

# WIPO



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**WORLD INTELLECTUAL PROPERTY ORGANIZATION**  
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## **PROGRAM AND BUDGET COMMITTEE**

**Tenth Session**  
**Geneva, July 11 to 13, 2006**

**PROPOSAL ON A NEW MECHANISM TO FURTHER INVOLVE MEMBER STATES IN  
THE PREPARATION AND FOLLOW UP OF THE PROGRAM AND BUDGET**

*prepared by the Secretariat*

### **I. INTRODUCTION**

1. At its ninth session held from January 11 to 13, 2006, the WIPO Program and Budget Committee (PBC) considered document WO/PBC/9/4, entitled "Proposals on a New Mechanism to Further Involve Member States in the Preparation and Follow Up of the Program and Budget". This document was provided as a follow up to the decision of the 2005 session of the Assemblies of the Member States of WIPO, that the PBC should include in the agenda of its next regular session an item to consider such a new mechanism and accordingly to make a recommendation to the 2006 session of the Assemblies of the Member States for approval (see document A/41/17, paragraph 194(vi)).

2. As shown in the report of that session (document WO/PBC/9/5), the PBC welcomed document WO/PBC/9/4 as a useful basis for further discussion. Based on discussions at that session, it requested the Secretariat to convene two rounds of informal consultations and a formal session of the Committee with a view to enabling the Program and Budget Committee to recommend to the 2006 session of the Assemblies such new mechanism. It also requested the Secretariat to assist Member States in this process by providing additional information including best practices in the United Nations system (see document WO/PBC/9/5, paragraph 191).

3. Section II of this document reports briefly on the discussions at those two rounds of informal consultations and Section III presents a proposal for a new mechanism based on those discussions.

## II. REPORT ON THE TWO ROUNDS OF INFORMAL CONSULTATIONS

4. The first round of informal consultations took place on April 7, 2006. At that meeting, Member States considered an informal working paper prepared by the Secretariat as a basis for initial discussion (see Annex I and its appendices). The paper included a review of best practices in the United Nations system conducted by the UN's Chief Executives Board (CEB) in 2003, an illustration of the current process of budget preparation at WIPO, and three options for a new mechanism for the preparation and follow up of the program and budget for further consideration by Member States.

5. During the discussions, Member States expressed support for combinations of the options presented in the informal working paper and agreed that the second round of informal consultations should focus on the tasks to be undertaken by the PBC, including the new tasks relating to the WIPO Audit Committee and the Internal Audit Charter. Member States also expressed a wish for greater involvement in the preparation of the program and budget and for stronger links and greater synchronization with lessons learned from the evaluation of previous program performance (as contained in program performance reports (PPRs)) and financial performance (financial management reports (FMRs)).

6. The second round of informal consultations took place on June 6, 2006. At that meeting Member States considered a second informal working paper prepared by the Secretariat in response to the requests made by Member States at the first round (see Annex II and its appendices). The second informal working paper included: information on the mandate and tasks of the PBC, including those new tasks relating to the WIPO Audit Committee and the Internal Auditor; a diagrammatic scheme illustrating the interrelationship of the various components of the mechanism; a list of the various inputs and the timings of their availability; and, a proposal for a new mechanism for further consideration by Member States. The paper also highlighted current timing constraints which would limit the possibility of full synchronization of the review of past financial and program performance with the preparation of the next biennium's program and budget.

7. Member States welcomed the paper and the proposal it contained. However, they requested the Secretariat to explore further the possibility of achieving full synchronization between review of the FMRs and the PPRs by the PBC. The Secretariat responded that, in order to achieve this, the Secretariat would need some additional time between the date on which these reports were normally available and the date of convening this additional PBC session in off-budget years. This could be achieved either by completing these reports earlier in the year or by postponing, in consultation with Member States, the date of the ordinary sessions of the Assemblies of the Member States (traditionally held in September-October) to later in the year. The Secretariat stressed however that this could only be achieved by 2008, and that therefore a transitional new mechanism would first need to be approved for the present (2006/07) biennium.

8. Having taken note of this information, Member States acknowledged the need for a transitional phase for a new mechanism during the current biennium and requested the

Secretariat to submit a proposal for a new mechanism in two phases, one for the current biennium and a second from 2008 onwards.

### III. PROPOSED NEW MECHANISM

#### A. Transitional Implementation

9. The proposed mechanism for transitional implementation in 2006/07 is presented in Annex III. As was indicated in the second informal working paper and discussed at the second round of informal consultations, implementation of this mechanism would require an amendment to Financial Regulation 3.2 as follows (suggested amendment in square brackets and italics):

“The Director General shall submit to the Budget Committee, for observations and possible recommendations, by the first of May[*July*] of the year preceding the financial period, the draft budget for that financial period; ....”

10. The revision to Financial Regulation 3.2 proposed in paragraph 9 would be without prejudice to any other amendment of the current text of those Financial Regulations that may be considered within the framework of the comprehensive revision of WIPO’s Financial Regulations, which the Secretariat has begun work on, as requested by the September 2005 session of the Assemblies of the Member States.

#### B. From 2008 Onwards

11. Annex IV shows the proposed new mechanism for implementation from 2008 onwards. This mechanism would enable, as requested by Member States, full synchronization of FMRs and PPRs and the convening of a regular formal session of the PBC in off-budget years. If this mechanism is approved by the Member States at the September 2006 session of the Assemblies, the Secretariat would explore with Member States the possibility of postponing the date of the ordinary sessions of the Assemblies of the Member States as of 2008 or examine ways to prepare FMRs and PPRs at an earlier date than currently. This would also be done in consultation with the External Auditor.

*12. The Program and Budget Committee is invited to recommend to the Assemblies of the Member States of WIPO and the Unions administered by WIPO, each as far as it is concerned:*

*(i) to adopt the amendment to WIPO Financial Regulation 3.2 as proposed in paragraph 9 above;*

*(ii) to adopt the new mechanism set out in Annex III for the transitional phase (2006/07); and*

*(iii) to adopt the new mechanism set out in Annex IV from 2008 onwards.*

[Annexes follow]