

Program and Budget Committee

Twenty-Third Session
Geneva, July 13 to 17, 2015

LIST OF DECISIONS

prepared by the Secretariat

AGENDA ITEM 1. OPENING OF THE SESSION

AGENDA ITEM 2. ADOPTION OF THE AGENDA
document WO/PBC/23/1

The Program and Budget Committee adopted the agenda.

AGENDA ITEM 3. PROGRAM PERFORMANCE REPORT FOR 2014
document WO/PBC/23/2.

The Program and Budget Committee (PBC), having reviewed the Program Performance Report (PPR) for 2014 (document WO/PBC/23/2), and recognizing its nature as a self-assessment of the Secretariat, recommended that the Assemblies of the Member States of WIPO:

- (i) acknowledge Programs' progress made in 2014 towards achieving the expected results;*
- (ii) take note of the second progress report on Capital Master Plan; request the Secretariat to pay due attention to those projects which have significant delays and to report back to the PBC through the PPR.*

AGENDA ITEM 4. FINANCIAL SITUATION AS OF END 2014: PRELIMINARY RESULTS
document WO/PBC/23/INF.1.

AGENDA ITEM 5. DRAFT PROPOSED PROGRAM AND BUDGET FOR THE
2016/17 BIENNIUM

document WO/PBC/23/3.

The Program and Budget Committee (PBC), having completed a comprehensive first reading of the draft proposed Program and Budget for the 2016/17 biennium, Program by Program under each Strategic Goal:

(i) agreed to the modifications proposed by Member States to program narratives, including the results frameworks in Programs 1, 9, 10, 11, 13, 14, 16, 17, 18, 25, 28 and 30;

(ii) requested the Secretariat to issue a revised version of the draft proposed Program and Budget for the 2016/17 biennium based on (i) for the upcoming session of the PBC, and an updated version of the Q&A document;

(iii) took note, inter alia, of the following points for further consideration in the upcoming session of the PBC:

a) Program 3: TAG;

b) Program 6: proposal to split Program 6 (Madrid and Lisbon Systems) into two separate programs and reflect this split in all appropriate sections, tables and annexes in the revised draft of the Program and Budget 2016/17; and

c) Program 20: New External Offices including potential reference in paragraph 33 (in the Financial and Results Overview) and WIPO Coordination Office to the United Nations New York.

(iv) Took note that the following issues were raised by some Delegations in respect of Program 6, and were referred to the 24th session of the PBC:

a) Separate the Accounting for Lisbon and Madrid Systems – i.e., two separate programs with separate Expected Results;

b) Ensure that the Lisbon System's use of and contribution to WIPO services and operating costs are accurately reflected as expenses, whether direct or indirect, or income, as appropriate;

c) Balance the Lisbon Budget as provided under the Lisbon Agreement, including its Geneva Act, when it comes into force, without the use of other Unions' Income, general Member State Contributions or income not derived from the Lisbon Union;

d) Request that the Secretariat conduct a Study on Lisbon's Financial Sustainability;

e) Request that the earmark for a diplomatic conference in the 2016/17 biennium be conditional on full participation; and

f) *Request that the Secretariat review Annex III, including the allocation of miscellaneous income, and whether, as in the case of the rental income that is directly attributable to the Madrid Union, the miscellaneous income can be more accurately attributed according to how the assets from which this income was acquired and are being maintained.*

(v) *requested the Secretariat to:*

a) *present to the 25th session of the PBC, concrete proposals to contain the After-Service Health Insurance (ASHI) liability. These proposals may take into consideration, but should not be limited to, the results presented by the Working Group on ASHI established by the High-level Committee on Management (HLCM) of the Chief Executives Board;*

b) *continue its efforts to identify and implement further savings and cost-efficiencies and to report, including its quantification, to 25th PBC session, through the Program Performance Report, on the progress made; and*

c) *provide an update at the 24th session of the PBC on the progress made in respect of the implementation of the Hedging Strategy for PCT Income (WO/23/REF) as approved by the PCT Working Group.*

AGENDA ITEM 6. PROGRESS REPORT ON THE IMPLEMENTATION OF THE JOINT INSPECTION UNIT'S (JIU) RECOMMENDATIONS PUT FORWARD IN THE "REVIEW OF MANAGEMENT AND ADMINISTRATION IN THE WORLD INTELLECTUAL PROPERTY ORGANIZATION (WIPO)"

document WO/PBC/23/4.

The Program and Budget Committee:

(i) *took note of the Secretariat's updated comments on the Joint Inspection Unit's (JIU) Report "Review of Management and Administration in the World Intellectual Property Organization" (JIU/REP/2014/2) as set out in document WO/PBC/23/4, and noted that recommendations 2, 3, 4, 5, 8, 9 and 10, addressed to the Director General have been fully implemented; and*

(ii) *requested the Secretariat to continue to report on the outstanding recommendations in the future under the regular progress reports provided to Member States on the implementation of JIU recommendations.*

AGENDA ITEM 7. PROPOSAL TO REFORM AND ENHANCE PROGRAM PERFORMANCE AND FINANCIAL REPORTING

document WO/PBC/23/5 Rev.

The Program and Budget Committee (PBC), having reviewed the consolidated responses of the Member States to the questionnaire on the format and content of a comprehensive and integrated biennial performance report, requested the Secretariat to:

(i) *continue with the current reporting documents, and*

(ii) *take into consideration the qualitative inputs provided by the Member States for the preparation and improvement of the program performance and financial reports in future cycles.*

AGENDA ITEM 8. POLICY ON INVESTMENTS

- (i) REVISED POLICY ON INVESTMENTS (TO BE EFFECTIVE ON DECEMBER 1, 2015)

document WO/PBC/23/6.

1. *The Program and Budget Committee (PBC), recognizing the need for an Investment Policy to be effective December 1, 2015, recommended to the Assemblies of the Member States of WIPO to approve the revised Policy on Investments contained in document WO/PBC/23/6, Annex II, amended as follows:*

- (i) *Proposed changes to paragraph 2 to read:*

The primary objectives of the Organization's investment management, in order of importance, shall be (i) preservation of capital; (ii) liquidity and (iii) within the constraints of (i) and (ii), the rate of return.

- (ii) *Proposed changes to paragraph 3 to read:*

The Organization's investments shall be distributed among multiple institutions, with the aim of dividing investment monies amongst a minimum of four institutions, if possible, with no more than 30 per cent of the investment monies to be held with any one institution. All of the Organization's investments may be placed with a single institution which enjoys sovereign risk and AAA/Aaa¹ rating.

2. *The Program and Budget Committee recommended to the WIPO General Assembly to request the Director General to coordinate with other UN Agencies in Switzerland on a joint letter to convey to the Host country's competent authorities and to the UN General Assembly, through the UN System Chief Executives Board for Coordination, Member States' concerns regarding the impact on WIPO finances of the Swiss National Bank's current negative interest rate policy and the challenges that it poses to Switzerland-based Agencies in their everyday finances, especially taking into account that their activities in Swiss francs are linked with their headquarters and everyday operations in Switzerland.*

- (ii) PROPOSAL FOR ADDITIONAL REVISIONS TO POLICY ON INVESTMENTS

document WO/PBC/23/7.

The Program and Budget Committee, recognizing the need for two investment policies (one covering operating and core cash and a second one covering strategic cash), recommended that two such policies should be prepared for approval at its next session and that the two policies should include the following:

- (i) *the definition of short-term investments as those maturing within one year;*

(ii) *minimum credit ratings for short-term investments to be A-2/P-2 for banks and government bonds, A3-P3 for corporate bonds;*

(iii) *revised minimum credit ratings for medium and long-term investments to be A-/A3 for banks and government bonds, BBB-/Baa3 for corporate bonds;*

(iv) *a reduction in the minimum number of financial institutions (from the ten stipulated in the current Investment Policy), amongst which operating cash can be held, to four*

institutions, with no more than 30 per cent of the investment monies to be held with any one institution;

- (v) the use of external fund managers to manage core and strategic cash;*
- (vi) the payment of both of the scheduled loan repayments related to the New Building which are due in November 2015 and January 2016;*
- (vii) a revised list of acceptable asset classes as follows:*

A. Within the investment policy applicable to operating and core cash:

- I. Cash or equivalent:*
 - (a) Call, savings or deposit accounts*
 - (b) Certificates of deposit/time deposits*
 - (c) Structured deposits*
 - (d) Cross-currency deposits*
- II. Money market investments:*
 - (a) Commercial paper*
 - (b) Repurchase/reverse repurchase agreements*
 - (c) Banker's acceptance*
- III. Bonds, notes or other obligations (short, medium or long-term) and other fixed income products:*
 - (a) Government bonds*
 - (b) Sub-sovereign bonds – provincial, municipal or territorial bonds for example*
 - (c) Supranational bonds*
 - (d) Corporate bonds*
 - (e) Private placements*
- IV. Real Estate Investment Trusts (REITs)*

B. Within the investment policy applicable to strategic cash:

- (a) All asset classes stipulated for use with operating and core cash;*
- (b) Direct real estate holdings;*
- (c) Equities and equity funds;*
- (d) Hedge funds.*

**AGENDA ITEM 9. PROPOSAL ON WIPO POLICY RELATED TO RESERVES
(NET ASSETS)**

document WO/PBC/23/8.

1. *The Program and Budget Committee (PBC), having reviewed the comprehensive revised policy proposal that includes target setting, liquidity considerations and the management, use and reporting of the available surpluses above the target level, taking into consideration the Member States' comments and guidance, as well as the recommendations of Audit and Oversight bodies in this respect, recommended to the Assemblies of the Member States of WIPO and of the Unions, each as far as it is concerned, the approval of the Policy related to Reserves contained in Annex I of document WO/PBC/23/8, with principle 3 for the utilization of reserves amended as follows:*

"Principle 3: Proposals for the use of available reserves should be limited and for one-time projects for capital improvements and exceptional circumstances, as decided upon by the Assemblies of the Member States and of the Unions, each as far as it and its available reserves are concerned. Capital projects would typically be identified in a long-term capital master plan and may be defined as projects related to construction/refurbishment and Information and Communication Technology that are needed to keep an Organization's facilities and systems fit-for-purpose through significant expansion or additions."

2. *The PBC recommended to the Assemblies of the Member States of WIPO and of the Unions, each as far as it is concerned, that the Working Capital Funds (WCF) component of 2 million Swiss francs for the PCT Union be returned to the Member States of the PCT Union, through deductions from contribution invoices in the 2016/17 biennium.*

AGENDA ITEM 10. GOVERNANCE AT WIPO

background documents WO/PBC/18/20, WO/PBC/19/26 and WO/PBC/21/20.

The Program and Budget Committee (PBC) decided to continue its deliberations on "Governance at WIPO" at the 24th session of the PBC on the basis of the attached draft texts.

(see Annex I and II of the present document)

**AGENDA ITEM 11. PROPOSED DEFINITION OF "DEVELOPMENT EXPENDITURE" IN
THE CONTEXT OF THE PROGRAM AND BUDGET**

background document WO/GA/43/21.

The Program and Budget Committee (PBC), having engaged in a constructive discussion on the definition of "development expenditure", decided to continue its deliberations on this matter at the 24th session of the PBC on the basis of the attached draft text.

(see Annex III of the present document)

AGENDA ITEM 12. CLOSING OF THE SESSION

[Annexes follow]

VICE-CHAIR'S PROPOSAL FOR GOVERNANCE

(3rd version dated July 17, 2015)

The Program and Budget Committee (PBC) recommends to the General Assembly (GA) the adoption of the following measures, without prejudice to the existing WIPO rules of procedure, to increase the efficiency and effectiveness of WIPO governance and WIPO meetings:

1. To launch open ended informal and targeted consultations, guided by the Chair of the PBC, to address governance issues at WIPO, in line with Recommendation n°1 of the 2014 WIPO JIU report. These consultations will first define the topics that will be addressed. The results of these consultations will be presented to the 2016 PBC and the 2016 GA for its consideration and decision.
2. Meetings should strive to end in a timely manner. Only in exceptional cases, as necessary to obtain a satisfactory result, should meetings be extended beyond the normal working hours, preferably no later than 7 p.m.
3. Avoid overlap of official meetings and avoid, if possible, holding consecutive meetings of various committees unless there is a clear connection between them.
4. Secretariat should continue its efforts to post working documents in all official languages two months prior to meetings in order to allow delegations sufficient time to analyze and consult on them.
5. Increase the early nomination of Chairs and Vice-chairs in a transparent manner, if possible, before the opening of the Committee session.
6. Request Secretariat to report to Member States on the division of responsibilities between the PBC and the Coordination Committee (CoCo) and possible measures to increase its efficiency and also report on studies of other UN Agencies' governance structure taking into account their specificities.
7. When proposing a calendar of official meetings, the Director General should primarily take into account the expected workload and pay attention to the average number of official meeting days of the last five years and, if possible, avoid increasing that number.
8. Reduce, when possible, the customary duration of WIPO Committees, taking into account the Committees' agenda. This will not affect Committees whose duration is specified by the GA.
9. The PBC requests Secretariat to inform Member States of the results obtained with the implementation of such measures at the next PBC session. The PBC will then evaluate these measures and decide upon its continuation or modification.

[Annex II follows]

PROPOSAL OF THE CENTRAL EUROPEAN AND BALTIC STATES
(Agenda Item 10: Governance at WIPO)

The Program and Budget Committee will consider possible deficiencies in WIPO's governance in line with recommendation number 1 of the 2014 JIU report with a view to identifying remedies if needed and report to the General Assembly.

[Annex III follows]

REVISED DEFINITION OF “DEVELOPMENT EXPENDITURE”

(as at July 17, 2015)

Expenditure is qualified as “*development expenditure*” when it is used to finance development-oriented [assistance/activities] provided by WIPO to developing countries and Least Developed Countries (LDCs) and the equivalent expenditure is not provided to developed countries. Consistent with past practice, countries with economies in transition are included for the purpose of the Program and Budget. In addition, the development activities financed by WIPO [shall/are those that are considered to] contribute to:

- Enabling developing countries to derive benefits from the IP system, [to reduce the costs of its use], and to better protect [their] inventions and creations around the world; and,
- Reducing the knowledge gap between developed and developing countries by facilitating developing country access to knowledge and supporting their engagement in innovating, producing, using and absorbing technologies, new forms of expressions and creativity.

It is understood that the following activities, [*inter alia*], [shall seek/are considered to contribute] towards achieving the above impact:

- development of national intellectual property strategies, policies and plans in developing countries;
- development of national (and where relevant regional) legislative, regulatory and policy frameworks that promote a balanced IP system (including related research);
- support for the engagement of developing countries in global and regional decision-making and dialogue on IP;
- building modern state-of-the-art national IP administrative infrastructure;
- support-systems for users of the IP system in developing countries;
- training and human capacity building in developing countries;
- promotion of innovation and creativity, technology transfer and access to knowledge and technologies in developing countries (including related research).

[It is further understood that “*development expenditure*” is not used to finance the Organization’s management, administrative and finance-related activities or functions. / The Organization’s management, administrative and finance-related activities or functions specific to development-oriented assistance are to be understood as “*development expenditure*”.

[End of Annex III and of document]