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WORLD INTELLECTUAL PROPERTY ORGANIZATION
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PROGRAM AND BUDGET COMMITTEE

Ninth Session

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

prepared by the Secretariat

1. At their forty-first series of meetings in September-October 2005, the Assemblies of the Member States of WIPO decided that the Program and Budget Committee (PBC) should include in the agenda of its next regular session an item on a new mechanism that would further involve Member States in the discussion and follow up of the Program and Budget, beginning with the Program and Budget for 2008/09, and that such a mechanism should be presented to the 2006 session of the Assemblies of the Member States for approval (see document A/41/17 Prov., paragraph 192 (vi)).
2. The terms of reference of the WIPO Audit Committee (see agenda item 6 of the draft agenda of the current session of the Program and Budget Committee (document WO/PBC/9/1 Prov.)) include making recommendations to the PBC on a number of issues. It may therefore be expected that, in the course of 2006, the WIPO Audit Committee would provide relevant inputs for further possible mechanisms regarding the preparation and follow up of the Program and Budget.
3. The Secretariat is also currently working on new proposals on the evaluation of WIPO's programs and activities, which will be submitted to Member States. These proposals may also provide relevant inputs with regard to such mechanisms.
4. With these considerations in mind, the Secretariat therefore proposes that the present session of the PBC be utilized to have a preliminary round of discussions on the subject of the new mechanism. To facilitate these discussions, the Secretariat has identified a number of relevant issues, as found in the Annex to this document. Based on the views expressed by

Member States at this session of the PBC, detailed proposals on the said mechanism, which would also take into account, if need be, the inputs of the WIPO Audit Committee, would be prepared by the Secretariat.

5. These proposals would be submitted by the Secretariat to the September 2006 session of the Assemblies of the Member States for approval. If so desired by the Member States, informal consultations on this subject could be organized by the Secretariat prior to the finalization of the document to be submitted to the Assemblies.

6. *The Program and Budget Committee is invited to:*

(i) *express its views on a new mechanism to further involve Member States in the preparation and follow up of the Program and Budget on the basis of the issues identified in the Annex to this document, and*

(ii) *express its views on the process proposed in paragraphs 4 and 5 of this document.*

[Annex follows]

ANNEX

POSSIBLE ISSUES FOR CONSIDERATION REGARDING
A NEW MECHANISM TO FURTHER INVOLVE MEMBER STATES
IN THE PREPARATION AND FOLLOW UP
OF THE PROGRAM AND BUDGET

1. Issues may be grouped around three main clusters, namely, and in chronological sequence: the evaluation and review of the performance of the Organization in the previous biennium (I); the process for the preparation of the new Program and Budget of the Organization (II); monitoring of the implementation of the approved Program and Budget of the Organization (III). Each cluster suggests a number of possible questions, as listed below.

I. Evaluation and Review of the Performance of the Organization in the Previous Biennium

2. The PBC may first of all wish to review existing mechanisms for assessing the attainment of the objectives and expected results of the Program and Budget of the Organization (“performance evaluation”), as well as for assessing the financial situation of the Organization. Existing mechanisms are:

(a) Program Performance Reports (PPRs): PPRs are yearly or biennial reports presented to Member States at meetings of the Assemblies. The PPR for the biennium is presented to the Assemblies in the year following the completion of the biennium (e.g., the PPR for 2004/05 will be presented to the 2006 Assemblies of Member States. PPRs provide an assessment of progress in the attainment of biennial objectives and expected results. (The proposals on evaluation under preparation at the Secretariat and referred to in paragraph 3 of this document would envisage a greater role for the PBC in an earlier review of these reports.)

(b) Program Implementation Overview (PIOs): PIOs are presented to Member States at meetings of the Assemblies. PIOs summarize activities implemented during the first six months of the year of the respective Assemblies’ meetings (e.g., the PIO for the first six months of 2006 will be presented to the 2006 Assemblies of Member States). The PIO describes the main activities carried out for each program of the Program and Budget for the relevant period. (Based on the enhanced process being considered for PPRs, as outlined above, it is envisaged that the PIO may be discontinued as of 2007.)

(c) Biennial Accounts, Financial Management Reports (FMRs) and Audit Reports: In accordance with WIPO Financial Regulation 6.1, the final accounts for a given financial period (biennium) shall be submitted to the External Auditor within five months of the end of each financial period (e.g., by the end of May of the year following the close of the biennium). In accordance with Financial Regulation 6.3, the Director General is required to prepare the Financial Management Report within seven months after the end of each financial period (e.g., by the end of July of the year following the close of the biennium) for that financial period. After audit, the FMR shall be transmitted to the Member States together with the report of the Auditor. (For example, the accounts for the 2004/05 biennium must be submitted to the External Auditor by the end of May 2006. The FMR for 2004/05 must be

prepared by the Director General by the end of July 2006. After audit, the FMR and the report of the Auditor are transmitted to the Member States).

(d) Interim Financial Statements (IFSs)): Interim Financial Statements (IFSs) are presented to Member States in the second year of a financial period (biennium) and cover the first year of that biennium. (For example, the Interim Financial Statement for 2006 will be presented to Member States at the Program and Budget Committee to be held not later than April 2007.)

3. In reviewing the above mechanisms, the PBC may wish to focus on the content of the information provided in these reports, as well as on their periodicity.

4. In particular, it should be noted that, if Member States so wished, the Secretariat would be ready to submit the financial reports referred to above to the Assemblies of Member States one year earlier than what has been the practice so far. This means, for instance, that the biennial accounts, Financial Management Report and Audit Report for 2004/05 would be submitted by the Secretariat to the 2006 Assemblies instead of to the 2007 Assemblies.

5. Furthermore, the Secretariat would also be ready to enhance the content of Interim Financial Statements by providing data on expenditure on a program-by program basis, and more detailed data on income and income projections.

II. Process for the Preparation of the New Program and Budget of the Organization

6. The latest decision of the Member States on the subject of the process for the preparation of the new Program and Budget of the Organization was taken by the Assemblies of WIPO Member States in September 2000 (document A/35/16, paragraph 151 (a)) on the basis of the proposals made by the Secretariat in the document entitled "Adjustment to Budget Process Policy on Reserve and Working Capital Funds Policy on Budget Surplus" (document A/35/6). The said document outlines, in particular, the various steps in the Program and Budget planning cycle, including informal consultations with Member States and the periodicity of the PBC.

7. The PBC may wish to review this process and consider possible new modalities for the further involvement of Member States in the preparation of the Program and Budget of the Organization. These may include a presentation, by the Director General, to Member States, in off-budget years, of an outline report containing proposals on program direction, priorities and budget levels for the forthcoming biennium. This would be a basis for the review, by Member States, of their strategic priorities. The PBC may also wish to consider a mechanism for incorporating the feedback received from Member States on this outline report into the proposed Program and Budget to be submitted for the review of the PBC.

III. Monitoring of the Implementation of the Approved Program and Budget

8. Finally, the PBC may wish to review existing mechanisms for monitoring the implementation of the approved Program and Budget of the Organization and propose ways to reinforce, if need be, such mechanisms. In this connection, relevant issues may be:

- (a) the periodicity of the meetings of the Program and Budget Committee;
- (b) the possibility of introducing a mechanism for a mid-term review of Program and Budget implementation;
- (c) how best to ensure the interaction between the work of the PBC and the relevant inputs of, if need be, the WIPO Audit Committee;
- (d) the periodicity of the financial monitoring information referred to in paragraphs 2 (c) and (d), above;
- (e) how to integrate the result of specific evaluation exercises carried out by the Secretariat into the monitoring process.

[End of Annex and of document]