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REPORT OF THE FIRST SESSION OF THE PROGRAM AND BUDGET COMMITTEE

adopted by that Committee on April 28, 1999

1. The first session of the WIPO Program and Budget Committee, hereinafter referred to as “the Committee,” was held at the headquarters of WIPO from April 26 to 28, 1999.
2. The members of the Program and Budget Committee are the following States: Algeria, Bulgaria, Canada, Chile, China, Colombia, Croatia, Ecuador, Egypt, France, Germany, Hungary, India, Jamaica, Japan, Mexico, Morocco, Netherlands, Nigeria, Norway, Pakistan, Paraguay, Philippines, Republic of Korea, Russian Federation, Senegal, Slovakia, South Africa, Sri Lanka, Switzerland (*ex officio*), United Kingdom, United States of America and Uzbekistan (33). The members of the Program and Budget Committee which were represented at the session were the following: Algeria, Canada, Chile, China, Colombia, Croatia, Ecuador, France, Germany, Hungary, India, Jamaica, Japan, Morocco, Mexico, Norway, Pakistan, Netherlands, Philippines, Republic of Korea, Russian Federation, Senegal, Slovakia, South Africa, Switzerland (*ex officio*), United Kingdom and United States of America (27). In addition, the following States members of WIPO but not members of the Program and Budget Committee were represented by observers: Argentina, Bangladesh, Belgium, Brazil, Cameroon, Cuba, Ethiopia, Finland, Ghana, Guatemala, Haiti, Indonesia, Italy, Kenya, Latvia, Lithuania, Luxembourg, Madagascar, Malaysia, Panama, Poland, Spain, Tunisia, Ukraine, Uganda, Viet Nam and Zimbabwe (27).

* This document reproduces document WO/PBC/1/6, with the List of Participants at Annex.

3. Discussions were based on documents A/34/2 - WO/PBC/1/2 (“Draft Program and Budget”) and A/34/2 Rev. – WO/PBC/1/2 Rev. (“Revision of Annex 10, Draft Program and Budget”), WO/PBC/1/3 (“Policy on Reserve Funds and Surpluses”), WO/PBC/1/4 (“Program Performance in 1998”) and WO/PBC/1/5 (“Accounts for the 1996-1997 biennium”) and its corrigendum.

4. The session was opened by the Director General of WIPO, who welcomed the participants.

5. The Committee unanimously elected Mr. Arturo Hernández Basave (Mexico) as Chairman and Mr. Vladimír Banský (Slovakia) and Mr. Eric Mayoraz (Switzerland) as Vice-Chairmen of the Committee.

6. The Chairman invited any observations on the revised draft agenda contained in document WO/PBC/1/1 Rev. In the absence of any comment, the revised agenda was adopted.

Draft Program and Budget for the biennium 2000-2001

7. Discussions were based on documents A/34/2 – WO/PBC/1/2 (“Draft Program and Budget”) and A/34/2 Rev. – WO/PBC/1/2 Rev. (“Revision of Annex 10, Draft Program and Budget”).

8. The Director General introduced the document and emphasized that the program and budget was based on a global intellectual property development strategy. WIPO needed, in the next millennium, to unleash its great potential, and its great resources which were not its funds but its complementarities and synergies. Four points had to be noted as background for discussion: first, the growth in the number of international applications under the PCT; second, the great potential of a significant expansion of the Madrid System for the international registration of marks; third, the requirement for developing countries to comply with their obligations under the TRIPS Agreement by the year 2000; and fourth, the many important on-going programs, such as those related to progressive development and codification of international intellectual property law, the establishment of the Global Information Network and the development of disciplines and standards such as in electronic commerce, electronic communications and business. Regarding the budget, the Director General highlighted six points. Firstly, the total variation of the budget was 8.1 per cent, consisting entirely of program variations (see Annex 9 of the document). Second, the cost variation of the budget was practically zero; the 1.3 per cent annual inflation forecast (see Annex 3) led to 2.6 to 3.9 per cent variations in non-staff costs (see Annex 8). This was almost exactly offset by a negative cost variation in staff costs, which were now lower than for the current biennium. Third, the 8.1 per cent program variation, which is equivalent to 30.7 million Swiss francs, was made up of growth in certain market sectors and was not derived by the Secretariat, i.e., they were services (such as the PCT and electronic commerce) which were provided to the users of WIPO. The Director General reminded the Committee that WIPO had two constituencies: Member States and the market sector. This direct demand for WIPO services by the business community was what distinguished WIPO from other United Nations organizations and programs. Fourth, the budget of the fee-financed Unions constituted over 90 per cent of WIPO’s income. The desire for zero program variation reflected to a certain degree the need not to have an increase in Member States’ contributions. This was not applicable to WIPO, since a formal proposal had been made so the contributions for the years 2000 and 2001 would be 10 per cent below those for 1999, which were themselves 10 per cent below those in 1998. Fifth, it was proposed to reduce again PCT fees by an average of 13 per cent effective January 1, 2000. The cumulative effect of this

13 per cent cut with the two earlier PCT fee reductions in 1998 and 1999 would be a 29.2 per cent reduction in the income of WIPO. Without any of the three reductions, PCT income in the 2000-2001 biennium would have been 421.6 million Swiss francs, a difference of some 123 million Swiss francs. Sixth, the result of these proposals was that while there was a program variation of 8.1 per cent, the program cost to the Members States and PCT applicants decreased by 10 per cent and 13 per cent respectively. This was a 'do more with less' budget approach. Finally, the Director General reiterated his objective of depoliticizing the international debate on intellectual property, this being necessary as the global agenda had never been so complex and demanding, requiring new approaches and resources. He counted on the support on the members of the Committee to make this objective a reality.

9. The Delegation of Japan, speaking on behalf of Group B, welcomed the focus on consultation, transparency, modernization and management reform, including greater accountability, all of which, it felt, must be maintained and further enhanced. Progress had clearly been made in strategic budgeting and the development of performance indicators. Group B did not share a common position on the proposed budget increase of 8.1 per cent but recognized that this was a significantly lower increase than in previous biennia and trusted that the downward trend would continue in future budgets. This should be achieved through greater efficiency gains, streamlining and increased use of information technology, ensuring the efficient use of funds. The Delegation argued that increases in important areas such as technical assistance did not necessarily mean an overall budget increase. On the subject of PCT fees, Group B welcomed the proposed reduction but believed that further cuts were feasible. The Delegation was concerned about the apparent *ad hoc* approach to cuts, which seemed to relate mainly to WIPO's budgetary concerns. There was a need for a long-term approach to the development of a strategic system for the management of PCT fee reductions. The Delegation reiterated the statement it had made at the March 1999 session of the Coordination Committee on the need for a clear linkage between the budget and appointment of staff. The Coordination Committee should only be allowed to approve appointments within the limits of the program and budget for the biennium in question. The Delegation also felt that the number of senior staff posts was very high and asked the Secretariat to carry out a study on the Organization's rules and procedures of appointment both for consultants and regular posts.

10. The Director General drew the attention of the Committee to document A/34/2 Rev. – WO/PBC/1/2 Rev. containing a revision of the number of posts as approved by the Coordination Committee in March 1999. He noted that the approach taken by the Secretariat and the decision of the Coordination Committee were fully compatible with previous practices. The Director General welcomed the proposal by the Delegation of Japan to modify the practice of appointment and expressed his support for implementing the new approach of restricting appointments within the limits of the approved number of D1 positions. He also noted that, as a result of the new approach, the Coordination Committee would lose the authority of reclassifying posts from P5 to D1. With regard to the proposal for a long-term approach on PCT fee reduction, the Director General welcomed this recommendation and appealed to the Member States to depoliticize the issue of PCT fee reductions. The Director General fully supported the call for budgetary discipline as emphasized by the Delegation of Japan and considered this more appropriate when compared to a zero-growth budget policy.

11. The Delegation of Panama, speaking on behalf of the Group of Latin American and Caribbean Countries (GRULAC), said that the first objective of the draft Program and Budget for the 2000-2001 biennium should be to highlight the work of WIPO in the long-term and not to confine itself to short-term prospects. The Organization was facing new and unavoidable responsibilities, such as traditional knowledge, folklore and biodiversity. The Delegation felt that the draft Program and Budget accurately reflected the situation

concerning WIPO's competence for the future and set out how the Organization would meet its goals as determined by Member States and civil society. The Group believed that the budget growth of 8.1 per cent was realistic, as demand for WIPO's services would grow and new activities were being undertaken. The Delegation was pleased to note that the increase would not affect Member States' contribution levels nor the users of the registration Unions. The Group believed that the draft Program and Budget document recognized the problems of many developing countries and sought to help them. The Delegation placed particular importance on the work of Program 08 – The WIPO Worldwide Academy and Human Resources Development, because of its strategic importance in terms of policy-level and professional training. However, the Delegation considered that the budget increase allocated to the Program on cooperation for development was very small in so far that it was only 11.4 per cent. Furthermore, this Program collects certain activities such as Biodiversity, folklore protection and WIPONET among others, which are of global interest and not only to developing countries, thus being more appropriately placed under Program 11. Nonetheless, with the proposed program structure, the resources available for cooperation for development are further reduced. The Delegation also expressed the need to reinforce protection of copyright, bringing it to a similar level as that for industrial property protection.

12. The Delegation of the Russian Federation said that the document clearly reflected all the tasks faced by the Organization and gave its support to the reduction in Member States' contributions and the budget increase of 8.1 per cent. The Delegation wished to increase its cooperation with WIPO by re-establishing an annual training course on intellectual property in Moscow. The Delegation also identified the program on copyright as an area of particular interest, as well as those activities which enabled Member States to meet their obligations under the TRIPS Agreement.

13. The Delegation of India, speaking on behalf of the Asian Group, congratulated the Director General on the draft Program and Budget presented for the 2000-2001 biennium and gave its support to the proposed budget increase. The document had been transparently prepared and was a very attractive publication. The Delegation welcomed and supported the proposals contained therein, as well as the added system of evaluation through expected results and performance indicators. The transparent series of consultations with Member States was appreciated. The Delegation noted that the Director General had attempted to balance the need for budgetary restraint with meeting the added responsibilities of the next millennium. The Delegation noted that developing countries were still coping with the implementation of the TRIPS Agreement and that they needed assistance in responding to intellectual property-related issues. To adequately meet these challenges, the Delegation felt that it was vital to extend the scope of technical assistance given to developing countries. The Delegation drew attention to the need for enhanced funding for developing country delegates to attend technical meetings of WIPO. Increased funding would provide for the exposure of developing country experts to intellectual property issues and would allow them to participate from an informed perspective. The Delegation noted with satisfaction that developing countries' concerns, such as the protection of traditional knowledge, the clear understanding of the dimensions of intellectual property protection as applied to biotechnology and biological diversity, the protection of folklore, its preservation and commercial enhancement and the intellectual property implications of electronic commerce, had been taken note of in the program and budget for the next biennium. WIPO's activities in these areas should focus on the creation of mechanisms and practices for equitable protection. However, the Delegation was concerned that the Asian Group's request for the protection of handicrafts had not been addressed in the draft document. It was their hope that the International Bureau would address this concern during the biennium, and that a suitable mechanism would be devised for agreed norms on the protection of handicrafts. In conclusion, the Delegation

reiterated its view on the need for ensuring equitable geographical representation in the recruitment and staffing of the International Bureau.

14. The Delegation of Uganda, speaking on behalf of the African Group, commended the draft Program and Budget document for the 2000-2001 biennium for its user-friendly presentation with well-defined objectives, strategies, activities and performance indicators and gave it its full support. The Delegation believed that intellectual property rights were a critical element in the protection of the bundle of rights for innovators, which facilitated technological development. It was critical; however, those rights were not used as an impediment in the transfer of technology to developing countries, which was badly needed if they were to be fully integrated into the global economy. The Delegation commended the informal consultations on the draft Program and Budget as a process, which enhanced the transparency of the working of the Organization. The Delegation was pleased to note that the current program and budget contained a package that was broad enough to embrace the interests of the Organization's divergent Members, and bold enough to reflect the dynamic change required, especially in the development challenge. The Delegation wished to take particular note of Program 06, which dealt with cooperation with developing countries. The African Group noted its slight increase in resources for the next biennium. Given the importance that the Group attached to this Program and the African Region's increasing needs in intellectual property issues, the Delegation hoped that adequate resources would be provided for the implementation of these activities. In the same vein, the Delegation urged the International Bureau to facilitate the participation of more experts from developing countries in the various standing committee meetings. The African Group appreciated the steps taken by the Organization to promote international and regional cooperation for the establishment, modernization, administration and utilization of the intellectual property system for the overall advancement of developing countries and the particular assistance given to address the specific needs of Least Developed Countries (LDCs). The Delegation suggested, as a positive move, the broadening of the scope of recipients for WIPO technical assistance to non-traditional partners such as policy-makers, government officials of various ministries, non-governmental organizations and civil society in general. The Delegation also looked to WIPO to play its role in diminishing the existing marginalization in many intellectual property areas and would follow with keen interest the WIPO Global Information Network (WIPO_{NET}). In this regard, the Delegation urged the International Bureau to provide the necessary technical assistance to developing countries so as to ensure that the great disparities which existed globally in the levels of Internet penetration were redressed to allow for accessibility to the opportunities offered by the advancement in information technology. The Delegation noted that new global issues, such as the protection of traditional knowledge and folklore and biological diversity, were of particular importance to developing countries. They required active exploration, research and effective responses to the challenges they posed to the intellectual property system. In conclusion, the Delegation called for closer cooperation between WIPO and other international organizations, like the World Trade Organization (WTO), the United Nations Conference on Trade and Development (UNCTAD) and the International Telecommunications Union (ITU), in order to better serve the interest of developing countries.

15. The Delegation of Mexico fully associated itself with the statement made by the Delegation of Panama on behalf of GRULAC. The Delegation stressed those programs covering assistance to developing countries in the fields of electronic commerce and intellectual property protection. The Delegation expressed its interest on the protection of folklore and promotion of popular knowledge, and announced its interest in Mexico becoming the host of one of the meetings on folklore protection included in sub-program 11.3; to this end, further contacts with the Secretariat would be expected. The Delegation felt that the training of human resources was the basis for strengthening and developing the intellectual

property system and that the provision of mechanisms to exchange experiences in arbitration and mediation in the settlement of intellectual property disputes was essential. The Delegation would support consensus on the proposed reduction in Member States' contributions and PCT fees but cautioned against any immediate further reduction in the level of PCT fees. The Delegation concluded that, in its view, any surplus from PCT income should be used for additional assistance to developing countries rather than for further fee decreases.

16. The Delegation of Bangladesh noted with satisfaction the way in which the draft Program and Budget for 2000-2001 had been prepared. On the issue of electronic commerce, the Delegation noted that three regional meetings had been proposed under the draft Program and Budget, with a view to creating awareness of the issue in developing countries. The Delegation emphasized the need for LDCs to be involved in the discussion process and proposed that a fourth regional meeting be organized solely for LDCs on the issues of intellectual property rights and electronic commerce. In connection with sub-program 06.1, the Delegation expressed its appreciation for the activities of the International Bureau, but added that work needed to be carried out under Article 27.3(b) of the TRIPS Agreement on the issue of the rights of farmers, local communities and indigenous people, as these were matters of paramount importance to LDCs. Such work would require, in the view of the Delegation, enhanced cooperation between WIPO, the WTO and UPOV. In line with previous speakers, the Delegation requested the International Bureau to undertake a sustainable program on handicrafts. The program should be distinct from WIPO's existing activities on folklore and traditional knowledge. In conclusion, the Delegation drew attention to the fact that participation in WIPO meetings by developing countries was an important element in its own right and that this was even more of a necessity for the LDCs. The Delegation proposed that a transparent and structured policy on WIPO-funded participation be developed, based on objective and well-defined criteria.

17. The Delegation of the Republic of Korea, in referring to the difficulties experienced by developing countries in implementing the TRIPS Agreement, called for a mechanism to help them benefit more from the Agreement and further assist them with intellectual property rights-related issues. The Delegation also made a proposal for a further PCT fee reduction, which would, in its view, contribute to the expansion of the PCT system. Specifically, the Delegation proposed that PCT fees for applications filed by natural persons in countries with *per capita* income below US\$3,000 could be reduced by 90 per cent, and for countries with *per capita* income between US\$3,000 and US\$10,000 a reduction of 50 per cent. The increase in the number of countries eligible for these reduced rates may increase the number of PCT applications, thereby increasing total revenues from PCT application fees.

18. The Delegation of China thanked the Director General for the well-presented document and stressed the importance of the two vital roles of WIPO; delivery of effective and efficient services to members and the promotion of user-markets on an international level. It further welcomed the evaluation of program activities and the development strategy of globalized intellectual property issues. It noted that the development of human resources and professional training would remain priorities for the forthcoming biennium. The Delegation proposed three areas of priorities: first, training of trainers for the intellectual property; second, financial assistance for the participation of delegates from developing countries at WIPO's technical meetings; and, third, that intellectual property training should not exclude diplomats from the Permanent Missions in Geneva, for whom the Organization could arrange briefing sessions and basic knowledge learning to enhance their understanding of intellectual property issues.

19. The Delegation of Pakistan appreciated the document and its strategic vision that took into account many complex challenges facing WIPO. It suggested that it should not only be treated as an accounting document, but viewed as a strategic tool that imparted direction to the Organization. The Delegation supported the proposed budgetary increase of 8.1 per cent taking into account the increasing tasks required to be performed by WIPO. It stated that, although budgetary discipline was important, the rigid application of certain concepts, such as zero-growth, could have significant and unfortunate effects by weakening the capacity of the Organization to effectively carry out its mandates. The Delegation stated that use of part of PCT fees to fund non-PCT activities was quite justified, as those activities were to ensure the creation of a more conducive global environment for the protection of intellectual property rights, thereby serving the interests of private rights holders. The Delegation supported greater participation from developing countries and LDCs at WIPO technical meetings and asked for increased financial assistance from WIPO in this regard. It endorsed the proposal from the Delegation of China on briefing Geneva-based diplomats on intellectual property issues and suggested further consultations with the International Bureau on how to structure these briefings.

20. The Delegation of Indonesia stated that the development of intellectual property rights was an important priority. To this end, closer cooperation with WIPO, including participation in meetings conducted by the Organization, was very important. However, the Delegation noted that, due to budgetary constraints, participation was difficult for capital-based officials and experts and suggested that increased funding to assist the greater participation of developing countries in meetings of WIPO and its Committees be considered.

21. The Delegation of Jamaica referred to the challenges faced by developing countries in the next decade and expressed the view that several developing countries had not yet mobilized adequate resources, including institutional capacity and the necessary skills that were required to keep pace in a fast changing world in which information and knowledge are a source of wealth accumulation. The Delegation referred to the backlog of social and economic needs to be met in developing countries and the importance which information technology, communication and intellectual property could play in creating the necessary capital base to ensure sustainable development. WIPO, as the organization with the mandate to share intellectual property, as well as to protect and enforce intellectual property rights, had an unrivaled opportunity to make such a contribution. The Delegation, in support of the Program and Budget, the efficient use of funds and the effective attainment of several programs, also commented briefly on the other three documents before the Committee, namely the accounts for the biennium 1996-1997, Program performance in 1998 and Policy on Reserve Funds and Surpluses. The Delegation noted that the period of transition for TRIPS implementation would end and expressed the fear that a majority of developing countries would not be in a position to discharge their TRIPS obligations. WIPO should review its contribution to the technical assistance activities in connection with the WTO to ensure that the designated funds were used effectively.

22. The Delegation of Ukraine noted with appreciation the draft Program and Budget which in its opinion will enable WIPO to tackle the challenges facing intellectual property in the next century. It also appreciated that the programs devoted to its region were taking gradual importance in WIPO; in particular, cooperation with Certain Countries in Europe and Asia and the WIPO Worldwide Academy. The Delegation expressed its interest in having closer consultations with WIPO on determining the impact of intellectual property protection on economic development in Ukraine, on organizing an annual seminar for scientists and scholars in Ukraine and on receiving advice on the use of intellectual property information services.

23. The Delegation of Ecuador said that it was interested in the development of the Worldwide Academy and programs on folklore, traditional knowledge and biotechnology. It was not clear to the Delegation how a reduction in PCT fees would benefit the development of intellectual property. The Delegation supported the use of reserve funds for funding new activities and recommended the drafting of projects in different fields that should be identified in the light of the needs of each region.

24. The Delegation of Morocco supported the draft Program and Budget for the 2000-2001 biennium, which was based on fundamental principles of transparency and clarity. The Delegation endorsed the view of earlier speakers concerning the significant need for technical assistance to developing countries and noted the increase in the activities of the Worldwide Academy and the importance given to the protection of folklore. With regard to the development of Intellectual Property law, the Delegation hoped that more funds and effort would be allocated for work on protection issues. The Delegation supported the need for financial assistance to developing countries to enable them to participate in the technical meetings of WIPO.

25. The Delegation of Cuba noted the proposed reductions for PCT fees and the contributions of Member States. It sought clarification as to how they would affect the planned activities of the Organization. The Delegation attached great importance to cooperation and human resources development and noted with appreciation that the document contained a flexible and stimulating approach for assistance to developing countries. The Delegation further advocated the participation of developing countries in the progress of intellectual property law, which was fundamental to international cooperation and the protection of rights.

26. The Delegation of Guatemala welcomed the budget increase in Program 06 - Cooperation for Development, justified by the increasing array of challenges and obligations confronting developing countries. At the same time, the Delegation stressed the importance of supporting national offices of intellectual property in their modernization, automation and training of their staff, as well as government officials of other institutions directly involved in the protection of intellectual property. Concerning the WIPO Worldwide Academy, the Delegation noted its fundamental role in human resources development, asked for an increase in their budgetary resources and welcomed the possibility that staff from missions posted in Geneva could also benefit from its training.

27. The Delegation of Slovakia supported the proposed 8.1 per cent budget increase, which was lower than in previous years and noted that a rigorous budget discipline had been maintained. It appreciated that recruitment was based on the careful selection of staff with experience in intellectual property protection, automation and administration, as well as persons with experience in Foreign Service with a broader vision for the future development of WIPO. The Delegation noted with satisfaction the continuous growth of WIPO through additional income coming from the PCT, publications and Member States contributions and hoped that the revenues would be used in a cost-effective and result-oriented manner. It supported the reduction in PCT fees and the contributions of Member States. The Delegation welcomed the objectives set out in the program on Cooperation with Certain Countries in Europe and Asia aimed at reforming and strengthening intellectual property systems in countries in transition. The program further defined the expectations of those countries in promoting public awareness of intellectual property issues, where WIPO assistance was needed. In referring to the recent visit of the Director General to Slovakia, the Delegation restated its request for WIPO assistance.

28. The Delegation of Japan stated that it supported a policy of zero-growth budget for United Nations organizations. However, the Delegation would support the proposed program and budget for the biennium 2000-2001 whilst recognizing the efforts made by the Director General to reduce PCT fees further and the positive attitude towards its position of returning the benefits of the PCT to users. The Delegation further supported the creation of the WIPONET as it would help disseminate Intellectual Property information and suggested that further PCT automation should be contemplated. The Delegation hoped that the PCT would be concluded successfully in the year 2000 resulting in the harmonization of substantial issues. The Delegation further expected that the Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications would compile provision for the protection of well-known marks and that the Standing Committee on Copyright and Related Rights would continue the drafting of the protocol concerning audiovisual performances.

29. The Delegation of the United States noted with appreciation the increased emphasis on program results and performance indicators and proposed that WIPO should reinforce this approach by moving further towards performance-based budgeting. The Delegation stated that after large increases in the previous two biennia, it could not agree to the proposed 8.1 per cent increase for the next biennium. The Delegation said that in spite of its accuracy, the 8.1 per cent growth was only the tip of the iceberg of WIPO's growth. It further suggested to consolidate expenditures of some 200 million Swiss francs for the new premises and other projects covered under the Special Reserve Fund with the regular budget. With regard to increased efficiency and savings, the Delegation proposed that the number of meetings and their duration could be reduced. On the subject of PCT fee reduction, the Delegation said that there was a possibility to decrease it more than the proposed 13 per cent and that the level should be frequently reviewed to avoid generating surpluses as had been the case in the past. In addition, the Delegation suggested a cap on the percentage of the budget derived from PCT fees. The Delegation concluded that WIPO should include sunset provisions in its programs, as no program should be assumed to continue indefinitely but should have a specific timeframe for its implementation.

30. The Delegation of Switzerland referred to specific objectives for WIPO, namely greater transparency and accountability, streamlining of procedures, better control and monitoring of goals, objectives and results, whilst avoiding those activities which give rise to over-bureaucratization and thus to the detriment of efficiency. The Delegation recognized the need for resources to achieve objectives and supported the proposed 8.1 per cent increase, bearing in mind its principle of zero-growth budget for international organizations. The Delegation suggested that WIPO should set clear priorities and make better use of the communication technology that was available. To help create a better dialogue in the future, more intellectual property specialists would need to be trained to achieve a better access to information through WIPO. The Delegation also recalled the need to train experts in the Organization's Website and Internet access and complimented WIPO on its efforts in electronic commerce.

31. The Delegation of Brazil gave its fullest support to the content of the draft Program and Budget for the 2000-2001 biennium and stressed the importance of understanding that the fundamental cornerstone of WIPO activities was the gradual development of international law to protect intellectual property as a whole, together with cooperation for development. The Delegation further underlined the need to define important tasks to be pursued in areas such as biodiversity and traditional knowledge, as well as the need, as earlier mentioned by the GRULAC coordinator, to give copyright equal weight with industrial property. The Delegation also recalled that in December 1999, the transition period for implementing the TRIPS Agreement by developing countries would come to an end. It was therefore important to have WIPO's activities even more enhanced than they had been in the past, linking WIPO's growth to the implementation of the TRIPS Agreement by developing countries, particularly

in terms of human resources training. Electronic commerce was mentioned as another topic of particular importance. Finally, the Delegation of Brazil supported the proposal to reduce Member States' contributions.

32. The Delegation of the United Kingdom fully endorsed the Group B statement and welcomed the on-going management reforms and open consultative approach adopted by WIPO. The Delegation particularly welcomed the progress made by WIPO in introducing strategic budgeting and the development of performance indicators. This approach would greatly help Member States and the Organization in determining how well WIPO was achieving its objectives. The Delegation complimented the Secretariat on the clear format of the draft Program and Budget. It recognized the growth in demand for WIPO services and the importance of its work, such as on automation projects and technical assistance to developing countries, in particular on issues related to the implementation of the TRIPS Agreement. The Delegation expressed its concern on the 8.1 per cent budget increase proposed by WIPO, especially following the 25 per cent increase in the previous biennium, and indicated its expectation to see efficiency gains from WIPO's management reforms. The Delegation was ready to accept that WIPO needed the resources to respond to an increased demand for its services, and that there was a case for growth in a number of key areas such as PCT automation, WIPONET, electronic commerce and technical assistance to developing countries. These areas reflected WIPO priorities which were shared by the United Kingdom. However, the Delegation did not believe that there should be a corresponding level of growth in other areas of the budget. The Delegation was concerned, in particular, at growth in areas such as general support services. The Delegation wanted to see WIPO use the efficiency gains from management reforms to absorb costs, especially support costs, from increased and new activities.

33. The Delegation of Canada fully associated itself with the Group B statement and stated its policy of zero nominal growth for budgets of United Nations organizations. At a time when most national and corporate budgets were facing internal and external constraints, WIPO should be expected to adjust its financial settings accordingly. Budgetary restraint was not an end in itself but a current reality in most national administrations throughout the world, and increasingly throughout the United Nations system. The proposal for an 8.1 per cent increase in planned expenditures followed very large increases of 25 per cent and 33 per cent over the last two biennia. WIPO's budget had increased by some 350 per cent since 1986, from US\$30 million in 1986 to US\$134 million in 1999. In contrast, the United Nations Secretariat's budget increased by only 52 per cent during the same period. At this rate of growth, WIPO's budget would soon exceed US\$600 million. While maintaining its concern, in view of the declarations made by other Delegations and the very strong statements of wide-ranging support, the Delegation would not oppose the emerging consensus on WIPO's budgetary proposals. It also praised the changes that WIPO had made in its budgetary process, including greater transparency, the development of performance indicators and results-based budgeting and greater accountability, but noted that the increase from the current level of appropriations presented considerable difficulties. The Delegation urged WIPO to exercise vigorous budgetary discipline in order to incorporate a maximum level of efficiency and to enable the fullest possible absorption of the anticipated additional resources that were required. By exercising careful budgetary restraints, it was possible to achieve even greater efficiency and effectiveness in the implementation of mandated programs and activities without affecting them adversely. Indeed, WIPO was viewed as one of, if not the leading, United Nations organization in respect of transparency, results-based budgeting and greater accountability. The Delegation endorsed the comments made by Group B on the proposed 13 per cent PCT fee reduction, while expressing the view that the level of PCT fees was too high and that greater efforts should be made towards further reductions. Finally, regarding Member States' contributions, the Delegation did not oppose the proposed

10 per cent reduction, but indicated that it was not its policy to seek a decrease in contributions since any reduction in Member State assessed contributions, as part of the overall revenues, would also weaken the voice of Member States' in the Organization. If the overall revenues from the so-called registration systems created greater budgetary surpluses for the Organization, it was the fees that the Organization charged that should be reduced and not Member States' contributions.

34. The Delegation of Germany associated itself with the Group B statement and gave general agreement to the main points of the draft Program and Budget for the 2000-2001 biennium. While seeking zero nominal growth budget as a general rule, the Delegation could accept the proposed budget increase and the way it would be financed on account that the expansion of the Organization was driven by its customers. The Delegation had some concerns about the high level of reserves. The Delegation noted that having too many funds would fit a private company and not a public entity and would also limit the necessary drive towards efficiency. A large amount of expenditures were not contained in the budget because they were financed out of the reserve funds. Therefore, the question of future growth of the Organization should be addressed, including the avoidance of further surpluses. The Delegation wished to put its criticism into perspective, usually the problem with the finances of international organizations was the lack of funds, while at WIPO this was the opposite. In this context, it recalled the French statesman Talleyrand who observed that lack of funds could be a blessing because it prevented spending money on unsound projects.

35. The Delegation of the Netherlands welcomed the budget format used by the International Bureau, which provided a clear picture of the activities WIPO would undertake during the next biennium and indicated in a transparent manner the relation of expenditure and revenues with the various activities. The Program and Budget for the years 2000-2001 was to be considered as a fine example of the result-oriented budgeting procedure that the Delegation supported and promoted in different multilateral fora, clear targets had been formulated, whereas the indicators provided a helpful tool to evaluate program performance. The Delegation supported the overall financial framework of WIPO's budget for the next biennium and indicated that after WIPO's new premises would have been constructed, the level of reserve funds will be somewhere between 50 and 100 per cent of the annual turnover of the Organization, which seemed acceptable. The Delegation agreed to the proposed 8.1 per cent budget increase. WIPO's growth was considered justified for a number of reasons, such as the increasing demand for the services it provided, the dynamic developments in the field of intellectual property and the need for assistance to developing countries in fields like the implementation of the TRIPS Agreement. It raised, however, some questions regarding organizational efficiency, namely the excessive growth of missions of WIPO staff members, some 58 per cent, and the increase in the use of consultants, about 42 per cent. The Delegation conceded that an organization like WIPO, which advocated transparency and openness and promoted dialogue with Member States through easy-to-read draft budgets, made itself vulnerable to easy criticism. Subsequently, the Delegation focussed on some issues concerning individual programs: the lack of an overview of the main indicators responsible for the budget growth in the introduction; the need to reduce the number and duration of WIPO meetings; the request for enhancement of internal coordination and for the clear identification of cross-cutting issues, in order to enhance WIPO's internal coherence, while stressing support for WIPO's involvement and participation in general United Nations affairs, cooperation with United Nations partners and the World Bank in particular; the existence of a code of conduct or guidelines in the context of contracts with private entities; the excessive increase of staff costs, whereas staff numbers remained the same, in the area of Global Intellectual Property Issues; the lack of information on when the WIPONET would be ready and on what the running cost would be; the need for a long-term analysis of PCT applications and of the results the various possible developments might have on PCT

revenues, the annual budget and the surplus management and for ascertaining whether PCT fee reductions would stimulate the number of applications; the need to introduce cutbacks in expenditure in the administrative services, by shortening the assemblies of the governing bodies and by reducing the documentation for meetings.

36. The Delegation of France emphasized that WIPO documents should be received in time in all languages, so as to allow for careful consideration. It fully supported the Group B statement and declared itself satisfied with the progress made at WIPO in the drafting and presentation of the budget, but mentioned that the presentation of the results and indicators still needed some refinement. The Delegation expressed concern that cost variations in certain programs did not seem to correlate with changes in the number of staff. It supported the reforms that the Director General was introducing and congratulated the International Bureau on the modernization of registration activities and technical assistance to developing countries. According to the Delegation, particular attention should be given to normative activities, geographical indications in coordination with the WTO and the training of trainers and judges in dispute settlement matters. On the budget, the Delegation expressed its agreement to the budget increase, linked to the registration activities and technical cooperation. While not in favor of indiscriminate zero-growth budgets, the Delegation felt that resources should be distributed according to needs, and that extrabudgetary funds should also be included in the program and budget. It also mentioned that it was not in favor of a reduction in Member States' contributions, which was liable to result in a loss of commitment on the part of the States. In so far as keeping contributions at their present levels would release additional finance, that finance should be earmarked for technical cooperation activities. The Delegation declared itself in favor of the setting up of a Working Group to work on a general framework for budget development over a number of accounting periods. In particular, it would be a question of working on a new presentation for the budget in such a way as to merge into one item the expenditures and incomes on the various Unions. The Organization could be prevailed upon to set standards for management, in the form of investment, cooperation activities, fee reductions, etc. On staff matters, the Delegation favored a study on the recruitment of staff and consultants. It advocated the recruitment of staff rather than the appointment of consultants wherever possible. In conclusion, the Delegation expressed its support for the idea of reforming control rules, including the revision of WIPO's Financial Regulations and Rules in order to enhance transparency and budgetary control.

37. The Delegation of Norway expressed satisfaction with the modernization and reform of the Organization during the last couple of years and supported the proposed Program and Budget for the 2000-2001 biennium, which provided a clear balance and a strategic approach to the many important challenges ahead. The Delegation emphasized the quality of the document both in its format and its content, with a vision that seemed to go beyond the two-year period under discussion. The Delegation also welcomed the use of strategic budgeting tools and performance indicators, recognizing that WIPO did important pioneering work in this field. It was argued that intellectual property rights could no longer be seen as a self-contained domain since WIPO's activities were closely related to efforts in other fora concerned with economic growth and development. The Director General's analysis of the many important challenges ahead was fully shared by the Delegation, which was of the opinion that WIPO should have an appropriate level of resources in order to cope with the ever-increasing number of tasks and demands. Support to a zero-growth budget approach was not a matter of principle to Norway, particularly for an organization like WIPO, where it needed to respond to the realities of today's world. In view of this, support was given to the 8.1 per cent budget increase, which was seen as a moderate increase compared to the last biennium, particularly since it did not imply an increase in contributions. The Delegation associated itself with the Group B statement, particularly that WIPO must continue to exercise

budgetary discipline and rationalization efforts in order to ensure the best possible use of funds. The Delegation expressed particular interest in the development of the WIPONET, since this global network would be a very valuable tool for the private sector and the program proposals that addressed cooperation with developing countries, in view of the importance of intellectual property systems in the efforts towards greater integration of developing countries into the world economy, including TRIPS implementation and electronic commerce. The particular needs of LDCs were stressed in the program and the Delegation agreed that WIPO could play an important role and make a real contribution to avoid the further marginalization of LDCs. Finally, the Delegation underlined the importance of close cooperation with other actors within the United Nations system, such as the WTO, UNCTAD and ITC, in particular in the field of technical cooperation with developing countries.

38. The Delegation of Chile associated itself with the statement made on behalf of the GRULAC and expressed its satisfaction for the open and transparent manner in which the draft Program and Budget for the 2000-2001 biennium had been formulated. The Delegation supported the proposed document and the different programs included therein. The 8.1 per cent budget increase was only one third the level of the increase approved for the current biennium, which showed a very positive sign towards a more efficient Organization. The Delegation indicated, however, that such a positive sign should not hinder the possibility of earmarking expected surpluses for the reinforcement of technical assistance to developing countries, including the translation of documents into the appropriate languages. The Delegation felt it would be appropriate to establish at this stage a long-term policy on contributions and fees, which would consider on one side the needs of the Organization and on the other side the fair participation of Member States and the users in the financing of those needs. It also expressed the view that, by approving the Program and Budget, principles going beyond the 2000-2001 exercise were being established, which should be preserved and strengthened in the future.

39. The Director General thanked the delegations for the very serious and constructive dialogue and expressed his gratitude, and that of his colleagues, for the intensive and extensive comments, observations and remarks that had been made. In the implementation of the current budget and the future budgets of the Organization, these very useful guiding remarks would be taken into full consideration. The Director General indicated that the International Bureau was fully open for bilateral discussions with any Delegation. The Program and Budget Committee was a single formal event, but formed part of a continuous process of consultation in a total spirit of transparency. Beyond the meeting WIPO was very interested in engaging in dialogue with delegations individually or collectively whenever the need arose. There were many elements that delegations had addressed during the meeting that would certainly require further bilateral discussions, consultations and informal talks. Only through this kind of consultative process would it be possible to build up a global intellectual property development strategy. Therefore, all the points which had been raised had been fully noted and would certainly be further elaborated either separately by the Secretariat or in direct consultation with the respective Delegations. Concerning the issue of consultants, the Director General stressed that all United Nations organizations, the private sector and national administrations utilized such expertise. This was not considered a new phenomenon. WIPO recruited consultants in cases where the Secretariat did not have all the skills to deal with particular matters. The Secretariat was not a "Jack-of-all-trades" and, therefore, when it came to topical, critical or contemporary issues, it needed to deploy skills from outside the Organization. These areas included electronic communications, electronic commerce, global information network, information technology and some global issues that were emerging. Another need for consultants was when WIPO needed a better understanding of a particular region or country, and it was natural in such cases to deploy someone with local knowledge. Delegations should not believe that consultants were recruited at WIPO as a luxury. The

Director General personally took an interest in the appointment of each and every consultant. Delegations also had to take into account that the Organization was expanding and needed the necessary expertise to tackle new mandates. The Director General reminded the Committee of his target never to exceed a ratio of 8.5 per cent in the number of consultants as compared to the number of staff. The Organization currently had 705 staff members and 48 consultants, which resulted in a ratio of 6.8 per cent and did not seem to be at all excessive. With regard to the issue of shortening meetings, the Director General indicated his support, provided that Member States were convinced of the efficiency of such an approach. However, he recalled that a number of delegations emphasized during the meeting of the Assemblies that they did not have sufficient time to deliver their statements and give information on developments at the national level. This was a matter that required a very careful consideration and it should not be for the International Bureau to take a decision on this matter. Concerning the length of documents, the Secretariat had tried in the past to establish shorter documents and shorter reports, but most of the delegations had urged WIPO to provide detailed documentation. However, the Secretariat would be open to any suggestions on this issue.

40. The Legal Advisor of WIPO, in response to a question, addressed the issue of codes of conduct for WIPO staff and noted that the conduct for relations between the Secretariat and the private sector was under review. The Secretariat was also in the process of examining contracting procedures and the use of the name of the Organization in relation to activities that are undertaken with the private sector. The last question was also under discussion within the United Nations Legal Advisers Group.

41. The Chairman underlined at the end of the debate that there seemed to be a consensus with respect to the transparency of the process, satisfaction in the accomplishment of the consultation process and noted a very broad support for the content and format of the Program and Budget document. The innovations that had been introduced had been well received, as well as the fact that this was a budget with clear strategic policy orientations and not only an accounting tool. The Chairman further indicated that there had been a consensus, or at least no objection, to the approval of this draft Program and Budget. Some Delegations had expressed reservations and raised questions but this was perfectly normal in a budget process. He proposed to submit the final report, conveying all the opinions expressed in the debate, to the Assemblies in September this year, so that the budget could be adopted. Since there were no objections to this approach, it was so decided.

Policy on Reserve Funds and Surpluses

42. Discussions were based on document WO/PBC/1/3 ("Policy on Reserve Funds and Surpluses").

43. The Secretariat recalled that the last session of the Assemblies had before it two documents for review, one on reserve fund policy and one on budget surplus. It was also recalled that the Assemblies had decided to defer discussion of a number of proposals to the current session of the Program and Budget Committee. The unfolding of events and the subsequent comments received from Member States on the issues involved made it advisable for the Director General to adjust the initial proposals. These were in front of the meeting in document WO/PBC/1/3. The document provided a detailed description of the current situation on reserve funds and surplus. The Secretariat noted that the document presented a number of proposals for discussion and review, including the following: first, it was proposed to merge the presentation of the nine working capital funds in the Financial Management Report in order to reflect adequately the reality of consolidated treasury operations. Second, it was recommended to maintain the arrangement for the reserve fund of the contribution-financed Unions, the Madrid Union and the Hague Union. Third, an increase of

the PCT Union Reserve Fund was suggested, which only amounted to just over one month of budget expenditure. Fourth, it was proposed to rename the Separation Reserve the "Separation Provision" since this facility, unlike other reserve funds, had on-going credits and on-going expenditure. Fifth, the Special Reserve Fund for Additional Premises and Computerization should be renamed the "Capital Projects Reserve Fund" to reflect adequately the purpose of this reserve. Finally, it was proposed to utilize possible PCT surpluses by applying half to PCT fee reduction and half to capital project activities. The Secretariat emphasized that the Director General did not ask for a decision on the proposals. Rather, the document was intended to provoke discussion and solicit comments from Member States. Following this review process, it was intended to present final proposals for decision to the next meeting of the Program and Budget Committee and the Assemblies. The preparation of this document would reflect the advice received from the Committee. The Secretariat also intended to invite the technical contribution from a small group of financial experts in order to ensure that the proposed arrangements were founded on solid and professional justifications.

44. The Director General noted that the date of decision on the issues involved should remain open since the process of consultation might not be concluded in time for the meeting of the Assemblies in September 1999.

45. The Delegation of Japan, speaking on behalf of Group B, welcomed the document on the Policy on Reserve Funds and Surpluses. It was considered that the document would enhance further the transparency and understanding of WIPO. Since Group B had received the document only a few weeks ago, the Group needed to study the proposals further. In general, the Group believed that a long-term approach to PCT fee reductions and the way of handling the surpluses would need to be found. Note was taken of the several proposals contained in the document and the expectation was expressed that the issues would be discussed further.

46. The Delegation of Mexico emphasized the position it stated during the consideration of the Program and Budget, namely that the Delegation was in favor of strengthening cooperation programs with surpluses from the PCT instead of continuing a policy of reducing contributions and PCT fees. The Delegation noted the content of paragraph 28 of document WO/PBC/1/3 that gave a succinct summary of the different approaches to this matter. On the possible long-term policy for reducing PCT fees and the use of income from patent registrations, it was felt that it would be important and useful to look at the approaches adopted by national and regional patent and industrial property offices. The Delegation requested the Secretariat to collect such information and to make it available to the Member States. It also stated that any long-term policy on PCT fees should take into account that a fee is a payment for a service, while also considering national and regional specificities. In this particular case, WIPO offers a service in the generic frame of intellectual property protection, which would not be relevant if it were not linked to greater efforts in supporting the consolidation of intellectual property protection systems across the world. A long-term policy should take into account that the last goal of an application is to obtain effective protection; it is this protection and not a mere fee reduction what it is of interest to users. Accordingly, WIPO should invest all efforts and resources necessary to ensure that this effective protection is attained.

47. The Delegation of the United States of America expressed its support for the Group B statement and noted that the following issues were amongst those that required further clarification prior to the next session of the Assemblies. First, explanations were requested on the rationale to reduce the funding of the separation reserve from 6 per cent of the gross salaries to 1.5 per cent, starting in the year 2000. Second, the need to maintain an additional separation reserve was questioned, since the separation cost could be covered under the

budget. Third, information on the status of and repayment modalities for the 10 million Swiss francs loan for the CAM building was requested. Fourth, more explanations were sought on the obligation of WIPO to maintain fee-funded operations after Member States had decided to discontinue the activity. Fifth, rather than using reserve resources, it was questioned why expenditures were not reduced in response to income reductions, in particular when those expenditures were unrelated to preserving the income streams of the Organization. Sixth, it was noted that only PCT surpluses were utilized to fund capital expenditures, which were of benefit to other areas of the Organization. Such an approach was seen to interfere with true accountability. The Delegation argued that capital costs, such as a new building, should be attributed to all programs which benefited and not only to PCT. Seventh, it was noted that the Special Reserve Fund would support WIPONET activities by 28.2 million Swiss francs for 2000-2001 and also support PCT system automation. The question was raised whether the unused allocation for PCT automation in 1998-1999 would be carried over to 2000-2001. Finally, the Delegation requested that the new document on reserve funds and surpluses should contain a detailed cash flow analysis, which should identify the exact status of the collective reserve funds at any stage. In particular, the drawdown of the reserves in response to the renovation and construction activities should be fully reflected in this analysis.

48. The Delegation of Germany associated itself with the Group B statement and gave its appreciation to the intention of the Secretariat to convene a working group on the reserve fund and surpluses during the summer. Whereas the need for working capital was acknowledged to ensure liquidity, it was noted that the total amount of Union reserves of 57 million Swiss francs appeared to be too high. The justification of this level in terms of risk assessment, as outlined in paragraph 8 of document WO/PBC/1/3, was considered to be not very convincing. The Delegation stressed the need to consolidate the presentation of project budgets covered under the Special Reserve Fund with the regular budget of WIPO. In accordance with the statement made by the Delegation of the United States of America, the Delegation argued that there did not appear to be a need for a separation reserve. Actual separation costs should be covered under the regular budget and a separation reserve would only be required if the Organization would close in the near future, which appeared unlikely. The Delegation emphasized that the issue of reserves and surpluses warranted serious consideration since considerable amounts were involved, exceeding 300 million Swiss francs.

49. The Chairman suggested having informal consultations on the issue of reserves and surpluses rather than a working group as this approach would be more cost effective.

50. The Delegation of Ecuador stressed the need for WIPO to have a single reserve fund and not to focus only on reducing contributions of Member States and PCT fees. Rather than changing the name of the Special Reserve Fund for Additional Premises and Computerization to Capital Projects Reserve Fund, the Delegation recommended the maintenance of the initial name since this would describe more appropriately the nature of activities funded from the reserve. The Delegation stressed that the proposed automatic utilization of surplus resources for the reduction of PCT fees, as outlined in paragraphs 30, 32 and 34 of document WO/PBC/1/3, should be considered thoroughly in the forthcoming period.

51. The Chairman noted that the purpose of the document on reserve funds and surpluses was to solicit comments from Member States as a basis for further informal consultations. He also noted that it appeared appropriate to have another meeting of the Program and Budget Committee prior to the next meeting of the Assemblies to discuss more specific proposals on the subject.

Program Performance in 1998

52. Discussions were based on document WO/PBC/1/4 (“Program Performance in 1998”).

53. In introducing the document, the Secretariat recalled that the program and budget for the 1998–1999 biennium was WIPO’s first results-based budget; the report on program performance was the first attempt by the Secretariat to utilize performance indicators to assess the extent to which the expected results had been achieved or progress made in their achievement. In noting that the Organization’s new process of program performance evaluation would evolve further in both its conception and implementation, it invited comments or suggestions from the Committee on how best to further develop and improve both the assessment and presentation of program performance.

54. The Delegation of Japan, speaking on behalf of Group B, welcomed and commended the report on program performance as a great help in enhancing understanding of WIPO’s activities. The document was particularly important because it was the first program performance report made for the Organization. As the report had been received only a few weeks ago, Group B members wanted to study it and would seek further clarifications. Some improvements could be made, such as the inclusion of detailed cash spending figures as performance indicators. The Delegation added that Group B would later make further suggestions for improvements.

55. The Delegation of Uganda, speaking on behalf of the African Group, welcomed the program performance document, which it found very clear and concise. Not only did the report outline the progress achieved under the various major programs; it also clearly indicated areas where concerns were encountered. This was a very important element for future programming and would enable steps to be taken to redress problems at an early stage. The African Group congratulated the Director General for the remarkable achievement in preparing the report, especially considering that the program and budget for the 1998-1999 biennium had only been approved last March, that the report had been prepared concurrently with the draft Program and Budget for the 2000-2001 biennium, and that the Organization had gone through a transition period of reform and reorganization. The report’s overview showed tangible accomplishments within this short time, including the meetings of the Industry Advisory Commission and the Policy Advisory Commission (the Delegation looked forward to being informed of their discussions), the distance learning program of the Worldwide Academy which will broaden the scope of human resource development, and a number of symposiums and workshops for developing countries, and especially LDCs, addressing their concerns about the implementation of the TRIPS Agreement. The African Group agreed with the statement in the overview that the Director General had fulfilled not only the promises he made over a year ago to Member States, but had also set into motion strategic actions to ensure the long-term stability and lasting effects of key programs.

56. The Delegation of the United States of America expressed its thanks for the comprehensive performance report on WIPO’s first results-based program and budget. The report reflected WIPO’s commitment to transparency and accountability. It offered a wealth of information and insight into the operations of the programs in 1998. Recognizing the difficulty in attempting to capture the full scope of performance in a few sentences, the Delegation said that it would appreciate more concrete statements of the elements necessary for success, in order for Member States to understand the relationship between performance indicators and results achieved. The Delegation observed that in some parts of the report the relationship between performance indicators and results achieved was very clear, and in such cases it was very happy with both the form and substance presented; however, in other parts of the report, greater clarity was desirable. The Delegation considered that efforts to

demonstrate reductions in costs were very important, and should be amplified with more detail, in particular, in order to indicate what specific actions had resulted in the savings. In conclusion, the Delegation said that it was in general very pleased with the report. It was particularly impressed by the Secretariat's openness to Member States' comments on the report, which demonstrated a new level of confidence in the relationship between the Secretariat and the Member States.

57. The Delegation of Ecuador thanked WIPO for the very comprehensive document on program performance at the mid-term. The report would be the subject of detailed analysis in its country. The Delegation noted the importance of the process of evaluating programs, which should be undertaken regularly in order to improve program performance. The program performance report, which objectively informs Member States regarding the extent of achievement of the expected results, was important and should be a standard WIPO practice. The Delegation congratulated the Director General and the Secretariat for their achievements in this regard.

58. The Delegation of Switzerland expressed its satisfaction and congratulated the Director General for the report. It suggested that the report should show a clear link between the programs and the organizational units responsible for their implementation, in order to strengthen responsibility and clarify relationships within the organizational structure. An organization chart would also be helpful in providing greater transparency. The Delegation said that it would also like to receive more frequent data about monthly activities under the various global protection systems, in order to further improve transparency; the Delegation suggested that that could be achieved through a quarterly management letter of two or three pages.

59. The Secretariat stated that the very useful comments made by the various delegations had been carefully noted.

Accounts for the biennium 1996-1997

60. Discussions were based on document WO/PBC/1/5 ("Accounts for the 1996-1997 biennium") and its corrigendum (WO/PBC/1/5 Corr.).

61. In introducing those documents, the Secretariat stated that the audit of WIPO's accounts for the 1996-1997 biennium had resulted in a positive audit certificate issued by the External Auditor. The Auditor had made four recommendations in his audit report, and the observations of the Secretariat on those were contained in the two documents.

62. The Committee agreed with the contents of the documents.

Statement by the Secretariat on Premises

63. The Secretariat informed the Program and Budget Committee about the renovation of the WMO Building, which was purchased by WIPO and will be transferred to WIPO at the end of June this year. In sub-program 17.1 of the 2000-2001 draft Program and Budget, the Secretariat presented a two-step approach to the renovation, that is, a light make-over this year and a second and full renovation in 2003 after the completion of the new building. At the beginning of this year, we anticipated that this would be the most cost-effective approach because most facilities installed during the light make-over would be reused for the final renovation. However, we have learned that this will not be the case. A study by our consulting architects suggests that the light make-over would result in a loss of almost all money expended. It is now clear that the approach that was approved by the General

Assembly in March 1998, that is, a one-time full renovation without interval, is indeed the most cost-effective solution. In conclusion, it is intended to proceed along the lines of this decision. This does not entail any change in the budget estimates nor the approved allocation under the Special Reserve Fund.

Recommendations

64. By decision indicated in paragraph 41, above, the Program and Budget Committee concludes:

(i) to recommend to the Assemblies of Member States that, at their September 1999 session, they approve the draft Program and Budget for the 2000-2001 biennium, including a reduction of the contributions of Member States by 10 per cent.

(ii) to recommend to the Assembly of the PCT Union that, at its September 1999 session, it adopts the fee reduction proposed in the draft Program and Budget for the 2000-2001 biennium.

65. The present report was adopted by unanimity by the Program and Budget Committee on April 28, 1999.

[Annex follows]