Switzerland would like to thank the Secretariat for the preparation of the document which is clear and precise. The three projects described in the Capital Master Plan Projects concern ICT information and communication technologies as well as buildings. These are crucial fields for WIPO so that it can continue to keep its systems up-to-date. Switzerland supports this plan which is financed by the reserves of the Organization. Generally speaking, we salute the efforts undertaken by the Secretariat in order to deal with infrastructure issues, particularly safety and security issues using a proactive approach which is going to be developed in the short, medium and long-term. Regarding the proposal of the distinguished Delegate of the United States to allocate the costs of the Capital Master Plan Projects to the Hague and Lisbon Systems, the Delegation of Switzerland thanks the Delegation of the United States of America for this proposal. We note, however, that such a request is not in line with the current methodology for allocation of income and expenditure by union. A union is only expected to contribute to any costs if it has the capacity to pay. This principle applies to both the regular budget and the CMP projects. As illustrated in Annex VI, page 74 of the WIPO Performance Report 2022/23, Lisbon and the Hague show negative net assets. They have, in other words, no capacity to pay. Allocating CMP costs to Lisbon and the Hague is therefore not acceptable to the Delegation of Switzerland.

253. Delegation of France: France would also like to thank the Secretariat for preparing the document on the Capital Master Plan Projects, which include three projects. We also support the intervention that has just been made by Switzerland. France does not support the proposal of the Delegation of the United States of America, because we believe that there should be distribution of the income according to the budget and one union only contributes to a particular budget if it has the capacity to pay. That principle applies to the WIPO regular budget and the CMP proposals alike. We believe that the CMP projects must be financed from the reserves, in line with Unions' capacity to pay.

254. Delegation of Italy: Very briefly, we want to support what the distinguished Delegates of Switzerland and France have just stated.

255. Chair: Thank you for your statements. I see no other requests for the floor. Since several questions have been asked, I think that the best way forward would be to allow the Secretariat to prepare and consult to respond to these questions. I would ask for 5-10 minutes break to allow the Secretariat for preparation to answer the questions.

256. Secretariat: Thank you to all delegations for the questions. There were some questions regarding the buildings management system, so I will hand over to the Director, Central Services Division to answer those questions.

257. Secretariat: In response to the question from Group B on the life expectancy of the buildings management system. The life expectancy on average is about 20 years. If you look at the document, you will see that the oldest system is the PCT building system which was set up in 2003. On the pertinence of the sequence of projects and more specifically the proposal that has just been made within the Capital Master Plan, it is necessary to underline that the long-term real estate strategy, which is going to be presented to Member States next year, will deal with long-term projects. It will deal with a 5–15-year period and will focus on fitting out our offices and optimizing their use. The project which is presented to you today addresses not an investment or a new functionality, but rather it deals with a maintenance project. More specifically, it is an update for an installation which already exists. So, it is a project which isn't going to be in addition to something else. It is necessary in light of the fact that there is an end-of-life support which will be 2027. It is a four-year project, and we need to start it now. This will have no impact on the real estate strategy in the long term. All administrative buildings today are provided with a management system which will remain necessary whatever configuration we introduce for our buildings in the future. I hope I have answered that question.

258. Secretariat: The distinguished Delegation of the Netherlands, on behalf of Group B, had a question regarding secure access to data in the context of the AIMS transformation project Phase II. I will hand over to our Chief Security Officer to answer that question.

259. Secretariat: I would like to assure delegates that the information security team has been very heavily involved in the ERP project from the very start, involved in the definition of security requirements for the solution, as well as designing security architectures and control frameworks that need to be put into place. Part of this, which will also ensure the prevention of unauthorized access to sensitive data, is around segregation of duties and segregation of access. Once the solution has been defined and implemented into an acceptance environment, we will then run detailed reviews and tests both on the technical security controls that have been implemented but also the internal controls such as the segregation of duties prior to the system going live to make sure that all the controls are implemented correctly. I hope this assures the delegates sufficiently.

260. Secretariat: A number of delegations raised questions regarding the Madrid IT Platform Project Phase II. Those delegations included the Russian Federation, China, and Egypt. I will hand over to the Senior Director of the Madrid Registry to address those questions.

261. Secretariat: The questions from the Russian Federation, China and Egypt are in some way related but they have a different angle on the issues. I will go through all of them. The first question from the Russian Federation concerns the second risk and risk mitigation strategy on page 4 of the Annex. I think the best way to explain this is to start with what this risk is supposed to capture. As you may recall from the description in the document of Phase I and II, we are building the new Madrid IT Platform in parallel with the use of the existing platform Madrid International Registrations Information System (MIRIS). We therefore have two platforms that for a certain period will co-exist. For example, when there is a rule change in respect of the appointment of representatives, and that rule change enters into effect next year, we must make that rule change in the existing system because the new system will not be ready next year. What we want to avoid is that we have to do the same work twice i.e., in the existing system and then rebuild it later in the new system. The risk is meant to capture that. The risk of double investment for the same solution. To avoid the double investment, the strategy is the so-called plug-and-play approach. It means when we do something to make it work in the existing system, MIRIS, we build it in such a way that we can easily put it into the new system without having to rewrite the whole code. That is what this risk and the mitigation strategy is supposed to cover. We have put in, as an example of a rule change, introducing new languages. If there was a rule change introducing new languages next year, we want to avoid having to build the rule change in the old system and then using another programming language in the new system. We would do that in a way that we can make it work in the existing system and then extract it and plug it in easily in the new system. This is what this risk mitigation strategy is supposed to mean. It is understandable that questions are raised by delegations because of the reference to the introduction of new languages. This is however just an example. It could just be another transaction or whatever rule change it might be. The Delegation of the Russian Federation had a second question about available funding after the Madrid IT Platform or, in other words, whether there would be enough funds available for future changes to the Madrid System, and the Director, Program Performance and Budget Division will answer this question. The third question by the Delegation of the Russian Federation was on the impact of the new IT system on the future developments of the Madrid System. I can tell you with the highest degree of confidence, that it will be much easier to make adjustments to the new system to cover new developments to the Madrid System than in the existing system. In fact, one of the biggest problems with the existing system, MIRIS, is that it is extremely difficult to make changes to it. If we have the new platform, it would be much easier and cheaper to make changes to it than in the current system and those would also include language changes. I think those two answers cover two questions by the Delegation of the Russian Federation. If you allow, I will move to the questions posed by the Delegation of China which are very closely related to the last question that I just answered. The Delegation of China noted that there were several adjustments to the planning for Phase I, which is correct. We have made several adjustments. One of the principal reasons for this was the impact of Covid. We had to change the planning because it became much more important to be able to communicate electronically with users than before Covid. We reprioritized some of the work packages, and in our opinion these adjustments are positive. It's much better if project planning has the flexibility to make the adjustments that are required rather than something super rigid which cannot be adjusted for years. We think it is a positive thing. In respect to the question of whether the Secretariat has taken the necessary measures in the context of the new platform to make sure that future developments can be catered for, I can give the same answer. It is guaranteed that changes in the new system will be much easier to implement than in the current system. With respect to the questions from the Delegation of Egypt, the first question was whether we could explain the plug-and-play meaning. I think I have covered it, thank you. On the second question, namely if Phase II will be agile in respect of new languages, the answer is yes. It will be much easier to implement any change in the new system than in the old system.

262. Secretariat: On the final question from the Delegation of the Russian Federation concerning enough funds to accommodate future changes to Madrid, the answer is yes. So, if I may kindly refer you to table 4 in the document on page 9 which gives you an estimation of the

status of the Madrid reserves at the end of 2024. You can see that, and comparing that with the target that we had for 2024/25, which is 40 million Swiss francs approximately, the balance of reserves estimated above the target level at the end of 2024, is 50 million Swiss francs. Just to put that in perspective, in this CMP proposal, the expenditure allocated to the Madrid union is 13 million Swiss francs. I hope that answers the question.

263. Chair: Thank you to the colleagues from the Secretariat for answering the questions raised by the delegations, and now I am asking the delegations whether anyone would like to take the floor in reaction to the clarifications, additional information and explanations given by the Secretariat. I will give the floor to the distinguished representative of Egypt.

264. Delegation of Egypt: I'd like to thank the Secretariat for the clarification. It's very clear now what was the intention by the risk and mitigation strategies in the document. We would like to just avoid any kind of misinterpretation and to ensure clarity. If we just look to the second risk "Madrid legal framework changes...will lead to unavailability/limited availability of Madrid staff to work on the new Madrid platform deliverables," we would like just to ensure that the implementation of the new platform would not by any means affect the introduction of any legal developments or any introduction of new languages. The Delegations of China, Russian Federation, and Egypt are proposing to add another point to the mitigation strategies under the same risk to read as follows, "To take any further matters, as may deem necessary, to ensure that the implementation of the new Madrid IT Platform Phase II Project would not have any negative impact on the effective implementation of any legal framework changes of the Madrid System, or any other necessary work to support the possible introduction of Arabic, Chinese and Russian as any other new languages into the Madrid System." I think this proposal has just come into the same direction and affirmation that we got from the Secretariat.

265. Delegation of France: I just want to get some clarification about the financing of the Capital Master Plan. Should we understand that the normal distribution of the expenditure of the organization will be respected, in other words, only the unions that have the capacity to pay will participate financially in the project?

266. Delegation of the United States of America: Our Delegation is not in a position to support this specific language proposed by the distinguished Delegate of Egypt. This would prejudice the outcome of the discussions in the Madrid Working Group.

267. Delegation of Germany: Since this is the first time that Germany takes the floor, let me first congratulate you and your Vice-chairs for your election. Secondly, I would like to thank the Secretariat for the outstanding work they have done in preparing for this session. Thirdly, I thank the Secretariat as well for answering all the questions that have been put forward here. I can make a very brief intervention because I wanted to support what the honorable Delegation of the United States of America has just said. We are also not in a position to support the proposal as put forward by Egypt, especially as far as the mentioning of specific languages. This is a long-standing discussion inside the Madrid Working Group. We think that the approach to introduce new languages into the Madrid System should be a neutral process and there are no languages that should be higher placed than other languages. We would be against this wording as proposed by the Delegation of Egypt.

268. Delegation of Poland: This statement is made in my national capacity. I just wanted to echo what has been just said by the colleagues from the Delegations of the United States of America and Germany, that it would be difficult for us to support anything that would pre-empt the outcomes of the discussion in the Madrid Working Group.

269. Delegation of Egypt: I would like just to point out that our proposal is not by any means to give a certain pre-judgement. We fully understand that the issue of the introduction of new languages is still ongoing in the Madrid Working Group. What we can propose here is just to

use the same language as agreed in the last Madrid Working Group. All our concerns related to the risk stated in this document are that at any certain point, in the coming few years, if an agreement has been reached to introduce any new languages, including Arabic, Chinese and Russian languages, that there will not be any kind of concern that the system will not be able to absorb or mitigate those changes. That's why we can just use the same language as agreed in the last Madrid Working Group with reference to the introduction of the new Madrid System languages, including Arabic, Chinese, and Russian. Without giving any kind of priority to our languages over other languages.

270. Delegation of China: The Delegation of China supports the statement made by the distinguished Delegation of Egypt, as well as his proposal. What we want to point out is that the proposal from the distinguished Delegation of Egypt demonstrates the current discussions of the Madrid Working Group. It has no pre-judgement whatsoever because there are not only issues of languages, but there are also other issues including legal framework change, et cetera. All these should be treated as a package within the design or the planning of the IT system. We all know the Madrid Working Group is still talking about issues related to dependency, et cetera. Therefore, these should be treated as a package.

271. Delegation of the Russian Federation: The Russian Federation would also like to support the statement of the distinguished Delegate from Egypt and echo the remark we just heard from the esteemed Delegation of China. We believe that the proposal linked to languages is in accordance with the language that was developed during the last meeting of the Madrid Working Group. The proposed language corresponds to the comments that were just provided by the Secretariat. Importantly, the proposed language does not exclude the possibility of introducing other languages in the Madrid System and it does not try to create a pre-judgement or pre-empt a decision on the introduction of changes in the Madrid System.

272. Delegation of Japan: The Delegation of Japan supports the statement made by the distinguished Delegations of the United States of America, and Germany. We believe that the issue of possible introduction of any new languages should be discussed in the Madrid Working Group.

273. Delegation of Saudi Arabia: I would like to support what was said by the Delegations of the Russian Federation, and China.

274. Chair: Since we have some proposals that were not met with the enthusiasm by other delegations, in our attempt to find a solution, I would propose a 15-minute coffee break. During this coffee break, colleagues from the Secretariat will get in touch with the delegations concerned and try to find a solution acceptable to all.

275. Delegation of Poland: Since this is a new proposal, we would very much appreciate to see the proposal in writing. As you know, not all CEBS members are participating in the PBC, but for some of the CEBS members, the issue in the Madrid Working Group is a very important topic that is being discussed. Before we break or go on into the discussion, we need to have an opportunity to have a discussion on the concrete proposals. Also, to study how, what is its reference to the before agreed language, and then we can come back on this issue.

276. Chair: Dear colleagues. So first, I would like to ask the distinguished Delegation of Egypt to provide the proposal in writing to the Secretariat. Then the Secretariat will circulate immediately to all the Member States.

277. Delegation of the United States of America: Mr. Chair, and sorry for asking for the floor again. We have heard the proposal from the Delegation of Egypt, and I think that was rejected, as you rightly noted. I don't think it would be productive for us to get this proposal in writing and discuss it because it was already discussed to some extent. What would be useful is if you

receive this proposal and you make some changes based on the comments received from Member States just now, and then circulate another proposal, the modified proposal, to Member States for discussion.

278. Delegation of Egypt: I'd like just to point out that our proposal has been sent to controller.mail@wipo.int.

279. Chair: Thank you for your patience, dear delegates. We will try to work on the proposal of Egypt which has been sent to us and perhaps come up with some solutions without, of course, prejudging any outcome.

280. Chair: I think we can start after the very fruitful coffee break. We have a proposal that seems to be enjoying a consensus. We will put it on the screen right now. The modified text, it is in tracked changes mode. I do not ask you to take any decision on this proposal. What I ask you is to reflect upon it, consult among yourselves in your respective groups, and then come up with a reaction, perhaps tomorrow. Until then, my proposal is to suspend this agenda item in order to allow the Member States to work out their position on it and revisit this agenda item tomorrow. This proposal will be distributed to the Group Coordinators for further consideration of the members of their group. So, I assume that there is a general agreement to proceed the way I have just described. So, we will revisit this agenda item tomorrow.

281. Chair: Good morning, colleagues, dear delegates. We will continue with the Agenda Item 13, Capital Master Plan Projects. Yesterday, it seemed that there was an informal consensus on the proposal that has been worked out here in the room. In order to get the views of the delegations on this proposal, first, we will put on the screen the modification that has been done to the document, and then we will proceed to read out the draft decision regarding this Agenda Item 13. So first, you will see on the screen the appendix and the modifications that have been done to the text. So first, I would look for your reactions to the modifications in the document itself, and then we will proceed with the decision.

282. Delegation of the Netherlands: Good morning, dear delegates. On behalf of Group B, I can say that our group is ready to go along with the proposed changes.

283. Delegation of Poland: Good morning to everyone. Likewise, the new proposal was discussed in the CEBS Group, and we are ready to go along with the proposal. I thank everyone who has contributed to this compromise.

284. Delegation of China: Dear colleagues, good morning. On behalf of China, the Russian Federation and Egypt, I also endorse the current revised proposal.

285. Chair: Thank you for the statements. Can we take then that the proposal, as displayed on the screen, in the document is acceptable to all the Member States? Thank you very much. And now we can proceed to the draft decision paragraph regarding this item. I ask the Secretariat to put the draft decision now on the screen. This is a revised draft decision accommodating the agreed changes in the document. Allow me to read out the draft decision and then ask the Member States for accepting such a revised draft decision. I can see no objection. It is so decided. Thank you very much.

286. The Program and Budget Committee (PBC) recommended to the Assemblies of WIPO, each as far as it is concerned, to approve the CMP proposal (document WO/PBC/37/11) and the funding from the WIPO Reserves for the three projects detailed in the annex of the document, amounting to a total of 43.3 million Swiss francs, with the following modifications to the Madrid IT Platform Phase II project proposal as reflected in the Appendix:

- (i) amendment of the 2<sup>nd</sup> risk; and
- (ii) addition of a 2<sup>nd</sup> mitigation strategy for that risk.

## **ITEM 14 SUSTAINABILITY WITHIN THE CONTEXT OF PROCUREMENT**

287. Discussions were based on document WO/PBC//35/6

288. Chair: We now proceed to Agenda Item 14, Sustainability within the context of procurement. At its 35th session of the PBC, Member States requested that WIPO present an “Assessment Report on the issue of sustainability in procurement (in the context of Regulation 3.8 of the Financial Regulations and Rules (FRR))” (document WO/PBC/35/6). At the 36th session, the PBC “decided to discuss sustainability within the context of procurement and consider any potential impact of such discussion on the FRRs and take appropriate action, if necessary, at the 37th session of the PBC.” We will continue discussions based on document WO/PBC/35/6 from the 35th session. Prior to our discussions, the Secretariat will provide a brief presentation to facilitate our discussion. I would like to invite the Head, Procurement Section to take the floor.

289. Secretariat: Good morning distinguished delegates and colleagues. We are here to provide an update on sustainability, within the context of procurement. Let us recall that during the 35th session of the PBC, Member States requested WIPO to present an Assessment Report on the issue of sustainability in procurement (in the context of Regulation 3.8 of the Financial Regulations and Rules (FRR)), document WO/PBC/35/6. The PBC took note of that presentation. During the 36th PBC session, Member States decided to discuss sustainability within the context of procurement and consider any potential impact of such discussion on the FRRs, and take any appropriate action, if necessary, at the 37th session of the PBC. Today, at the 37th session of the PBC, we provide this presentation to facilitate Member States’ discussions following the decision taken during the 36th PBC session. This presentation (WO/PBC/37/SUSTAINABILITY WITHIN THE CONTEXT OF PROCUREMENT) is further to the information provided in the mentioned document WO/PBC/35/6.

290. The journey started in 2009, when the UN High Level Committee on Management (HLCM), through its procurement network, called on the UN organizations to commit to progressively making sustainable procurement a standard practice while ensuring fair access to the UN market for suppliers from developing countries. Later, in 2015, the adoption of the 23rd agenda for Sustainable Development by the UN Member States confirmed the commitment from the UN to promote sustainable public procurement practices, in accordance with national policies and priorities. The importance of sustainable procurement was further reinforced by the recommendations provided by the two JIU reports issued in 2018 and 2020. In 2022, to reflect UN engagement on this matter, WIPO proposed to its Member States to add sustainability as a procurement guiding principle.

291. In 2009, the HLCM procurement network defined sustainable procurement as shown in this slide. The definition encourages UN organizations to adopt practices that are not only economically viable, but also environmentally and socially viable, which is also reflected in SDG 12. In line with the HLCM procurement network, WIPO's definition of sustainable procurement is founded on three key pillars. First, environmental sustainability involving climate change, waste reduction and management. Second, social sustainability, recognizing and promoting equality, diversity, respect for human rights, accessibility and adherence to labor standards. Lastly, economic considerations encompassing the life-cycle cost of a product or a service, as well as wider support for economic development.

292. Before going further, I would like to give you an overview of WIPO's procurement. Over the past five years, procurement spend has remained steady, as seen in green, with an increase in 2023 where WIPO's expenditure reached 145 million Swiss francs. Services

constitute 97 per cent of our portfolio, with three predominant categories: Information technology services, written translation services, and facility management services.

293. Depending on the nature of the goods or services, as well as the maturity of the market, we may incorporate sustainability in our procurement and contracting processes in three ways. First, we may collect information from bidders on their sustainability policies. This information does not impact selection and it is valuable to determine market capacity in this domain and to promote sustainability. Second, in some tenders, sustainability considerations may be part of the selection criteria. For example, in a tender for cleaning services, bidders are required to adhere to sustainability local norms on the use of eco-label products. Third, sustainability elements may be included in a contract, for example, adherence to local labor laws or policies on disability and equality.

294. Let us see now which tools are available to implement sustainable procurement. All procurement documents and IT tendering systems are accessible to print disabled users, allowing them to engage fully in WIPO's procurement processes, and thereby enhancing accessibility and transparency. WIPO encourages suppliers to proactively develop and provide more advanced and eco-friendly products and services and encourages less mature markets to promote sustainability whenever possible. Where appropriate, sustainability will be included as a key performance indicator to be monitored throughout the contract life cycle. WIPO procurement staff are trained on sustainable procurement, using relevant UN material and learning modules. Requiring suppliers to adhere to UN supplier code of conduct ensures that WIPO's procurement activities are conducted ethically and responsibly.

295. WIPO's Procurement Section has analyzed the impact of using sustainable procurement in its operations, and it established that sustainability considerations in tenders did not limit competition. Notably, we have seen the majority of suppliers were able to show an advanced and mature commitment to sustainability principles. In our tenders in 2023 where sustainability was a factor, no bidder was disadvantaged or disqualified. Moreover, in procurement activities related to the Development Agenda, 85 per cent of purchases in 2023 supported the local or regional economies. In this case, sustainability matters were requested for information only. At WIPO, as mentioned, 97 per cent of our spend is on services. This means that sustainable procurement focuses mainly on social and economic sustainability considerations, while environmental sustainability is more predominant in goods procurement. Finally, I would like to remind you that WIPO, as well as the other UN organizations, publishes its procurement data, including sustainable procurement, in the annual statistical report published by United Nations Office for Project Services (UNOPS) at the United Nations Global Marketplace (UNGM). The United Nations Global Marketplace has developed a specific icon to identify sustainable vendors and enhance reporting on sustainable procurement.

296. Delegation of the Russian Federation: We thank the Secretariat for preparing this presentation. To be honest, we were expecting to receive a comprehensive report from the Secretariat before this session of PBC with answers to all the questions that were asked last year about sustainability in procurement. But there are still more questions than answers. Let us start with the very definition of the term sustainability in procurement. As we all know, and you mentioned in your presentation, this term was developed not by an intergovernmental process, but by an inter-Secretariat forum, namely the UN Chief Executives Board (CEB). This format precludes participation by Member States and consideration of their opinions. Moreover, documents for sessions of the CEB are not even publicly available. In our view, a definition developed in this way, behind closed doors, and with no access to Member States, cannot a priori be considered an absolutely legitimate part of the working processes of the UN systems organizations, since these processes directly impact Member States. Procurement is just such a process. Firstly, it directly impacts the markets of countries which supply goods and services. Secondly, procurement principles are determined by financial decisions, which in turn, are approved by Member States. In light of these considerations, we find the concept of



sustainability in procurement not well-founded because it can be interpreted in different ways. Both in terms of the social dimension of sustainability, and in terms of the traditional principles of procurement, including fair competition. Also, we believe there is no such thing as a universally agreed master standard. In addition to the problem of finding an acceptable definition of sustainability in procurement there are a number of problems with various components of this concept. For instance, do you have a definition of the terms 'sustainable goods' and 'sustainable services'? We would like to point out that this is not the first time we have raised these questions, yet we have not received an unambiguous or convincing answer, and indeed, we expect no such answers in the near future because Member States cannot agree within the UN framework on the parameters of sustainability in procurement. As for the ISO 20400 Standard, it is merely descriptive. All of this reaffirms our conviction that sustainability in procurement is not yet a mature concept. Moreover, it is potentially dangerous to developing countries, and countries with economies in transition, because the ability to satisfy these dubious parameters for sustainability fall far short of the abilities of developed countries. Therefore, we propose that the PBC instruct the Director General to suspend the corresponding element of Financial Regulation 3.8, until the UN General Assembly adopts a unanimous decision on the applicability of sustainability in UN procurement. We also think it is advisable to put into practice a more systematic examination by the PBC on the subject of procurement. We propose that in the decision paragraph on this item, we should instruct the Secretariat to submit, for the next PBC session, a comprehensive review of procurement in WIPO, including the geographical distribution of procurement of goods and services.

297. Delegation of China: The Delegation of China wishes to thank the Secretariat for the brief presentation on the work undertaken on sustainable procurement. It is well known that the UN General Assembly, at present, has not yet reached consensus on sustainable procurement, and therefore it is still debatable. However, we are not opposed to explore and use sustainability in WIPO's procurement, because WIPO is a specialized UN agency. However, this standard shall not run counter to widely accepted procurement standards such as efficiency, fair competition, equity and transparency. In the meantime, WIPO should further study the impact of sustainable procurement standards on WIPO's own procurement activities. Furthermore, over the years, developed countries have been the main beneficiaries of WIPO procurement. According to the estimation of WIPO, which is reflected in the 36th PBC session's Questions and Answers document following our delegation's request for information on this. From 2013 to 2021, WIPO made procurement purchases of 1.1 billion US dollars were made in developed countries, representing 92.3 per cent, which is ranked first in the entire UN system. As such, China wishes to call on WIPO to increase transparency in procurement and to keep expanding the volume of procurement in countries with economies in transition, developing countries, including least developed countries. WIPO might consider analyzing and presenting its procurement activities in these countries as an example.

298. Delegation of Kenya: Thank you to the Secretariat for the presentation on sustainable procurement. In our deliberations within our Group, the issue of sustainability within the context of procurement has raised concerns. This has been communicated in the previous PBC session. The concern emanates from the possibility that sustainability as a criterion, would disadvantage suppliers from developing economies, including small and medium sized enterprises and that concern would need to be addressed in any application of the criteria within procurement processes.

299. Delegation of the Netherlands: Group B thanks the Secretariat for the information provided. In our view, this topic is already sufficiently covered by WIPO's Financial Regulations and Rules. The information provided demonstrates there was no need to amend on the financial regulations and rules. We advocate the maintenance of sustainability principles and environmental and social clauses in public procurement criteria since these types of criteria are common in other UN agencies and the Organisation for Economic Co-operation and

Development (OECD) environment are aligned with the objectives of the SDGs and WIPO's Development Agenda.

300. Delegation of France: France aligns itself with the statement made by Group B. We do not support the Russian proposal regarding the suspension of Financial Regulation 3.8.

301. Delegation of Poland: Thank you very much Mr. Chair. The CEBS Group would like to thank the Secretariat for the presentation of the Assessment report on the issue of sustainability in procurement, as it was delivered during PBC in 2023. We are also grateful for receiving more detailed information during the presentation that was delivered today and we share the same position as was expressed by the Netherlands that the issue of procurement has been sufficiently addressed by the Financial Regulations and Rules. While the CEBS Group takes note of this important discussion, we see no value in reopening the discussion on this matter, based on the provisions of the updated in 2022 Financial Regulations and Rules. We kindly remind all PBC Members that the amendments of FRR were subject of an extensive discussion and were adopted by consensus.

302. Delegation of Italy: Since this is my first time taking the floor, I would like to congratulate you on your election. We fully align ourselves with the statement made by Group B, and what some delegations have already said. We do not see any need to amend the Regulation on this issue.

303. Delegation of Sweden: I just want to support what Group B has said.

304. Chair: Dear colleagues, since the clock advances, I would like to close the session and invite reconvene at 3:00 PM.

305. Chair: Good afternoon colleagues and welcome back to our session of the PBC, the afternoon session. I invite the Head, Procurement Section to take the floor.

306. Secretariat: Good afternoon distinguished delegates and colleagues. We would like to provide some clarifications on the basis of the comments made by distinguished delegates. On the availability of WIPO's procurement data, it should be recalled that each year this information is collected by UNOPS in the Annual Statistical Report on Procurement for all UN. This report provides data on the procurement spend by country, the list of major categories of goods and services, and the list of suppliers including procurement value. It is an interactive report. The most recent one available on the United Nations Global Marketplace is for 2022. In order to enhance participation of suppliers from a wide range of countries, WIPO participates in the international supplier seminars organized by Member States where interested companies meet the UN to understand the UN procurement policies and requirements. These events provide an opportunity for WIPO to meet in one-to-one sessions with individual companies. It should be noted that often the suppliers involved in these sessions do not express interest in the goods and services that WIPO needs to acquire. The last event was in Vienna, organized by the countries from Eastern Europe. We stand ready to continue our participation in these initiatives as we have always found it very valuable. Finally, we have reviewed all cases for 2023, as mentioned in the presentation, where sustainability was part of the selection and we found no instance that any company, whether from a developing or developed country, was disadvantaged. We confirm that sustainability is not applied at the expense of transparency, fairness, and best value for money. Further, it should be recalled that in consideration of WIPO's mandate, operations are mainly headquarters based. The local procurement is mostly related to the Development Agenda where 85 per cent in 2023 was spent to support local or regional economies. I hope I have addressed the questions raised.

307. Delegation of Kenya: Thanks to the Secretariat for the clarifications provided, especially regarding the issue of sustainability as a criterion not being used in any way to disadvantage

suppliers, including those from developing countries. It is also our feeling that while this has been the practice, it may be useful for us to find a way of providing comfort for us and other developing countries that may feel that we need to have this put down maybe in some form of a text that gives comfort to us. We are willing to work with other delegations in finding a way, probably in the draft decision, of getting some text that provides comfort to us that sustainability as a criterion does not disadvantage suppliers from the developing world.

308. Delegation of the Russian Federation: I believe that we have, in a detailed manner, clarified the reasons why we would like to suspend this Regulation. We believe that we can insist on this, even on the basis of the responses that we have just heard from the Secretariat. Indeed, these comments are precious, however they do not answer the questions that we have posed, and they do not allow us to alleviate our main concern, that is, the criteria for the application of the concept of sustainability. Therefore, we would like to insist that until this concept is not clearly, legally and financially defined, because in this case the first meaning of sustainability is a financial term regarding the use of the resources of the organization, and therefore we believe that we should suspend this Financial Regulation. We have also noted the concerns that have been raised by our colleague from Kenya who has raised concerns on behalf of the African Group. We believe that maybe, if we find appropriate language that is agreeable to a majority of countries, we could potentially agree with a decision. But, for now, I am not in a position to give my agreement. Therefore, we would like to see a projection on the screen of the language in question.

309. Delegation of the United States of America: Our Delegation is not in a position to support revising the Financial Regulation that refers to sustainability in procurement. As the Group B Coordinator mentioned before, we think that this regulation should not be amended. Therefore, we cannot lend our support to this proposal.

310. Delegation of the Russian Federation: I would like to clarify our position. We are not talking about an amendment of the Financial Regulations and Rules. We are discussing the suspension of a Regulation until we have a clear definition of the concept of sustainability.

311. Chair: As there are no further requests for the floor, neither from the room nor submitted remotely, and since it seems to me that we have some divergent positions expressed by Member States, I would like to invite you to switch into informal consultations. If you give us some time to prepare the room for this informal setting, we could gather here for the informal consultations. First, I would be very grateful if the Group Coordinators could come forward and start this consultation, but of course, the consultations are open to all Member States. We only need five minutes before we resume in the informal setting.

312. Chair: Allow me to make two housekeeping announcements. First, that this informal setting will be done in the room New Building (NB) 0.107. At the same time, a new Zoom link will be generated and sent by the Secretariat to the Group Coordinators with a kind request to immediately dispatch this to all the Member States wishing to take part in these informals. It is for the benefit of our colleagues who are connected remotely.

313. Chair: Good morning colleagues, and a warm welcome to our morning session of the 37th PBC session. We will continue proceeding with the Agenda Item 14, Sustainability within the context of procurement. When we finished our deliberations yesterday, we had a draft decision paragraph that has been sent to all of the Member States through the Group Coordinators. I hope that all the Member States have received this draft decision proposal. I would like to ask you for any reactions to the draft decision that was sent to you yesterday, and if there is a consensus, we can proceed to close this agenda item. As I see no requests for the floor, neither from the room nor remotely, can I then take that draft proposal of the decision paragraph is acceptable to all the Member States? We will put the text of the draft decision on the screen in order to allow you to see this and have this before your very eyes. Is the draft decision as

displayed on the screen acceptable to all the Member States? I see no objection. It is so decided.

314. The Program and Budget Committee (PBC):

(i) discussed sustainability in the context of procurement at its 37th Session and took note that no consensus was reached, at that point, on amending the Financial Regulations and Rules;

(ii) acknowledged that along with other criteria, due consideration for procurement activities shall be given to sustainability according to Regulation 3.8 (b) (v) of the Financial Regulations and Rules and emphasized that the application of this provision shall not be undertaken to the disadvantage of developing countries, least developed countries and economies in transition; and

(iii) requested the Secretariat to include in its reporting on procurement in the WIPO Performance Report, the application of sustainability in the context of procurement.

#### **ITEM 15 STUDY ON THE CREATION OF A SEPARATE ENTITY FOR AFTER-SERVICE HEALTH INSURANCE (ASHI)**

315. Discussions were based on document WO/PBC/37/12.

316. Chair: At its 36th session, the PBC took note and discussed the contents of the Study on the creation of a separate entity for After-Service Health Insurance in document WO/PBC/36/9 and provided guidance to the Secretariat for its decision to be taken at the 2024 PBC session. I now invite Ms. Janice Cook Robbins to present this agenda item.

317. Secretariat: Good afternoon, everyone. Many of you will recall that the document presented at the 36<sup>th</sup> PBC session last year about an ASHI separate entity indicated two possible options for the separate entity which would be established to hold investments made for the funding of the ASHI liability. This paper aims to provide information in respect of the guidance given during last year's PBC session on the choice of separate entity vehicle. The guidance included elements like the financial consequences of establishing such an entity, the implications of including UPOV and the impact on current health arrangements. The Secretariat was also asked to obtain the views of the IAOC, the WIPO Staff Council and WIPO retirees. Responses to the requests are in this document with further explanations in the PowerPoint presentation which accompanies this document that I will present shortly. In this presentation regarding the creation of a separate entity – we will look at the fact that a certain and quite a significant degree of authority will be retained by WIPO and UPOV if either of the separate entities proposed is established; we will also look at the costs related to the separate entity; the Advisory Committee membership; the restrictions on the use of the funds to be held by a separate entity; and how the separate entity will actually operate. Concerning the question of the authority to be retained by WIPO and UPOV, as initially indicated, this will be significant. If we look at the revenue levels, the authority to determine the amount of funding provided by the two Organizations that will be moved across to the separate entity is currently charged at 10 per cent for WIPO and 6 per cent for UPOV; both Organizations will determine the percentage that it will be set at. Similarly, the health insurance benefits will be determined by the two Organizations in accordance with the contract with the health insurance provider, and WIPO's Procurement and HR Department will continue to negotiate the contract, thus allowing the Organizations to determine the benefits level. Regarding other long-term employee benefits i.e., accumulated annual leave and repatriation grants, the authority to determine these benefit levels will be established by WIPO's personnel regulations, encapsulated in WIPO's Staff

Regulations and Rules and subject to approval by the WIPO Assembly. The investment policy will be the policy that you are all already familiar with, which is subject to approval by WIPO Assemblies. No change is anticipated in the composition of the investment portfolio; therefore, we will continue to have the strategic portfolio investments in the separate entity. And finally, concerning the statutes and regulations of the separate entity, whether a Foundation or multi-employer plan, these will be approved by WIPO's Director General. Similarly, any subsequent modifications to the statutes and regulations will require the Director General's approval. For costs related to the creation and operation of a separate entity: this is explained in detail in the paper and repeated here in this presentation. As you can see, the costs of creating either entity are comparable. However, the multi-employer plan costs slightly less and can be done in-house or essentially fully in-house at WIPO whilst the Foundation has to be registered with a supervisory authority under Swiss law. That authority can request a registration fee, and we would also have to prepare Foundation statutes and organize a Foundation council, again in accordance with Swiss law. For annual operating costs you will see from the schedule that we have some similar actions to be taken, both entities would have to prepare Financial Statements, and both would have to have an audit. The Foundation would follow Swiss accounting standards, thus requiring an independent External Auditor with expertise in Swiss accounting standards. This is also why we cannot choose WIPO's External Auditor. The multi-employer plan requires the preparation of a rather significant annual report which tends to be lengthy as we have noted from the WHO's report and this will incur certain costs for us. Whereas the Foundation requires a periodic actuarial study which conforms with the requirements of the supervisory authority. These are a couple of the differences between the two entities, however, they both have some things in common. For the multi-employer plan, we believe that the annual operating costs will be slightly higher, this is mainly because of the preparation of the annual report, it is a rather a long and detailed report. Restrictions on return of funds to WIPO/UPOV - both entity types involve a restriction on the possibility of returning funds to WIPO and UPOV. When the separate entity is established irrespective of the type, once funds are in the entity, these cannot be returned to WIPO or UPOV. The only exception for a return of funds to WIPO and UPOV is in these two circumstances: firstly, to reimburse WIPO and UPOV for any expenses they have incurred for employee benefits that they have paid. This means that WIPO and UPOV continue to pay Cigna the premiums for retirees and the separate entity could reimburse WIPO or UPOV for these premium costs and; secondly, if the funds are sufficient to actually cover the liabilities and they are considered as now being in excess of those liabilities, the excess can be sent back to WIPO or UPOV. These are the only two circumstances that allow for the return of funds to the Organizations. And finally, separate entity operations - how will the separate entity operate? The participant's enrolment and separation from the Organizations will continue to be handled by WIPO's HR Department with support from UPOV's administration for UPOV staff members. The financial management of this separate entity will be taken care of by the WIPO Finance Division which will also manage the entity's accounting and continue with premium payments to Cigna or to whichever health insurance company is chosen. We will continue to collect the retiree share of the premium and disperse this to the insurance company. For funds paid by WIPO and reimbursed by the Foundation from investment income, once the funding level has been reached for either of the separate entities, the funding amount would then be determined by the Actuary. For investment management we will continue to follow the same investment policy as we do currently, investments will be managed by WIPO's Treasurer whom you met this morning in consultation with the WIPO Advisory Committee on investments and the Investment Advisor. Regarding insurance carriers, the health insurance provider will continue to be designated in accordance with WIPO's Procurement policy, following a tender. Before I conclude this presentation, I would like to answer a few questions received over the last couple of days. The first question is: will the Financial Statements for the separate entity be presented separately at the PBC? Yes, we can do this. The second question is: could we increase representation on the Advisory Committee to include more Member State representation? Yes, this can also be done. We could have two Member State representatives, this would provide a good balance between

Member State representation, representation from the WIPO Director General who would choose two people, and staff representatives. If the choice is to take those two Member State representatives from the Regional Coordinators, this could rotate, thus allowing all Regional Coordinators to be members of the separate entity Advisory Committee. The third question is: Could we contact WHO and take advantage of their lessons learned with regards to this multi-employer plan? Yes, however please note that we have already been in contact with the WHO on several occasions to find out more about their Plan. If the final decision is to proceed with the multi-employer plan, we can certainly go back to the WHO to ask for details of their lessons learned and best practices. To conclude, if you recall in last year's paper we provided details of the choice, a multi-employer plan or a Foundation, and we were asked by Member States to find out more information, particularly about the Foundation. Having done so, the Secretariat believes that the best option for WIPO is the multi-employer plan and we have outlined the reasons for this choice in the paper. As previously mentioned, if we choose to proceed with the Foundation we must adhere to Swiss legislation, and we do not have Swiss law experts in-house. Additionally, the Foundation has to follow Swiss accounting standards, and we also do not have in-house an expert on Swiss accounting standards. Furthermore, the Foundation would be under the authority of a Swiss supervisory authority and under Swiss law. Whereas with the multi-employer plan we do not have those issues, the entity can be easily created in-house, and we have a model to follow, that of WHO. It follows IPSAS standards, it is compliant and also has been accepted by WHO's External Auditors, therefore, in our opinion we should follow this model. I thank you all for your attention and I am happy to take further questions on this topic. Thank you.

318. Delegation of the Netherlands (Kingdom of): Thank you, Mr. Chair. Group B would like to thank the Secretariat for preparing and introducing this Study, WO/PBC/37/12, on the creation of a separate entity for ASHI. As the sound management of the ASHI liability is a key issue for us, we take note of the study and the Secretariat's slight preference for the multi-employer plan. Mr. Chair, we can support the establishment of a separate entity to manage the ASHI liability, in the form of a multi-employer plan, which appears to be the more suitable option. We could also support including insurance liabilities for current staff if desirable but would need to receive more detailed information before proceeding with that option. We do however have our reservations with regards to the suggestion made in the study in point 5, that all or a large set of employee-related benefits could be included. We believe that these should be allowed to be a regular part of the debate on the annual operational budgets, even when these mainly concern accrued benefits. Putting them into a separate entity would also imply that they cannot be recovered and sacrificed for other priorities in a rainy-day scenario, should times require severe steps. We therefore do not subscribe to this suggestion. We look forward to further discussions and the presentation of more detailed information upon which we can make an informed decision. Thank you, Chair.

319. Delegation of Thailand: Thank you, Mr. Chair, for giving me the floor. Firstly, we would like to commend the Secretariat for preparing this comprehensive study and excellent presentation. In principle, my Delegation would like to express our support for the proposal to establish a multi-employer plan for the financing of employee benefit liabilities, as outlined in the document presented. We are of the view that this approach would align WIPO's financial reporting with international standards. We also appreciate the detailed analysis provided regarding the cost associated with the establishment and operation of a multi-employer plan, compared to a foundation. While there are slightly higher costs associated with the multi-employer plan, the operational management by WIPO staff and alignment with the WHO model presents clear advantages of this approach, therefore, we support this choice. Thank you very much, Mr. Chair.

320. Delegation of Canada: Thank you Chair. Canada appreciates the significant work undertaken by the Secretariat in developing this proposal. Recognizing that WIPO is modelling

its approach after what is used at the WHO, Canada welcomes WIPO's openness to glean lessons learned from the WHO model that can factor into WIPO's design of the multi-employer plan. Canada recognizes that ASHI and the multi-employer plan would cover long-term liabilities which are subject to short-term fluctuations. For example, the actuarial valuation is based on a number of estimates, including future healthcare cost projections of claims for staff and retired staff, the discount rate, inflation rate, and several other socio-economic assumptions that can impact WIPO's financial standing. While WIPO continues to be in a healthy financial position, with significant surpluses, we note there are risks of unfunded liabilities related to ASHI. It is our understanding that in its role as a multi-employer plan, the WHO staff health insurance fund pursues three strategies to improve the funding of its ASHI liabilities: 1) ensure contributions are sufficient to build up assets and to help cover the defined benefits obligation; 2) cost containment through regular negotiations with healthcare providers to limit the impact of medical inflation, case management, and a review of planned design; and 3) achieving an expected average rate of return of 3.7 per cent on investments over a long-term horizon. Canada will welcome WIPO's views on whether the multi-employer fund would have similar strategies in mind. Thank you.

321. Delegation of Italy: Thank you, Mr. Chair. The Secretariat has replied to some questions of our questions already; therefore, I will not repeat those questions. However, I need to highlight the performance of funds established by similar international Organizations who do not only operate in Swiss francs that are established for similar purposes. The subject at hand is not for speculative purposes, what we want to do is to cover long-term liabilities. For this reason, we believe that the long-term foreseen performance benchmark of 5, 10, 20 years, should be higher than 2 per cent and even higher than 5 per cent, which is as far as I have understood is the performance for 2023. We wonder if WIPO's benchmark for long-term investments could be improved and if the latest discount rate applied for the calculation of pension liabilities, 1.8 per cent, could have been fixed at a higher level. While we welcome a cautious approach, we believe it is probably too conservative. The combination of low discount rates and very moderate fund performances could potentially force WIPO in the future to make some extraordinary cash injections to the pension fund to the detriment of WIPO's reserves. In light of the above, the Italian Delegation favors the proposal establishing a dedicated fund that is legally separate which exists solely to pay or fund WIPO's employee benefits. At present, our preferred option is the multi-employer plan, and we are very glad to see that the Secretariat is proposing this option. Nevertheless, we still need to analyze in depth your proposals in this regard. We would like to better understand for instance if there may be some changes in the composition of the portfolio and for performance what are the buffers and measures for flexibility. We would also like to know what cases allow the activation of the fund, despite your response this should be written in the Fund's Regulation. Moreover, to better monitor such a fund, we strongly encourage the presence of members nominated amongst Member State delegations in the supervisory advisory board. Thank you.

322. Delegation of the United States of America: Thank you Mr. Chair and thank you Secretariat for putting together this report. We have a couple of follow-up questions, specifically on the composition of the Advisory Committee. Can we get some clarification on 1) who is selecting the former staff member? 2) who would serve on the Advisory Committee? 3) how might you select a Member State representative to serve on the Committee and what would be the procedures for choosing that person? Could you elaborate on the intended timeline for selecting Committee members and if the terms would be temporary or rotational. This would be very helpful information to us. Thank you.

323. Chair: As there are no further questions from the delegations. Please allow us a five-minute break for the Secretariat to answer the questions.

324. Secretariat: Thank you distinguished delegations for your questions and comments regarding the creation of this separate entity. I will now proceed to respond to your questions in the order that they were received – I will begin with the Delegation of the Netherlands on behalf of Group B – Should we include all of the long-term employee benefit liabilities in the separate entity? Actually no, this is not even necessary, we have the ASHI long-term liability, the repatriation grant and accumulated annual leave, but we do not need to include the repatriation grant nor the accumulated annual leave in this proposal. Please note that the funds set aside which we know as the strategic cash portfolio covers these three liabilities. Obviously ASHI by far is the most significant of the three liabilities, so most of the funding relates to ASHI, approximately 5 per cent of the funding in the portfolio is related to the two other areas of liability. As we set up the separate entity and move across the liability, which is funded, for ASHI, together with its investments, we would leave behind in WIPO the investments that were made for the other two areas of liabilities. This is only approximately 5 per cent of the total funding in the strategic cash portfolio and that would remain on WIPO's balance sheet. The Delegation of Canada asked three questions in connection with the WHO Staff Health Insurance (SHI) model that we would be following – 1) would contributions be sufficient, and would they be maintained at a sufficient level? That will be taken care of by our budget process; 2) would cost containment be looked at and would WIPO work with health insurance companies to contain costs? This is already being done by our HR Department. They work closely with Cigna to ensure that premiums are contained. This is the major difference between WIPO's health insurance provider who is a third partner company CIGNA and the WHO's whose health insurance provision is within the Organization. The same endeavor to keep costs under control for us is a focus on premiums, rather than costs. ASHI liabilities cost containment is also a regular feature of conversations within the UN's Finance and Budget Network, as you can imagine other agencies in the UN are keen on ensuring cost containment, and there are regular conversations on the question of cost containment of liabilities. This is ongoing work within the Finance and Budget Network. The return that WHO's SHI obtains on its funding for ASHI at 3.7 per cent comes from a USD portfolio. This is a key difference to note if we refer to our presentation this morning on investments, we are a Swiss francs-based Organization and our investments are based in Swiss francs, even though we have some investments in other currencies they are still hedged back to Swiss francs. Therefore, it is inevitable that even with the same strategic asset allocation there would be higher returns in US dollars. However, this does not mean that we cannot review the investment policy and see if we should change the strategic asset allocation. This brings me to the point raised by the Delegation of Italy – it is possible to change the asset allocation, take on more risk in the portfolio, change our benchmark and obtain possibly a higher return for the strategic cash portfolio. As you recall, the investment policy is determined by Member States, but it is proposed that we bring to the next PBC session the investment policy with some suggested changes in various areas of the policy and that could include a proposal to change the strategy for strategic cash. The proposal could suggest a change in strategic cash allocation, for example, investing in additional asset types. Finally, the delegation of the United States asked about the composition of the Advisory Committee and how we would select a retiree representative. The Secretariat will look into the election modalities and involve and consult with the relevant stakeholders during the process, this will certainly include retirees, Member State representatives and the Regional Group Coordinators to determine the best way forward. There was also a question raised regarding the timeline. If the present ASHI proposal is accepted at WIPO's Assemblies, we will begin immediately afterwards the preparatory work to create the separate entity and we will address the question of representation and how representatives are to be selected as we start working on setting up the separate entity. Thank you, Mr. Chair.

325. Chair: I thank Ms. Janice Cook Robbins for the statement and for providing answers to the questions as raised by the Member States. I now open the floor for the delegations to react or to intervene. Since there are no requests for the floor, we can proceed with the draft decision paragraph which reads as follows:



326. The Program and Budget Committee (PBC) recommended to the Assemblies of WIPO, each as far as it is concerned, to approve the proposal for the establishment of a multi-employer plan meeting the requirements of IPSAS 39 with responsibility for the funds set aside by the WIPO Assemblies and the UPOV Council for the financing of employee benefit liabilities outlined in document WO/PBC/37/12.

## **ITEM 16 PRELIMINARY DRAFT OF THE TERMS OF REFERENCE OF THE 2021 EVALUATION OF WIPO EXTERNAL OFFICES**

327. Discussions were based on documents A/55/INF/11, WO/PBC/31/3 and WO/PBC/35/7 Annex.

328. Chair: We now move to the next agenda item. I will hand over the chairmanship to Mr. José Antonio Gil Celedonio who will be Chairing this meeting and tackling the remaining agenda items to be deliberated today. I wish you productive and fruitful deliberations today and I hope to see you again in the afternoon.

329. Vice-Chair: Dear colleagues, good morning to everyone. Before switching to my mother tongue, allow me to thank the Chair for allowing me to start discussing those relevant agenda items. Since this is the first time to have the opportunity to talk here in the room, I would like to thank the Secretariat for assisting us in the tasks that we must deliver. I would like to also thank the interpreters because they are the ones allowing us to make good use of our linguistic rights. I will now continue speaking in my mother tongue which is Spanish. Good morning to you all and welcome to all the distinguished delegates. We are going to start our session after hard work which we carried out during the course of the week. We've have had a lot of very close cooperation and there was a great desire for dialogue between all delegates. Thank you also to the work done by the Group Coordinators. I hope that we can continue in the same spirit for Agenda Item 16, Preliminary Draft of the Terms of Reference of the 2021 Evaluation of WIPO External Offices. As you may recall, this agenda item has been discussed at previous Program and Budget Committee sessions. I remember having participated in past sessions. We are going to build on what we have already discussed previously, hoping to make headway and be able to complete the actions that need to be carried out on the basis of the competence of this Committee and which will go to the General Assembly. Agenda Item 16 includes reference documents A/55/INF/11, WO/PBC/31/3, and WO/PBC/35/7 Annex. We will focus on WO/PBC/35/7, as this is the document which we will be working with. Just to give you a bit of historical background, at the 35th PBC session, which was held last year, the decision was taken to continue the discussions at the 37th PBC session. So, before we begin the discussions, the Secretariat has some preliminary comments to make. So, I would like to give the floor to the Director, Division for External Offices and Least Developed Countries, Landlocked Developing Countries and Small Island Developing States Coordination.

330. Secretariat: Thank you very much, Chair, and a very good morning to all delegations. Regrettably, Deputy Director General Hasan Kleib is unable to be with us this morning, so I have the pleasure to deliver this opening statement on his behalf. As you are aware, the issue on the Terms of Reference of the Evaluation of WIPO External Offices has been before the PBC since the WIPO General Assembly decided in 2019 to conduct an evaluation of the entire network of WIPO External Offices and the Terms of Reference of such an evaluation would be decided by the Program and Budget Committee. Of course, the diplomatic history of this issue extends much further into the past. Right back, in fact, to the WIPO General Assembly in 2015, which specifically mentioned an evaluation in 2021. At its 33rd session in September 2021, the

Program and Budget Committee requested the Secretariat to develop a Preliminary Draft of The Terms of Reference of the Evaluation, which we did, and which we provided the Member States in December of that year. These preliminary terms of reference followed the norms and standards for evaluation of the UN Evaluations Group, and reflected all views expressed by Member States in their submissions, as well as the Guiding Principles, and the Report by the External Auditor. The Program and Budget Committee considered the Preliminary Draft of the Terms of Reference at its 34th, 35th, 36th sessions, and it was clear from those sessions that Member States held divergent views on several aspects of the preliminary draft terms of reference. Dear delegates, the Secretariat took careful note of the views of the regional groups and of national positions on Agenda Item 16 in opening statements on Monday. I would also like to emphasize that the Secretariat remains committed to facilitating the discussions of Member States on this issue, in search of consensus on this long-standing matter. Indeed, the Secretariat looks forward to the Member States' decision, and guidance on this matter after some years so that we can benefit from the potential learnings and insights from an evaluation of the External Offices network.

331. Delegation of Poland: Good morning everyone. The CEBS Group thanks the Secretariat for updating the document on Draft Terms of Reference of the Evaluation of WIPO External Offices (WO/PBC/34/16), which is now contained in document WO/PBC/35/7/Annex. We thank Member States for their inputs and comments to the document. CEBS Members also proposed some of the changes to the provisions of the discussed Terms of Reference. As this topic continues to be discussed for several years and has been the subject of intensive and lengthy negotiations between the Member States, the CEBS Group has always been committed to the implementation of the 2015 WIPO General Assembly decision to conduct a review of the WIPO External Offices. We reiterate the need for the WIPO External Offices (EOs) evaluation to be carried out in a highly transparent, independent and objective manner. At the same time, the prospective Evaluation needs to deliver a clear reflection of the results of the operations of the External Offices, their performance against the aims defined by the previous and current Medium Term Strategic Plan and the real fulfilment of WIPO's objectives and mission through External Offices' activities. For the CEBS Group such a process of evaluation is even more needed today, in context of questions raised recently about the efficiency and effectiveness of the work of External Offices and their alignment with goals and objectives of the Medium-Term Strategic Plan. Therefore, we support conducting an internal audit of External Offices, and we endorse updating the timetable of the evaluations in this context. At the same time, we would also see great value in facilitating, during the 2025 session of the PBC, a presentation of the work and activities of all External Offices. This should be helpful to acquire a more in-depth understanding of the work of External Offices, the trajectory of the evolution of their activities, especially based on experiences from the COVID-19 pandemic, geopolitical vulnerabilities and expectations of IP users. We also believe it would be an opportunity for sharing experiences across the WIPO External Offices community. As the operation and resource allocation of the WIPO External Office in Moscow continues to be a subject of grave concern for the overwhelming majority of CEBS Members, and in light of questions raised during the 2023 PBC discussions, which require to be sufficiently addressed, we reiterate our request to the Secretariat to closely monitor program implementation and budget utilization during the 2024/25 biennium and to adjust budget allocations as necessary. The CEBS Group will continue to engage constructively in the discussions on the draft Terms of Reference for Evaluation of EOs.

332. Delegation of the Netherlands: Regarding document WO/PBC/35/7 Annex I, Group B considers this a basis for our discussions. We look forward to developing it further. Once again, our Group would like to emphasize that the evaluation of the WIPO External Offices should be based on the general principles and objectives of independence and transparency. The assessment must be unbiased, uniform and transparent in design and implementation, to provide an informative and actionable report to Member States. That is why we continue to raise that it is crucial that the evaluation is conducted in a fully independent manner based on the

terms of reference agreed by all Member States. We are ready to continue our engagement in these discussions to further define and substantiate the Preliminary Draft of the Terms of Reference. In addition, Group B reiterates its commitment to carefully consider the evaluation of the existing Offices, in line with the General Assembly mandate before opening new ones in the future.

333. Delegation of Iran (Islamic Republic of): Good morning colleagues. I have the honor of delivering this intervention on behalf of the Asia and the Pacific Group (APG). We would like to recall the general statements that APG delivered on Monday, June 10 at this PBC meeting. The APG takes note of the Preliminary Draft of the Terms of Reference of the 2021 Evaluation of WIPO External Offices, and we thank the Secretariat for preparing these documents. We hope the Program and Budget Committee will be able to make progress on this important Agenda Item, and we look forward to constructive discussions which can facilitate an expeditious decision on this pending issue. APG stands ready to contribute actively to reach a decision on the methodology to decide on the opening of new WIPO External Offices in conformity with the Guiding Principles, taking into account the equitable and geographical distribution of such Offices.

334. Delegation of Brazil: I have the honor to speak on behalf of the Group of Latin American and Caribbean countries (GRULAC). On this agenda item, we stressed the importance of finalizing the Preliminary Draft of the Terms of Reference of the 2021 Evaluation of WIPO External Offices, as decided by the WIPO General Assembly in 2018. As a matter of fact, completing this evaluation is crucial for the General Assembly to consider the opening of four new WIPO External Offices, including one in Colombia, as decided in 2018. This expansion will enhance WIPO's global outreach and support for intellectual property initiatives in diverse regions, such as Latin America and the Caribbean. As in the case of the WIPO Brazil Office, a representation in Colombia would contribute to the achievement of the SDGs by not only strengthening the use of IP by minorities and facilitating access to the innovation and creativity ecosystem for a great number of users, but also providing a more robust IP institutional framework in Latin America and the Caribbean as a strategic projection of intellectual property. We urge all members in this sense, to expedite the finalization of such terms of reference to enable timely evaluation of WIPO External Offices. GRULAC Member States are invited to elaborate further on this Agenda Item.

335. Delegation of Kenya: Kenya is honored to deliver this statement on behalf of the African Group. The Group thanks the Secretariat for presenting the Draft of the Terms of Reference of the Evaluation of WIPO External Offices. The Group recognizes the importance of evaluating WIPO External Offices with a view to improving their effectiveness and performance. We hope that the Committee will make further progress in defining the terms of reference for such an evaluation, based on objective, transparent, and fair criteria, taking into account the distinct characteristics and types of operations of each External Office. The Group looks forward to continued discussion on this item, with a view to finalizing it.

336. Delegation of China: China notes that the discussion on the Preliminary Draft of the Terms of Reference of the 2021 Evaluation of WIPO External Offices has been ongoing for many years. We appreciate all parties' comments at the early-stage and the PBC Chair's consolidation of the draft TOR text. China hopes this meeting can make progress on this agenda item.

337. Delegation of India: As rightly pointed out by the Secretariat in their opening remarks, the issue of finalizing the Preliminary Draft of the Terms of Reference of the 2021 Evaluation of WIPO External Offices has been lingering now for over five years after the 51st WIPO General Assembly in 2019 deferred the opening of new External Offices pending an evaluation of existing EOs. Let us not lose sight, therefore, of the fact that the actual issue is that of delay that

is caused in considering of requests from several Member States for hosting new EOs, including India. In this context, India made a joint statement at 34th PBC session in May last year, on behalf of eight countries proposing that, given the delay on reaching agreement on the evaluation of the terms of reference, we should decouple the issue of evaluation of existing EOs from the issue of opening new EOs. It is quite disappointing that no concrete action has been taken on our suggestion so far. While we fully support the evaluation of existing EOs, it should not be allowed to indefinitely delay the opening of new EOs any further. We would like to again emphasize that EOs at the regional level are instrumental in connecting WIPO's expertise, services and tools with the needs and priorities of its Member States. Familiarity with local conditions, culture and languages enable EOs to develop relationships with their stakeholders, both public and private, and play a key role in fostering a balanced and effective innovation ecosystem. The success of our finalizing the GRTK treaty last month is evidence of how much we can achieve together when we work collectively in good faith. We therefore request the WIPO Secretariat and all Member States to make sincere efforts towards constructive and effective dialogue on the important matter of opening of new EOs. We urge all Member States to either agree to decouple the issue of evaluation of existing EOs from that of opening new EOs or to quickly finalize the evaluation of terms of reference and no longer allow it to simply be a method for causing delay.

338. Delegation of Algeria: Since it is the first time my Delegation takes the floor, allow me to congratulate the Chair as well as the Vice-Chairs on being elected for steering the affairs of this important Committee. We wish you all success and assure you of our full support in your mission. Algeria aligns itself with the statement delivered by the distinguished Delegate of Kenya on behalf of the African Group. The Delegation of Algeria thanks the Secretariat for the efforts in preparing the documents for this session. Algeria notes that the Preliminary Draft of the Terms of Reference of the 2021 Evaluation of WIPO External Offices was prepared on the basis of contributions of the Member States in accordance with the decision of the General Assembly. My Delegation believes that the network of External Offices constitutes an important asset that allows WIPO to leverage its services and activities within the reach of its Member States, its stakeholders, and its partners, and to achieve the strategic objectives of the Organization. Algeria considers that the main objective of the evaluation of Offices is to strengthen an approach of improvement by focusing on the way in which Offices operate and are integrated into WIPO's global action. In this regard, the mandate of this evaluation should be based on clear and objective criteria without being subject to political considerations. It should also be aligned with recognized good practices across the United Nations system and WIPO's accumulated experience in monitoring and audit. It must take into account the length of operation of the External Offices given that the newly created offices in Africa cannot obey the same criteria and evaluation tools as the rest of the network. My Delegation believes that the mandate of the evaluation should not prejudge the decision of Member States on the development of the network of External Offices. It should be limited to the evaluation of performance of each External Office based on the resources made available to it, including those provided by the host country. It is also important to take into account the contribution of External Offices to the achievement of the Development Agenda and the SDGs being an integral part of WIPO's development cooperation policy. Finally, Algeria is of the opinion that the continuous evaluation of the performance of WIPO's activities is an imperative of good governance in the context of results-based management.

339. Delegation of Türkiye: Since this is the first time that our delegation is taking the floor, we congratulate you, the Chair and the other Vice-Chair upon your election. We count on your leadership in making progress and reaching tangible outcomes today. Our Delegation aligns itself with the statement delivered by the Netherlands on behalf of Group B. We would like to reaffirm our commitment to actively and constructively contribute to negotiations for the session. We believe that WIPO's External Offices network constitutes an effective tool for developing a balanced IP system and is highly beneficial across diverse IP stakeholders. In that sense,

evaluation and further improvement of this network will serve mutual benefit. As a candidate country for a future External Office of WIPO, Türkiye attaches great importance to the finalization of the Draft of the Terms of Reference of the 2021 Evaluation of WIPO External Offices. As our position is very well-known, based on an independent, impartial and rigorous methodology, the terms of reference should encompass a clear and transparent evaluation process and be guided by an inclusive approach. In this regard, due consideration should be given to internationally agreed principles, goals and targets. Also, we are of the view that the terms of reference could be further reviewed during the evaluation process and be revised as indicated in the UNEG norms and standards for evaluation. Once again, our Delegation would like to encourage all members to conclude the terms of reference so that the evaluation process of the existing External Offices would be initiated and completed without any further delay and accordingly, this would enable the members to proceed with the long-standing issue of opening WIPO's future External Offices.

340. Delegation of Pakistan: Pakistan aligns itself with the statement delivered by Iran (Islamic Republic of) on behalf of the APG. We attach great importance to the evaluation of the entire network of WIPO External Offices and thank the Secretariat for preparation of documents under discussion for this agenda item. Our consistent position on the issue is guided by the principles of objectivity, inclusivity, transparency and neutrality, as well as the Guiding Principles regarding WIPO External Offices agreed to by the Member States at the 2015 WIPO General Assemblies. We also consider the recommendations contained in the External Auditor Report submitted during the 31st session of the PBC under document WO/PBC/31/3 as a basis for discussions. The Guiding Principles and recommendations of the External Auditor continue to serve as important sources for the development of terms of reference for the evaluation of WIPO External Offices. The original mandate to evaluate the size and performance of the entire External Offices network was contained in the Guiding Principles regarding External Offices agreed at the 2015 Assemblies. Pursuant to this mandate, we now have a Preliminary Draft of the Terms of Reference, nevertheless, some key questions regarding the entity to be entrusted to carry out the evaluation, objectives of such an evaluation as well as its scope requires deliberations. My Delegation is of the view that it is essential that the evaluation answers the key questions including whether the External Offices are essential to the appropriate functioning of WIPO and fulfilment of its mandate and its core objectives in a manner that they add clear value, efficiency and effectiveness to program delivery of the Organization. In line with the 2015 guidelines, we strongly advocate that the evaluation be conducted by an independent and external entity, in order to ensure the impartiality and objectivity of the evaluation. We look forward to constructive discussions under this agenda item.

341. Delegation of Ukraine: Ukraine aligns itself with the statement made by the distinguished Delegation of Poland on behalf of the CEBS Group. We fully support the position that the evaluation of WIPO External Offices should be carried out in a highly transparent, independent and objective manner. Moreover, in order to achieve full objectivity, we must conduct such an evaluation considering to what extent each WIPO External Office serves the needs of stakeholders and the regional and global IP community. Hosting an External Office is first and foremost a privilege and an honor for the receiving State. However, it is also a heavy duty and a great responsibility to meet the same mandate, principles and missions as WIPO, while respecting and enforcing international law. Since February 24, 2022, when Russia launched a full-scale war against Ukraine, a number of legal decisions that undermined the spirit of the universal protection and enforcement of IP rights have been adopted by the Russian Federation. These actions by the Russian government in fact, contradict the principles and objectives that govern the functioning of the WIPO External Office in the Russian Federation. Mr. Vice-Chair, the Delegation of Ukraine emphasizes that it is impossible to fund and promote projects in a country that blatantly violates international law. Russia has no right to further shape the international agenda. Ukraine reiterates our call on WIPO and Member States to conduct a

comprehensive evaluation of the activities, results and relevance of an External Office in a country whose actions are condemned by UN Member States.

342. Delegation of the Russian Federation: The Delegation of the Russian Federation notes the effective functioning of the network of WIPO External Offices, which in turn, are an integral part of our Organization, and an important element for achieving the goals and objectives of the Organization and promoting global services in various regions of the world. We stress that WIPO External Offices also play a very important role in interacting with national intellectual property offices, the academic community, SMEs, youth and other representatives of users from those countries and regions including users of international registration systems. We believe that the evaluation should focus on improving the entire network of External Offices, on the whole, not on indicators of performance of each separate Office, especially for the criteria which have been set. In accordance with decisions of the General Assembly, the results of such an evaluation should in their turn help Member States to take decisions about opening WIPO External Offices. We'd like to remind Member States what the General Assembly has entrusted us to do. We align with the position that there is a need for evaluation directly by the Internal Oversight Division with possible involvement of Member States from those countries which already have External Offices. We also think that the Terms of Reference for the Evaluation of External Offices should not retrospectively include performance indicators which were not initially established for the External Offices. Moreover, it is important that when evaluating External Offices account is taken of specific features, such as how long they have been operating, and priorities and goals of the countries and regions where the External Offices have been established. Under no circumstances should any evaluation become a tool for political pressure on the part of individual countries. The decisions taken should not be linked to political motives, which would definitely undermine the authority and performance of WIPO.

343. Delegation of Nigeria: Good morning colleagues. Nigeria is in full alignment with the statement delivered by the Delegation of Kenya on behalf of the African Group. We wish to express our appreciation to the Secretariat for introducing the Agenda Item Preliminary Draft of the Terms of Reference of the 2021 Evaluation of WIPO External Offices. My Delegation wishes to thank fellow Member States for sharing their views and inputs and hopes that further progress will be made during this PBC session. As a host of one of WIPO's External Offices, my Delegation wishes to reiterate its position that the Terms of Reference of the Evaluation of WIPO External Offices should be balanced, transparent, fair, as well as conducted in consultation with host countries. In addition, this Delegation expects that the evaluation should be conducted in due recognition of the unique characteristics of the External Offices which are spread across different regions with distinctive paces of development, resources available at their disposal and length of operation. This would give the existing External Offices the voice and opportunity to contribute and offer suggestions on how their functions and scope of activities could be improved and enhanced respectively.

344. Delegation of Japan: The Delegation of Japan aligns itself with the statement delivered by the distinguished Delegation of the Netherlands on behalf of Group B. We would like to reiterate our view on this Agenda Item. First, it is important that the evaluation of the entire WIPO External Offices network be conducted in accordance with an unbiased, fair, and highly transparent procedure. From this perspective, the evaluation team should be composed of an independent outside expert in order to enhance fairness and transparency. In addition, it is preferable that the evaluator has a good understanding of the WIPO Organization, including its External Offices, as well as a deep knowledge of intellectual property. Second, we believe that the Guiding Principles regarding WIPO External Offices, adopted by the WIPO General Assembly, will be very useful for evaluating the existing External Offices network. Third, in order to appropriately reflect the current state of operating procedures at all External Offices, it would be appropriate to arrange an opportunity for the External Offices themselves to participate in the evaluation process and to provide replies or opinions to the criteria used for the evaluations.

This Delegation would like to actively and constructively engage in the discussion of the Preliminary Draft of the Terms of Reference.

345. Delegation of the Republic of Korea: The Delegation of the Republic of Korea notes with concern the limited constructive discussions on this agenda in recent years. We believe it is essential for all Member States to recognize that WIPO External Offices are designed to enhance the convenience of applicants and promote innovation activities within their host countries and regions. We see the External Offices as extensions of WIPO Headquarters, and therefore, their role must align with WIPO's goal. Since the Secretariat has the experience and expertise to conduct the evaluation, we believe that more active involvement of the Secretariat is necessary. We also hope that the Draft of the Terms of Reference of the Evaluation of WIPO External Offices will be finalized soon to facilitate this work. Additionally, we look forward to the Secretariat's active participation and efforts to initiate discussions on establishing new External Offices.

346. Delegation of Iran (Islamic Republic of): I'm taking the floor in my national capacity. The Delegation of Iran (Islamic Republic of) would like to itself with the APG statement on this Agenda Item. My Delegation reaffirms the importance of having a global and sustainable network of WIPO External Offices, which adds clear value, efficiency, and effectiveness to program delivery, and responds to the specific needs and priorities of the countries and regions they serve. The Guiding Principles were the outcome of the longer standing negotiations between Member States, in order to make the decision on establishing WIPO External Offices and the transparent and inclusive process. Accordingly, our endeavors towards the establishment of External Offices shall be guided by the Guiding Principles, taking into account the equitable and geographical distribution of External Offices. One of the core functions of the External Offices is to deliver technical assistance and capacity building activities. Hence, according to paragraph 14 of the Guiding Principles, in establishing new External Offices, due consideration should be given to developmental aspects. Furthermore, paragraph 13 of the Guiding Principles stipulates that any decision in this regard shall be made according to the principle of a sustainable, equitable, and efficient geographical network of the location of prospective External Offices. The long-standing proposal to establish WIPO External Offices in our country, Iran (Islamic Republic of), aims to strengthen the regional and global IP system, and bring benefit to the central and west Asian region which currently host no External Offices. Establishment of an External Office in Iran (Islamic Republic of) would contribute to achieving WIPO's developmental goals and provide advanced services in the field of IP to develop capacity and to become a source of economic development. Finally, we do hope that our discussions on this agenda item lead to a consensual outcome towards that end. We need a constructive engagement by all that would serve the IP developmental objectives of this Organization.

347. Delegation of Colombia: My Delegation would like to echo the positions taken by Brazil, speaking on behalf of GRULAC. The Colombian Delegation traditionally has always supported consensus regarding the decisions taken in this Committee, and in particular, regarding those decisions which were taken some 10 years ago concerning the extension of WIPO External Offices. This process is well-known. This is connected with the opening of External Offices and one in Colombia. In spite of that, the whole process has taken much more time than we had thought. Given that situation, I think that this is opening up now opportunities for opening a regional office in Colombia, and we could use this to strengthen IP activities in the whole of Latin America and the Caribbean. Furthermore, in a difficult international situation, one that is characterized by progress in the field of innovation and technological development, and with networks that have been developed, there is a need to continue to try and achieve the SDGs. We would therefore like to appeal that we all make efforts as Member States to allow us to go forward and to accept the terms of reference and also to keep our eye on the objective which is to have an intellectual property system which has been strengthened and corresponds to the

challenges we all face, particularly to those of the Member States and regional groups represented in WIPO by the creation of External Offices in the world.

348. Delegation of Brazil: We align ourselves with the statement delivered by GRULAC. The Delegation of Brazil appreciates the opportunity to engage in the discussion of finalizing the Terms of Reference of WIPO External Offices. In this sense, our Delegation continues to emphasize Brazil's favorable position towards the evaluation of External Offices, whether internal or external, if it is conducted in a transparent, independent, and inclusive manner as expressed here by many Member States. As we consider the proposals presented by other delegations, such as the one just put forward by the distinguished Delegation of India, Brazil favors approaches that duly consider the specific mandate and circumstances of each Office as well as the development level of the host countries and their local IP system. It remains important for Brazil that the evaluation is conducted in coordination with the host country and that national offices could contribute with their own suggestions for improving their procedures and the scope of their activities. Moreover, Brazil would like to underscore the critical role that WIPO's network of External Offices plays in strengthening the IP institutional framework worldwide, particularly in regions that are now climbing up the global innovation process. These Offices act as a pivotal hub, facilitating the dissemination of knowledge, best practices and technical assistance tailored to the unique needs of different regions. By enhancing the capacity of local IP systems, WIPO External Offices contribute significantly to fostering innovation ecosystems that can sustain long-term economic growth and development. WIPO External Offices also help bridge gaps between countries with varying levels of IP infrastructure, ensuring that the benefits of the global IP system are more equitably distributed. In this context, it is essential that the evaluation process of these Offices not only maintains but also seeks to amplify their positive impact by incorporating feedback from national offices and is aligned with the strategic goals of host countries to ensure that WIPO's External Offices continue to support and drive innovation and creativity that are vital for addressing common and global challenges.

349. Vice-Chair: We have completed the list of speakers, but I wonder if there are delegations that would like to make interventions. I would give a second opportunity to make an intervention before we move on to the next step. As there are no further requests for the floor, having considered all the issues that have been presented by the various delegations, I and the Secretariat have taken note of all the points made. In a constructive spirit which marks our activities here in WIPO, we can move on to the reference document which is WO/PBC/35/7 Annex I. This document is the last consolidated document which includes all the comments that you have made. This is the Preliminary Draft of the Terms of Reference of the 2021 Evaluation of WIPO External Offices. We are going to take that document as we have completed it in the 35th PBC session last year. Perhaps we can have this document now on the screen. Following our usual practice, at least the way in which I have always proceeded, we have the document in different parts which will be grouped together. We are going to group together the different paragraphs here. Let's start with the first group, paragraphs 1-4.

350. Delegation of the United States of America: The United States would like to support the statement made by Group B. We remain committed to constructively discussing the Draft Terms of Reference represented in this document. However, we do think it would be difficult to move the discussion forward based upon this document as it contains all of the comments made by Member States during prior PBCs. In our view, it might be more productive for the Secretariat to prepare a revised, clean document that may have improved readability as the basis of our discussions moving forward. Thank you in advance for considering our comment.

351. Vice-Chair: It may seem to be an opportunity if the different countries agree with this. I don't know if there are other countries that wish to make any other comments on this proposal?

352. Delegation of Pakistan: As the current document under consideration contains proposals and alternative proposals that have also been put forward, we don't see how a clean document



will be able to reflect the positions of all Member States. Unfortunately, we will not be in a position to support the proposal made by the Delegation of the United States.

353. Vice-Chair: Many thanks to the Delegation of Pakistan as it concerns this proposal. I think that there seems to be no way of advancing this proposal for the time being. I think we should continue as I originally proposed with the document as we have it. We will revise the document in its current version. I allow you to intervene with regard to paragraph 1-4 of document WO/PBC/37/Annex I. If you wish to speak, please do so. For the time being, there are no further comments on paragraphs 1-4, so we move on to paragraphs 5-8 on pages 2-5 of the document. You can see this on the screen as well as you will be able to see this in the document itself. If you wish to make comments on this part of the document, please do so. There are no comments on this part of the document so let's continue to paragraphs 9-11 on pages 5-9 of the document. As there are no requests for the floor, we move to paragraphs 12-15 on pages 9-14 of the document. As there are no requests for the floor, we continue to paragraphs 16-18 on pages 14 and 15. As there are no requests for the floor, we continue to paragraphs 19-21 on page 15-17. Let me just remind you that this is the page which ends Annex I. This document contains all the comments as well as basic parts of this document, so if you wish to make a comment on the last paragraphs, please take the floor.

354. Delegation of Pakistan: Just a minor correction that we wanted to point out on page 16, paragraph 20 where it says, "Pakistan proposed the rewording of the above paragraph: 'The external evaluation team will present the findings of the evaluation with PBC for appropriate actions by the Committee.'" Pakistan proposed rewording of this should be "The external evaluation team will present the findings to the PBC".

355. Vice-Chair: I thank the distinguished Delegate of Pakistan for proposing this modification to the initial proposal under paragraph 20. Any additional comments on paragraph 20 as it currently stands? We have the various proposals to the paragraph. I see for the moment there are no comments, so that brings us to the end of the revision of document WO/PBC/35/7 Annex I Preliminary Draft of the Terms of Reference of the 2021 Evaluation of WIPO External Offices. It seems the Group Coordinators and delegations wish for dialogue and progress. You have raised various issues regarding internal and external evaluation, the objective of the evaluation and the scope of the evaluation. There are some divergences, but there are points in common as well which have been expressed today by the Groups and delegations. We have been working on this Item for several years. I really do think quite sincerely that we can achieve a consensus result. Therefore, I think it would be wise for us to manage to achieve a final document as in 2021, then we would be able to present that document and take into account the Guiding Principles. This means that the document could be submitted to the Secretariat, so that an updated version could be presented. Then discussions could be continued. You will see that as the document stands right now, it is difficult to make headway because it is difficult to compare the various things which have been presented and various comments which have been made by delegations. So, I would propose to you, if you can agree, that we move forward in the following way. At the next PBC session, we would continue this discussion but with a document prepared first by the Secretariat before the meeting. The document would be submitted to Member States for debate. Then it would go back to the Secretariat and bit by bit, we would make progress in our work. I think our discussions are just becoming more and more complicated with the way things are going at the moment. This is what I am proposing to you as a way forward and we could include this in the decision paragraph. As I see no requests for the floor, let's have 15 minutes break to prepare the decision paragraph for this agenda Item and we will distribute this, look at it, and see how we can move forward.

356. Vice-Chair: Thank you very much to all the distinguished delegates for coming back to allow us to continue our session. As we were saying earlier on, we have prepared a revised version which we will show on the screen. It properly reflects all the issues that have been

raised so far. So, it is not a document which has been completely revised. Rather, it is a document which does not take a hard and fast position with regard to the diverging positions. "The Program and Budget Committee (PBC), having discussed the Draft Terms of Reference of the 2021 Evaluation of WIPO External Offices, requested the Secretariat to update the document based on WO/PBC/35/7 Annex I and taking into account the views of the Member States expressed in the 37th session of the PBC and submit it to the 38th session of the PBC." That is the proposal that we are putting to you, to have a simpler document which would facilitate our discussions at the next session which will take place in 2025. So, we are submitting this for your consideration.

357. Delegation of Pakistan: Thank you very much for this proposal. We would like to propose a very slight amendment if it is acceptable to the Member States. In the third line after 'requested the Secretariat to update the document based on', after 'based on' add 'the views of the Member States expressed in document WO/PBC/37 Annex I and the 37th session of the PBC'.

358. Vice-Chair: Many thanks to the Delegation of Pakistan for that suggestion. I think we also need to point out that document WO/PBC/35/7 Annex I, already includes the comments of the Member States. So, this is just a question of clarifying because all the comments made by the Member States in regard to the first version of this document are already included in WO/PBC/35/7 Annex I. So, let me just say that perhaps this makes things a bit clearer.

359. Delegation of Germany: I think my comment was on the version before, a linguistic question, but since we have a new text now this is not relevant anymore.

360. Delegation of the Netherlands: Thank you for putting this proposed decision on the screen. Since this is the first time we see the actual text, my Group would like to ask if we could have a few minutes later on to discuss it within the Group.

361. Delegation of Poland: I just have a very kind request for the Secretariat to distribute this proposal so we can communicate it with the members of the Group before we agree.

362. Vice-Chair: Many thanks to the Delegation of Poland on behalf of CEBS. I know that Member States would like to be able to look at the text, so perhaps we can conclude the discussion on this point on Agenda Item 16 for the time being. We will come back to this in the afternoon to give you time to have internal discussions and be able to look and see whether this paragraph is acceptable. If not, we would go back to the original version or the one that was slightly changed.

363. Vice-Chair: A very good afternoon, dear colleagues, distinguished delegates. We will resume our session for this afternoon. I placed this for your consideration as one of the last agenda items that remains open. The work has advanced very quickly this week, and we are very close to finishing our substantive work. I would now like you to consider this decision paragraph on Agenda Item 16 that you are going to see on your screen now. I hope you've had time to internally consult within your Groups and with other Member States. I will open the floor so that you can give your views if necessary.

364. Delegation of Brazil: So, I'm going to speak Spanish now. We do have a problem, not with the language such as its stated here, but a substantive issue, which is related to linking the discussions on Terms of Reference and the process decided in the Assemblies to provide an opportunity to other Member States to apply and consider the opening of new External Offices in the regions that are interested in doing so. I think that in some way, this evaluation process is ignoring a decision taken by all Member States in the Assemblies. This is a problem. This is something we do need to face and not kind of blur all the fences. I don't know if this language

that's offered here is the best way of solving this issue. We do need to reflect as a membership how we are going to move ahead on two questions, or at least one question, and not ignore the other. I had language to offer as a second paragraph. We have decisions taken by the Member States in the Assemblies as far as providing an opportunity to Member States to decide and open Offices in their region. At least GRULAC is absolutely decided on this for some time. This discussion about an evaluation of WIPO External Offices is simply ignoring that decision and I don't think it's right. Beyond the question of justice, I think it is in fact harmful to my region and hurts other Member States that are considering the opening of External Offices in their regions for the benefit of the entire system. Not just to the advantage of the country, but for the whole system. As I underlined in all my previous statements, External Offices are vital for the global intellectual property system to take us all to a balanced level at the regional levels, and with this balanced level of development, we can promote IP disciplines as a whole. Unfortunately, we have been taken hostage by endless discussions on the evaluation of WIPO External Offices, which should have been decided some time ago. We now have language that goes to the Assemblies linking two processes that was not the intention of the membership when it decided about the process of opening External Offices in other Member States. I don't know who has benefited by this, but it certainly doesn't benefit GRULAC. It doesn't benefit our Member States. I'm really between a rock and a hard place. I don't like to be in this position. I wanted that this be reflected, please, and plead with you as a Member State, how do we find a solution to this situation? Because it is simply intolerable.

365. Vice-Chair: Thank you very much, Brazil, for your expressive comments on this matter. I can only say that this is work of the Chair and the Vice-Chair to try to facilitate this discussion and try to do something with this issue. But we are in an Organization that is Member State-driven, and therefore the question is in the hands of the members and the regional groups, so I understand the comments that have just been made by Brazil.

366. Delegation of the Netherlands: Group B has discussed the proposal that you have put forward this morning for which we kindly thank you. In general terms we are ready to go along with this concept. We just have a few minor textual tweaks that we would like to propose. I will just read out the paragraph as we would like to see it. It would read, "The Program and Budget Committee (PBC), having discussed the Draft Terms of Reference of the 2021 Evaluation of WIPO External Offices, requested the Secretariat to update the document WO/PBC/35/7 Annex I based on the views of the Member States expressed in document WO/PBC/35/7 Annex I and in the 37th session of the PBC, and the Guiding Principles contained in document A/55/INF/11 and submit it to the 38th session of the PBC for consideration."

367. Vice-Chair: This is the new proposed text. As you see it clarifies some questions since it refers to document WO/PBC/35/7 Annex I and it also adds the Guiding Principles which are contained in document A/55/INF/11. Which, as you see, is already referred to in Item 16 as prior documents that serve as a basis for this draft decision. That doesn't really change the nature of this in a substantive way. I see no further comments. Does anyone object to the wording such as it is worded on the screen? It does not appear to be the case, so if there are no further objections, we will consider this decision paragraph adopted, and thus, we conclude item 16 of our agenda.

368. The Program and Budget Committee (PBC), having discussed the Draft Terms of Reference of the 2021 Evaluation of WIPO External Offices, requested the Secretariat to update the document WO/PBC/35/7 Annex I based on the views of the Member States expressed in document WO/PBC/35/7 Annex I and in the 37th session of the PBC, and the Guiding Principles contained in document A/55/INF/11 and submit it to the 38th session of the PBC for consideration.

## **ITEM 17 METHODOLOGY FOR ALLOCATION OF INCOME AND EXPENDITURE BY UNION**

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

370. Vice-Chair: We now move to Item 17 “Methodology for Allocation of Income and Expenditure by Union”. There are a series of documents under this item. Following previous discussions on the Methodology for Allocation of Income and Expenditure by Union, there are three documents under consideration: document: A/59/10 Decision Paragraphs Proposed by the United States of America for Inclusion in Decisions on the Report on the Program and Budget Committee; document A/59/11: Proposal of Switzerland Concerning the Agenda Item “Report on the Program and Budget Committee”; and document A/59/INF/6: Background Information Submitted by the United States of America for Consideration in Adopting the Proposed Program and Budget for the 2020/21 Biennium, as Recommended by the Secretariat. At the 35th PBC session “the Program and Budget Committee (PBC) decided to continue the discussion on the methodology for the allocation of income and expenditure by Union at the 37th session of the PBC. I will open the discussion if there are delegations wishing to intervene.

371. Delegation of United States of America: Thank you, Vice-Chair. Since this is the first time I am taking the floor during this session, I would like to congratulate the Chair and Vice-Chairs for their election. The United States remains concerned that WIPO’s budget methodology encourages an overreliance on a single system, the PCT system, at the expense of developing the health of WIPO’s other fee-funded systems. This concern is further confirmed by the comments of the distinguished Delegate of Switzerland under Agenda Item 13 concerning the capacity to pay approach. Specifically, we have concerns about the appropriateness and fairness of a continued practice that year after year requires applicants using WIPO registration services for one type of intellectual property protection, namely patents, to disproportionately fund services, programs and initiatives of other WIPO registration systems. Moreover, applicants for these other types of intellectual property rights bear no financial cost for any WIPO service, program or initiative unrelated to the processing of their applications, and therefore do not contribute to the overall organization. This practice should be rectified and rebalanced, consistent with the obligations enshrined in the text of these fee-funded registration systems, such that the registration systems are proportionately and more equitably funding WIPO services, programs and initiatives. Likewise, it is imperative that Member States and the WIPO Secretariat exhibit fiscal responsibility in regard to future expenditures and take active steps towards financial stability. To facilitate further discussion on this topic, the United States has developed a series of graphs that visualizes 10 years’ worth of income and expenditure data for all four of WIPO’s fee-funded registration systems. We have shared these graphs with the Secretariat, and we are happy to provide a copy to any delegation expressing an interest. This data can be looked at through various lenses, but there are two approaches we would like to highlight. One, income as a percent of expenditure, and two, the growth of income and expenditure over the past decade. First, let’s talk about what percent of each union’s expenditures are covered by their income. Over the past decade, the PCT system has consistently brought in more money than it has spent. This has ranged from a 5 per cent surplus to a 21 per cent surplus when looking at the budgets. The actual data has shown a much larger surplus, ranging from 14-43 per cent. In the 2022/23 biennium, PCT income was 744 million Swiss francs while expenditure was only 552 million Swiss francs, resulting in a surplus of 192 million Swiss francs. The Madrid System is basically self-sufficient, running slight surpluses over the past decade, 0 to 5 per cent surplus budgeted, 3 to 13 per cent surplus based on actual data. The income of the Hague and Lisbon systems, however, has not covered expenditures. According to the WIPO statistics, the Hague and Lisbon systems have covered less than half of their individual expenditures in recent years. This is true whether looking at budgeted or actual income and expenditures. While ten years ago the Hague and Lisbon covered nearly 75 per cent of their actual expenditures, expenditures for both unions have generally grown faster than their incomes, resulting in the Hague covering less than half of its expenditures and Lisbon

covering less than a quarter of its expenditures during the most recent biennium. In fact, in the 2020/21 biennium, Lisbon's actual income was negative. Moving on to looking at the growth in budgeted and actual data, the two unions that do not recover their own expenses have also seen the fastest growth in expenditures. Actual Hague expenditures have nearly tripled in the past decade. Lisbon expenditures have grown by 50 per cent. The Hague System income has also grown but has not kept pace with its expenditures and Lisbon's expected income has declined over this period. Madrid expenditures have grown by about 40 per cent over this time period, but income has generally kept up seeing 39 per cent growth. PCT expenditures have grown the slowest at only 15 per cent while PCT income has grown by 24 per cent, increasing the amount of money that subsidizes other Unions. No organization or entity, whether public or private, can continue to operate successfully if it continues to have money diverted year after year. There is good news. We have seen some prudent and effective actions to address these deficits, in particular, while no fee increases have taken place for over 20 years in the Hague System even to account for inflation, the Hague Union last July adopted a first fee increase in decades, here relating to the basic fee for each additional design included in the same international application. While this change alone will not cure the annual deficit, it is a very positive, prudent step towards future financial sustainability of the Hague system. It would be prudent to consider what other actions may be taken that would assist in mitigating financial shortfalls moving forward to reach sustainability in Unions that are not currently financially sustainable year-on-year. What other actions or steps could be taken? We put together a list of questions that we propose the PBC consider and discuss in light of this data. One, will the Hague expenditures continue to grow, or will they level out or decline, giving a chance for Hague income to catch up? Two, will Lisbon income ever rebound to the level seen in 2014 to 2017, which would require tripling of the most recent actual income? Three, should PCT continue to increasingly subsidize other Unions that are losing money, especially considering we have seen the decline in PCT applications in 2023 and Madrid has had two consecutive years of decline in applications in 2022 and 2023? Four, what can be done to intensify a trajectory for financial stability of the Hague and Lisbon systems including updating fee schedules, limiting new expenditures, and other steps to enhance the financial posture? Chair, the United States hopes the quick analysis that we have provided will facilitate further discussions on how we can better understand and strengthen the financial health of each of the four fee funded Unions. We are especially interested in further exploring the uptick of expenditures for the Hague and Lisbon systems while their incomes fail to keep pace and how to remedy that financial situation. The United States welcomes a discussion, including bilaterally, and we continue to note the usefulness of having an external independent study looking at one, paths for financial sustainability, two, lessons learned from stronger revenue generating Unions, three, the impact of overreliance of one Union subsidizing the expenses of other fee financed Unions and four, the impact of promotional activities of Unions to meet sustainable income objectives. Thank you, Vice-Chair.

372. Vice-Chair: Thank you to the distinguished delegate of the United States of America for the detailed explanations. I seem to understand that you don't have a problem if the presentation can be given to the delegations, is that correct? Is that acceptable to the United States delegation? Can we share that with delegations?

373. Delegation of the United States of America: That is acceptable. Thank you.

374. Vice-Chair: That document can be submitted. In the light of what has been said by the United States, perhaps there may be reactions from other delegations?

375. Delegation of Switzerland: Thank you very much, Vice-Chair. I would also like to congratulate you on your election. Our delegation would like to remind you that during the General Assembly of WIPO in 2019, Switzerland submitted a proposal (document A/59/11) in order to find a simple and transparent solution which would formally recognize the pertinence of the allocation method for income and expenditure, which have been used for a number of years.

Our proposal, A/59/11, which has lost none of its validity is divided into two parts. The first part of our proposal concerns maintaining the allocation methodology as it was applied and has been applied for a number of years. The second part of our proposal in fact derives from the first part and it consists of giving long-term application to the principle of the allocation methodology for income and expenditure but to provide a logical and pragmatic solution to the systemic questions which for 10 years now have been the subject of discussions at the PBC. I would like to discuss one further point made by the Delegation of the United States regarding increased expenditure in Lisbon. The Lisbon IT system was established and that is what increased expenditure, that is an important point for us. We are also going to study the document which is going to be submitted by the Delegation of the United States. Thank you.

376. Delegation of France: Thank you very much, Vice-Chair. As has already been mentioned by other speakers during the exchanges we have had this week, we would like to support the great importance of income for the Lisbon system. Additional members, 10 as compared to 2022 and 2023, have had positive effects on the income and the new members of the Lisbon Union should be able to continue to file applications. The Delegation of France believes that the current methodology used by WIPO is based on solidarity between the Unions and should continue as it facilitates the smooth functioning of the organization. We therefore support maintaining the current functioning and in particular the indirect expenditure of WIPO which needs to be allocated to the Unions based on their capacity to pay. This budgetary system allows us to have a proper management of our activities and it should be one of the pillars of the organization. Furthermore, it is a crucial factor in allowing us to implement the objectives of WIPO as have been defined in article 3 of the WIPO Convention which is to promote the protection of Intellectual Property across the world and to ensure cooperation between the Unions and administrations. I should also like to point out that in contrast to what has been said, PCT income are not diverted, but in all healthy organizations there is a combining of income. Nevertheless, if modifications were to be introduced, this could lead to the establishment of a unified budget which could simplify budgetary issues. By this token, we believe the Delegation of Switzerland's proposal constitutes a very interesting path that needs to be explored, in order to ensure that in the interest of all persons we can have a long-term system, which is in the interest of WIPO. Thank you.

377. Delegation of Poland: Thank you very much, Mr. Chair. This is going to be a statement delivered on behalf of the CEBS Group. We were waiting for our statement to be delivered, for the presentation that has been just made by the distinguished delegate of the United States, which we find very valid and important for this ongoing discussion and some of the questions put forward were very interesting, so thank you very much for this. Having said that, the CEBS Group reiterates its previous position that the current allocation methodology does not require any change and the principle of solidarity should be the basis criterion for allocation for income and expenditures to the Unions. Over the years, the existing allocation methodology proved to be efficient and supported WIPO in achieving its goals. The sound financial situation of the organization is one of the factors that demonstrates that. At the same time, we note with satisfaction positive trends in terms of financial sustainability of individual Unions based on new accessions, as well as the increased estimated applications and the corresponding growth of fee income in 2024/25. We also would like to stress that supporting promotional activities and the stakeholders on the ground should be a priority and we look forward to the practical activities in this regard. The CEBS Group believes that the current allocation methodology should be maintained, as it is a pragmatic approach and the best solution. Therefore, we would not be in a position to support any of the proposed changes to the allocation methodology. We would be ready to engage in the discussions on how to build synergies across various unions, with a view to ensure a healthy global IP ecosystem. Thank you, Mr. Vice-Chair.

378. Delegation of Portugal: Thank you Chair for giving me the floor. At the outset, I would like to say that regarding the Lisbon System, it is good that the revenue generated through that system has increased about 90 times last year. We know there are still deficit issues, but they

also concern new resources and tools, like the e-Lisbon that has been developed and has been put into use, and already proven its value in terms of processing the backlog in applications that were in the system. We would also recall that there is a decision from the 2019 Assemblies to have the Unions working in line with a solidarity budget principle, assuming the financing of other Unions in deficit, if necessary. We think that given the overall surplus in the WIPO budget, there is no need to alter this existing methodology for the allocation of income and expenditure. Taking that into account, we do not see any need to change the current allocation methodology, which should be maintained. We would also be in a position to support the Delegation of Switzerland's proposal, regarding having the Secretariat analyze the necessary adaptations of the relevant WIPO treaties to formally introduce a unified budget for WIPO, in order to simplify the management of budgetary matters and also to avoid these kinds of discussions in the future. Thank you.

379. Delegation of Iran (Islamic Republic of): Thank you, Mr. Chair. As my delegation has outlined on many occasions, in the most explicit way, during last year's PBC and GA sessions on this issue, we believe that WIPO's proper functioning is based on the principle of solidarity in the system as a whole between different Unions. We would like to recall that the current methodology for the allocation of income and expenditure by Unions has been in place and in use since 2007. We are of the view that in the future discussions on the matter, the fundamental principle of solidarity among the Unions should be applicable, as well as the principle of capacity to pay. These principles should be applied. My Delegation would also like to mention here that the financial sustainability of the Lisbon System cannot be compared to other global registration systems, mainly because appellations of origins and other geographical indications are based on geographical names. There is an obvious limit to the total number of protected geographical names and corresponding applications. Geographical indications, in our view, as a member country to the Lisbon treaty, has unique characteristics of geographical indications, and vast cultural diversity and should be considered as an intangible IP. With that understanding, my delegation is not in a position to accept any changes to the current methodology that is being applied to the different Unions' structures and systems. Thank you.

380. Delegation of Sweden: Thank you, Chair. The Delegation of Sweden thanks all for the hard and patient work regarding this matter. For the Delegation of Sweden, it is important to have a clear, robust and transparent system. We think it is an essential principle that each respective Union should be self-financed over time. A transparent accounting system is therefore of significant importance so that the economic development of each system can be easily followed. Thank you.

381. Delegation of China: The Delegation of China believes that for WIPO, as a UN specialized agency mainly funded by service system fees, the sound development of these servicing systems is key to WIPO's long-term development. To ensure the sustainable development of the global IP service systems managed by the organization, WIPO could consider more possible options for the effective revenue and expenditure allocation. Therefore, on this issue, the Delegation of China remains flexible and open and wishes to engage in discussion with all parties. Thank you.

382. Delegation of Italy: We would like to align ourselves with the statement made by the Delegations of Switzerland, France, Portugal, and Iran (Islamic Republic of). The Delegation of Italy would like to reaffirm its long-standing position, which is coherent and consistent with the basic principles which are the backbone of WIPO's activity and institutional mission: solidarity among the Unions, in order to promote wider access to IP, in a fair manner, across all geographical regions. Once more, the recent negotiations in WIPO that successfully brought the signature of the Treaty for the Protection of Genetic Resources and Associated Traditional Knowledge have shown that IP is essential for innovation, economic growth and development. We are convinced that IP can be a powerful leverage for competitiveness, especially for those entities in certain geographical areas, which are small in size, but are valuable in terms of

creativity, traditional know-how, originality, and product quality. WIPO's core mission is centered on spreading innovation and IP to improve people's life. We would like to underscore that this is an intergovernmental organization, not a private profit-oriented enterprise, and therefore, it should be managed accordingly, where cost efficiency should not be its main target. Moreover, during this session, we all have commended WIPO's financial strength and the amount of its reserves, so we should not deviate resources from the main WIPO institutional targets. Therefore, we see no reason to change the allocation methodology. Having said that, nevertheless, with an open mind and a constructive spirit, we are committed to stay engaged in a continuous dialogue with the membership and the Secretariat, to monitor any evolution in time, keeping WIPO's long-term financial sustainability always in mind. Thank you, Vice-Chair.

383. Delegation of the United States of America: Thank you, Vice-Chair. With respect to some of the comments made concerning document A/59/11 and the proposal for a unified budget in WIPO, the Delegation of the United States of America does not support this proposal. We have made these comments in the past and you can find our interventions concerning that. This would result in the comingling of finances among all the Unions, therefore we would not support that. We also wanted to have the opportunity to thank delegations that spoke to this item, noting that the Delegation of the United States of America welcomes a further dialogue on this issue. Looking at the financial trends as we indicated in this intervention today and so welcome engaging further on those conversations, and really looking at improving and developing the health of all of the four fee-funded registration systems at WIPO. Thank you.

384. Delegation of the Russian Federation: Thank you Vice-Chair. Given the mandate of WIPO, which is to develop equally all types of intellectual property, the Delegation of the Russian Federation believes it is necessary to keep the unitary budget system for all WIPO Unions. For our part, we support the principle of solidarity of the Unions. This principle has been tried and tested over time. When planning the operations of the organization, it is necessary to take account of the real and actual possibilities and specificities of the Unions such as their financial and human resources. Not a single decision taken should have a negative effect on a single one of the Unions. We think that a cardinal review of the current methodology will lead to disintegration of a very well-functioning and rather complex structure of WIPO. WIPO's financial regulations are sufficiently stable and sustainable to cover all necessary expenditure without detriment to individual Unions. Therefore, we do not see the need to make changes to the current practice which is very good as it is. We are open for any constructive discussions to improve the general financial position of WIPO, so that the global IP system can continue to serve for the good of each and all. Thank you.

385. Vice-Chair: Many thanks to the delegate from the Delegation of the Russian Federation for that intervention. It seems there is nobody else on the list of speakers. In the light of where we stand in the discussion and in the light of the differences in positions between the different delegations, with regard to the central part of this agenda item, but also in light of what you are saying that you want to have a constructive discussion, I would suggest that we take the following paragraph so that we can continue this discussion, even if there is no agreement on this.

386. The Program and Budget Committee (PBC) decided to continue the discussion on the methodology for the allocation of income and expenditure by Union at the 38<sup>th</sup> session of the PBC, *inter alia*, the relevant proposals submitted by Member States during previous sessions.

## **ITEM 18 CLOSING OF THE SESSION**

387. Chair: Thank you very much Vice-Chair for the smooth conduct of some difficult items on our agenda that we have just managed to successfully close. In fact, we have gone through almost all agenda items foreseen for this planned PBC session. The only outstanding agenda



item is the last one, Agenda Item 18, Closing of the Session. Before we close the session, I would like to ask the Secretariat to show on the screen if it is possible all the decisions that have been taken just to allow the Delegations to see how much we have managed to do. This is the result of our work.

388. Delegation of Mexico: Thank you, Mr. Chairman. I do not know if this is a mistake but the text on Agenda Item 16 which states “based on the views of Member States expressed in document WO/PBC/35/7 Annex I” is repeated twice. I do not know if you need to say that again?

389. Vice-Chair: Yes, this is the final version of the text we have agreed. There is reference to the fact that the Secretariat will update the document based on the views of the Member States expressed in that document and submit it to the 38<sup>th</sup> PBC session. It seems to be a repetition but in fact it is not a duplication. Distinguished Delegation of Mexico, I think this is answering your question.

390. Chair: I thank the Vice-Chair for the explanations and thank the Distinguished Representative from Mexico for the intervention. Since we have the Director General of WIPO with us, allow me to now give the floor to His Excellency Director General of WIPO, Mr. Daren Tang for his concluding remarks.

391. Director General: Thank you Chair. At the beginning of this week, we wished you and the Committee the very best in your deliberations. Those wishes, along with the hard work, have resulted in a Thursday ending of this Committee. Those of you who were with us last year recalled that it was a very different situation. We ended at midnight. Thank you Chair for your excellent work in achieving this result, allowing us to enjoy a little bit of the sunshine of a lovely summer’s day here in Geneva. When I opened this meeting, my opening remarks talked about our joint goal of building a more inclusive IP ecosystem and bringing the benefits of IP to all and of working very hard with all of you to not just have this as a vision, but also as a reality on the ground. I am very pleased with the extensive engagement of the Member States in the lead up to the Program and Budget Committee, and the support of the Group Coordinators whose indefatigable work shepherding the very diverse members that they take care of, alongside the guidance and your engagement, commitment and dedication, plus the Vice-Chair, and your experience. I know that the Vice-Chair was the former Chair, and you were the former Vice-Chair. We have had a number of very notable achievements this week. We have been able to get the Capital Master Plan endorsed. We have been able to settle the issue of the arrangements for After-Service Health Insurance with the approval for the establishment of a multi-employer plan. We have been able to consider the reports relating to our audits in finance and governance. We have been able to hear your views on our performance of the last biennium. These documents will proceed to the WIPO General Assemblies next month. I want to take this opportunity to also pledge to you our continued open and transparent way of working with all the Member States. Many of you have engaged with us in bilaterals and in regional groups in the lead up to this Committee meeting. We want to continue working that way. We thank you for your suggestions, advice and guidance as it helps us to work better. It helps us to build trust with you so that you know that we are working for you as the Member States and know that we are working altogether collectively for the good of the people out there. Just as a last word, I want to take this chance to thank my colleagues in the Secretariat. I turned up at the opening session and of course I watched very closely. The hard work here throughout this week has been my colleagues here on the podium every day with the Chair and Vice-Chair. You know many of them very well. These are my colleagues in the Administration, Finance and Management Sector. Thank you to all of you for that. I would be remiss if I did not also thank the colleagues in conference services, interpreters, and of course all of the technical administrative staff who work very hard behind-the-scenes, often quite invisible, to make sure that we have the best possible environment for the meetings. Chair, I once again thank you and the Vice-Chair your leadership and guidance. As we enter the next chapter of the MTSP, we at WIPO look

closely to continue our work with energy and purpose so that IP really is a powerful catalyst for innovators and creators everywhere. Finally, for those of you who are based in Geneva, enjoy a well-deserved early week. For those of you who are travelling back to their capitals, have a safe and comfortable journey back. Thank you so much.

392. Chair: I thank his Excellency Director General of WIPO, Mr. Daren Tang, for his concluding statements. I would like to echo his words of gratitude directed to all the parties involved in the successful conduct of this PBC session in the Secretariat, including the conference services, interpretation service, and of course I direct these words of gratitude to you, honorable delegates, distinguished representatives of the Member States because it is mainly your effort that has contributed decisively to the successful closing of this PBC session. Before I close the session, I would like to ask for the very last time whether any delegation that would like to take the floor at this stage of our deliberations?

393. Delegation of Poland: Honorable Director General, Honorable Mr. Chair, dear colleagues, Mr. Chair, on behalf of the CEBS Group, let me thank you and your Vice-Chair for your skillful guidance during the work of the 37<sup>th</sup> PBC session. Your work and dedication enabled us to achieve significant progress during the week and finish our work even ahead of time. We also extend appreciation to the Secretariat for their excellent work and efficient efforts invested in the preparation and advancement of the work of this Committee. Likewise, we would like to thank the interpreters and Conference Services. Let me also express our gratitude to all the Regional Coordinators and Member States and for their tireless efforts and cooperation in the spirit of reaching agreement on important matters discussed during the Committee 37<sup>th</sup> session. CEBS group notes the progress achieved during this week. We appreciate constructive engagement of all the parties involved and look forward to continuing our discussions in the future. We confirm our commitment to further work on some of the matters that have been raised and discussed during this session in a run-up and during the future sessions of the Program and Budget Committee. I thank you, Mr. Chair.

394. Delegation of the Netherlands: Thank you Mr. Chair. Netherlands has the honor to deliver this closing statement on behalf of Group B. Group B would like to thank you, Mr. Chair, for your leadership, as well as the Vice-Chairs and Secretariat for their hard work during this 37<sup>th</sup> session. Moreover, we would like to thank the interpreters and conference services for their professionalism and availability. We note with satisfaction the adoption of many decisions that are of great importance for the financial health and efficient functioning of this organization. Group B would like to stress once more its strong preference to move the General Assemblies back to the fall, in order for all of us to have sufficient time for the preparation of the meetings of both the PBC, as well as the General Assemblies. Mr. Chair, Group B remains committed to contributing constructively to the work of the PBC. Thank you very much, Mr. Chair.

395. Delegation of China: Thank you Chair. The Delegation of China wishes to thank the Chair, the Director General and the Secretariat for your preparation of this PBC which has contributed to the successful PBC session. With the skillful and able leadership of the Chair and Vice-Chairs and the active engagement of all parties, this session has completed discussion of all agenda items efficiently. The Delegation of China thanks different parties for their flexibility and constructive spirit during our discussions. We would also like to thank the interpreters, technical team and other staff members for their high-quality service. The Delegation of China will continue to support and constructively be engaged in the future work of this Committee. To conclude, I wish those colleagues who are returning to their capitals a safe journey home. I wish all Geneva based colleagues a happy Friday and a happy weekend. Thank you.

396. Delegation of Iran (Islamic Republic of): Thank you, Mr. Chair. The Asia and Pacific Group extends its appreciation to the Director General for his closing remarks. Our special thanks go to you, Mr. Chair, and your Vice-Chairs, for your professionalism and excellent guidance throughout the deliberations during this week of negotiations. We appreciate the

efforts by the Secretariat for the preparation leading up to this meeting and during this session of the PBC. We also appreciate the great efforts made by all other regional groups for their flexibility and constructiveness towards great achievements and outcomes of this PBC session. To conclude, we wish all the colleagues all the success and look forward to working with all of you in the General Assembly sessions in July. Thank you, Mr. Chair.

397. Delegation of Kenya: Thank you very much, Mr. Chair. The Delegation of Kenya is honored to deliver these closing remarks on behalf of the African Group. The African Group thanks you, Mr. Chair, and your Vice-Chairs, for excellently steering the affairs of this session of the Program and Budget Committee. We also extend our appreciation to the Director General, the Secretariat, interpreters, and all WIPO staff, for their admirable dedication, commitment and professionalism. We thank other delegations for the excellent cooperation and flexibility shown during the session, resulting in a number of achievements. In closing, let me reiterate the African Group's commitment and support to the work and function of the PBC and our continued readiness to work constructively with other delegations in future sessions of the Committee. Thank you.

398. Delegation of the Russian Federation: Thank you very much, Chair. The Delegation of the Russian Federation would like to convey its gratitude to you, Mr. Chair and to your Vice-Chairs. We would also like to thank the Director General, Mr. Tang, as well as the ADG, Mr. Andrew Staines, our esteemed delegates, dear representatives of the Secretariat and the interpreters. We would like to thank you for the preparation of this session, which in our opinion, was a high-quality session. On our end, we would like to note with satisfaction the effective work of the 37<sup>th</sup> PBC session. We believe that the decisions that have been taken reflect an active participation and a flexible multi-stakeholder approach from the Member States to fulfill the mandate of this committee. The Delegation of the Russian Federation continues to be open for future joint constructive work, to build a balanced and effective global IP system, which in its turn, will be a strong driver for global and innovative development and economic growth for the good of all. Thank you very much.

399. Chair: I thank you for the statement. I would like to thank for the kind words addressed to the Chair, Vice-Chairs, Secretariat, conference services and interpreters. I can only echo these words. If there are no other requests for the floor, I declare the 37<sup>th</sup> session of the PBC closed. I wish you a very good afternoon, and the rest of the week, and the weekend. You deserve it. We all deserve it. Thank you very much.

[Annex follows]

**ANNEX: LISTE DES PARTICIPANTS / LIST OF PARTICIPANTS**

I. ÉTATS MEMBRES/MEMBER STATES

*(dans l'ordre alphabétique des noms français des États/  
in the alphabetical order of the names in French of States)*

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