

Program and Budget Committee
Fifteenth Session
Geneva, September 1 to 3, 2010

REPORT

adopted by the Program and Budget Committee

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1. The fifteenth session of the WIPO Program and Budget Committee (PBC) was held at the headquarters of WIPO from September 1 to 3, 2010.
2. The Committee is composed of the following Member States: Algeria, Angola, Bangladesh, Barbados, Belarus, Brazil, Bulgaria, Cameroon, Canada, China, Colombia, Croatia, Cuba, Czech Republic, Djibouti, Egypt, France, Germany, Greece, Guatemala, Hungary, India, Iran (Islamic Republic of), Italy, Japan, Jordan, Kazakhstan, Mexico, Nigeria, Oman, Pakistan, Peru, Poland, Republic of Korea, Republic of Moldova, Romania, Russian Federation, Senegal, Singapore, South Africa, Spain, Sweden, Switzerland (*ex officio*), Tajikistan, Thailand, Tunisia, Turkey, Ukraine, United Kingdom, United States of America, Uruguay, Venezuela (Bolivarian Republic of) and Zambia (53). The members of the Committee which were represented at this session were the following: Algeria, Angola, Bangladesh, Barbados, Belarus, Brazil, Bulgaria, Canada, China, Croatia, Cuba, Czech Republic, Egypt, France, Germany, Greece, Hungary, India, Iran (Islamic Republic of), Italy, Japan, Jordan, Mexico, Nigeria, Oman, Pakistan, Poland, Republic of Korea, Romania, Russian Federation, Senegal, Singapore, South Africa, Spain, Sweden, Switzerland (*ex officio*), Thailand, Tunisia, Turkey, Ukraine, United Kingdom, United States of America, Uruguay, Venezuela (Bolivarian Republic of) and Zambia (44). In addition, the following States, members of WIPO but not members of the Committee, were represented as observers: Argentina, Australia, Bahrain, Belgium, Bolivia (Plurinational State of), Burundi, Cambodia, Chile, Congo, Côte d'Ivoire, Cyprus, Democratic People's Republic of Korea, Dominican Republic, El Salvador, Ecuador, Haiti, Iraq, Israel, Kenya, Latvia, Lao People's Democratic Republic, Lithuania, Madagascar, Malaysia, Monaco, Morocco, Myanmar, Namibia, Nepal, Nicaragua, Norway, Philippines, Portugal, Slovenia, Sri Lanka, Sudan, Syrian Arab Republic, the Holy See, (38). The list of participants appears in the Annex to the present document.

ITEM 1: OPENING OF THE SESSION

3. The session was opened by the Director General. The Director General noted that the agenda reflected (i) a response to a number of requests that had been made by the Member States for specific items, e.g., language policy; (ii) an endeavor by the Secretariat to improve the planning processes and results-based management framework of the Organization, with such items as the Medium-Term Strategic Plan (MTSP), as well as management practices such as Strategic Realignment Program (SRP) and the proposal for a completion of the Enterprise Resource Planning (ERP) system in WIPO; and (iii) the review and oversight processes of the Organization, especially in relation to the tripartite oversight architecture: the external auditors, the WIPO Audit Committee and the Internal Auditor. The Director General wished to note that the Working Group on the Audit Committee Related Matters had met the previous day and had successfully concluded its work. The Director General further thanked the Member States for the constructive manner in which they had participated in extensive consultations held over the past months concerning the agenda for the PBC. He recalled that one of the questions asked in the course of the consultations was why there was no revision of the 2010/11 Program and Budget. The Director General explained that the revision of the Program and Budget was a facility and not an obligation and added that the substantive reason for which the Secretariat had not presented a revised Program and Budget was that it saw no reason to present such proposal, as there were no changes of direction in the programs that it wished to propose, and because the financial balance across the programs (in accordance with the Financial Regulations and Rules (FRR)) was such that there was no reason to alter anything. Most importantly, the Secretariat considered the global financial situation, and its impact on the Organization, to be too volatile to justify going away from the original estimates with respect to the evolution of demand for the services of the Organization (which provided 95% of its revenue). The Director General reported however, that the direction of the indicative arrow had changed to pointing upwards rather than downwards. In so far as the

Patent Cooperation Treaty (PCT) was concerned, the demand was, at this stage, roughly at the same level as the previous year. He added that it was a little difficult to estimate the PCT demand at this point, as results would be reported from offices all around the world for months to come and the numbers tended to change. Regarding the Madrid and the Hague systems, the Director General was very pleased to say that demand in each of those was up around 11%, which put it at approximately the 2008 level. There had been a marked improvement in the second quarter as compared to the first quarter, and the demand was evolving very much as the Secretariat had thought. The intensity of the change was perhaps a little weaker at this stage than what the Secretariat had expected, which the Director General believed was in line with the global expectations of economic performance that was expected to continue throughout this year.

ITEM 2: SELECTION OF CHAIR AND TWO VICE-CHAIRS

4. The Delegation of Mexico (speaking on behalf of Group of Countries of Latin America and the Caribbean (GRULAC)) recalled that two countries had expressed an interest in chairing the PBC: the Republic of Egypt, and the United States of America. Member States had held consultations over recent days to seek consensus, which the Delegation believed had been achieved. GRULAC made the following proposal, with the hope that delegations would be able approve that compromise solution. The proposal was that Mr. Douglas Griffiths (United States of America) be elected for the first year of the biennium and that Mr. Mohamed Gad (Egypt) would be a Vice-Chair during that first year. For the second and the third years, Egypt would be in the chair, and for those same two years, the United States would have Vice-Chairmanship of the Committee. The fourth year, the United States would once again chair the PBC and Egypt would resume Vice-Chairmanship. GRULAC believed that this created balance in the distribution of the responsibilities as some years had heavier workload than others and with that arrangement both countries would be able to contribute to the work of the Organization. This compromise formula had been welcomed by the Regional Groups and was supported by GRULAC.
5. The Director General thanked the Delegation of Mexico for presenting the proposal and noted that normally a second Vice-Chair would also be elected and suggested that it be done later when a name would have been agreed amongst all the Regional Groups. He announced that Mr. Douglas Griffiths (United States of America) was elected the Chair and that Mr. Mohamed Gad (Egypt) was elected the Vice-Chair of the Committee.
6. The Delegation of Slovenia, on behalf on Central European and Baltic States, proposed that Mr. Dmitry Gonchar (Russian Federation) also serve as a Vice-Chair of the PBC. This proposal was seconded by the Delegations of Bangladesh and China.
7. The PBC reviewed the text of the proposed agreement on chairmanship during its discussion of document WO/PBC/15/23 Prov. (Summary of Recommendations Made by the Program and Budget Committee). The following comments were made at that time.
8. The Delegation of the United States of America, referring to the draft text of decision on this agenda item, said that phrase: "*for the first year of the biennium 2010-2011*" was incorrect. The Delegation thought that the intention was that the chairmanship would run until the next regular PBC session. The Delegation requested definition of the meaning of biennium in this phrase, whether biennium ran January to January, or September to September. It said that if it was "January to January", then this did not cover the understanding reached on this agenda item.
9. The Secretariat clarified that biennium lasted from January to January, and that the United States understanding had been right. It suggested amending the text of the decision accordingly.
10. The Delegation of Egypt said that his understanding was that the PBC session of 2011 would be chaired by Egypt. The term of chairmanship would run from this September and would end with the PBC next September.

11. The Secretariat clarified that the term of office for the chairmanship usually started in September, and lasted until to the following September. It did not coincide with the start of biennium and therefore this was not correctly reflected in the draft decision.
12. The Delegation of the United States of America wished to confirm its understanding of the matter. It said that, when the Secretariat spoke of the first year, it meant that "from September to September". The Delegation said that the mention of the biennium created the confusion and it made it sound like January to January time-frame.
13. The Delegation of Egypt said that it saw no problem with the chairmanship being from September to September. It noted however, that the proposed the time frame was based of a four-year period/ term, which did not coincide with the regular work of the PBC. The PBC functioned in terms of the organization's biennia. Therefore, the Delegation suggested a chapeau referring to the arrangements for the chairmanship of PBC over the next two biennia, as follows: *"the United States chairs the PBC from September 2010 until September 2011, Egypt chairs from September 2011 until September 2013 and the United States chairs from September 2013 to 2014"*.
14. The Delegation of Switzerland thought that for reasons of continuity the present Chair's term should last until the end of September 2011, and believed that that was the mandate under discussion.
15. The Delegation of the United States of America agreed with the Delegation of Egypt i.e., that the decision's text be corrected, as the understanding was "from September 2010 until September 2011".
16. The Delegation of Egypt specified that the understanding was that Egypt would chair the September 2011 session. It said that if the United States remained the chair in September 2011, it would mean that the United States would be chairing September 2010, June 2011 and September 2011 sessions. Egypt would not actually be the chair until April 2012, if there would be a spring session in 2012.
17. The Chair invited delegations to consult informally. After the consultations and due to the lack of clarity on the text for decision on this item, the Chair proposed a motion to suspend the session, hold informal discussions with the Regional Coordinators and resume the session when the agreement was reached.
18. The Delegation of Belgium (on behalf of the European Union) observed that it favored the respect of rules throughout UN bodies and that normally only named individuals could be elected to the post of Chairs and Vice-Chairs. It wished to note its unease with the election of countries to the post of Chairs and Vice-Chairs of the PBC.
19. The Delegation of the United Kingdom raised a similar point and said the agreement departed from the usual WIPO norms and sought assurance that the proposed solution did not set a precedent in the WIPO Committees. It suggested the addition of a sentence saying *"This decision does not constitute a precedent for the selection of the Chairs of WIPO bodies."*
20. The delegations agreed with the proposed amendment.

21. The Program and Budget Committee adopted the following agreement.
22. Agreement to Chair WIPO'S Program and Budget Committee (PBC):
- United States of America will chair the PBC from September 1, 2010 until the end of the General Assemblies of 2011, which will comprise the following PBC regular sessions:
 - September 2010;
 - June 2011;
 - September 2011.
 - Egypt serve as Vice-Chair during this period.
 - Egypt will chair the PBC starting from the end of the General Assemblies of 2011, until the end of the General Assemblies of 2013, which will comprise the following PBC regular sessions:
 - June 2012;
 - September 2012;
 - June 2013;
 - September 2013.
 - The United States of America will serve as Vice-Chair during this period.
 - After the end of the General Assemblies of 2013 a new chair will be elected.

This decision does not constitute a precedent for the selection of Chairs of WIPO bodies.

Mr. Dmitry Gonchar, from the Russian Federation was elected to also serve as Vice-Chair.

ITEM 3: ADOPTION OF THE AGENDA

23. The draft agenda contained in document WO/PBC/15/1 Prov.4 was adopted. The Chair opened the floor to delegations wishing to make general statements.
24. The Delegation of Switzerland (on behalf of Group B) congratulated the Chair and the Vice-Chairs on their election and reiterated its interventions made in other WIPO committees and called on efficient use of time available during the meeting, particularly starting meetings on time. Group B then commended the WIPO staff for the excellent preparation of the session, including the early submission of documents and their respective translations, and the briefing session held last July. Such improvement in timeliness and initiative greatly facilitated delegations' preparation for effective participation in the present meeting. Group B attentively followed the evolution of the global economic downturn in the past biennium due to the direct effect that it had on the principle source of the revenue of WIPO, i.e., the PCT system fees. The Group had noted that during the 2008/09 biennium, the Organization generated a surplus of 24.6 million Swiss francs and commended the Secretariat for the measures taken to arrive at that positive result. Group B reiterated its strong support for the Strategic Realignment Program and its completion, while requesting the WIPO Secretariat to continue to follow a strong financial discipline throughout the current biennium. Group B took due note of the information provided concerning the outcome expected from the implementation of the ERP system. The system would indeed enable the Organization to establish the rules, processes and integrated environment to support the core values of the SRP. In particular, it would place in the hands of the empowered managers across the Organization the information needed to improve customer service, performance and resource management. It would also significantly enhance the capability of the administration and management sectors to enable and support the substantive sectors through better service and improved productivity. Those improvements, including full implementation of the Development Agenda (DA) recommendations, were needed by the Organization. Group B therefore supported

the proposal to implement the ERP system in WIPO, as set out in document WO/PBC/15/17. Group B congratulated the Secretariat for having ensured the transition to the new International Public Sector Accounting Standards (IPSAS) since January 2010, on time, according to the plan adopted by the General Assembly. The Group added that WIPO was one of the first international organizations having made such transition. Group B examined attentively the proposal for the policy on reserve and the policy on investments, since they aimed at preserving the current practices that proved to be particularly effective in the past years. However, and due to experiences of other organizations, Group B did not favor that WIPO start the practice of investing funds via an external investment manager. Group B had examined with interest, and generally supported with some amendment, the solution proposed in the review of the budgetary process applied to project proposed by the CDIP for the implementation of the DA recommendations. The proposed solution would usefully complement the decision taken last April by the CDIP on the coordination mechanism, monitoring, assessing and reporting modalities. Group B welcomed the consultative process undertaken on the Medium-Term Strategic Plan and the work that had been done to incorporate the range of Members' views in the latest draft. It wished to caution against the temptation to further micromanage the process and hoped that Members were in a position to endorse the MTSP at the upcoming General Assembly. Group B remained fully supportive of the functional and effective audit structure for the Organization and continued to follow the new developments and take an active role in the work undertaken this year in order to further improve this structure. Group B welcomed the current proposal for the composition of the audit committee resulting from the 2nd meeting of the Working Group on the Audit Committee Related Matters. In the discussion that had led to the current proposal, Group B emphasized the need for the selection of the new members of the Audit Committee to be based on the criteria of merit. The current compromise integrated these elements of the selection process while ensuring geographical distribution. The Group noted with concern that the Internal Audit and Oversight Division (IAOD) continued to lack additional staff with key competences and skills. It urged the WIPO Secretariat to continue to implement the recommendations made by the external and internal auditors and to ensure that the Organization had a complete and well functioning Internal Audit and Oversight Division as soon as possible. Group B expressed its gratitude to the External Auditor for his report and commended him for the quality of the report. It generally supported the recommendations contained therein and noted with satisfaction the information provided by the Secretariat concerning their implementation. Group B added that its members would supplement this general statement by making individual interventions. In conclusion, the Group reassured the Chair of the Group's constructive spirit and support in order to advance the work of PBC in the best possible way.

25. The Delegation of Mexico (on behalf of GRULAC) congratulated the Chair and the Vice-Chairs on their election and assured them of the Group's active support. It added that the compromise reached for the election to the chairmanship of the PBC was a clear indication of the importance to observe the principle of the geographic rotation in the elective positions. GRULAC expressed its interest in the design and the implementation of the MTSP proposed by the Director General and believed that it would consolidate the strategic direction of the Organization, ensure the continuity and make its program more coherent. GRULAC believed that the adoption of the MTSP would contribute to better management of WIPO and would further increase transparency. The Group could see clearly the will to make progress towards achieving all of the goals established, as well as the nine Strategic Goals approved in the current budget. GRULAC reiterated its full support for the DA and supported the proposal that projects recommended by the CDIP be included in the regular budget of the Organization. GRULAC believed that Members needed to define the program for the strategic realignment of WIPO proposed in 2008 by the current Director General in order to modernize and make the work of the Organization more efficient and to adapt the Organization to the changing international environment. GRULAC urged that the contracting of staff in operational and management positions be undertaken with more openness and publicity, and that Members adopt a genuine regional balance policy for that matter. GRULAC hoped that

the resources of the LAC Bureau would continue to be appropriate for the implementation of their programs.

26. The Delegation of Egypt congratulated the Chair on his election and looked forward to working very closely with him during the next four years. The Delegation said that it was taking the floor on behalf of the Development Agenda Group of countries (DAG). The Delegation paid tribute to the constructive spirit that enabled the PBC to arrive at a solution for the important issue of chairmanship and congratulated the Vice-Chairs on their election. The Delegation further thanked the Director General and the Secretariat for providing the documents for the meeting and wished to urge the Secretariat to continue furnishing all the documents in all languages efficiently, in advance of the meetings, to enable Members to effectively prepare for them. It said that DAG would be making specific interventions on the various agenda items as they were discussed. However, it wished to highlight a number of specific issues. DAG believed that the PBC was a key committee and a cornerstone of the governance structure of WIPO. The agenda for this session reflected the high importance and the tall order of all of the topics and mandates that the Committee enjoyed for ensuring the smooth functioning of this important and rapidly changing specialized agency. Nonetheless the conundrum continued to exist between the importance and the tall order of the work Members were expected to accomplish and the time available for this session. To put it simply, there was so much to do and so little time to do it in, which meant that the PBC seemed to either sacrifice the quality or the quantity and sometimes both. This was increasingly proving to be an unsustainable approach, leading to a number of side effects that negatively impacted the Committee's modus operandi. The important task for this session was the consideration of the MTSP, which was a very important blueprint document for this Organization, as it would dictate the strategic direction of the Organization over the coming five years. In the view of the importance of this exercise, DAG fully shared the Director General's views expressed in his foreword, i.e., that the MTSP should represent shared ownership and the joint endeavor between the Secretariat and the Member States, on the basis of a shared understanding and unified commitment in order to ensure its successful implementation. DAG believed that the MTSP had to be considered, reviewed and thoroughly negotiated by the Member States prior to recommending its approval and adoption by the WIPO Assemblies. DAG welcomed the Director General's initiative to submit the draft MTSP and elicit the views of Member States in three rounds of consultation. It appreciated the effort that had been put into revising the draft, in its current version contained in document WO/PBC/15/10. However, given the significance attached this process by DAG Member States, the Group continued to be concerned about several elements in the text that presented serious difficulties to the members of the Group. DAG was particularly concerned about the inclusion of controversial concepts and new ideas in areas like norm-setting and global challenges that had not been discussed or agreed to by Member States in any intergovernmental body in WIPO so far. DAG did not agree with the assessment of Strategic Goal One that there had been lack of progress on the normative work of WIPO, as the approval of the DA was a fundamental conceptual landmark in the history of WIPO. Cluster B of the DA included several recommendations which provided guidance to norm setting negotiations. DAG also believed that WIPO's role in regard to global challenges should be fundamentally to discuss the implication of IP based mechanism for the debate on global policy issues. However, it was not a matter for discussion in the PBC whether WIPO should seek to be recognized as the leading UN forum for addressing the interface between IP and global public policy issues, which were dealt with in other multilateral fora. Regarding the Director General's foreword: while it contained elements which DAG members were unable to concur with, it was understood that the foreword represented the personal views of the Director General and not the collective vision of Member States. The Delegation highlighted some particular points of view on which its opinion differed. First, the so-called geographic changes in the locus of technology production had not benefited significantly other regions of the world such as Latin America or Africa. Nor had the pattern of concentration or patent applications in a few countries fundamentally change; the top five centers of international application in 2009 accounted for 70% of total PCT applications. Second, DAG did not share the view that there was a crisis in copyright that needed to be irrevocably resolved during the timeframe of MTSP. DAG believed that there was a need to

understand the challenges and opportunities presented by the various approaches concerning copyright and the Internet, as well as analyzing ways to bridge the digital divide. The temptation to adopt overly simplistic solutions at the cost of upsetting the balance of the copyright system should be avoided. DAG had compiled a document containing detailed comments, along with specific proposals for modifications with regard to the issues of concern to members of the Group, which were largely based on its previous submission on the draft MTSP. The Group looked forward to constructive engagement that would enable the Committee to recommend the adoption of the MTSP. The Group stressed that it accorded this issue high importance. The Group noted with appreciation the effort exerted in preparing document WO/PBC/15/6 on the budgetary process applied to projects proposed by the CDIP for the implementation of the DA Recommendations. It also appreciated the time that the Secretariat had devoted to further explanations sought from the DAG on this issue. The Group was keen to establish and maintain clarity with regard to the budgetary allocations. It added that discussion on this agenda item should enable Members to delineate clearly the exact activities that fell under the DA implementation and the resource allocation devoted to such activities *vis à vis* other activities. DAG reiterated its intention to continue its proactive and constructive engagement and assured the Chair of its support and trust in this regard.

27. The Delegation of Angola (on behalf of the African Group) congratulated the Chair on the election and thanked the Secretariat for the working documents made available in all official languages of WIPO. Regarding the proposed budgetary procedure for the implementation of CDIP projects, the Group noted that the suggested mechanism was to have a temporary solution for 2011 and a permanent solution for the subsequent years. It considered it extremely important to define the priorities in the 2011 Program and Budget without the detriment to the other development activities. Furthermore, the Group requested clarification as to the amounts already approved, particularly the 8 million Swiss francs previously approved by the PBC and the other sums included in 2010/11 budget. The Group wished to see an analytical document showing the amounts either allocated or spent for the implementation of previously approved projects and the remaining balance. As to the MTSP, the African Group was thankful for the effort undertaken by the Secretariat during the last four months of consultations with the Member States, which allowed the production of the revised version. The Group expressed its satisfaction that in 2012 there would be an examination of the progress made. As for the ERP system within the Organization, the Group considered this had to link to the policy on the utilization of reserves. Concerning the proposed policy on investments, the African Group considered it pertinent to consult with Member States on the matter of any investment before any such decision was taken and thought that Member States should be provided with a regular periodic update as to the results of such investments and also information on the evolution of the financial crisis. As to the availability of documents for all of committees in the six official languages, the Group believed that an efficient and effective solution should be implemented in order to allow all Member States to participate on an equal footing in the deliberation of committees and other bodies of WIPO. The Group recalled the publication by the Secretariat in 1999 of a document analyzing the possibility of introducing the use of Portuguese, as well as the Joint Inspection Unit's report on multilingualism in the UN system. The Group also recalled the decision of the WIPO Assemblies taken in 2000 regarding the use of the Portuguese language. The Group thanked the Secretariat for preparing the document on the WIPO policy on reserve funds and felt that such funds could be used in the areas proposed by Member States.
28. The Delegation of the Russian Federation announced that it would act as Coordinator for the Group of Central Asian, Caucasus and Eastern European Countries during the present session. The Group congratulated the Chair on his election and hoped that the spirit of compromise and good will would allow Members to successfully conduct the session. The Group also thanked the Secretariat for the preparation of the session. In particular, the Group noted the consultation process with Member States undertaken prior to the meeting, which involved improving the MTSP for the development of the Organization. The Group believed that as a result of a number of rounds of consultations convened by Director General it had been possible to achieve a balanced MTSP document. The document was concise and concrete and provided very good guidance for

Member States and the Organization how to act in the medium term period. This document fully reflected the wish by the WIPO management to undertake a process of strategic restructuring to transform WIPO and make it the most authoritative service provider in the field of Intellectual Property. The Group said it welcomed the course that had been set. Further, the Group said it attached great importance to the subject of the future of the WIPO Audit Committee. It heartily welcomed the outcome i.e., the compromise decision arrived at the previous day's meeting of the Working Group and hoped that the decision would be satisfactory to all Member States. The compromise had been struck between the principle of equitable geographic representation (which is very important for all of the UN system) and the principle of appropriate qualifications to be held by future members of the Audit Committee. In view of the heavy agenda, the Group concluded reserving the right to come back to express its view on specific agenda items as they would be discussed.

29. The Delegation of China congratulated the Chair and the Vice-Chair on their election and expressed its confidence that under the Chair's leadership this meeting would be successful. The Delegation also thanked the Secretariat for having prepared numerous useful documents for the session and noted that all the documents were available in all the official languages of the Organization. That indicated the importance the Organization attached to its language policy i.e., allowing delegations to fully participate in the meeting. The Delegation believed that the Organization was beginning to re-direct the resources on the basis of its strategic goals in order to accomplish the work before it. The Delegation appreciated this work and hoped that the nine Strategic Goals would be achieved in order to provide high quality service to all Member States. It also hoped that the MTSP would be approved and that the Organization, through the optimization of its program and budget, would be able to increase its work in the area of genetic resources, so as to promote an in-depth discussion of the issue in order to establish a complete intellectual property regime. The Delegation was grateful for the interest of the Organization in the language policy, which was very important to ensure full participation of all delegations. It congratulated the Secretariat for submitting, for the first time, the language policy proposal for consideration by the Member States. The Delegation hoped that such policy would be implemented in order to ensure the full participation of all Member States. The Delegation would continue to participate productively in the activities of the Organization and hoped that through the present debate, the activities of the Organization would be efficiently implemented.
30. The Delegation of the Syrian Arab Republic (on behalf of the Arab Group) congratulated the Chair on his election, noted its satisfaction with the agreement reached on the chairmanship of the PBC and congratulated the Republic of Egypt for having been elected Vice-Chair. The Group had given great priority to the present meeting in view of the important items on the agenda, in particular items 6 and 9, i.e., the MTSP and the Secretariat's report on the use of languages, both items to which the Group attached great importance. The Group emphasized that the MTSP had to reflect and address Member States' concerns. The Arab Group had also welcomed the partial amendments with regard to the text on the language policy, but noted that not all concerns had been taken into consideration since the implementation date had not been identified. It was logical that the comprehensive policy had to refer to a date in order ensure the full implementation, which was compatible with the study presented under the item 9 of the Agenda and which indicated, at the end of the document, that the Secretariat would attempt to implement the language policy by the end of 2015. However, this had not been mentioned in the MTSP, despite the Group's continued requests. Therefore, the Group wished to add this within the item concerning the MTSP. The policy on languages was needed to close the gap in a fair manner and could not be implemented gradually. It had to be continuous and methodological in order to be completed by the end of 2015. The comprehensive language policy includes official documents, interpretation, translation and the WIPO internet portal, and therefore WIPO had to review all related regulations in order to reflect it. The Arab Group considered the proposed policy a good basis for discussion and thanked the Secretariat for the information provided. However the Group continued to have certain concerns as to the procedures, choice of languages and means to reduce the cost of translation and interpretation. Regarding the status of utilization of reserves, the Group was

concerned that the proposed criteria in the policy on reserve funds did not examine the possibility of using part of those funds to finance the DA activities, if required. The Group recalled that it had already raised the issue during December 2008 PBC session.

31. The Delegation of Brazil congratulated the Chair on his election and fully associated itself with the statement made by the Delegation Egypt on behalf of DAG. First, the Delegation believed it was high time the Member States agreed on guidelines for electing officers in WIPO bodies, so more time could be devoted to substantive issues. Second, the Delegation welcomed the MTSP, as such a plan reinforced the member-driven nature of WIPO and allowed Member States to agree on the priorities and main goals that should be pursued for the next six years. To this end, the Delegation attached high priority to negotiating this plan with Member States, with the goal of having it recommended for approval during the present session. Third, the Delegation considered that the proposal to integrate the DA projects into WIPO's regular budget deserved special attention. The nature of CDIP projects and the timeliness of their approval required that a certain level of flexibility regarding the budgetary process for such projects. With this in mind, the Delegation would propose that any decision that Member States might reach on this issue be subject to a review process in the next session of the PBC. Fourth, the Delegation welcomed the proposal to extend language coverage at WIPO and believed this objective ought to be pursued while maintaining the same level of quality, accuracy and transparency of the documentation. To this end, creative solutions to reduce cost could be adopted, such as webcasting of all formal meetings and outsourcing translation to developing countries, where translation costs were lower. Finally, the Delegation applauded the effort of the Working Group on the Audit Committee Related Matters to find consensus regarding both the composition of the Audit Committee and implementation of its recommendations. In the Delegation's view, carefully defining the process of the selection of auditors was all important and time should be taken to fully examine and implement the Working Group's recommendation.

ITEM 4: FINANCIAL MANAGEMENT REPORT FOR THE 2008-2009 BIENNIUM;
ARREARS IN CONTRIBUTIONS AS OF JUNE 30, 2010

32. Discussions were based on document WO/PBC/15/2, publication FMR/2008-2009 and the External Auditor's Report on the WIPO Accounts for the 2008-2009 Biennium.
33. The Chair explained that document WO/PBC/15/2 contained information on the Financial Management Report for the 2008-2009 Biennium and the arrears in contributions as of June 30, 2010 and invited the Secretariat to introduce this agenda item.
34. The Secretariat presented the document under review, the Financial Management Report (FMR) for the 2008-2009 biennium, specifying that copies of the report were being sent to all Members States' Permanent Missions or Offices. The Secretariat added that the accounts presented in the document had been audited by the External Auditor, i.e. the Swiss Federal Audit Office, whose audit report was included in the document. The Secretariat quoted the Auditor's conclusion, i.e., that the financial statements give a satisfactory account, on all essential points, of the financial position of the Organization on December 31, 2009, in compliance with WIPO's Financial Regulations and Rules. The Secretariat invited the Member States to read the recommendations contained in the External Auditor's report as well as the responses given by the Organization. The Secretariat added that document WO/PBC/15/2 also listed the arrears in contributions as of June 30, 2010 and the trend in arrears for over 10 years, which showed a significant decrease in amounts owed over this period. The Secretariat invited the PBC to examine the 2008-2009 FMR (publication FMR/2008-2009) and to recommend to the Assemblies of the Member States of WIPO to approve the FMR and to take note of the status of the payment of contributions on June 30, 2010. The Secretariat informed Member States that another document dealing with the IPSAS version of the financial statements was also submitted for review under this agenda item, and added that it would be preferable to leave this document aside until a later stage, in view of the

fact that it dealt with a different subject matter. The Secretariat informed Member States that WIPO's External Auditor would be available to answer any questions the following day.

35. The Delegation of Italy appreciated the document giving a clear picture of the financial situation. The Delegation asked if it would be possible to reflect in the document that the Italian contribution had since been paid.
36. The Secretariat informed the floor that an update of the document under review, reflecting the status of contributions on September 17, 2010, would be submitted to the Assemblies, and that all the contributions since received would be included therein. The Secretariat further added that the contributions from the following countries had been received since June 30, 2010: Bahamas, Belgium, Benin, Burkina Faso, Cambodia, Chili, Côte d'Ivoire, France, Gabon, Italy, Mali, Mauritius, Myanmar, Niger, Philippines, Poland, St. Lucia, St. Vincent and the Grenadines, the United Arab Emirates, Uganda, Uruguay, Venezuela (Bolivarian Republic of) as well as Tunisia.
37. The Delegation of Egypt noted that the External Auditor had indicated that some parts of the report had not been available on time and that this had prevented them from reviewing the document in an optimal manner. The Delegation welcomed the fact that the Secretariat undertook to provide documents in a more timely manner in future. The Delegation further took a positive note of the significant decrease in the arrears in contributions owed by Member States, adding that it considered this to be a result of the introduction of the unitary contribution system in 1994 and the creation of new more equitable contribution categories for developing countries.
38. The WIPO Program and Budget Committee examined the 2008-2009 Financial Management Report (publication FMR/2008-2009) and the content of document WO/PBC/15/2 and recommended to the Assemblies of the Member States of WIPO to:
 - (i) approve the 2008-2009 Financial Management Report (publication FMR/2008-2009); and
 - (ii) take note of the status of the payment of contributions on June 30, 2010.

INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS (IPSAS) VERSION OF THE FINANCIAL STATEMENTS FOR THE 2008-2009 BIENNIUM

39. The discussions were based on document WO/PBC/15/3, which was introduced by the Secretariat noting that the document presented the International Public Sector Accounting Standards (IPSAS) version of the financial statements for the 2008-2009 biennium. The Secretariat explained that the PBC and the Assemblies were periodically provided with information on the progress made in the adoption of the IPSAS standards, together with the impact that this may have on WIPO's accounts (financial statements would be officially submitted for the first time in IPSAS format in March 2011). The Secretariat added that in the transitional period, a presentation of the financial statements was being submitted, using the IPSAS format, but under the current UN accounting standards (UNSAS). This was done in order to give an idea of the changes that would be made to the accounts with IPSAS implementation. The Secretariat informed Member States of the work currently underway on some of the final adjustments that will have to be made and asked the Member States to note that there may be further adjustments required.
40. On the subject of the comparison of the UNSAS and IPSAS versions of WIPO's financial statements, the Delegation of Angola stated that, for the same budget entries, there were, at times, differences in the amounts entered depending on the version under consideration, quoting the specific case of the land and building entry, and requested clarification in that respect.
41. The Secretariat explained that, for each budgetary line, an amount was given that corresponded to the calculation in accordance with the current accounting standards (UNSAS), as well as another amount, corresponding to the calculation in accordance with the IPSAS standards. Various notes

- were provided providing a detailed explanation as to why adjustments had been made. For land and buildings, note 6 explained the differences, namely that under IPSAS, reference was made to market value, whereas under UNSAS, accumulated depreciation was looked at.
42. The Delegation of Germany, referring to the amount of 21 million Swiss francs given in relation to the impact of IPSAS adoption on the reserves, mentioned that another figure of 18 million Swiss francs had also been given in this regard and requested clarification in respect of these amounts.
 43. The Secretariat informed Member States that discussions were still underway with the auditors concerning the impact of IPSAS adoption, and that the latest estimated figure currently stood at about 35 million Swiss francs. The Secretariat added that changes resulting from the move to IPSAS did not imply any actual change in terms of cash flow or available cash and that it was simply a question of reflecting the way money had been accounted for.
 44. The PBC was invited to recommend the Assemblies, the Members States of WIPO, to take note of the content of the document under review.
 45. The Program and Budget Committee recommended to the Assemblies of the Member States of WIPO to take note of the content of document WO/PBC/15/3.

ITEM 5: PROGRAM PERFORMANCE REPORT FOR 2008/09
VALIDATION REPORT FOR THE PROGRAM PERFORMANCE REPORT 2008/09

46. Discussions were based on documents WO/PBC/15/4 and WO/PBC/15/5.
47. The Secretariat recalled that the Program Performance Report for 2008/09 (PPR) (document WO/PBC/15/4) had been prepared in accordance with the new mechanism to further involve Member States in the preparation and follow up of the Program and Budget, which was approved by the Member States in 2006. The Secretariat added that the report was an important element of WIPO's Results-Based Management framework, reporting on the Organization's performance based on the resources approved in the Revised Program and Budget for the 2008/09 period. The Secretariat noted that the report, a self-evaluation exercise, contained an assessment program by program, conducted by the respective Program Managers and consisting of an analytical summary of key achievements and challenges that were achieved within each program during the biennium. The Secretariat added that the document further contained a section on each program's contribution to the implementation of the DA as well as a performance data table providing a summary of the expected results and performance for each of the indicators through the use of a traffic light system. The Secretariat mentioned that the document gave a last section on each program with the expenditure and budget utilization rate and an explanation in case of discrepancies between the two. The Secretariat added that the document contained an annex, giving an estimation of expenditure related to Development Activities in the biennium, together with a comparison between budgeted and actual expenditure. The Secretariat went on to explain that the aim of the validation exercise was to strengthen the Report and the accountability to Member States in reporting and performance. To this end, the validation report contained a number of important, constructive recommendations that the Secretariat would take into account in order to further strengthen the Results-Based Management framework in the Organization.
48. The Delegation of El Salvador stressed the importance of the PPR document and the usefulness of the traffic light system, which showed that the majority of programs that were of interest to the Delegation had achieved their objectives.
49. The Delegation of Spain asked if the surplus of 24.6 millions of francs was due to an increase in the budget or a decrease in spending for this amount. With regard to savings, the Delegation referred, in particular, to savings made in expenditure related to travel and mission costs.

50. The Secretariat explained that in the course of the 2008/09 biennium, a surplus of 32 million Swiss francs was made. In 2009, with a less favorable financial situation, there was a deficit of around 1.6 million Swiss francs. Furthermore, approximately 6 million Swiss francs were expended on projects approved to be funded under the reserves, resulting in an overall surplus of 24 million francs. The Secretariat added that cuts in travel and mission costs reflected WIPO's efforts to ensure that all travel expenditure is properly targeted and that missions are only undertaken when absolutely necessary, and costs are contained, for example, through the use of low cost tickets whenever possible. The Secretariat explained that this allowed considerable savings to be made without adversely affecting the Organization's performance.
51. The Delegation of Spain requested further clarification on the question previously raised concerning the surplus and asked if this amount was really a surplus or just money that had been budgeted but that had not been used.
52. The Secretariat explained that both explanations were valid, as (i) the first year of the biennium had given rise to a surplus in revenue, a true surplus, whereas (ii) in the second year, savings had to be made in order to face financial difficulties, hence the final result which was a mixture of the two. The Secretariat added that further details were available in the Financial Management Report for 2008-2009 in which personnel costs, travel costs and the explanation of the variances were presented in greater detail.
53. The Delegation of Israel made a general observation on the PPR document, and indicated its satisfaction with the traffic light system, which provided Member States with a good tool to evaluate the performance and achievement level of each program in comparison with the budget utilization. The Delegation of Israel also noted that in some programs there are full achievements of the expected results despite underutilization of the budget, while in other programs the expected results were only partially achieved and the budget was fully utilized. The Delegation of Israel asked whether the Secretariat used these figures to better understand if there were under-funded and over-funded programs, and used this information to make adjustments for future program budgets - in other words, it wished to know whether the traffic light presentation was also considered useful for the Secretariat.
54. The Secretariat indicated that the traffic light system and its comparison with the budget utilization figures was indeed important. It emphasized, however, that there was not necessarily a direct correlation between the budget utilization and the results achieved. There were cases where external factors would influence whether results were achieved or not, which was why the budget utilization could not be directly correlated to the exact rating of the traffic light system. The Secretariat used what it had learned from the assessments of its performance to inform the further implementation of the programs in the new biennium, and tried to take on board as much as possible of these lessons learned to make sure that it improved all performance in the future. The Secretariat emphasized the usefulness of the traffic light system internally for itself as well as for Programs Managers.
55. The Delegation of Egypt, on behalf of DAG, welcomed the PPR as a useful self-assessment tool that could contribute to streamlining the work of WIPO. DAG also welcomed the effort of the Secretariat to improve the report. It particularly welcomed the inclusion of a new reporting section in each Program with regard to the implementation of the DA. However, the Delegation noted that the information contained in these sections was very general and did not specifically explain how the DA recommendations are being implemented through the programs activities. The Delegation therefore requested that implementation of the DA recommendations be reflected in the expected results' performance indicators and performance data. Further, in that view, the performance indicators under Program 8, (Development Agenda Coordination) appeared to be rather weak. For instance, performance indicators such as "number of recommendations discussed in CDIP" and "number of projects and activities launched" were very limited and did not allow a qualitative reflection of the extent to which such discussion or projects were effective in mainstreaming the DA. It is suggested that more robust and definitive performance indicators for measuring the

qualitative impact of the DA projects be incorporated to enable a further appreciation of the outcomes of the implementation of the DA recommendations and the extent to which the DA recommendation were being mainstreamed. The Delegation also welcomed the useful validation report presented by the Internal Audit and Oversight Division (IAOD) on the Program Performance Report 2008/09. The Delegation took positive note of the conclusions and recommendations contained in the IAOD's report and underlined in particular the need to: (i) define more challenging and ambitious objectives, results and targets; (ii) report progress against outcomes and results rather than inputs and activities; (iii) implement the traffic light system with a view to rewarding more demanding objective and targets. The Delegation further noted that the validation report's found that the performance indicators were limited by: one, the absence of recording and reporting mechanisms that enable data to be easily accessed and collated; two, the use of subjective indicators such as "awareness, understanding, effectiveness, etc." which were not accurate indicators of outcomes; three, reliance on measures like increase, decrease, degree of progress etc., without base lines, or quantified evidence in the performance data. In order to improve the quality of the PPR and to make it a more reliable self-assessment tool, the Delegation recommended that: one, more effective data collection mechanisms be developed; two, feedback loops be set up to collect authentic customer feedback; three, weak and inadequate and unclear indicators be replaced with robust and clearly defined ones. The Delegation of Egypt mentioned that the validation report also indicated that very few programs were currently using the performance indicators and performance data for internal monitoring of progress against the expected results. The Delegation supported the endorsement of the IAOD's recommendation of routine monitoring of progress within program on a monthly basis, monitoring and evaluation on a regular basis through the quarterly reporting mechanism and active and regular monitoring and evaluation of progress at the senior management team level in order to better reflect outcomes rather than outputs and activities.

56. The Secretariat referred to the suggestions made and agreed that some improvements would be needed. It stressed that the PPR was based on the Revised Program and Budget 2008/09, and confirmed that it would have a chance with Member States to address specific issues in respect of the Program and Budget for the 2012/13 biennium. The Secretariat mentioned that if there were more forward looking strategic outcomes and indicators then there would be more meaningful expected results on which to base the Program and Budget. This was also in the same vein that the Secretariat had proposed the document on the mainstreaming of the results-based management framework. It added that the implementation of the ERP would further support the monitoring and reporting in this respect. The Secretariat stressed that the validation report was constructive and that all the recommendations which had been made would be addressed, since there was still considerable room for improvement. The Secretariat explained that the mechanism for this would be the SRP, under the accountability for results value, where there was a specific initiative addressing the strengthening of results-based management (RBM). Within that context, the Secretariat looked at improving and making a consolidated SWOT analysis of its current framework to ensure it would address all possible elements for the new Program and Budget 2012/13. In those preparations, the Secretariat indicated that it would address the recommendations that were made in the validation report as well. The RBM project under the Development Agenda provided a further link to the SRP initiative, whereby the Secretariat was focusing on improving the reflection of the DA recommendations in the results framework of the Organization, in order to reflect them in the expected results and the indicators, mainstreamed throughout the Program and Budget. The Secretariat highlighted the importance of the establishment of monitoring and evaluation systems in order to ensure that the performance information collected would in fact be used to enhance the performance of its programs.
57. The Delegation of Angola suggested streamlining the performance report and cutting down on the volume of the same. It also suggested that the PBC should synthesize the presentation of the expected results, indicators and the achievement of these, because the way it was presented currently was found to be a little confusing. In addition to this technical document, the Delegation stressed the need of preparing an executive summary, which could be a four or five page

document, giving an overview of exactly what had been done. The Delegation referred to document WO/PBC/15/2 on the subject of foreign exchange gains/losses, and the difficulties between the Swiss franc and the US dollar. The Delegation indicated that if WIPO could limit the losses or the difficulties caused by currency exchange rates, this could create additional difficulties for countries which did not use either of these currencies.

58. The Secretariat noted that the voluminous nature of the report was due to the fact that the PPR followed the structure and the number of indicators as presented and approved under the Program and Budget of the Organization. The Secretariat recalled a discussion held on the subject of the MTSP last July, where there was a slide explaining the complicated number of indicators and the expected results WIPO has to report on. The Secretariat hoped to introduce more qualitative and more strategic type of indicators which it could use and report on, and promised to take action.
59. The Director General agreed with the points raised by the Delegation of Angola, as this had been subject of consideration over several years. He pointed out the possibility for the payment of local currency for the PCT fees, while also noting that the relationship between the Swiss franc and the local currency was updated on monthly basis by reference to the UN decreed rates of exchange. The subject went back to the Joint Inspection Unit's recommendation that WIPO should consider the direct payment of fees by applicants in Swiss francs. That was a recommendation that WIPO had rejected for the very reasons that the Delegation of Angola had suggested, namely that some countries did not have access to foreign currency, and it would also penalize countries that suffered from exchange rate variation. Therefore, WIPO had maintained the system in place. Other discussions had taken place on whether WIPO could find ways to limit its total exposure to exchange rate variation and of course, in this regard, it should be recalled that WIPO both benefited and suffered disadvantages from this. The Director General also mentioned that WIPO looked at various ways to reduce the exposure, but that had not met with the agreement of all the Member States, who rather felt that applicants preferred stability to more frequent changes in the exchange rate.
60. The Delegation of Germany expressed its dissatisfaction with the unequal level of detail provided across the explanations in the various programs. It suggested that the Secretariat provide a template for reporting to each Program Manager in order to introduce some best practices and standard format. It suggested that it found the details provided in some programs very helpful in this respect, because this would provide useful additional information for the planning of the next budget - what kind of savings seem to be permanent and which ones were temporary.
61. The Delegation of France noted that while the document might seem too long to some readers, there was also the need to ensure transparency, and others might even think that there was not sufficient detail in respect of the indicators. The Delegation noted that indicators, which expressed the results of concrete actions, were needed. It considered the budget utilization section under each program interesting, but noted that this did not necessarily reveal the quality of the implementation of the program and said that sometimes it was better to achieve 80% of a program but have better quality of service.
62. The Secretariat indicated that it was focused on making the whole results-based framework aimed at the achievement of results and outcomes rather than activities and outputs. Within that context, the MTSP would mean the adoption of the strategic outcomes and the indicators which were clearly at a high strategic level and would provide useful guidance for WIPO in the preparation of the Program and Budget 2012/13 and would facilitate moving the expected results up to the level of outcomes from that of outputs.
63. The Director of the Internal Audit and Oversight Division (IAOD) presented the Validation Report (document WO/PBC/15/5). He indicated that he was pleased with the discussion which had taken place on the PPR and the comments on the Validation Report, and thanked the Delegation of Egypt for the care and attention with which the report had been reviewed. This was the first time WIPO performed a full validation of the PPR, following the trial exercise done last year. The IAOD Director noted the Director General's full commitment to transparency and accountability, and his

wish to have the full validation report presented to the PBC. The report was full of information, as was the PPR itself, and a lot of interesting issues had come out of the validation exercise. The Director felt that the exercise itself was quite unique in the UN system, although the RBM in program performance reporting was fairly standard in UN organizations, but validations like this were quite unusual if not unique. He noted that the validation verified the accuracy of the information in the PPR, while noting that there remained concerns about the usefulness of the PPR and the quality of the performance reporting itself. To answer this discussion, the IAOD Director added that over the last three biennia, steady improvement had been seen in the latter, but a lot of things continue to need to improve, which remained a priority for the Director General himself. He considered that the introduction of the MTSP process and document would enable a better and clearer focus for future program performance reporting and a measurement of performance and results, which was very positive for the Organization as a whole. The Director of IAOD thanked again those who looked carefully at the Validation Report and recalled that these reports could be read in his office.

64. The Delegation of Bangladesh, on behalf of the Asian Group, wished to make comments on both documents WO/PBC/15/4 and WO/PBC/15/5. The Asian Group believed that the PPR was a useful tool for self-assessment by Program Managers. It took note of the application of the indicators in relation to expected results and performance indicators as approved in the 2008/09 Revised Program and Budget. It also observed the performance achievement indicated in the PPR, presented in accordance with the Traffic Light System. In general, the Asian Group agreed with the issues that were identified in the PPR in terms of further improving the overall reporting system. It took note of the emphasis given on the link with the strategic goals and strategic outcomes, outlined in the MTSP. It noted that the MTSP would be an evolving document, and accordingly, the expected results and performance indicators would also need to be improved continuously in relation to the MTSP. The Asian Group particularly underscored the need for further refining the concept of baselines and targets. The absence of clear baselines and targets in the PPR made the self-assessment largely a subjective exercise and difficult to verify in certain cases. In this context the observations made in the IAOD Validation Report are quite pertinent. The Asian Group took note of the point made by the validation report, that the performance indicators are severely limited by the absence of recording and reporting mechanisms that would enable relevant data to be easily accessed and efficiently collected. The Asian Group also found merit in the Validation Report suggestion to introduce quarterly performance reporting so that the expected results and performance indicators could be monitored and evaluated on a regular basis. It believed that it would help address the problem of very few programs currently using the performance indicators and performance data for internal monitoring of progress on the expected results. The Asian Group also believed that there was scope for improving the internal data collection system and developing a systematic means for analyzing feedback from Member States. The Asian Group underlined the importance of proper recording and analysis of feedback received from Member States. The Asian Group took note of the Validation Report suggestion that the Traffic Light System should not be applied against inadequate or unachievable indicators, and that there is a need to develop customer feedback mechanisms in all programs. In order to enhance the credibility of the PPR, the Asian Group urged caution with regard to applying the Traffic Light System against the so-called soft targets that might lead to bringing of the performance achievement without actually reflecting very feasible or measurable progress against specific baselines and targets.
65. The Delegation of India was confident that there would be a constructive and forward looking deliberation in the session under the leadership of the Chairman. At the outset, it announced its concurrence with the statement by Delegations of Egypt (on behalf of DAG) and Bangladesh (on behalf of the Asian Group) on this agenda item. The Delegation thanked the Secretariat for its efforts to improve the PPR and congratulated it on the considerable efforts that had been made in preparing the Report. The Delegation also appreciated the detailed responses that it heard this morning as well as in the earlier informal consultations. The Delegation agreed that the PPR was an important self-assessment and managerial tool which, if prepared and used well, could

contribute to streamlining the work of the Organization. In this context, it welcomed the detailed Validation Report of the IAOD. The Delegation thanked the Director General for sharing the detailed report with the Member States in the PBC. It looked at it as a step towards creating transparency and collaboration with Member States and wished to duly record its appreciation for this initiative. The Delegation also hoped that this process would be continued and fine tuned in the coming years.

66. The Chairman invited the PBC to recommend the approval of the PPR 2008/09 to the WIPO Assemblies. Concerning the Validation report, the Chairman asked the PBC to recommend to the Assemblies to take note of the document presented.
67. The Program and Budget Committee recommended to the Assemblies of the Member States of WIPO the approval of document WO/PBC/15/4.
68. The Program and Budget Committee recommended to the Assemblies of the Member States of WIPO to take note of the contents of document WO/PBC/15/5.

ITEM 6: MEDIUM-TERM STRATEGIC PLAN (MTSP)

69. Discussions were based on document WO/PBC/15/10.
70. The Director General introduced this agenda item, noting that the Medium-Term Strategic Plan (MTSP) had been developed through extensive consultations. It had been first introduced at his meeting with Ambassadors on May 27, 2010 and was subsequently discussed with Member States at two consultation meetings with the members of the Senior Management Team (SMT). As a consequence of those consultations, the Secretariat had received a large number of oral and written comments, which it had taken into account to the greatest extent possible in preparing a revised draft, which had been the subject of the fourth and final consultation meeting on August 19, 2010. Further comments made by Member States at that meeting were also incorporated into a further revised, final draft MTSP, which was now before the Program and Budget Committee. The Director General singled out just two of the amendments made following the final consultation, which he considered particularly important in relation to the interactive nature of this process. These were the introduction on page 7 of an indicative time frame, namely 2012, for the mid-term review of the MTSP by Member States as requested by a number of Delegations; and, also on page 7, the inclusion of provisions for periodic reporting by the Secretariat to the Member States on progress towards the strategic outcomes. The Director General commended these improvements to the earlier drafts, which were just one example of the value of the interactive nature of the process.
71. The Delegation of Egypt, speaking on behalf of DAG, underlined the importance that the group attached to the MTSP, which they viewed as an important blueprint for guiding WIPO's work in the next five years and as a key instrument in translating the broad strategic goals agreed by the Member States into concrete programs. The Delegation thanked the Director General for the initiative and for eliciting the views of Member States on the draft document over a number of occasions. The DAG shared the view of the Director General in his foreword that the MTSP should represent shared ownership, and a joint endeavor between the Secretariat and the Member States. Given the significance attached to this process, the group remained concerned about some elements in the text, and wished to work in the PBC to reach a consensus on this very important document so as to be able to submit it to the Assemblies for its adoption. To this end, DAG wished to circulate a document, which was largely based on written comments that the DAG had submitted on July 12, 2010, but was updated to take account of the changes that had already been accepted in the revised draft of August 19, 2010. The Delegation sought the Chair's advice on how to proceed, and suggested that a section by section review may be an option.

72. The Chair noted that, since the document prepared by DAG had not yet been distributed, he was not yet sure what the discussion was about and how complex negotiations might be. He asked for an idea of how extensive the document was, and whether some of the points might require small group negotiations.
73. The Delegation of Egypt referred to the previous DAG paper that had been submitted on the July 12, 2010 and in which the DAG had presented its comments in track change format within the MTSP document itself. He explained that, instead of reproducing this once again, the DAG had now extracted the comments which had not been incorporated in the revised draft, and had instead presented them in a narrative form for ease of reading. The new DAG document was around 10 pages, and Member States would already have seen most of the points within the DAG's earlier July 12, 2010 track change document.
74. The Delegation of El Salvador congratulated the Director General on the transparency of the MTSP process, which had been a very good example of consultation. The initiative was an excellent model of inclusiveness, which could be usefully copied elsewhere, and which had enabled everyone to participate in the development of the document. Referring to the statement by the DAG, the Delegation stressed that El Salvador fully supported the document submitted by the Secretariat, which was a good synthesis of the comments made so far by Member States. The Delegation understood from the DAG statement that they wished to submit additional comments, and requested the chance to look at them. The Delegation hoped that, thereafter, Member States would be ready to put the MTSP to the Assemblies for adoption. The Delegation stated that it did not wish to let the opportunity pass of emphasizing once again its satisfaction with the very inclusive approach adopted by the Director General.
75. The Chair suggested that the best way forward would be to pause on this agenda item in order to give Member States time to read the DAG paper and to consult among themselves in order to decide how best to consider it. He called on all to discuss seriously how to strategize in an efficient way.
76. The Delegation of Egypt stated that it had understood that the Chair's consultations scheduled for 2.30 pm would be open to Coordinators and interested Member States, but it seemed that this was only a meeting for Regional Coordinators, and the Delegate had unfortunately not heard from the African Group Coordinator about the outcome of the meeting. The Delegation also recalled its proposal to discuss the MTSP document section by section. The Delegation asked the Chair to clarify the outcome of the consultation meeting with the Coordinators for the benefit of those delegations which had not been present.
77. The Chair replied that the consultations had been inconclusive as delegations had not seen the DAG paper before-hand, but had talked about it afterwards when their Angolan colleague had been present. The Chair advised that time would be given to delegations to look at the document and to discuss among themselves, in terms of process and substance, how it should be taken forward. The Chair stated that it was his understanding that delegations wished to break into informal small group consultations to further discuss the contents of the document (in Room B).
78. The Delegation of Egypt requested that the Legal Counsel be present during these further discussions.
79. The Delegation of Angola, speaking in its national capacity, confirmed that the MTSP draft as revised on August 19, 2010 was acceptable to the Delegation. Further to consultations by the Secretariat with all the Member States and ambassadors, the Delegation noted that the proposed plan included an opportunity for a mid-term review in 2012. The plan was currently being implemented and the Delegation felt that it should be given a chance to be implemented. The Delegation was of the view that it could be adopted as presented. If it were now to start to be renegotiated, this would be problematic as every delegation would want to include its own point of view. The Delegation urged that the document be adopted in a flexible manner.

80. The Chair believed that another round of negotiation might be needed. He reminded delegations that only three languages of interpretation were available in the informal rooms and asked for delegations' cooperation in deciding which interpretation should be provided.
81. The Delegation of Nigeria thanked the Chair his effort to facilitate the membership's work and fully endorsed the statement made by the Delegation of Angola. The Delegation questioned the utility of going into informal consultation without knowing what issues were to be discussed and to what extent. The Delegation urged that a way be found to streamline the discussions since only a very small number of issues remained to be agreed on.
82. The Delegation of Côte d'Ivoire appreciated the flexibility demonstrated by Member States during the consultation process. The Delegation considered that the MTSP should guide the future work of the Organization and the delivery of its mandate. It should provide framework within which the Secretariat could deliver and to which it could be held accountable. In this regard, the Delegation considered that Member States should not deviate from the endorsed program of work and should reflect all aspect of the Secretariat's work. The Delegation recognized that not every comment made by delegations and regional groups could be captured in detail in the draft submitted by the Secretariat. The Delegation considered that the document represented the collective effort by both the Secretariat and the Member States well. The Delegation supported the document as a good compromise and urged the PBC to recommend it for approval by the Assemblies.
83. The Delegation of the Republic of Korea appreciated and supported the revised draft MTSP. It considered it as a guidance document for WIPO's work for the next five years. The Delegation believed that document addressed and reflected the concerns and comments made by Member States during multiple and constructive discussions held since the month of May. The Delegation recalled the proposal it had made at the last consultation meeting, which had been to identify who was in charge of each Strategic Goal and which division carried out each specific strategy. It believed that this would encourage every sector and every division to execute their duties faithfully and with the sense of ownership, and would facilitate communication.
84. The Chair acknowledged the comments made and reminded delegations that the MTSP before them was the fruit of their consultations with the Secretariat. He noted that the DAG had now distributed a document expressing a number of concerns. The Chair recalled that some delegations wished to have a paragraph by paragraph discussion on the MTSP and the DAG comments. The Chair reiterated that the document reflected the effort by the Director General to incorporate comments and suggestions. The Chair stated that the decision on how to proceed with further discussions was in the hands of the membership, although he felt that informal meeting might provide an opportunity to discuss the issues more freely.
85. The Delegation of Israel saw no need to adjourn into informal meeting. The Delegation believed that the MTSP document should serve as the main policy guidance, the Director General's roadmap for WIPO. It should be kept as such. The document was neither a detailed report on programs nor a budget proposal requiring the Member States' involvement. The Delegation saw it as a document of the Director General, and, as such, there was no need for further discussion.
86. The Delegation of Egypt stated that clear deadlines and guidelines were in the MTSP process which was why the Delegation requested the Legal Counsel's presence. In the Delegation's view, the informal consultations, sessions and lunch-time discussions did not replace official intergovernmental negotiations. The Delegation added that the PBC should recommend the MTSP adoption and yet some delegations were not willing to discuss the document further or enter into negotiations. The Delegation appreciated the efforts made by the Director General. However, this was an intergovernmental process. The Delegation wished to clarify the legal status of the MTSP for the Organization. If it was simply the Director General's vision, then it should not be called a MTSP.
87. The Delegation of the Syrian Arab Republic, on behalf of the Arab Group, referred to the possibility of informal meeting with interpretation in three languages and requested interpretation in all languages to guarantee active participation of all delegations. The Arab Group comprised 22

- countries and all the Group's comments had been made in Arabic. The Delegation stressed that the Group attached great importance to the document and requested that an equal opportunity be given to all participants to express their opinions.
88. The Delegation of Mexico recalled that the Mexican IP and Copyright offices had submitted written comments on the MTSP. Although not all of them had been included in the draft, the Delegation was comfortable and satisfied with the present document, fully realizing that inclusion of all comments from all Member States was impossible. Speaking on behalf of GRULAC, the Delegation confirmed that GRULAC stood ready to adopt the document and recommend its approval to the Assemblies. However, should it be decided to discuss it further, the Delegation was ready to proceed.
 89. The Delegation of the United Kingdom supported the statements made by the Delegations of Angola, Israel, Nigeria and Mexico. The Delegation was grateful for the long MTSP consultation process but noted that the dialogue could not continue forever. The Delegation believed that there was consensus and was ready to adopt the MTSP as it stood.
 90. The Delegation of Switzerland associated itself with the comments made by the Delegations of Angola, Côte d'Ivoire, Israel, Nigeria, Mexico and the United Kingdom. It endorsed their comments to the effect that this process had been a very valuable consultation exercise, which and quite different to what had happened in the past. The Delegation recalled that, in the past, the Director General had simply presented his medium term strategic plan, whereas the present process had allowed the Director General to take on board comments and views expressed by delegations. It was true that not all the comments were reflected in the final outcome, but the purpose was to provide guidance for the future that would represent a compromise acceptable to all. The Delegation believed that this was exactly what the document contained. The Delegation endorsed adoption of the MTSP as it stood.
 91. The Delegation of South Africa supported adjourning into informal consultations and felt that there were not many issues to be discussed. It also felt that the MTSP was very strongly linked to the SRP and the current Program and Budget. The Delegation wondered how the document, if adopted that day, would affect the future work of WIPO (based on the adopted Program and Budget). That was the reason why the Delegation wished to ensure that they were in line with each other. However, should the Legal Counsel advise that the MTSP was purely the Director General's vision and document, the Member States would not need to adopt it at the General Assembly. An adoption by the General Assembly would imply that this was a Member States document as well. In the latter case, Member States would need to ensure their views were fully reflected. There were a few issues that needed clarification and that was why the Delegation supported discussing them informally.
 92. The Delegation of Brazil supported the statement by the Delegation of South Africa in that there seemed to be different understandings of what the MTSP was. In the Delegation's view the MTSP was a high level document, a constitution-like treaty, with which the work of all other committees would have to be coherent. But if it was only the vision of what the Director General wanted to implement, the Delegation agreed that Members did not need to adopt it. However, if Member States were going to adopt it, it would have to be negotiated further. The Delegation supported the idea of the informal meeting.
 93. The Delegation of Australia welcomed the unprecedented consultative process undertaken on the MTSP. It considered the MTSP as providing a compelling vision by which to guide the progress of the Organization. It regarded the MTSP in its current form as striking a delicate compromise between the views of the different Member States of the Organization. This being the case, the Delegation was ready to endorse it as it stood.
 94. The Delegation of Egypt reminded the delegations that the MTSP document had never been presented in a formal meeting of WIPO. It suggested that before the Secretariat responded to the concerns raised, it would be useful if the Secretariat formally presented the document.

95. The Delegation of Bangladesh, speaking on behalf of the Asian Group, thanked the Director General for developing the MTSP document and appreciated the consultations undertaken by the Director General to elicit views from Member States. The Group noted that the latest version of the document reflected many of the comments made by the Member States. It hoped that as a living document, the MTSP would continue to accommodate the concerns and interests of Member States in relation to WIPO's role as a leading service provider in the global operations. The Asian Group requested clarification of the status of the document. It generally agreed with what the Director General stated in his foreword i.e., that the MTSP should be a shared document with developed ownership among Member States. While the Group welcomed the Director General's initiative to involve Member States in the process of developing the document, it wished to have a very clear understanding of the extent and implications of the Member States' involvement in the process. The Asian Group felt that the document to be presented to the forthcoming WIPO Assemblies should adequately accommodate the concerns and interests of all Member States in order to develop their ownership of the document.
96. The Secretariat formally introduced document WO/PBC/15/10 recalling that the MTSP had been intended to provide Member States and the Secretariat with a jointly agreed high level framework, which in turn would guide the preparation of the Program and Budget for 2012/13 and 2014/15 biennia. It was very clear that it was supposed to be a jointly agreed high level framework. As the Delegation of Bangladesh mentioned, the Director General's foreword very clearly stated that the draft MTSP document had been developed through an intensive consultative process and represented a joint endeavor between the Secretariat and the Member States. Shared ownership of the MTSP by Member States and the Secretariat, built on a shared understanding and unified commitment to what was to be achieved, would be essential for its successful implementation. The Secretariat recalled how the process had been undertaken. When the Director General presented the initial MTSP consultation paper, prepared by the Secretariat, at a meeting with Ambassadors on May, 27, 2010. Thereafter, in order to facilitate the consultative process with Member States, the SMT comprising the DDGs, the ADGs and the Chief of Staff had held open consultation meetings with Member States on June 3 and June 25, 2010. Very valuable input from Member States had been received. In addition to the oral input received at those three meetings, the Member States were invited to contribute written comments. Comments received been shared with all Members *via* the restricted, dedicated webpage so everybody had known what comments were being made and how the process was working out. Written comments had been received, among others, from the African Group, the Arab Group, Australia, Barbados, China, the DAG Japan, Mexico, Monaco, the United Kingdom and France. The majority of comments had been incorporated in the second draft document dated the July 19, 2010. The Director General had subsequently met with Ambassadors for a further consultation meeting on July 19, 2010. Based on the comments received during that meeting, as well as some other inputs which the Secretariat had thought to be acceptable to the entire Membership, the third and final revised draft MTSP document was issued as a PBC document WO/PBC/15/10 for formal consideration during this session. The document included all the changes which had previously been highlighted in the revised July 29 draft, plus some additional points made at the August 19, 2010 meeting. The decision paragraph in the document invited the PBC to take note of contents of the document and to recommend its adoption by the General Assembly. The Secretariat reiterated that the document was clearly a shared vision and a shared guidance document for the next two biennia.
97. The Legal Counsel answered questions from Delegations of Egypt, South Africa and Bangladesh (on behalf of the Asian Group) relating to the legal status of the MTSP. The Counsel said that the introduction to document stated that it had been prepared by the Secretariat. The decision paragraph just read out by the Secretariat invited the PBC to take note of the contents of the MTSP and to recommend its adoption by the General Assembly. That was the standard practice and the way documents were always prepared in WIPO. That was how a document converted from being a Secretariat document to a Member States document.

98. The Chair stated that, at this point, two things were clear about the document: that it had been prepared by the Secretariat and that the actionable paragraph 4 required decision as to what to do next. The Secretariat was in the hands of the Member States as to whether Members were prepared to take note of it and recommend its adoption. A few delegations said that they were ready to proceed while other delegations wished to discuss the document a little more.
99. The Delegation of Egypt understood, following the Legal Counsel's explanation, that the MTSP document followed the same procedure as any other document and that the process was the same as for adopting program and budget in the PBC i.e., the PBC took note and recommended it to the Assemblies. Therefore the document would have the same legal significance and standing as the Program and Budget.
100. The Legal Counsel confirmed that this would represent what the PBC was being asked to do, i.e., the PBC would take note of the contents of the MTSP and to recommend its adoption to the General Assembly, which would be exactly what the PBC had done in respect of the Program and Budget.
101. The Delegation of Slovenia, speaking on behalf of the Central European and Baltic States, supported members of PBC who had commended the consultation process undertaken prior to the present meeting. It believed that the current version of MTSP reflected, in a fair and balanced way, different views expressed by the delegations and therefore the Group was ready to adopt it as it was.
102. The Delegation of Egypt repeated its understanding that the legal significance of the MTSP was equivalent to the legal significance of the Program and Budget. The point was, however, that the Program and Budget had been negotiated in the PBC, yet the Delegation was being told that the MTSP would not be. That was an issue of concern for the Delegation, that some Member States were saying that the MTSP should not be negotiated.
103. The Chair clarified that he had not heard any delegation say that the MTSP should not be negotiated. Several delegations had said that they were ready to approve it, which was an important distinction. The Chair understood that some delegations wished to negotiate certain points. However, he had not heard anything formally yet.
104. The Delegation of Angola (speaking in its national capacity) said that, as already stated by its Ambassador during the consultations, Angola was ready to take note of the contents of the document and recommend it for adoption by the General Assembly.
105. The Delegation of Sri Lanka believed that Members should start negotiating, or at least discussing certain concerns raised by the DAG in their written paper the day before. The Delegation called on the Chair to take a decision on the process without allowing Member States to keep on talking about the process, so that the discussion of this agenda item could be concluded this day or the following day.
106. The Chair responded that since he now finally formally heard that delegations wished to negotiate, and that that was the reason for which everybody was there, the negotiating would open. His caveat was that the point might be reached rather quickly at which he would speak with Regional Coordinators to decide how to go forward in view of the long agenda and its remaining items. He suggested proceeding with comments on the Director General's foreword.
107. The Delegation of Nigeria stated that it would not support any document that was not officially issued. It reiterated its previous statement that areas of differences should be streamlined. Members could not go into detail and review everything that had been done before. They ought to decide to discuss only the areas of differences. If those areas were monumental it would create problems. Members could continue talking but the number of points discussed was worrying. The Delegation recalled that when the UN Secretary General introduced his strategic plan in New York, members had engaged in consultations but they had not, however, negotiated the document line by line. The Delegation added that the Chair needed to streamline the discussions, avoid

- negotiating the document line by line, to produce the text that all Members could discuss and take a consensus decision on.
108. The Delegation of Switzerland supported opinion of the Delegation of Nigeria, in that although everybody had the right to express their opinion, entry into a negotiation process at this stage was something that the Delegation did not find helpful. A parallel had been drawn with the Program and Budget. As the Delegation saw it, the MTSP reflected strategic vision and, not necessarily something that was agreed down to the smallest detail by everybody in the room. The document contained a vision, a view on how to look ahead. The Delegation did not feel bound by every single detail of the MTSP. This was the difference between MTSP and Program and Budget document where everybody was bound by its contents. The MTSP provided detail on certain points, but it was only when Members would come into discussing the Program and Budget in the future that they would be entering into a binding commitment, also in the relevant bodies and committees. It should be stressed that MTSP was a vision that Members could go back to in two years time to review. It was not something that bound Member States hand and foot at this stage but rather to help choose the general direction for the Organization. It was a vision that had taken into account comments made by Member States so far. The Delegation considered it a better document than the previous strategic plans of the Organization. For that reason, the Delegation believed that comments could be made on the current draft, which would be reflected in the report of the session. Member States could then see the views that the different delegations had taken. Therefore, Members should take note of what had been said, adopt the document and forward it to the Assemblies.
 109. The Chair announced the start of discussions in an informal meeting.
 110. (Resuming the formal session) The Delegation of Slovenia, on behalf of the Central European and Baltic States, thanked the Director General for clarifying that Member States and regional groups were involved in creating this document in a transparent and inclusive way through the process started four months ago. The Delegation reiterated its Group's full support for the MTSP as presented the previous day in document WO/PBC/15/10.
 111. The Delegation of Mexico reiterated its statement from the previous day, i.e., its full support for the document.
 112. The Delegation of the Russian Federation thanked the DAG for its new (track change) version of its paper (which the Delegation thought was an informal document), but noted that the amendments proposed by DAG completely changed aspects of this document. The Delegation reminded the membership that the MTSP, as originally submitted for approval in the PBC, was the outcome of an unprecedented number of consultations with the Member States. In this regard, it would be extremely difficult for the Delegation to discuss the inclusion of amendments at this juncture. The Delegation reiterated the position of its Group stated at the start of the PBC, i.e., that it had fully agreed with document WO/PBC/15/10 as it had been originally presented and was fully prepared to approve it.
 113. The Delegation of China commended the constructive attitude shown by Member States during the consultations. The Delegation attached considerable importance to the MTSP. It supported the document submitted to the PBC by the Secretariat and agreed that this document should be submitted to the General Assembly for consideration. The Delegation had listened with interest during the last two days to the comments made by the Member States and would like the Secretariat to take these comments into consideration.
 114. The Delegation of India appreciated the opportunity given to the DAG, of which India was a member, to present its comments in a most succinct form in terms of track changes, and for allowing it to be introduced as an informal document. The Delegation was pleased to note that many countries had expressed support for the MTSP document as it was presented to the PBC. The Delegation referred to the comment made by the delegate of the Russian Federation, that in the DAG document, there appeared to be certain issues which would alter the MTSP in a fundamental manner. The Delegation underlined that it was indeed true that were certain issues of

concern in the MTSP which the DAG wished to see changed, for which reason the DAG had presented the comments in writing three times, and had engaged constructively in the consultation convened by the Director General. The Delegation thanked the Secretariat for having already incorporated comments from the DAG in the revised drafts. However, there remained some important issues, on which the Delegation continued to have concern. Given that the MTSP document was acceptable to many member countries, the Delegation wished to hear the objections to all areas of the DAG's proposed changes. The Delegation invited comments from Member States, stating that it was consultations with the Secretariat which had produced the draft MTSP. The Delegation quoted the Director General's foreword on the joint nature of the endeavor between the Secretariat and the Member States, and on the New Mechanism, which was adopted by Member States to increase their involvement in the preparation and follow-up of the Program and Budget. The Delegation endorsed this perspective and therefore attached importance to intergovernmental consensus on the MTSP.

115. The Delegation of the United Kingdom agreed with the majority of speakers who had already taken the floor to underline that it was absolutely impossible to produce a document in which every Member State was in 100% agreement with everything in it. The Delegation noted that not all the proposed changes submitted by its Capital had been incorporated, and that it was not in 100% agreement with all of the content; but that the United Kingdom had accepted the MTSP document as submitted to the PBC as a fair balance. The Delegation acknowledged the desire of some Delegations to see further changes, but proposed to adopt the document as it stood on the first day of the PBC in the interest of equity and fairness to all.
116. The Delegation of the Syrian Arab Republic advocated looking at the amendments proposed by the DAG in an objective manner, since some of the amendments were considered important for those delegations, and hoped to be able to reach a consensus.
117. The Delegation of the United States of America wished to echo the majority of the comments which had been made with respect to WO/PBC/15/10, which the Delegation supported, and for which it was clear that there was very broad support. The Delegation did not think that it would be productive to try to work through the track changes proposed by DAG, noting that some of the proposed amendments were very significant, and noting that the exchanges between the Delegations of Nigeria and Egypt had shown how much difference of opinion existed with respect to the further changes proposed. The Delegation thanked the Director General for his comments with respect to the status of the document, noting that there had been further clarification that the MTSP was of a non-binding nature. The work of the PBC was therefore simply to consider the document in order to accept it, but not to negotiate line by line. This document provided general guidance. In terms of agreeing specificities, the PBC mandate would come with the next Program and Budget, in which Member States would need to agree the specificities with respect to programs. This was not the intention of the MTSP document, as the Director General and the Secretariat had made this clear.
118. The Delegation of Brazil repeated that it welcomed the MTSP as a blueprint document for WIPO, which would dictate the strategic direction of the Organization over the coming five years. The Delegation said that it would translate the broad strategic goals, agreed to by Member States into concrete and actionable programs through the biennial Program and Budget document. Brazil quoted and endorsed the Director General's words in the Foreword on shared ownership of the MTSP built on a shared understanding and unified commitment. For this reason, the Delegation had come to the PBC ready to negotiate the document with Member States, with a view to its approval at this PBC. The Delegation had now heard that the document was not the agreed view of Member States, but was only a strategic view of how the Organization would move forward in the next years. In which case, the Delegation asked why Member States had been asked to approve the document. The Delegation said that it was more than ready to approve it, if it was the shared view of Member States, and was more than willing to negotiate it. As a member of the DAG, it wished to hear the views of the other groups and the other delegations, regarding the DAG

- proposals. But the Delegation underlined that it was not ready to approve the document without negotiating it.
119. The Delegation of France recalled that the consultation process had started in May, and that Ambassadors had participated directly on two occasions. The Delegation recalled that the MTSP was a guiding document; it was not the Program and Budget. Member States would consider the budget next year, and again in three years. The MTSP provided high level guidance. Every Member State had made compromises, since every preference of every Member could not be included in a single document. The Delegation commended the positive approach, as endorsed by many delegations, and recommended the adoption of document WO/PBC/15/10 as submitted.
 120. The Delegation of Myanmar thanked the Director General for his clarification of the status of the documents. The Delegation cited the reference in paragraph 2 to the MTSP's being built on a shared understanding and a unified commitment, and noted the linkage to the Program and Budget activities. The Delegation supported the proposal by the DAG group to include a separate section on the Development Agenda. The Delegation was in favor of considering the DAG proposed amendments and negotiating further to achieve a unified commitment.
 121. The Director General, referring to a comment by the Delegation of Brazil, clarified that the process of producing the revised draft MTSP had been based on views expressed by, and shared between, Member States. The Secretariat would continue to record in the document what the Member States wished the Secretariat to record.
 122. The Delegation of Turkey agreed that the MTSP was an important document, which would guide the Secretariat as well as the Member States. As clearly stated by the Director General, the MTSP was of non-binding character, and could never be an obstacle should Member States have different policy considerations in the future. The Delegation believed that the MTSP document provided a sound basis on which to build. The Delegation was of the view that there had been sufficient consultations and negotiations and sensed that there was a general agreement on the whole for the adoption of the document. The Delegation confirmed its support for the adoption of the document, as contained in WO/PBC/15/10.
 123. The Delegation of Venezuela (Bolivarian Republic of) stated that the key to the discussion was that the MTSP was non-binding and should not be subject to decision. The Delegation saw no problem in reviewing the DAG proposals to see what could and could not be accepted. The Delegation felt that many issues could be resolved. It referred to the footnote to the Director General's foreword which made clear that the foreword offered the perspective of the Director General.
 124. The Delegation of South Africa noted that most of the discussion the previous day and that morning had been spent on procedure and clarifying the legal status of the document, without going into the substance of the concerns that prevailed amongst some members. The Delegation felt that, if Member States were being asked to recommend adoption of the document by the Assemblies, then the document should to a reasonable degree reflect Member States' consent. In recognition of the importance of the MTSP in terms of providing strategic directions, and recognizing that a number of delegations had some difficulties with it, the Delegation suggested that the PBC should agree on a mechanism to move forward, but which would accommodate the fact that there were still some concerns. One option would be to agree to have further consultations before the Assemblies, since there was insufficient time to conclude negotiations during this session of the PBC. The Delegation therefore requested that the Chair conduct further consultations, with a view to reaching some consensus.
 125. The Delegation of Bangladesh, speaking on behalf of the Asian Group, focused on the question of process. While acknowledging variations in the positions of individual members of the Asian Group, the Group had also evolved a general approach to the document in terms of the way forward. The Asian group believed that, at this junction, the MTSP could be only recommended as the Director General's vision for the Organization, for the next five years. In that respect, the Group would appreciate further clarification in the foreword of the linkage between the MTSP, the Program and Budget, the SRP and other relevant issues. The Group had taken note of the Director General's

further clarifications about the status of this document and believed that this suggestion was in line with the Asian Group's position. Finally, the Group believed that the PBC and perhaps the General Assembly would only be able to take note of this document as the Director General's vision, and could not adopt the document without further negotiations among Member States. That said, the Asian Group underlined that it was also very open to adopting the document, subject to the opportunity to have further negotiations amongst all Member States in order to reach to a consensus outcome document. The Group took positive note of the welcome initiative by the Director General and the inclusive consultations with Member States.

126. The Chair noted that the PBC was in an odd situation. There was broad support in the room from most regional groups. There were suggestions from the Delegations of Bangladesh and South Africa. There had been a request to start negotiations, and statements from other Members that they were not able to start negotiations now without input from capitals on the proposed changes. The Chair invited creative suggestions on ways forward and requested that, after the break, once the Delegations which had already requested to speak had done so, the debate should be cut off and the Committee should focus exclusively on ways forward.
127. The Delegation of Algeria, referring to the statement made by the Delegation of Angola (made on its own behalf), said that the African Group would be meeting and would communicate the Group's position thereafter.
128. The Chair acknowledged that other regional groups had also made it clear that, through their formulation referring to a majority, there was not agreement by all members of the regional groups.
129. The Delegation of Egypt echoed the statements by the Delegations of South Africa and Algeria that there was a misunderstanding about the African group position, and that the African ambassadors would be meeting shortly. The Delegation regretted that it did not agree with the Chair's reference to a comfortable majority in support of the document, and underlined that there was no consensus in the room.
130. The Chair agreed that there was no consensus, but considered that, if the regional groups that had spoken clearly in support were added up, there was a clear majority. However, there was not a consensus, which was what was needed. Some creative thinking was required on the next steps. South Africa had proposed a roadmap. Bangladesh had given some good thinking. The Chair proposed to resume discussions promptly after the lunch break.
131. Following informal consultations, discussions resumed the following day and the Chair announced that the amended version of the MTSP document as proposed by DAG had been distributed (WO/PBC/15/10 with the word "draft" across the front page and a supplementary diagram) and invited comments from the delegations.
132. The Delegation of Egypt, speaking on behalf of DAG, recalled that delegations had agreed that DAG could distribute a document showing their proposed amendments in track change format, and thanked the Secretariat for distributing DAG's proposed revised draft with such a speed. DAG emphasized that the MTSP was being recommended for adoption to the General Assembly, and, as such, it fell into the category of a Member States document. While DAG appreciated the involvement of the Secretariat and the preparation of the document, it maintained that the MTSP was under the authority of the Member States.
133. The Delegation of Slovenia said that, having listened to various arguments, it continued to maintain that that document was a strategic document, presenting a vision of the Organization for the coming years. However, it seemed to the Delegation that several ambiguities related to the status of MTSP remained. The Delegation requested that the Director General brief the membership on the consultation process prior to the PBC meeting, and on the linkage (and its implications) between the MTSP, the strategic realignment program (SRP), and the future Program and Budget. The Delegation believed that such clarification would help the Member States come to a decision, which would be beneficial to both to the Member States and to the Organization.

134. The Director General addressed the status of the document, noting that this matter had been discussed on a number of occasions, as had the consultative process. The Director General reiterated that this was not a binding document, but rather a strategic guidance document. He repeated that the document could not be binding because the PBC and General Assembly would meet next year to decide on the Program and Budget. While it would be expected that the Program and Budget would be developed in broad consonance with the strategic guiding vision of the MTSP, the MTSP could not bind “in advance” the Member States’ decisions on the Program and Budget. The Director General reiterated that the MTSP document was intended as a guidance document for the direction of the Organization, the specificities and specific details of which would continue to be responsibilities of the relevant subsequent committees. Regarding the relation to the SRP, the Director General said that, while the strategic vision in the MTSP was directed to the Organization’s outcomes, orientations, achievements and directions over the following five years, the SRP was concerned with the administrative modalities of how the Secretariat would perform and execute whatever the Member States decided should be the Program and Budget of the Organization. On the MTSP consultative process, the Director General recalled once again that a preliminary consultation paper had been presented by him at the meeting of Ambassadors on May 27, 2010. In the following weeks, there had been two more detailed working level meetings led by the Senior Management Team. The Secretariat had taken into account all oral comments from all these meetings, and had invited written comments. Written comments had been contributed by: the African Group, the Arab Group, the DAG, Australia, Barbados, China, Japan, Mexico, Monaco, the UK, and France. All written comments had been shared on the website, via a restricted webpage, with all Member States. The Secretariat had then undertaken the task of putting together the oral and the written observations and synthesizing them into one document, which sought to reflect a balance between all the observations that had been made. The Director General believed that the majority of the inputs, observations and comments had been incorporated. The resulting revised version of the MTSP had been published on July 29, 2010. Thereafter, the Director General had held a further meeting with Ambassadors on August 19, 2010, when further observations had been made. Taking into account those comments and observations, the Secretariat had produced the third draft of the MTSP, which was contained in document WO/PBC/15/10 before the Committee.
135. The Delegation of Nigeria thanked the Director General and the Delegation of Egypt for trying to streamline the document. The Delegation confirmed that the DAG’s new draft had not affected its previous position, which remained to support without reservation document WO/PBC/15/10 as originally presented to the PBC.
136. The Delegation of Angola, speaking on behalf of the African Group, recalled that it had previously been agreed that document WO/PBC/15/10 would remain as presented to the PBC. The Delegation was surprised to see the new draft circulated by DAG, which it considered pointless as it was not acceptable. The African Group’s position remained that the original document had been acceptable, that a compromise had been reached with fellow members in the African Group, and that it saw no reason for changing the document to incorporate all DAG’s changes. If the document was to be changed, then the African Group would also wish to see all its remarks included as well. This would delay proceedings and was not the Group’s objective. The Delegation added that it too could produce a document with its individual vision of the MTSP. The Delegation requested that the new document be withdrawn and that the agreement reached in the morning’s discussions be respected.
137. The Chair clarified that the draft circulated by the Delegation of Egypt was not an official document, but had been prepared by DAG for the purpose of facilitating comparison with DAG’s proposed amendments, and in order to move the discussions forward. The official document remained WO/PBC/15/10. The Chair said that it was very clear that the African Group was willing to accept the official document WO/PBC/15/10.
138. The Delegation of Switzerland, speaking on behalf of Group B, reiterated Group B’s position that the official document of the MTSP (WO/PBC/15/10) was an acceptable document because it

presented a vision for the Organization and a roadmap for the future. The statement made by the Director General had fully reassured the Group as regards the status of the document. The Delegation recommended that the document be approved.

139. The Delegation of Sri Lanka understood that the informal consultations had been very fruitful but wished to read its statement for the record. The Delegation recalled the proceedings of the previous day, when the Chair had agreed that today the PBC would start discussing the language proposed by DAG to establish what could be inserted into the main text of the MTSP. This proposal had been made by the Delegation of Egypt and had not been rejected by any delegation at that time. Therefore, the Delegation was pleased to see a document with DAG's suggested changes and thanked the Secretariat for circulating it. The Delegation recalled that it had been said that the MTSP was not a binding document but rather guidance for the Secretariat. This being the case, the Delegation saw no problem in incorporating DAG's proposed changes to meet the needs of all Member States. However, the Delegation believed that the MTSP document could be the blueprint document for WIPO. It appreciated the effort already made by the Secretariat to incorporate Member States' comments into the current draft. The Delegation fully supported proposals on the way forward expressed by the Delegations of Bangladesh, on behalf of the Asian Group, and South Africa.
140. The Chair read out the proposed compromise text of the draft decision: "*The Program and Budget Committee takes note of the contents of document WO/PBC/15/10 and recommends that the Chair of the PBC conduct consultations with Member States prior to its submission to the General Assembly for its consideration.*" In the absence of comments the text was adopted.
141. The Delegation of Egypt thanked the Chair for his capable leadership of the meeting and the spirit of fairness shown. It also thanked the Director General for his cooperation and hoped that the spirit of compromise and cooperation would continue to guide the Members work in WIPO.
142. The Delegation of Côte d'Ivoire fully supported the decision taken by the PBC and wished to note for the record that the Delegation had no objections to the MTSP document in WO/PBC/15/10 as originally submitted.
143. The Delegation of Angola, on behalf of the African Group, reiterated that the large majority of the Group had had no objection to the original WO/PBC/15/10 document.
144. The Delegation of El Salvador stated that it entirely supported the MTSP document in its original WO/PBC/15/10 version.
145. The Delegation of Venezuela (Bolivarian Republic of) thanked the Chair for the successful conclusion of the MTSP discussion and allowing Member State to reach the agreement, which was an indication that anything can be improved.
146. The Delegation of Nigeria fully associated itself with the support for the original version of the MTSP in WO/PBC/15/10, as expressed by the Delegation of Angola. The Delegation commended the Chair for finding a path to the compromise solution.
147. The Delegation of South Africa thanked the Chair and other delegations for the constructive spirit of compromise shown during the MTSP discussions as well as Secretariat for the preparation of the draft text.
148. The Program and Budget Committee took note of the contents of document WO/PBC/15/10 and recommended that the Chair of the PBC conduct consultations with Member States prior to its submission to the General Assembly for its consideration.

ITEM 7: PRESENTATION ON STRATEGIC REALIGNMENT PROGRAM

149. The Secretariat provided an update on the Strategic Realignment Program (SRP), noting that the SRP's primary objective was to enable the Organization to be more efficient, responsive, responsible and accountable. It emphasized that the Director General and the Senior Management Team (SMT) were intensively engaged and were driving this program of strategic change, and that WIPO, as a team, was committed to making it a success and to ensuring that the positive change was an improvement, sustained in the years to come. The Secretariat stated that the active engagement of staff at all levels was a key success factor for the implementation of the SRP and that it was endeavoring to achieve this. Lastly the SRP was an Organization wide program cutting across all sectors. The Secretariat provided an overview of the overall status of the SRP and pointed out the most important next steps. It explained that the SRP was the Organization's program for change, reform and improvement, launched by the Director General in 2008, with a number of initiatives and measures. The Director General, in March-April this year, developed a comprehensive roadmap for the SRP in terms of how it would unfold and what the key initiatives and outcomes would be under the program. This was done against the definition of the Organization's four core values: (i) service orientation, improving service to WIPO's Member States, Stakeholders and Customers; (ii) being more accountable and focusing on performance all through the organization; (iii) being more socially responsible and environmentally responsible; and last but not least (iv) working as one - as an integrated, cohesive single organization. These values applied to every staff member, unit and sector of the Organization. While they seemed very simple, it was a long journey before WIPO could say that it lived and behaved according to these values across the Organization. The Secretariat also explained that a number of key initiatives had been identified against the four core values - some have been planned, others were already under implementation. It said that the MTSP was one such initiative, which would be a landmark and a foundation for improving results-based management in the Organization. It noted that the MTSP would go a long way to providing the Organization with input for the results-based management improvements, because successive Program and Budget proposals would be based on the strategic outcome indicators and guidance in the MTSP. Another example of a strategic initiative was the ERP; WIPO had submitted a proposal for the completion of its ERP implementation to the Member States, which would provide the Organization with the necessary tools to manage in an integrated manner, apply policies and procedures coherently across the Organization, and most importantly, to be able to provide performance data to the Member States and to stakeholders. There was much discussion this morning on the importance of accurate and reliable performance information. The Secretariat stated that at present, WIPO did not have the tools to gather and to report on the performance information that was needed to provide meaningful reports to WIPO's managers, stakeholders and Member States. The ERP would provide WIPO with the basic tools necessary to achieve this. Other examples of the initiatives were those related to ethics and were very important for WIPO. Similarly, under customer service, the Secretariat indicated that it had a number of initiatives that would hopefully go a long way to improving this area in the Organization. The Secretariat explained that the SRP was being driven by the SMT, but every single staff member of the Organization would be engaged, and would benefit from it. The Secretariat noted that while the governance model may look complicated, it was very simple. The fundamental point was that every initiative had a leader, and this leadership was within the current organizational structure and responsibility lines. However, to support the program and to ensure collaboration and collective ownership, WIPO had identified an SMT champion for each value. A project management office had also been set up, since the initiatives were numerous, complex and cross-cutting in nature. The Secretariat expressed the need to coordinate and facilitate the process through a project management office. It also mentioned that it had been reporting quarterly to the AC, and had received comments and recommendations at the end of every AC session. The Secretariat recalled that the SRP had been launched in 2008 and, in response to Member States' requests, updated for the comprehensive roadmap. The SRP was a continuation of the desk-to-

desk assessment, which had taken shape in the Organizational Improvement Program. The SRP was a continuation of the reform and changes identified at that stage, but had gone well beyond the recommendations of the desk-to-desk assessment. The Secretariat pointed out that it had established the value based governance structure with 19 different initiatives identified. Many of them were in different stages of planning and implementation. The Secretariat expressed its confidence that, at the end of the year, all the initiatives would be moved into the implementation phase. The Secretariat recalled the brochure that was published in March-April, and that it had identified some of the achievements since October 2008. The Secretariat explained that this was merely an update on some of those areas and what it had done since April of this year, such as the very successful WIPO open day, the new logo and a new “Working as one” identity. The Secretariat confirmed that it had worked extensively on the ERP proposal, planning and preparing it, identifying the key success factors, the risks, and the resources that were needed. The Secretariat noted that there had been a draft ICT strategy developed and this under consideration by the Director General and the SMT, which included a governance mechanism for ICT. The Secretariat pointed out that it had made important achievements on the performance management front including the staff Performance Management Development System (PMDS), which was now in the second phase of implementation where it was identifying detailed work objectives and development objectives for all the staff. The Secretariat noted that the Director General had, in fact, led by example by establishing “compacts” with each of his SMT members, which were then cascaded down to the staff in the different sectors. It also mentioned that it had made significant progress on the work related to RBM and that it was clear and evident that a number of Member States were looking for improvement in this area and some of the comments made this morning were in fact, the very weaknesses that WIPO was trying to address through the RBM strengthening project. The Secretariat emphasized that it had made improvement on carbon neutrality, which was being reported to the Member States through these meetings and Assemblies, and that it had also taken a small step forward by establishing a full Ethics Office (within the office of the Director General). The Secretariat emphasized that measuring success was a key to this program, because it needed to know that it had made progress. Accordingly, it had been identifying indicators for each of the outcomes against the different values; this would be a fairly simple set of indicators but should be representative of what the Organization meant to its customers, how it saw itself as being more accountable and how it could see itself being more responsible. The Secretariat concluded that it would have indicators defined and baselined, which meant that it would assess where it stood today and then report back on an annual basis on achievement progress made. The Secretariat warned that there were many risks associated with the SRP, related to the initiation, planning and definition stages. The Secretariat maintained that it had to be clear that progress would be commensurate with the resources that it assigned to this program. For the current biennium, it should stay within the current Program and Budget envelope, but it would continue to refine its resource estimates and ensure that it would propose the necessary resources in the next Program and Budget. The Secretariat welcomed the AC’s suggestions and recommendations regarding the risks and confirmed that it continued to look at the risk mitigation measures, which were regularly reviewed with the SMT as well. The next steps would be to complete the definition and planning of all the initiatives, to finalize the indicators in order to be able to report on and measure progress made, so that all initiatives would be in their implementation phase by the end of the year.

150. The Delegation of South Africa requested that the PowerPoint presentation be made available in paper form and asked the Secretariat if this document would become a WIPO working document that could be referred to, since the Delegation had questions on a number of elements given in the presentation.
151. The Secretariat confirmed that it would compile all documentation on the SRP, including the PowerPoint presentation, and would post it on the PBC meeting website.

152. The Delegation of Egypt inquired what cost elements were involved, how much had already been spent on the SRP, where these cost elements could be found, or if the Secretariat would be making it available in the document to allow delegations to review the costs entailed.
153. The Secretariat confirmed that specifically for the ERP proposal, the cost estimate for the entire project had been made and was subject to the approval of the Member States. Other initiatives under the SRP, such as the MTSP, had not really resulted in additional cost because they had been prepared by the Secretariat. The Secretariat added that there was a very simple but standard template used for defining the initiatives under the SRP, and every project leader would be providing, or had provided, resource estimates which were subject to careful review by the project management office and also by the Director General. Some of the initiatives had already identified resources within the current year's workplan, other were special projects needing appropriation of funds based on Member States' approval, and still other were funded from existing staff time and capacities.
154. The Delegation of Egypt requested further clarification as to how much had already been covered in terms of costs and what costs were still expected.
155. The Secretariat responded that it would be able to provide such information by mid-October.
156. The Delegation of South Africa requested more detailed information than that provided in the PowerPoint presentation, particularly concerning the Ethics Office, and on the cost of the Open Day.
157. The Secretariat confirmed that it would follow up on this matter.
158. The Delegation of India requested further information on the Ethics Office. Since it seemed that this Office had already been established, the Delegation asked what work it was doing exactly and whether any reports would be submitted by that Office, in any form, to any intergovernmental body of WIPO.
159. The Secretariat stated that an Office Instruction could be made available explaining the Terms of Reference of the Ethics Office, which would report directly to the Chef de Cabinet. The Secretariat added that the Ethics Office was currently staffed with one professional and one secretarial support person, and that it might expand given the volume of work it would be dealing with. The Secretariat further noted that, should the Member States wish to have a more extensive briefing, the Chef de Cabinet could be asked to provide such a briefing.
160. The Delegation of the Republic of Korea requested more information on the costs involved when activities and initiatives involved staff capacity or time.
161. The Secretariat assured Member States that it would take note of all requests for more information on costs and for the request to have the PowerPoint presentation made available in paper form.
162. The Program and Budget Committee took note of the contents of the presentation on the Strategic Realignment Program.

ITEM 8: REVIEW OF BUDGETARY PROCESS APPLIED TO PROJECTS PROPOSED
BY THE COMMITTEE ON DEVELOPMENT AND INTELLECTUAL PROPERTY (CDIP)
FOR THE IMPLEMENTATION OF THE DEVELOPMENT AGENDA RECOMMENDATIONS

163. Discussions were based on documents WO/PBC/15/6 and WO/PBC/15/6 Rev.
164. The Chair introduced the item explaining that in October 2009, Member States requested the Secretariat to undertake a review of the budgetary process applied to projects proposed by the CDIP for the implementation of DA recommendations and to submit recommendations to the PBC. He added that the document provided an overview of WIPO's planning and budgetary process for

CDIP projects within the RBM framework and that the PBC was invited to consider the draft proposal for a phased approach with a temporary solution for the year 2011 and a fully integrated solution as of the 2012/13 biennium.

165. The Secretariat confirmed that Member States had raised a number of issues regarding the financing and implementation of projects and activities concerning the DA and the importance of the DA's integration into the budget process. The Member States had also mentioned the need to consider the availability of funds given the time lag between the CDIP session and that of the PBC. As for the implementation of the recommendations within the WIPO/RBM framework for the DA, raised at the Assemblies last year, the Director General had provided follow-up to the questions raised by Member States suggesting the establishment of a budgetary mechanism within which resources would be identified in advance and projects and activities integrated into the organization's programs. The Secretariat described the document under review, explaining that it gave an overview of this planning process and set out the central element for the procedure for adoption of these measures. The document further gave a summary of the planning and budgetary cycle of WIPO on the way in which the projects and activities were reviewed in financial terms with respect to the DA. The Secretariat pointed out that, as WIPO's program and budget cycle was a four-year one, there was an overlap with the budget cycles, and that the main element and timelines were set out in diagram 1 which was included in the document. The Secretariat further explained that, given the approval date, the DA projects had not yet been fully integrated into the planning and development process for the programs, that some projects related to DA were implemented through a number of different programs, hence a certain level of complexity in terms of the resource management, but also in terms of the reporting on the use of these resources. This referred in particular to the comments made earlier by the Delegation of Egypt. The Secretariat put forward its recommendations, to be reviewed by the PBC. Firstly, the Secretariat proposed a transitional solution for 2011 and a fully integrated solution as from the 2012/13 biennium. For the transitional solution, the Secretariat would identify the required resources within the current Program and Budget. As for the fully integrated solution, beginning in 2012/13, the resources required for the implementation of DA related projects and activities approved or broadly agreed to by the CDIP in April 2011 would be integrated into the Program and Budget proposal for 2012/13, with details of the programs under which they would be implemented, expected results and specific resource requirements under each program. It would also be possible to have a break-down of resource requirements by biennium. Resources required for the implementation of DA projects and activities approved by the CDIP in November 2011 would be subject to a revision for 2012/13 if and as necessary. The resources required for the implementation of DA projects and activities approved by the CDIP in November 2012 and those approved in April 2013 would be included in the program budget proposals for 2014 and 2015. In this respect, the Secretariat referred the Member States to diagram 2, which set out the Proposed budgetary process for DA projects and activities and identified these for each CDIP session, i.e. November 2010, April 2011, November 2011, April 2012, November 2012, April 2013, etc. The Secretariat added that the fully integrated solution had the advantage of making it possible to plan programs and activities for the DA and gradually aligning them with the other activities of the Organization. The follow-up and assessment of results would also be facilitated because they would be integrated into the RBM framework. The Secretariat invited the PBC to recommend to the Assemblies of the Member States of WIPO to approve the proposals contained in paragraphs 14 and 15 of the document under review.
166. The Delegation of Angola, referring to the position of the African Group given earlier in the day, welcomed the initiative taken by the Director General in introducing this procedure. The Delegation recalled that an agreement proposed at the 13th session of the PBC to have an 8 million Swiss franc budget envelope was subsequently endorsed by the Assemblies. The Delegation requested that a table be made available showing how much had already been spent, what the remaining balance was and what was left in the reserves.

167. The Chairman took note of this request and suggested that the floor be opened for any other outstanding questions.
168. Referring to the statement by the Delegation of Angola, the Secretariat informed the Member States that a document made up of two different tables, detailing the requested information, recommendation by recommendation and year by year or biennium by biennium, was available to Delegations. The first of the two tables showed data in respect of the five recommendations put forward in December 2008, which amounted to 7.9 million Swiss francs. A total of 823,000 Swiss francs had been spent in 2008/09. Expenditure in 2010 amounted to 1.3 million Swiss francs at the end of August. The Secretariat recalled that, subsequent to the commitment made by the Director General in September 2009 to make any unspent amounts pertaining to the 2008/09 biennium available for the implementation of DA recommendations, the Secretariat had made this amount available by placing it into the reserve funds and clearly identifying it for this purpose. Concerning the projects accepted for the 2010/11 budget cycle, the Secretariat recalled that these represented 5.1 million Swiss francs in all and that this information, as well as the budgetary allocations for 2010/11 and the actual expenditure up until August 31, were detailed in the tables which was available for the Member States to consult.
169. The Delegation of the United Kingdom expressed its concern that resources might not be maintained within agreed resource requirements and suggested adding to paragraph 14, before the words "the advantages", the following text: "*within the agreed budget envelope for 2010/11*". The Delegation further suggested adding a new number "(v)" at the end of paragraph 15, which would read: "*an assurance to the PBC that Project costs will be maintained within agreed resource requirements in (iv), with all subsequent changes remaining resource neutral.*"
170. The Delegation of South Africa requested clarification as to how much money had been spent out of the total allocation of 7.9 million Swiss francs for DA projects, adding that this amount now appeared to exclude personnel costs, which was contrary to the Delegation's recollection of the initial allocation of 7.9 million as including both personnel and non-personnel costs. The Delegation also asked if the Secretariat could explain what any outstanding amounts or extra costs corresponded to, how much was still to be spent and over what period of time.
171. The Secretariat recalled that the CDIP report was to be submitted, with full details, in November. This session would also be an opportunity for Project Managers to comment and to provide explanations to Member States' queries. Concerning costs, the Secretariat confirmed that the amount of 7.9 million Swiss francs did not include personnel costs and that the total amount, including personnel costs, was 10.3 million Swiss francs. The difference, as mentioned in the document in which the projects were presented to the CDIP at its third session, corresponded to the human resource cost that the Organization was supposed to achieve through internal re-deployment. The Secretariat added that part of the 7.9 million Swiss francs had already been spent in 2008/09 and that this amount was included in the expenditure for that biennium. What had not yet been spent was earmarked in the reserves for DA projects, as disclosed on page 9 of the Financial Management Report (FMR).
172. The Delegation of Angola requested clarification in respect of the amounts identified for the DA for each period, how much had been spent and what was left over.
173. The Secretariat explained that, out of the 7.9 million Swiss francs allocated to the DA projects, a certain amount of expenditure was incurred in 2008/09. The remaining amount of 7.2 million Swiss francs for DA projects was clearly earmarked in the reserves for this purpose, in accordance with the information provided in document WO/PBC/15/16 "Status of Utilization of Reserves and Updated Financial Overview for 2010".
174. The Delegation of Angola asked if it would be possible to have another column in the relevant table showing the total outstanding amounts remaining available for both periods.

175. The Secretariat confirmed that this information had not been disclosed in this form previously, and that it would be pleased to provide the calculations for what had been spent and what was remaining for each biennium in each respective envelope.
176. The Delegation of Egypt asked if the information requested by the Delegation of Angola could be included in document WO/PBC/15/6 for ease of reference. Concerning the transitional solutions proposed for 2011, the Delegation expressed its wish to see any reprioritization, reduction in allocations or re-allocations of amounts clearly reported and approved by the PBC. The Delegation further requested clarification on the distinction used by the Secretariat between technical assistance and implementation of DA projects.
177. The Secretariat firstly confirmed that the table showing the information requested by the Delegation of Angola could be included as an annex to the document. On the issue of reprioritization, the Secretariat noted that a revised budget may be submitted to the Assemblies of next year to explain any proposed reprioritizations or reallocations subsequent to savings made and that such information could also be presented, if necessary, at the PBC meeting before the Assemblies. On the issue of the distinction between technical assistance and DA, the Secretariat mentioned that there had always been capacity building or technical assistance programs, these being found now mainly under strategic goal 3, "Facilitating the use of the Intellectual Property for development". The Secretariat added that, from the programmatic point of view, a DA Coordination Division was included under Strategic goal 3, responsible amongst other things for ensuring that there is coordination across the whole of the organization in the deployment of resources in favor of the DA Projects. The Secretariat added that, likewise, there was an evolution to a situation in which it would be possible to identify the DA component of each Program in the Program and Budget, adding that a given program may have, from the past, ongoing development-related activities. The example of the Global Infrastructure strategic goal with its three components was given. One of these components was exclusively devoted to technical assistance, namely, Office of Modernization, with projects in about 60 countries. This component came under the DA Recommendation concerning the modernization of Offices and Technical Assistance Cluster, and also existed independently. The Secretariat considered that technical assistance was something that the Organization had always done, and that it would continue to do. The Secretariat took on board the message that development should be mainstreamed and added that it was striving to ensure that each area of the Organization's activities had a development orientation to it, adding that there were also projects that concerned, specifically, the implementation of DA Recommendations.
178. The Delegation of Brazil expressed its view that integrating these DA projects into the regular budget of WIPO was a positive development which corresponded to the Organization's objective of mainstreaming DA activities within all Programs. The Delegation recognized, however, that some flexibility in the proposal may be required because of the very specific nature of the CDIP Projects. The Delegation expressed its concern at the idea of having to present projects in a specific form and requested the assistance of the Secretariat in this respect. The Delegation, referring to the intervention made by the UK on the issue of transitional measures for 2011, enquired as to what would happen if new projects were to be approved in November 2010 or in April 2011 and how this would be reflected in the 2010/11 budget envelope.
179. The Secretariat confirmed that it was fully prepared to assist Member States in formulating the projects within the DA framework so that the presentation would reflect the breakdown of costs and budgetary envelopes. Concerning the upcoming November Session, the Secretariat added that needs would be accommodated in the context of the Program and Budget 2010/11, with reprioritization if necessary and the presentation of a revised budget in September 2011. For the April session, needs would be mainstreamed into the 2012/13 budget cycle.
180. The Delegation of the United States of America expressed its satisfaction that the proposal from the Secretariat had emphasized the importance of ensuring that DA projects and activities were integrated into the results based management framework, that this would enable the monitoring

and evaluation of DA projects and activities within the overall context of Program Performance. The Delegation expressed its strong support for the move to integrate funding for DA projects and activities into the regular budget of WIPO, while also respecting the budgetary envelope for these projects and activities.

181. The Delegation of India expressed its satisfaction with the proposal to mainstream DA implementation in terms of WIPO's regular budgetary processes and requested clarification on a number of points. Firstly, it asked if the two aforementioned budget envelopes were separate for certain earmarked recommendations. Secondly, the Delegation asked if the reprioritization exercise referred to would mean the reprioritization of funding within the DA implementation activities, or that of the overall budgetary envelope for the biennium, and if any such moves would be brought to the attention of the Member States for consideration and approval. The Delegation added that it shared the concern expressed by the Delegation of Brazil concerning the presentation of proposals to the CDIP. Finally, the Delegation commented that the inclusion of an additional sub-item (v) to paragraph 15 seemed contradictory with the fundamental commitment undertaken by Member States to ensure that adequate sources would be made available for the implementation of the DDA once approved by Member States. This inclusion asked for an assurance for the PBC that project costs would be maintained as indicated and that any changes would be resource-neutral. The Delegation expressed its doubts as to the acceptability of this particular amendment, posing the question of who would be in a position to provide the requested assurance to the PBC (the CDIP, the Secretariat?), and noted that this did not seem logical.
182. The Delegation of South Africa requested that clarification be provided on the budget indications for the DA projects, adding that it wished to have information on the unspent balance of the DA projects, the project delays and intended expenditure plan. It further requested that the tables on the DA projects be made part of the Program and Budget document and raised a concern if the additional personnel costs still needed to be reflected on those tables. Referring to the original concept of the CDIP, the delegation wanted to avoid the situation of making the same point in PBC and CDIP meetings, as it was understood that once the funds were approved for the DA projects by the CDIP, the WIPO Secretariat would implement it. The Delegation added that the projects should not be restricted by costs and that the budget revision in between the biennium would be required as necessary. It took note of the work the Secretariat was already doing to address some of the issues with the transitional solution, and the program and budget cycle. The Delegation also wanted to avoid having a situation of a proposal not being considered in CDIP due to missing budget details and so forth. Hence, it expressed its concern that this issue be also addressed in the document.
183. The Secretariat confirmed that careful note had been taken of the need for regular reporting to the PBC on DA projects, and added that tables would be provided on the amounts that remain to be funded on DA projects and also on the ones that were already approved and currently available. As regards the time gap between the approval and the actual funding of the projects, the Secretariat added that there was a flexibility to finance the projects, which avoided having to wait for a long period of time. The Secretariat quoted that for projects that were approved by the CDIP in coming April, the financing would be in the 2012/13 budget, and if there was a need, there would be a revised budget to take into consideration new projects. On the footnote to the annexed table, the Secretariat explained that personnel cost were not included as they were internal to the Organization had no impact on the implementation of the projects.
184. Following up on the points raised by the Delegations of Brazil, India and South Africa on the project format and templates, the Delegation of Egypt agreed that it was in the interest of the CDIP that projects were actually presented from its Member States. While the project proposals from the Secretariat would still continue, it added that Member States would need to come up with their own proposals. On the same context, Japan and Korea were mentioned as pioneers who had presented proposals to CDIP without any given restriction on the format, which was then reviewed by the CDIP and also the Secretariat for costing related issues. This was believed to a good basis to proceed forward. The Delegation suggested an amendment to paragraph 15, by deleting the "or

to be proposed for approval by CDIP” line. In addition, it added that funds from unallocated budget should be used to cover the project funding gap of 8 months i.e. between the CDIP meeting of the April 2011 and actual budget cycle beginning January 2012. The delegation also reiterated that sufficient funds should be made available to implement all DA projects as it was one of the major initiatives of the organization and added that the Assemblies decisions of 2007 be properly implemented.

185. The Delegation of Pakistan considered that the interaction with the Secretariat had helped clarify a lot of issues related to DA projects. It stated that the document and the pre-meetings were a good initiative and added that the document was a good paper, which could be made part of the FMR. It referred to the 8 million Swiss francs in the reserves, as noted in the FMR of 2008-2009, and added that it would be helpful to all Member States if this document was made part of the FMR for future references. The Delegation also made a remark on the commitment sought from the Director General and the Secretariat for CDIP funds to be used for the purposes agreed by the Member States. The Delegation also added its concern that one development activity should not be slashed while reprioritizing the other activities and asked the Secretariat to continue providing the details on description of the projects and its implementation for Member States.
186. The Delegation of Switzerland (on behalf of Group B) also appreciated the detailed information provided by the Secretariat during the course of the discussion. It appreciated the financing provided for the CDIP projects, and asked that it be included in the normal budgetary process of WIPO activities. The Delegation considered that the current mechanism proposed to be put in place was a logical one. It confirmed that all of the new projects that were proposed by the Secretariat and Member States should be regarded within this general context. The Delegation reiterated its understanding that there was sufficient flexibility of funding for DA projects with the adoption of budgetary envelopes for each biennium, as funds earmarked for the CDIP projects were going to be part of the regularly ongoing process and thus did not see any gap and the need for subsequent flexibility, as suggested by some of the previous delegations. With respect to the recommendation on the results based budgeting and the mechanisms to be adopted in the context of the CDIP, the Delegation considered that it needed to review this in proper perspective. Complementing the earlier comment of the Delegation of Egypt on the description, it added that the point was an important one; hence certain adjustments on projects were made prior to adoption. The Delegation further highlighted the need for CDIP projects to be well structured. If at every CDIP meeting there were going to be new projects, it mentioned the need to have logic in terms of project proposals so that it could these could be completed in an appropriate manner. It added that the United Kingdom proposal was fully in line with the concerns of Group B and suggested appropriate amendments to paragraph 14 and 15.
187. The Delegation of Belgium referred to prior interventions of the United Kingdom, India and Switzerland on paragraph 15. It added to the United Kingdom’s concern about cost control, India’s logical point about the inclusion of this insurance of cost control within the project submitted by the Member States and an ensurance of cost control raised by the Delegation of Switzerland, and suggested to include a separate sentence at the end of paragraph15 that project cost would be maintained within agreed resource requirements in full, with all subsequent changes remaining resource neutral.
188. The Delegation of Brazil stated that the issue was quite complex and that it was important to ensure that there was enough flexibility to guarantee that the CDIP projects were approved without any delay. The Delegation reaffirmed its earlier position that no matter what the final decision was on the integration of the CDIP projects into the regular budget, the final solution would be subject to a process of revision at the next session. The Delegation further explained that, in its view, the PBC would need to review and evaluate the process over the next two years and an analysis would be required for additional adjustments, if any.
189. The Delegation of the United Kingdom thanked all delegations for their comments and suggestions and also those who supported it. The Delegation was in full agreement with the comments made

by the Delegation of Belgium and thanked Belgium for coming up with a consensual position. It added that with the two changes in paragraphs 14 and 15, the paragraph 15 as changed by Belgium now, it would be able to agree to the decision point. It also added that the comments made by the Delegation of Brazil were quite sensible and hence would support them.

190. The Delegation of Germany requested clarification on personnel costs and how the cost of internal staff were reflected if they were not charged to the project. It also wished to have further clarification as to whether the appendix of the PPR, showing the part of program funds spent on development issues, included the personnel costs or not. It also asked for clarification as to whether the financial outlook of MTSP, which noted that 17% of the budget was spent on development issues, also included personnel costs. The Delegation did not agree with the statement made by the Delegation of Egypt, as it considered that there should be a ceiling for the expenditures under the DA projects as for all other expenditures, and hence some clear numbers had to be calculated to find out how much was actually being spent. It added that funds had to be earned before being spent and hence could not be unlimited. Therefore, the budget envelope could be put as a limit. It also requested clarification as to whether it was the general practice of WIPO to not include the staff costs, in which case it would bring additional questions regarding the amount not budgeted and accounted for.
191. With reference to a statement made by the Delegation of Pakistan, the Secretariat confirmed that a table on the DA would be integrated into the future Financial Management Report and thus this information would be made available to all Member States. The Secretariat added that, in the meantime, it may be necessary to supply some additional tables to respond to questions from Member States concerning figures for the 2010/11 period. Concerning the question of funding, the Secretariat assured the Member States that the availability of funds was guaranteed given that DA projects were integrated into the normal budgetary process of WIPO and that this was the major principle underlying the document under review. Furthermore, this integration of the DA projects into the regular budget made the reporting on the budgetary process with respect to implementation much easier. Concerning the issue of personnel costs, the Secretariat explained that the staff costs were not included in the table detailing the costs of the project since the staff working on the project were WIPO staff, not necessarily working on the project at 100%, and therefore these costs had not been included so as not to give a false impression of the actual cost of the projects. Concerning flexibility, the Secretariat explained that, in the same way that the budget for DA projects was flexible, the WIPO operational budget was flexible and that if there were to be a revision of the regular WIPO projects at some point, this would also concern DA projects. The Secretariat added that this was the advantage of including such projects in the global WIPO Program and Budget since resources would not be lost and it would be easier to follow the implementation process. The Secretariat mentioned that it seemed a consensus had been reached by delegations with respect to the text of paragraphs 14 and 15.
192. The Chair summarized the proposed amendments. He recalled that the Delegation of the United Kingdom proposed inserting a sentence in the middle of paragraph 14, "*within the agreed budget envelope for 2010/11*" and that the Delegation of Egypt proposed, in the opening sentence of paragraph 15 to take out the clause "*or to be proposed for approval by CDIP*". The Chair added that a new solution had been proposed by Belgium and seconded by the United Kingdom, namely to have a sentence at the end of paragraph 14 to the effect that project costs would be maintained within the agreed budget, with all subsequent changes remaining cost neutral.
193. The Delegation of India supported the proposals made by the Delegations of Egypt and Brazil and suggested, given the uncertainty of events, adding a review clause possibly in two years. The Delegation said that, whilst it appreciated the positions expressed by the Delegations of the United Kingdom and Belgium concerning the need to remain within the budgetary envelope approved by the Member States, it had difficulty in accepting the United Kingdom's proposal since this would signify making an exception for the DA budgetary process. The Delegation then asked clarification with respect to its earlier question concerning the issue of re-appropriations, namely if these were

- only made from one DA project to another or if they were part of the Program and Budget as a whole and, also, if prior approval would be sought from the Member States.
194. In response to the question raised by the Delegation of India, the Secretariat explained that on the funding issue, reprioritization was part of the Program and Budget and not specific.
 195. The Delegation of Egypt, although it appreciated the concern by Group B, expressed its wish to proceed with the summary of the points made by the Chair and to have the changes on paper. The Delegation then recalled the proposal that was presented by DAG to fund projects adopted in the April 2011 CDIP with unallocated resources in the 2010/11 biennium so as to avoid waiting eight months to fund the projects from 2012/13 budget resources.
 196. The Secretariat voiced its understanding for the concerns expressed by the DAG and suggested an alternative proposal i.e., to include the April 2011 CDIP in the transitional solution. This would ensure that the money would be made available through savings or reprioritization, in the same way as for the November 2010 projects approved by the CDIP, and would avoid taking the risk of having insufficient funds from unallocated to finance these projects. Anything that would go beyond the approved budget envelope would have to go via the budget cycle as a revised budget.
 197. Concerning paragraph 14 of the text, the Delegation of Japan voiced its concerns that the aforementioned reprioritization exercise might lead to additional expenditure without any limitation. The Delegation said this would be inappropriate and that it supported the United Kingdom proposal which made this point clear. With regards to paragraph 15, the Delegation mentioned that several delegations had made a proposal which had, with the assistance of the Secretariat, previously been submitted to the CDIP.
 198. The Delegation of Brazil asked that the suggestion regarding the two years review be included in the list of the issues put forward for discussion.
 199. The Delegation of Switzerland said that with respect to paragraph 16, it could not accept the deletion of the words "*to be proposed for approval by the CDIP*", because it wanted these elements to be maintained. The Delegation pointed out that, as mentioned by the Delegation of Japan, the Secretariat had helped provide a dossier that was in line with the recommendations and the Delegation therefore considered that these elements should be maintained in the paragraph.
 200. The Chair indicated that the proposal of the Delegation of Egypt would be left on the table and that he would also ask the Secretariat to come up with a formulation, asking for its support in assisting Delegations so that their concerns would be duly taken into account.
 201. The Delegation of Belgium expressed its concerns that the proposal put forward by Egypt to remove part of the text would mean that items 1 and 4 would have to be resolved during the CDIP meetings. The Delegation was concerned that, as a result, there may not be enough time to look at, and approve, the projects submitted to the CDIP.
 202. On the issue of flexibility, the Delegation of Germany voiced its opinion whereby there was sufficient flexibility in the system to meet demands and for reallocations and that, consequently, the Delegation supported the United Kingdom proposal.
 203. The Secretariat read out the proposed revised text: Paragraph 14: "*For projects approved by the CDIP in November 2010 and April 2011 (...) up to the words "DA projects", fourth line from the bottom, where the amendment proposed by the delegation of United Kingdom would be added, namely "within the agreed budget envelope for 2010/11."* The last sentence would also be changed, so that it incorporated the April proposal: "*the advantages of such a transitional solution would be that resource requirements for projects approved by the CDIP in November 2010 and April 2011 would be addressed and resources for implementation would be immediately available with no time lag.*" For paragraph 15: "*The Secretariat will assist Member States in preparing proposals for DA-related projects and activities so that all projects and activities approved by the CDIP, would contain in their description a specific indication of... (list of parameters).* The sentence which the United Kingdom proposed and which was modified by the delegate from

- Belgium was left in at the end. This read: *“The project costs will be maintained within the agreed resource requirements with all subsequent changes remaining resource neutral.”* For paragraph 17, the first sentence would be deleted as a result of incorporating the projects of April 2011 in the transitional arrangement in paragraph 14. The decision paragraph 19 would read to reflect the request made by the Delegation of Brazil, as follows: *“The Program and Budget Committee is invited to recommend to the Assemblies of the Member States of WIPO to approve the proposals contained in paragraphs 14 and 15 of this document. The process so adopted would be subject to review at the session of the PBC in 2013.”*
204. The Delegation of Nigeria proposed introducing a flexibility of 10% and requested that the Secretariat look closely at India’s argument concerning other areas of budgetary practices in WIPO, so that the implementation of projects in the CDIP would not be unnecessarily restricted. The Delegation also asked that the Delegation of Brazil’s argument on the review mechanism of up to two years be seriously examined.
 205. The Chair pointed out that the Brazilian proposal was incorporated in the revised paragraph 19, where it was said that the process to adopt would be subject to review at the session of PBC in 2013.
 206. Coming back to paragraph 15, the Delegation of Egypt pointed out that the intention was that Member States should have the full freedom to present projects directly to CDIP. Once these projects were presented in CDIP, the discussion in CDIP and consultations with the Secretariat would lead to those projects to be costed. This was different from Member States requesting the Secretariat to cost and elaborate further details of a project before its submission to the CDIP.
 207. The Secretariat read out a variation of paragraph 15: *“The Secretariat will assist Member States to ensure that all projects and activities approved by CDIP would contain”* and confirmed that it would make the revised text of the document available.
 208. The Chair resumed discussions on item 8 drawing the delegations’ attention to the revised document WO/PBC/15/6 Rev., and announced some changes made in addition to the ones discussed the day earlier. At the end of paragraph 5, a sentence was added: *“the annex to this document presents an overview of funds allocated to DA projects and their utilization to date”*, in order to make reference to the table that the Delegations had requested to be included. In addition, there was a slight change in the graphics of diagram 2 where the box was made wider. This was in response to the Delegations’ concerns for the part of the diagram on the April 2011 CDIP. As a result, the part on the April 2011 CDIP will be done through financing via the transitional solution.
 209. The Delegation of Switzerland requested the following change to better clarify the meaning of paragraph 15: *“The Secretariat will assist Member States to ensure that all projects and activities to be approved by the CDIP...”* The Delegation suggested including *“to be”* between the words *“activities”* and *“approved”*.
 210. The Delegation of Egypt expressed a concern regarding the introduction of the last sentence in paragraph 15 which it found to be too constraining.
 211. The Delegation of Angola indicated that, as regards to paragraph 14, the consultations and the prioritization of activities should be made by the Member States and not by the Secretariat. In relation to paragraph 15 where it said *“or to be approved by the CDIP”*, the Delegation wished to keep this paragraph. In relation to an earlier intervention by the Delegation of the United Kingdom, the Delegation of Angola was of the opinion that once CDIP approved additional projects, this would affect the cost of the overall budget which would not be within the same framework of existing resources. In relation to diagram 2, the Delegation expressed a concern that projects approved by the CDIP April 2012 and onwards would have to be financed through integration in the 2014/15 budget, resulting in a delay of more than year. Moreover, the Delegation questioned whether it was appropriate to apply such budgetary approval process only to the DA activities, whereas other activities, such as the PCT-related activities, appeared to receive the necessary

- funding immediately. Furthermore, the Delegation clarified its prior statement by indicating that the proposal made by the United Kingdom should be deleted since it was contradictory, in particular to paragraph 17 of the document.
212. The Delegation of United Kingdom expressed its willingness to delete the two words “*resource neutral*” since it was understood that there was some financial flexibility within WIPO in the range of 5%. The Delegation suggested the following alternative wording: “*the project cost will be maintained within the agreed resource requirements, with all subsequent changes remaining within current financial flexibilities*”.
213. The Delegation of Germany wished to confirm its understanding that a project may be implemented over several years, creating a challenge for the funding estimations. The Delegation inquired whether one had to look for the funding the moment a project was approved, or it was done by “slices and phases” in such cases.
214. In response to the questions raised by the Delegation of Germany, the Secretariat indicated that if it were to integrate this project in the program activities of the Organization, the amounts allocated to these projects could always be modified. This could be done via the normal procedures for budget adoption. This was the advantage of integrating these projects in the normal budgetary process.
215. The Delegation of Angola indicated that it could accept the proposal made by the Delegation of United Kingdom. The Delegation suggested adding a wording “*agreed by the CDIP*” after “*the financial flexibility*”, which would provide some level of comfort. The Delegation also reiterated its earlier statement whereby it proposed that funding be pre-allocated to the DA projects so that no time was wasted with their implementation.
216. The Secretariat recalled that, at the request of the Member States, it was trying to mainstream the DA activities so that they were treated like every other activity in the Organization. The paper presented to the Member States sought to provide them with the mechanism for such mainstreaming. On the particular paragraph under discussion, the Secretariat indicated that the same applied for the PCT. The Secretariat explained that the PCT set out in advance of a biennium its program, activities, objectives and costs. On the basis of such information, the PCT implemented its activities and did not invent any activities during the course of the biennium. Insofar as the urgent operational necessity was concerned, flexibilities would be looked upon. This was the case in this and any other areas. So there was an existing mechanism and it was not obvious that new mechanisms needed to be invented. In the current case, the Secretariat was ready to give all the assistance the Member States required to perfect the budgeting of a proposal. The Secretariat understood that proposals in this case would come forward in a reasonably incomplete form initially and would be worked upon and costed to fit the regular Program and Budget. Insofar as possible, activities coming up on the DA, the projects and their cost information should be foreseen in advance of a biennium. In case a project was to be changed in the course of a biennium, the Secretariat was of the opinion that this scenario was covered by the flexibilities, which provided the opportunity to reallocate resources to ensure that the changes were accommodated. For projects proposed and approved by the CDIP in the middle of the biennium, the Secretariat would, again, look at the flexibilities and savings. The Secretariat could always give an undertaking that it would find the resources. However, this would need to be a joint exercise, because if the Member States were to develop projects for, e.g., 50 million Swiss francs during the biennium, the Secretariat’s undertaking would not be worth much. The Secretariat believed that agreement was close and it was only the question of finding the right wording to express it.
217. The Delegation of Brazil wished to better understand the flexibilities mentioned by the Delegation of the United Kingdom, in particular the reference to 5%. The Delegation inquired whether this percentage was the same for all programs and activities. The Delegation drew attention to the recent discussion of the report on the construction of the new building and the provision for Miscellaneous and Unforeseen. The Delegation indicated that the DA projects might need a

- similar provision. The Delegation believed that the proposal by the Delegation of Angola to have the flexibilities analyzed by the CDIP was a useful proposal.
218. The Secretariat pointed out that the provision for building projects was the standard practice. The unforeseen amounts were there to address the many constraints present in building projects, as was the case even for the building currently under construction. On the issue of projects and mainstreaming, the intent was to have them mainstreamed and to provide them with the same flexibility offered to all other activities of the Organization within the budget. The existing flexibilities allowed for possibilities of going up to a point, after which the Secretariat would proceed with a supplementary budget and revised budget. The Secretariat believed that there was already the mechanism in place to deal with “what-if” scenarios. The Secretariat was of the opinion that this proposal should be given a chance and a way of reviewing it in order to see if it would work, why it would or would not work and how it could be improved. The Secretariat suggested to use flexibilities already available. In the case of the building project, the request was addressed to Member States through the PBC and approved by the Assembly. The same was for the proposal for modification. However, the flexibility within the operational budget was more flexible in a sense that there was no need to go back to PBC to get the 5% flexibility applied. The Secretariat further clarified that the operational flexibility involved transfers from one program to another for any given financial period, up to the limit of 5% of the amount corresponding to the biennial appropriation of the receiving program, or to 1% of the total budget, whichever was higher. There was also a line in the Program and Budget called “Unallocated”, which constituted an additional layer of flexibility. This additional layer roughly corresponded to the Miscellaneous and Unforeseen in the building project, although the Miscellaneous and Unforeseen in the building project was very unique because it was such a specialized project and it was very well known in the building and in the construction industry that one needed this provision due to complexities, which humanly could not be foreseen, in such large construction projects.
219. The Delegation of the United Kingdom suggested, in view of the fact that flexibilities existed across all WIPO programs and the delegations were trying to mainstream the DA activities into programs, to include the wording: “*within currently agreed financial flexibilities*”.
220. The Delegation of the United States of America agreed with the statement by Delegation of the United Kingdom, which it believed would address concerns expressed by some delegations. With respect to the statements by the Delegations of Angola and Brazil, it recalled that the Member States at CDIP did not have a role with respect to the budgetary issue as reflected in some of the language used in the past. The Delegation indicated that the Member States should be cautious in trying to resurrect such an idea.
221. The Chair read out a proposal for the introduction to paragraph 15: “*The Secretariat will assist Member States to ensure that projects and activities, and any subsequent modifications thereof, approved by the CDIP, would contain in their description a specific indication of...*”
222. The Delegation of Iran (Islamic Republic of) congratulated the Chair on his election and expressed its appreciation to the Secretariat for the excellent work in preparing documents. In follow-up to the proposal by the Delegation of the United Kingdom, the Delegation requested clarification regarding the relationship between the 5% flexibility rule and the revised or supplementary budgets. The Delegation was concerned that there might be a contradiction between various statements made in relation to the financial rules. In particular, the Delegation referred to the wording of paragraph 17.
223. The Secretariat clarified that, should the increased need exceed the existing flexibility, the Secretariat might be required to have a supplementary budget. The Secretariat further clarified that the budget was approved for a two-year period and that there was a transfer rule which provided for the possibility of transferring money from one program to another, provided that the amount transferred was not higher than 5% of the receiving program, or 1% of the total budget for the Organization. If this mechanism did not suffice or other conditions came into play, then the Secretariat could present a revised budget. At that point, the initially approved budget no longer stood and the Organization would work on the basis of the revised budget. Within that revised

budget, the flexibility could also come into play. Therefore, there was no contradiction, and these were two entirely separate matters. Once the budget was approved, no matter whether it was the ordinary budget or the revised budget, there was the possibility of a 5% flexibility enabling the shifting resources from one program to another, thus providing response to changes which might arise in the operations of the Organization.

224. The Delegation of South Africa said that it was quite clear what had been said rightly by the Secretariat. The Delegation wished to pose the question to the proponents of the language on the project course. It said that the Delegation of the United States had made it really clear that the delegations needed to be very cautious before going back into discussion on the DA. The Delegation wished to avoid it. In view of the Secretariat's explanation, which was reiterated by the Delegation of the United Kingdom, on the flexibilities that were present in all programs in WIPO and the fact that the delegations were trying to mainstream the DA into the WIPO's programs, the Delegation questioned whether the stipulation under discussion was needed at all. If it had not been proposed in the first place, the delegations would not have spent so much time on it. The Delegation was of the opinion that it would be better if the request be withdrawn and there was an agreement on the flexibilities within WIPO. If this was not acceptable, it might be necessary to go to the Program and Budget of WIPO and stipulate this under every program. However, this was not needed as there was a general understanding that there was a flexibility, as clearly explained by Secretariat. At this stage, it would be difficult to see why a specific reference had to be made for the DA projects when the delegations were trying to mainstream it through all existing WIPO programs and activities. The Delegation expressed its preference to delete the reference under discussion.
225. The Delegation of Switzerland said that it was ready to accept the new text of paragraph 15 (that when the CDIP approved a project, it needed to have all the information).
226. The Delegation of Egypt aligned itself with the sentiments expressed earlier by the Delegation of South Africa on deleting this reference. If this however proved to be difficult, the proposal by the Delegation of South Africa could be included everywhere, including the proposal on ERP, stipulating same language. The Delegation however believed that this would be a waste of time, and that the delegations were going into micromanagement of what the financing processes were at WIPO.
227. The Delegation of Germany proposed to maintain the words "to be" in the language of the paragraph under discussion, which would ensure that relevant information under points 1 to 4 of the paragraph would be available for the CDIP to decide.
228. The Delegation of the United Kingdom preferred the second option presented by the Delegation of South Africa, as it would give an assurance that no single program in WIPO would go above the flexibilities agreed. The Delegation understood that for specific projects, such as the construction projects, the delegations would go to the PBC which would agree on the flexibilities presented in the given project. It was about the usual resource-based management of WIPO programs, where all understood that the financial flexibilities were at 5%. However, if this would assure South Africa, it would also assure this Delegation that this practice would never go above 5%, and as such it was preferred to have the reference included in all programs of WIPO.
229. At the requested of the Chair, the Secretariat assured that all of the undertakings of WIPO, including the implementation of Program and Budget, were governed by the Financial Regulations and Rules (FRR). The Secretariat pleaded with the delegations not to enter into the language discussion of the Program and Budget, which already existed within the regulatory framework of the Organization. The Secretariat specifically referred to Regulation 5.5 of the FRR on the transfers between appropriations.
230. The Delegation of Bangladesh took note of the points raised by the African Group and, as the CDIP Chair, also requested clarification regarding diagram 2 and suggested adding a box in between to make it clear that this provision of revised and supplementary budget would be accommodated, which should lay to rest concerns raised the Delegation of Angola.

231. The Delegation of the United Kingdom thanked the Secretariat for specifying which Financial Regulations applied in this case. In view of this explanation, the Delegation proposed that the language of paragraph 13 should be changed to “...*within current financial flexibilities covered by Regulation 5.5 of the FRR*”. The change would assure the United Kingdom Government that CDIP projects were being mainstreamed and that the CDIP would take the Financial Regulations of WIPO into account in proposing projects.
232. The Delegation of Bangladesh appreciated the flexibility shown by the Delegation of the United Kingdom. However, the Delegation supported the comments made by the Delegations of South Africa and Egypt that such amendment was redundant as it would be stating the obvious. Membership should demonstrate trust in the Secretariat which had provided assurances that it would abide by the Financial Regulations. It felt that the insistence on inclusion of such reference was an effort to undercut the flexibilities that Member States could exercise in respect of the DA projects. It added that it could be seen as a linkage with the overall effect happening in other fora to undermine the hard fought flexibilities that the developing countries and the least developed countries had acquired in many international instruments. The Delegation believed that there was no such linkage but the continued insistence was leading the Delegation to such conclusion. The Delegation hoped that Members could remain constructive and refrain from unnecessarily stating the obvious.
233. The Delegation of the United States of America clarified that it was concerned about the text of paragraph 14 which stated that if the Secretariat was unable to identify saving across the Program and Budget to fund the full cost of DA projects some reprioritization of activities would be required. The Delegation wished to ensure that, while funding of CDIP project was a priority for the Organization, Members would not go against the budget in order to do so and wished to have this common understanding reflected in the document.
234. The Secretariat proposed that the opening sentence of paragraph 13 be redrafted to read: “*In light of the above, the PBC is invited to consider the following draft proposal governed by the Financial Regulations and Rules which consists of a phased approach.....*”, which would link the proposal, as with all other proposals, to the Financial Regulations and Rules .
235. The Delegation of South Africa hoped that the proposal put forward by the Secretariat to amend the language of paragraph 13 would cover the concerns expressed by the Delegation of the United Kingdom. Reference in paragraph 15 could be deleted, which would comfort the delegation of the United States. It suggested deletion of the references in paragraph 14 concerning transitional arrangements for 2011, and added that since budget would already have been adopted, it would be hardly probable that there might not be enough money, especially since the Secretariat had reassured that there was enough money for the already adopted projects. The delegation supported the suggestion of the Delegation of Bangladesh to amend Diagram 2 so that it would reflect the text of paragraph 17.
236. The Delegation of Tunisia congratulated the Chair on his election. It stated that all proposed amendments were interlinked. It appreciated the Secretariat’s proposed change in paragraph 13 and understood that by introducing this amendment, the proposal made by the United Kingdom for paragraph 15 could be deleted. The Delegation nevertheless wished to refer to paragraph 15 and to the role of the PBC, which was to allocate funds to programs in WIPO. It was therefore very legitimate for the PBC to request certain specific indications, as mentioned in the 1, 2, 3 and 4. However, in the Delegation’s view, it would be more reasonable and sensible to leave to the CDIP the prerogative to define in which manner and at what time these specific indications contained in the project would be defined. It urged the PBC not to tell the CDIP when to specify these indications in the projects. The procedure should be that Members send to the PBC real projects with specific indications, but when, how and who should present them should be left to the CDIP to decide. The Delegation proposed to keep the initial paragraph as it had been originally drafted and to delete the phrase “or to be proposed for approval by CDIP”. With regard to the proposal by the United Kingdom, the delegation said that the amendment to paragraph 13 would mean that the

proposal in paragraph 15 should be deleted. The Delegation recalled the Director General's and the Controller's statements saying that the intention of WIPO was to introduce the DA projects within the regular budget so that such projects were treated on an equal footing with any other program. Therefore, the Delegation reasoned, allocating a financial envelope specifically for these projects would be excluding them from the regular budget and would imply a non equal treatment, which would be contradictory to the Director General and the Controller had said. The delegation thought it wiser to delete the United Kingdom's proposal instead.

237. The Chair recapitulated the question of financing: the proposal by South Africa to include the clause of the Secretariat in paragraph 13 and the chapeau incorporating the discussion in the normal budget procedure and the deletion of the second sentence of paragraph 14 and the deletion of the final sentence of paragraph 15.
238. The Delegation of the United Kingdom stated that it could accept the Secretariat's suggestion, with a reference to the FRR, a footnote referring to Regulation 5.5. However, in order to accept this, the Delegation wished to include this paragraph in the decision paragraph 19 i.e., the phased approach for 2011 and then the fully integrated solution, to ensure that the Assemblies were aware of the FRR and the flexibilities therein. The Delegation also apologized if its comments were misperceived by the Delegation of Bangladesh.
239. The Delegation of the United States of America thanked the Delegation of South Africa for suggesting deletion of the second sentence of paragraph 14. In order to improve the wording of the paragraph the Delegation suggested it to read "*For project approved by the CDIP in November 2010 and April 2011, the Secretariat will identify resources within the current program and budget*". The second sentence would read "*Resource requirements for projects approved by CDIP in November 2010 and April 2011 would be addressed and resources for implementation would be immediately available with no lag time*".
240. The Delegation of Brazil requested an explanation from the Secretariat in respect of paragraph 14, as it understood that the point of the transitional solution was exactly because Members did not know how much will be needed for these projects, as they would only be presented in November 2010 and April 2011 and had not been foreseen in the current budget. The Delegation wondered how they could be reprioritized.
241. The Secretariat explained that the chapeau of paragraph 15 clearly stated that these projects came under the FRR transfer rule. Should the need for flexibility arise during the transitional period, the Organization would use the flexibility available to it to ensure the funding. The Secretariat further explained that the document specified this element to help understand the mechanism but since global overall understanding emerged there was no need to include this wording again.
242. The Chair summarized the amendments: an introductory sentence in paragraph 13, a footnote and the deletion of paragraph 2 with the transition suggested by the United States, an addition in paragraph 19 of the text from paragraph 13, deletion of the final phrase suggested by the United Kingdom. He added that the chapeau of paragraph 15 (whether to add "*to be*") and diagram 2 still needed to be addressed.
243. The Delegation of Brazil understood that adding "*to be*" would mean that when the Secretariat or the Member States present project to the CDIP, these projects would already have to be complete, with all requirements. What the Delegation proposed was that when the Member States presented a project to the CDIP there would be no need to have all the requirements fulfilled. The requirement would be construed as discussion went on and they would be eventually be fulfilled before the project would have been approved. If "*to be*" was added, they would have to be there in the first place, so the Delegation was against adding "*to be*".
244. The Delegation of Belgium suggested to replace the phrase with "*before final approval by the CDIP*". This way it would be very clear that projects can be discuss without a full ventilation of the cost but before final approval the final ventilation is on the table.
245. The Delegation of Egypt noted its agreement with the proposal of the Delegation of Belgium

246. The Delegation of Angola stressed that for the projects approved in April and November 2012 there should be an envelope enabling Member States to kick start them in 2013 (in 2013/15, projects approved in 2012/13 should be kick-started). The Delegation also proposed that the text for the first and the second box in Diagram 2 should be the same.
247. In response to Angola's concerns, the Secretariat clarified that projects approved by the CDIP of April 2012 should be financed either through a Revised Budget or by the available flexibility within the transfer rules of the FRR. It did not seem necessary to adjust the diagram in this light.
248. The Delegation of Egypt clarified further that the concern related to the fact that if projects are adopted in the November 2012 CDIP session, there would be a wait of a year and two months before implementation could begin. It noted that in its view the CDIP projects were different. These are not ongoing activities that would be channeled in different aspects or are revised according to particular developments, which was the situation of all the other programs in the organization. The Organization was in the beginning phase of the implementation of the DA. As such and as was express by delegations before, the it noted that it was necessary to maximize the time available in order to implement as fast as possible the DA recommendations. It considered that if the proposed method were adopted, it would mean that any project approved in November 2012 or April 2013 would have to wait one year and two months and eight months respectively, in order to be implemented. It indicated that this was not the intention when Member States approved the implementation of the DA as soon as possible. It requested clarification as to where there was possibility to agree through the flexibilities available to begin implementing such projects as soon as possible and not to wait until September of the following year to discuss them and then allocate the budgetary envelope for them only in January 2014.
249. The Secretariat thanked the Member States who helped to come up with the solution and noted the point made by the Delegation of Egypt on the proposal on the table. The proposal for diagram 2, last two arrows (CDIP November 2012 and CDIP April 2013) was that box below would read: *"financing through integration in Program and Budget 2014/15 and/or through revised or supplementary Program and Budget for 2012/13 if and as necessary"*.
250. The Delegation of Egypt suggested that decision paragraph 19 should contain reference to paragraphs 13 to 18 of the document.
251. The Chair summarized all amendments that had been proposed by delegations and the Secretariat: change to paragraph 13 (addition of *"governed by the WIPO FRR"*, with a footnote referring to Regulation 5.5); in paragraph 14, the deletion of the second sentence and the United States proposal to delete the first part of the last sentence referring to a transitional solution; in paragraph 15 the following language would be added (*"The Secretariat will assist Member States to ensure that all projects and activities and nay subsequent modifications thereof, before their final approval by the CDIP...."*); diagram 2 would be edited to read as specified the preceding paragraph of this report; the change in diagram 2 would also be reflected in the language of paragraph 17; paragraph 19 would be amended to include reference to paragraphs 13 to 18 of the document.
252. The Chair invited further comments on the changes that had been read out. In the absence of comments he declared the document approved.
253. Program and Budget Committee recommended to the Assemblies of the Member States of WIPO to approve the proposals contained in paragraphs 13 to 18 of document WO/PBC/15/6 Rev. The process so adopted would be subject to review at the session of the PBC in 2013.

ITEM 9: POLICY ON LANGUAGES AT WIPO

254. Discussions were based on document WO/PBC/15/9.
255. The Chair explained that the document described the legal framework for the use of languages at WIPO i.e., information on working languages *versus* official languages, current language coverage for documentation for WIPO official meetings, current language coverage and the volume of documentation for WIPO committee meetings, resources and capacities for translation services, proposed measures for rationalization and control of document volumes, proposed measures to reduce translation costs, extending language coverage for WIPO committee meeting documents in response to demands, and a proposal for a comprehensive language policy for WIPO.
256. The Secretariat explained that the proposal for the policy on languages at WIPO had been prepared following repeated requests by Member States made in 2009 at the PBC and the Assemblies for more extended language coverage at WIPO. Consequently, the PBC had requested, and the Assemblies approved, the request that the Secretariat present to the PBC in 2010 an analytical study on the use of languages at WIPO, particularly in relation to documentation for the WIPO committees. The document was a first step in the process in which the Secretariat would look not only at the extended language coverage for documents but also at the language policy for interpretation, WIPO publications and the WIPO website. The document presented the current situation for language coverage of documentation but did not cover the other three issues listed above. It identified a particular group of meetings, namely the committees as defined in the document, and aimed to propose a solution for documentation for those meetings, which had been seen as a priority by the Member States in the previous year. It also paved the way for examining language coverage for documentation for other meetings in WIPO. The Secretariat further explained that the issue of language coverage was linked to the issue of resources, in turn linked to the three main parameters: the resources available to the translation sector (the Language Division of WIPO); the cost of translation; and the volume of work/documents to be translated in a given year. The Secretariat indicated that in all agencies of the UN system, there had been a constant effort to rationalize and control the volume of documentation as a means toward extending language coverage. The document stated that the Secretariat would be able to extend language coverage to six official languages for the documentation of all committee meetings defined therein as of January 2011, provided that certain volume control measures were supported by the Member States. Such volume control measures consisted of an agreement on the maximum number of pages per document, with flexibilities e.g., for the Program and Budget document, and accepting to replace verbatim reports with summary records of meetings. Those measures would considerably reduce the volume of work for the translation services. That solution would enable language coverage to be extended to the six official UN languages as of January 2011. The Secretariat reminded delegations that for the IGC, coverage had already been extended to the six official languages following the Director General's proposal of 2009. The document also showed how, if that proposal were to be accepted, savings made could be re-utilized, including looking into how to expand language coverage for other types of documents that were presently not provided in the six languages. Also, if the proposal were to be accepted, the Secretariat had committed to continue developing and costing policy proposals relating to language coverage, and that costing would be included in the draft program and budget for 2012/13, together with any additional costs that might be incurred in implementing extended language coverage for other meetings and all the committees. The Secretariat referred Member States to the list of meetings in the three categories that appeared in the document, namely governing bodies, committees and working groups, and subsequently would look into the issue of the languages of interpretation, publications and the website. The Secretariat said that in preparing the document it had consulted with other agencies of the UN system and multilateral organizations including the European Union. All those organizations met annually to discuss how to ensure the maximum language coverage and timely submissions of documents, taking into account their respective resource constraints.

The document also incorporated information on the measures adopted by other organizations to that effect.

257. The Delegation of Spain acknowledged that the document under discussion was consistent with the mandate given to the Secretariat, and reflected on an increased use of the Spanish language in the working documents of the Organization and in interpretation. The Delegation made reference to the 163 per cent growth in the use of the Spanish language in the context of the PCT (document PBC/15/4, page 39) and expressed its desire to see more consideration given to that matter in the document under discussion. The Delegation supported the rationalization measures and agreed with the Secretariat's opinion in supporting Scenario B and the initiative to make savings in the use of translation services amounting to some 603,000 Swiss francs. It considered it essential to extend that initiative also to the Coordination Committee, and to other working groups listed in Table 1. In that way, multilingualism in the Organization would be enhanced. The application of multilingualism at the UN was also mentioned in the 2003 Joint Inspection Unit report, approved by UN resolution 63/306 of September 30, 2009 on multilingualism, urging all UN organizations to comply with General Assembly recommendations on multilingualism within the UN. The Delegation noted from document PBC/15/4 that the 2008/2009 program had not been implemented in full, to an amount of 2.4 million Swiss francs for Program 27. That amount combined with the anticipated savings of 603,000 Swiss francs in 2010/2011 suggested that there would be a sufficient budget availability for the necessary language services to be provided to users, noting that the Organization's aim was not to make savings. The Delegation underlined the importance of language use and welcomed the improvement in interpretation and translation services in WIPO. The Delegation said it would focus more on the financial implications when speaking of the MTSP and about extending plurilingualism and multilingualism at WIPO.
258. The Delegation of Angola requested an efficient and effective solution to the problem of the availability of documents in all UN official languages at WIPO. This would allow all Member States to participate on an equal footing in debates at WIPO. It recalled the importance of the decisions of the Assembly in 2000 and, in its capacity of President of the Portuguese-speaking community, reiterated the request made by several Portuguese-speaking countries to add Portuguese to the working languages. In that respect, the Delegation recalled that Portuguese was already an official language of the South African Development Community and the African Union and said there was an increasing demand, particularly from the private sector. It therefore asked for that request from the Portuguese-speaking community to be taken into account.
259. The Delegation of the Syrian Arab Republic, speaking on behalf of the Arab Group, expressed its concern regarding the categories of WIPO official meetings (Table 1 of the document) and the use of languages and noted that the Arabic language was not used in the meetings of the WIPO Unions despite the fact that most of the Arab countries were members of those Unions. The Arabic language was not used in the SCT meetings or in the meetings of the SCCR, and both of those were amongst the important bodies in the Organization. Failure to represent languages such as Arabic, Chinese and Russian in the meetings of other Unions and committees would deprive those countries from being informed of important subjects discussed in those committees, and which were raised in the PBC. Decisions often needed to be taken on those matters and the benefits sought for in the Director General's decision referred to in paragraph 19 regarding linguistic coverage would not be achieved, especially for Arabic, Chinese and Russian. Regarding the rationalization of the use of languages, the Arab Group considered that restrictions on the length of the documents would help concentrate on discussing them and enable their translation into other languages, which would enable Member States to interact and react on the various subjects. The restriction on the length of documents should not however be automatic. The Group did not wish to impose any legal restrictions on the implementation of such a rule, as some documents required in-depth analysis which might not be covered in 10 pages. Regarding the specific proposal in paragraph 41, the Group considered that if, for large documents available in the original language only, 10-page summaries were to be provided for the other languages, those summaries should reflect the main points mentioned in the original document. Translation practices should take

geographical and linguistic considerations into account. Regarding the replacement of the verbatim reports, the Arab Group supported the idea of the retention of verbatim records in order to guarantee transparency. The Arab Group also supported the idea of providing audiovisual web-casting and a record of the statements made in the meetings on the Organization's webpage. That would be a source of support for delegations and national authorities as well as interested parties in considering the discussions and the various positions taken during the meetings. It would also further boost the idea of transparency within the Organization as it would help cut costs. Regarding the setting of limits to the volume of documents for each committee meeting, the Group said that this could not be applied automatically as it would necessitate taking into account the size of the documents and the overall volume of documents submitted to a given meeting. Regarding the measures taken to reduce translation costs, the Group considered that the number of translators should progressively (over the next five years) be made equivalent in the Arabic, Chinese and Russian Sections to that in the other Sections. The Arab Group considered that outsourcing translation to the countries of the languages concerned would be less costly than resorting to external translation services located in Geneva, but that the former should only be an option if high quality service was guaranteed. Finally, the Group suggested that a separate unit be set up for UPOV documents, for which funds would be allocated directly.

260. The Delegation of Bangladesh, speaking on behalf of the Asian Group, supported the declaration made by the Delegation of the Syrian Arab Republic, expressing its attachment to the notion of multilingualism. On the whole, the Group agreed with most of the policies outlined in the document but wished to highlight four points they felt should be looked at. Firstly, the Group believed that the rationalization proposals concerning the size or the volume of the documents should not necessarily entail any compromise on the quality of those documents. Secondly, the Group requested clarification as to the types of the documents that would be subject to that kind of rationalization exercise, expressing caution at the initiative to present voluminous documents only in a summarized form. Thirdly, regarding the cost implications, the Group felt that the declaration made by the Delegation of the Syrian Arab Republic merited particular attention and that the Secretariat could consider outsourcing some of the translation work to certain concerned Member States which would be ready and willing to take or share such responsibilities. That was evidently the case with certain countries in the Arab region. The fourth point concerned the timeframe: paragraph 70 mentioned that the language policy would be implemented by 2015. The Group expressed its wish to see this reflected in the MTSP document in clear and precise terms.
261. The Delegation of Mexico endorsed the statement made by the Delegation of Spain and expressed its view that scenario B was the best basis for increased efficiency in savings and for the promotion of multilingualism. The Delegation requested detailed and general information on how the Secretariat would implement linguistic policies regarding translation and interpretation and the Organization's website.
262. The Delegation of El Salvador stressed the importance of the extension of the Spanish language for the documents of the PCT working group, given, in particular, that the official language of El Salvador's examining authorities was Spanish. The Delegation expressed the importance of being able to count on having documents available in Spanish and considered that a linguistic strategy incorporating those considerations should be taken into account in the MTSP. The Delegation also made a request to the Secretariat for simultaneous interpretation in working group meetings.
263. The Delegation of Algeria supported the declaration made by the Arab Group and noted the proposals relating to rationalization and the volume of documents. The Delegation supported the initiative and believed that those measures would enable delegations to receive documents in a timely manner. Concerning background documents, the Delegation was of the view that key evaluation studies should be translated into all languages, at the request of the countries concerned. As for item (c) (verbatim reports), the Delegation was in favor of maintaining them and their translation, for transparency and traceability, as this would also allow new delegates to come up to speed on the deliberations that had taken place at WIPO. Regarding item (d), the Delegation

was not in favor of limiting the volume of meeting documents and urged the Secretariat to outsource translation to the countries of the required language, as this would be more economical for the translation of documents into Arabic. The Delegation noted with concern that 8.7 % of the overall breakdown of translation work concerned UPOV and suggested that, as UPOV was independent from WIPO, it should be looked at more closely.

264. The Delegation of Japan referred to item (c) (verbatim reports), and emphasized the usefulness of such records, as they were an excellent resource for understanding the background and history of discussions, expressing caution at any initiative to change those practices. The Delegation considered that if recordings were provided as proposed in the document, it would not be practical to listen to the recordings each time they were needed or to make full reports from the recordings by each Member State, as this would also be more costly. Concerning the volume of documents, while the Delegation appreciated the efforts made by the Secretariat to reduce the amount of working documents, it considered that obligatory limitations with respect to the volume of documents should not be imposed, as this could cause problems. Namely, if a Member State were to submit a document exceeding the maximum volume, the exceeding part of the document would not be translated into all languages and would therefore not be considered in the meeting. With regard to the proposed measure (d), the Delegation said that it was not clear how a document would be treated when a committee exceeded its quota: if a translation were provided in that case, the expenditure would exceed the allocated budget. If the translation were not provided, some issues would have to be discussed without translation, which would make comprehensive discussions for delegations difficult.
265. The Delegation of Columbia supported the proposal made by the Delegation of Spain and endorsed by the Delegation of Mexico, considering that it was financially viable and that there was a need to improve the work of the Organization's committees and working groups.
266. The Delegation of Egypt, speaking on behalf of DAG, considered that the first aim of the language policy of WIPO should be to ensure equality in the treatment of all UN languages. The Delegation considered that the initiative to limit the length of documents to be produced by each WIPO committee, or to be forwarded for translation to the committees, should not be the preferred solution. Such a solution would interfere with the working methods of the committees, and may impact the transparency of the deliberations of the committees. While it may be useful for the Secretariat's documents to be as succinct as possible, official reports of the committee deliberations, and proposals submitted by Member States should not have to be subject to cuts in terms of pages. Regarding item (a), DAG members believed that, as a general rule, WIPO working documents should be concise, but that, while the Secretariat could try to reduce the size of the documents produced to a maximum of 10 pages, there should be no statutory limit, as some documents may require lengthier analysis. The Group also believed that there should not be a limit to the length of proposals presented by Member States. Concerning item (b), introducing a specific translation policy for support papers, DAG could support the proposal to provide exceptionally voluminous documents and support papers, studies, surveys etc. in the original language, with a summary of about ten pages in all of the other five languages. However, the publications that might present a particular interest to certain Member States should be translated, at their request, into all UN languages. Should a particular region request that a study of particular interest to their region be presented in their language, which is an official UN language, then it should be made available. As for item C, introducing summary records in place of verbatim reports, the DAG considered that the verbatim reports of meetings were extremely important and should be available in all six languages. The new technologies recently introduced by WIPO to record meetings would reduce the workload and the costs involved in preparing such verbatim records. Moreover, to promote transparency, the DAG believed that, with the move to the new building with its conference hall and facilities, it should be possible to provide web-casting of meetings which would automatically be interpreted into the six languages. Concerning item (d) on setting caps to maximum document volumes for each given committee meeting, DAG voiced its opinion whereby there should be no pre-established cap on the volume of documents. The volume of documents of

each given committee meeting should depend solely on the dynamics of negotiations in each party. With regard to measures to reduce translation costs, DAG suggested that the Secretariat present to Member States, at the next session of the PBC, a factual analysis of how the cost of translation, which at present was 213 Swiss francs per page, could be reduced by outsourcing translation activities to developing countries, mentioning that this was echoed particularly by countries having a language that was a UN official language. The final issue regarded measures to reduce the workload of the WIPO Language Division. DAG believed that the translation of documents of UPOV, corresponding to approximately 8.76% of all WIPO translation workload, should not infringe upon the scarce resources of the WIPO Language Division, and recommended the creation of a separate language Division for UPOV. The Delegation expressed its support for the declaration by the Arab Group as regards the language policy. In line with the position expressed by the Arab Group, it felt that there were some elements which should be taken into account before the document could be accepted. The Delegation reiterated the importance of providing the working documents in all official languages, as the authorities of various countries and stakeholders could not have any access to the documents unless they were translated. The Delegation said that it could be seen that, despite these expectations and requirements, documents were not always translated into the working languages.

267. The Delegation of France expressed its belief that the Secretariat's approach was reasonable as it was in line with the budgetary framework and it recommended the rationalization of documentation and translation. However, the Delegation believed that there was a dimension missing from the document concerning the linguistic versions of documents. For instance, certain documents were not available in French at the appropriate time. In view of the fact that documents were not particularly useful unless most translations were carried out in a timely manner, the Delegation favored the introduction of some indicator, for example the percentage of documents produced in a timely manner.
268. The Delegation of Oman noted with satisfaction that the language policy was beginning to take shape, which was reflected in the document presented to the Member States. The Delegation wished to include all the official UN languages in the work of the current committees. The Delegation expressed its support for the statements made by the Arab Group and the Asian Group. The Delegation also supported the statement made by the Delegation of Egypt on behalf of the DAG. The Delegation said that for it to be in a position to adopt those measures, the Member States needed to take into account the proposals made by the Delegation of Egypt, in particular in relation to the fact that the measures for the rationalization and limitation of the volume of documents should not be done to the detriment of the quality of the documents. The Delegation of Oman considered that the language policy ought to be completed and implemented by 2015.
269. The Delegation of Chile endorsed the declarations made by the Delegations of Spain, Mexico, Colombia and El Salvador with respect to the importance of extending the use of the Spanish language, particularly to the documents of the working groups, such as that on PCT matters. The Delegation said that there had been recently the meeting of such working group, where documents of high-quality and technical complexity were discussed. The Delegation believed that the availability of such documents in the Spanish language would contribute to the increase in the contributions from various countries.
270. The Delegation of China endorsed the statement made by the Asian Group and by the Delegation of the Syrian Arab Republic on the language policy. The Delegation also associated itself with the declaration made by the Delegation of Egypt on behalf DAG. The Delegation said that, on several occasions, it had made comments during the PBC meetings whereby it expressed its desire that WIPO attach a greater importance to its language policy and its impact on the participation of the Member States. The Delegation welcomed the fact that, with the support of the Director General, the Secretariat had studied the matter in detail for the first time and had made proposals regarding its language policy. The Delegation endorsed the equitable use of all six official languages during all the committee and working group meetings. The Delegation urged the Organization to take

- appropriate measures, e.g., to increase the budget or the number of budget posts in order to provide a more effective and greater quality language service.
271. The Delegation of Brazil wished to echo some of the points of the statement made by the coordinator of DAG, where it was stated that the webcasting of meetings would be extremely helpful. The Delegation said that even if it was felt that it was very important to maintain verbatim reports, webcasting would be important not only for the Member States, but also for the image of WIPO as an organization as it would bring greater transparency. The Delegation urged the consideration of that policy and the approval of the use of webcasting in WIPO official meetings. Regarding the cost of translations, the Delegation believed that the current cost of translation per page was very high, especially in comparison with the standards in other parts of the world. If the translation work were to be outsourced to other parts of the world, considerable cost reductions could be achieved with no detriment to the size of the documents. The Delegation expressed its support for the proposal under review, to the extent that the proposal was viewed as aiming at rationalizing the volume of working documents. The Delegation found the proposal made by the Delegation of France on the use of indicators for the timely submission of the documents very interesting.
272. The Delegation of the Russian Federation welcomed the Secretariat's aspiration to reform the work in this area, and to ensure that all delegations could receive documents in the six official languages. The Delegation believed that an indicator on the timeliness of the provision of documents could be added. Having noted that sometimes it received documents late, the Delegation wished the Secretariat every success in this area and it requested the Secretariat to look at strengthening the Russian language section to enable more timely production and distribution of documents in the Russian language.
273. The Delegation of the Dominican Republic endorsed the declarations made by the Delegations of Spain, Mexico, El Salvador, Colombia and Chile. The Delegation said that the translation of documents into Spanish for all the committees and working groups of WIPO was of paramount importance. The Delegation stressed the great importance in the specific case of the PCT, in light of the quality and the specificity of the information provided in the documents.
274. The Secretariat indicated the importance of being aware that the document under review had been prepared in response to a specific request by Member States for an analytical study on languages at WIPO and how the language coverage could be extended to the different meetings, committees, working groups and websites. The preparation of the document was a first step in the right direction, and a first step in the organization's commitment to extend language coverage. The issue at hand was how to provide such extended language coverage and within what timeframe. The Secretariat indicated that it was trying to achieve that goal by 2015 (the end date of the MTSP) and added that the commitment on the comprehensive language policy was part of the MTSP. The Secretariat pointed out that the present document outlined a number of proposals, in order to see how the Secretariat could start working on the implementation of proposals already in 2011, without having to wait for the new Program and Budget proposal (2012/13) and thus respond in a much faster timeframe. This would be done by concentrating on committee meetings (for which a specific request had been made by Member States), with the possibility of gaining some savings, which could be then be used to provide language support to the other meetings. Referring to the overall budget envelope, the Secretariat highlighted that there were ways of rationalizing and moving forward without having to ask for an increased budget. It could be done in a number of ways, through the proposals put on the table or by looking into the reduction of the cost of translation by outsourcing. The Secretariat indicated that it was going to look very seriously at outsourcing in the forthcoming years. The Director General had already identified this as a means of further reducing the cost of translation. With regard to webcasting, the Secretariat announced that it was going to experiment with webcasting of the upcoming Assemblies. The webcast would also be stored for up to a year after the event, so that it could be consulted. The Secretariat said that it would inform the Member States on the lessons learned and the success of the pilot trial. Regarding UPOV, the Secretariat clarified that there was an agreement between WIPO and UPOV,

whereby UPOV reimbursed WIPO for the common services provided to it. The Secretariat also provided clarification on the figures for the average cost per page of the translation done in-house, which was obtained by taking the overall expenditure of the translation division over a year (including all overheads and administrative costs) and dividing that by the number of translated pages. In that sense, the figures did not reflect what was paid to a translator as remuneration. In the case of outsourcing, translation was done mainly by freelance individuals paid according to the UN standard rate, and was equivalent to an average of 1/3 of the cost figure. The outsourcing component accounted for about 31% of the volume. Despite additional work of administering and monitoring of the outsourcing, the Secretariat assured that it was committed to do more in that direction. There were areas in the Organization, such as the PCT, which were definitely moving towards outsourcing for much of the translation work. The Secretariat took note of the request of the Delegation of Egypt for an analytical study (to be presented at the next PBC) on the savings that could be made through outsourcing. On the question of posts, the Secretariat took note of the request made by a number of delegations to attribute more posts for the Language Division, in particular to the Arabic, Chinese and Russian language sections. The Secretariat said that it would be dealt with either through the available flexibility within the current budget, or the draft budget proposal for the next biennium. Regarding concerns related to the Spanish language, the Secretariat took note of the requests of the Delegation of Spain (and supported by several delegations from Latin America), to extend the use of the Spanish language to the Coordination Committee and working groups, in particular the PCT Working Group. The Secretariat took note of the comments made by the Delegation of Angola on the use of the Portuguese language in WIPO's work, and it also took note of the request by the Delegation of France (supported by Switzerland) to present Member States with the information on the percentage of documents delivered to the Member States in the required languages within a "reasonable" deadline. The Secretariat emphasized that the document under review proposed two scenarios. The first scenario was to maintain the current practice in which documents were prepared, in line with the current document volumes. This, however, would not enable the Secretariat to commit to the extension of the language coverage to the six languages for committees as of January 2011, for the simple reason that the current resources would not permit it. The other scenario was to start, as soon as possible, with the extended language coverage within the existing budget framework. A number of proposals were made in that respect, which should be viewed with a certain pragmatism. For instance, proposed limitations on the length of documents would not apply to the Program and Budget document, and would not be a statutory requirement as many Delegations pointed out. The Secretariat took note of the concerns expressed by several delegations if Scenario B were to be accepted, as the agenda of each committee determined the number of documents that would need to be presented.

275. The Delegation of the United States of America enquired whether the Secretariat would be in a position to provide some figures and facts, as requested by the Delegation of Egypt, in relation to cost savings due to outsourcing.
276. The Secretariat indicated that the cost of outsourcing was roughly 1/3 of the cost of doing the translation in-house. The Secretariat however mentioned that it would not be possible to increase the volume of outsourcing in one day, as the process of identifying candidates in developing countries, contacting them, tendering and commissioning the work would take some time. If the Secretariat were to look at new individuals to create a certain network in different regions, it would need some time to establish criteria and to decide how to go about it. The current practice was based on having a network of trusted persons who were familiar with the work and documents. Those individuals worked with minimum supervision and their work require minimum revision by the Secretariat. The Secretariat however assured that it would certainly look further into expanding the outsourcing work.
277. The Delegation of Spain noted that in its view all decisions taken could be reversible. It considered that an approach could be tried out for a period of a year, which would provide answers and

- solutions to the issues raised by the delegations. It warned that if Members did not come to any understanding on the matter, the PBC would have nothing to propose to the General Assembly.
278. The Chair reminded the delegations that even if the Secretariat were able to identify the issues on which there appeared to be consensus, delegations would still have to face the challenge of deciding which committees would benefit from six language coverage and which would only have certain languages available for their meetings.
279. The Secretariat underlined that the most difficult decision facing the Member States was to decide in what order of languages and for which meetings full linguistic coverage should be applied, whether this would depend on the availability of funds to cover all languages and which meetings would be struck off the list should there be no funds. In such a case, the list of meetings would have to be negotiated on a meeting-by-meeting basis. The Secretariat further noted that if the PBC chose to examine a language coverage strategy for meetings, it would imply an increase in the Program and Budget and added that this would actually help to make the meetings coverage in all languages easier. On the issue of outsourced translation quality, the Secretariat assured Member States that the Organization would never compromise on the quality of official documents. It added that the experience of other international organizations which had successfully introduced page limits had shown that quality did not suffer but that such action rather helped the procedure.
280. The Delegation of Brazil suggested that to move forward, the proposals made by the Secretariat which could be accepted by the Member States, should be identified. Then the Members could see the cost savings up to the next Program and Budget, where there would be a larger budget for translation. The Delegation said that, as a first step, Members should identify the committees or meetings for which most of the Members would like to see translation in all languages.
281. The Chair supported the proposal made by the Delegation of Brazil and thought that it would be helpful for the Secretariat to hear the delegations' preferences regarding the committees and/or meetings to benefit from the full language coverage.
282. The Delegation of Spain stated that its proposal referred to all working groups and would not cause an increase in the budget. The Delegation inquired whether the budget line assigned to language translation and interpretation was being used exclusively for that purpose or also to other ends.
283. The Secretariat explained that the unspent amount for the past biennium under Program 27 referred not only to the allocation for translation and interpretation but also covered staff and non staff allocation for conference services, printing, records management and archives. Therefore, it was difficult to specify, at that moment, what part of the unspent amount could be attributed to translation and interpretation, or to the other services. In the same way, the budget envelope for Program 27 for the current biennium covered all areas under the Program e.g., conference services, records management, publications and archives. The Secretariat added that the flexibility, within the program, to distribute the initial allocation across the different areas within the Program was with the Program Manager. An overall flexibility existed within the Organization to move resources from one program to another, which could also benefit Program 27, if necessary.
284. The Delegation of Oman endorsed point (ii) of paragraph 67 of the document i.e., putting in place the policy starting in 2011. However, the Delegation said that had it not agreed to point (ii), then the policy could not have been implemented as of 2011. Therefore, it suggested to amend the proposal made by the Secretariat to ensure that the implementation of the policy start in 2011. With regard to the proposed limit on the number of pages of working documents, the Delegation inquired as to what was considered a working document, as the proposed language policy document itself exceeded 10 pages. Therefore, the Delegation believed that a degree of flexibility in the implementation of specific measures was needed.
285. The Delegation of Egypt, referring to point (ii) of paragraph 67, called it one of the mightiest as well as one of the worst aspects of the document, in that the starting date was January 2011 but the entire Section VI would need to be re-discussed. The Delegation proposed that the Secretariat revise Section VI of the document, taking into consideration the delegations' comments, so that it

- may be re-discussed the following day. Regarding the choice of the committees to benefit from six-language coverage, the Delegation pointed out that in view of the number of languages, the number of committees, the limited resources and delegations' preference to maintain the costs, there could be one of the committees in the first two languages, the second committee in the third and fourth language, a third committee in the fifth and sixth language. That would provide a basis of equality and that way the "pie" would be fairly divided.
286. The Chair proposed the following ways to proceed regarding the recommendations in section VI: (a) either decide among the membership itself, or (b) seek advice and proposals from the Secretariat. One of the solutions would be to consider an interim step, introduction of coverage language by language. The Chair reminded the delegations of the working language concept in the UN, which was English and French (in Geneva), and that any renegotiation of that arrangement would imply a widespread negotiating process.
287. The Delegation of Germany stated that it did not consider the proposal by the Delegation of Egypt a workable one. Referring to the unspent two million Swiss francs under Program 27, the Delegation believed that, similarly, there must have been savings on translation costs in the current year due to the cancellation of certain meetings. The Delegation requested details regarding the amount of such savings.
288. The Delegation of Spain reiterated its proposal urging Members to decide in favor of Scenario B, without increasing any expenditure and using the savings in the budget (the unspent amount and the current year's savings). The Secretariat thus would make a proposal which would be carried out and tested for one year in respect of the working groups listed in table 1 (i.e., extension of coverage to all the official languages). Should there be insufficient funds, the Member States would have to assign priorities. Regarding the working languages of the United Nations, the Delegation stated that the Organization needed to adapt itself to the changing reality, especially since WIPO was a service-providing Organization.
289. The Chair asked the Members if they were willing to accept the proposal by the Delegation of Spain.
290. The Delegation of Egypt appreciated the proposal but thought that the way forward lay in a hybrid solution and review of the entire section VI.
291. The Delegation of Algeria wished to hear the opinion of the Legal Counsel on the possibility of reviewing the agreement between UPOV and the WIPO Secretariat. The Delegation also wondered why the income provided by UPOV for the translation services carried out by WIPO was allocated to the areas not dealing with translation, instead of the Language Division which provided the services and did not necessarily receive the income. The Delegation believed that it would only be fair to allocate this income to the Language Division.
292. The Legal Counsel confirmed that under the WIPO - UPOV agreement, WIPO was reimbursed for the services provided to UPOV. He added that UPOV was a small organization with not more than 12 staff members and the Director General of WIPO was also the Secretary General of UPOV. Therefore, it had been convenient and easy to have an administrative arrangement. However, it was for the Member States of WIPO and the Member States of UPOV to decide whether this agreement should be revised.
293. The Secretariat further explained that, at present, the income from UPOV was not distributed according to a formula where the income received was redistributed precisely to each of the programs whose resources were used to serve UPOV and added that, under the circumstances, the Secretariat could not reply how feasible the introduction of such a formula would be. The Secretariat further remarked that there was no precise methodology on reimbursement of costs borne by specific programs.
294. The Secretariat added that the WIPO - UPOV agreement had been reviewed at the beginning of 2010. It was a service level agreement, whereby WIPO provided services to UPOV, for which it was remunerated. As with the income from other categories of services provided by WIPO, the

- UPOV-generated income was included in the overall income of the Organization (by way of miscellaneous income). That was the manner in which such income was recorded in the accounts of an organization such as WIPO, and which was supported by the international accounting standards. Therefore, it was difficult to consider that, in that particular case, specific WIPO services would have to be reimbursed on a case-by-case basis. The Secretariat added that the accounting procedure was governed by the international accounting standards so as to avoid the scattering and dispersion of resources.
295. The Chair proposed to turn to Section VI and the proposals contained therein i.e., (a) limiting the length of working documents as well as the actionable paragraph 39.
 296. The Delegation of Egypt welcomed the notion of reducing the documents' size but did not feel that setting a statutory limit was the most useful tool. It wished to encourage a reduction in the volume of documents without setting a specific statutory limit.
 297. The Chair remarked that it would be impossible to estimate cost savings by issuing an encouragement with no specifications.
 298. The Delegation of Oman requested definition of "working documents" and whether the document under consideration was a working document. Should that be the case, document WO/PBC/15/9 was 13 pages long and would not have complied with the 10 page rule. The Delegation thought that depending on a document's nature, there should be flexibility on its length.
 299. The Secretariat responded that the 10-page limit was an indicative figure, which was proposed to reduce the current average size by 25%. It also said that the indicative number of pages might be 15 pages, understanding that there would be documents, e.g., the Program and Budget document, which would, by their nature, exceed the set page limit. The Secretariat explained that it sought to establish a guideline and a goal, which it would aim to achieve and added that in organizations where such a limit existed, it helped produce better quality documents by forcing the drafting staff to think with greater clarity and be more concise. The Secretariat also clarified that working documents were defined as the documents issued by the Secretariat for the meetings.
 300. The Delegation of Spain wished to clarify its position and pave the way to a general understanding. It thanked the Secretariat for the explanation of what a working document was. It stressed that the solution did not lie in Scenario A or B. The Delegation thought that following a budget exercise and with the resources available, full language coverage should be extended to the working groups. It remarked that some working groups met rarely, once a year or less (like the Lisbon Working Group). In conclusion, the Delegation urged the Secretariat to carry out the exercise of creating a "hybrid" solution (Scenario B), with the consensus from other delegations and with the budget margin of three million Swiss francs (from the saving and the unspent amount). The Delegation thought that setting document length limits was unrealistic as it would cause summarizing of content, which should be left to the delegations. It recognized that the limit of 10 or 15 pages did not correspond to the information required by many delegations.
 301. The Delegation of Oman appreciated the explanation provided by the Secretariat regarding paragraph 39 and thought that the wording should be changed to remain flexible. It supported the document length limitation measures and thought it that if the documents were focused , concise and of high quality it should be acceptable to all the Member States.
 302. The Delegation of France suggested focusing on defining the average size of documents instead of setting a ceiling. In that way, Member States would know which documents were more important than others and it would also provide some flexibility.
 303. The Delegation of Germany considered that the UPOV income represented a significant reserve. It gave the example of Program 27 where it calculated that 8.2% was spent on UPOV (according to the data in the Program Performance Report). Consequently, the Delegation believed that only 92% was spent on WIPO needs. If that were the case, the Delegation suggested that next time, Program 27 should be allocated 108% so that there would be enough money for everything.

304. The Secretariat reiterated its previous statement that the arrangement with UPOV was not a question of UPOV reimbursing WIPO. It was the calculation of the services rendered based on the service agreement between WIPO and UPOV and not an individual calculation. It added that UPOV was a small organization of a dozen people, which had no interest in having its own administrative or translation services. The Secretariat said it was a matter of economies of scale; WIPO helped UPOV out and thus received an additional income, which was a win-win situation for both organizations. The Secretariat emphasized that the impact of UPOV on the translation services was not significant in terms of cost.
305. The Secretariat further added that paragraph 31 of the document specified the total budget for the current biennium for language services: 15.5 million Swiss francs for personnel and 2.5 million Swiss francs for non-personnel costs, totaling 18 million Swiss francs. The pie chart on the following page showed that UPOV represented 8.7% of the workload of the Language Division. However, it did not mean that 8.7% of the budget of the Division was spent for UPOV. The chart only specified that, in terms of pages, UPOV provided 8,7% of workload but it did not say that 8.7% of the 18 million was spent on UPOV.
306. The Chair summarized that there appeared to be no consensus on document page limits but there seemed to be consensus of the efforts to streamline and focus. There was a specific proposal on point (b), paragraph 41 (providing translation in six languages only of summaries for voluminous documents).
307. The Delegation of Egypt thought that exceptionally voluminous documents needed to be clearly defined. It suggested to insert a mention, in paragraph 41, that documents that were of special interest to particular Member States would be made available in the language requested (one of the official UN languages).
308. The Chair recommended that the Secretariat consider the proposal made by the Delegation of Egypt in redrafting paragraph 41. Turning to the issue of verbatim reports he invited comments from delegations.
309. The Delegation of Brazil considered verbatim reports extremely important as they provided a history of the meetings. The Delegation was willing to replace the verbatim reports by webcasting. However, since it was mentioned that webcasting would remain available on the website only for a year, it was a concern for the Delegation.
310. The Chair suggested that the issue of webcasting also be included in the redrafted proposal.
311. The Secretariat explained that webcasting of the upcoming Assemblies would be a pilot test. The one year period was also only an initial pilot and was what the Secretariat scoped the project on. If it was successful, and used extensively, the Secretariat would continue with its provision. In addition, the Secretariat was also considering providing the recording of proceedings of meetings on CDs. The CDs would be provided with an index so that items of interest could be looked up easily. The Secretariat said that these were some of the solutions proposed in order to replace the labor intensive and costly verbatim reports.
312. The Delegation of Egypt believed that it would be difficult to make do without the verbatim record. It added that such records provided the means for referencing statements and decisions in other documents, by giving the document number for the report followed by paragraph number. In the case of electronic recording such reference would have to be made by quoting, e.g., minute 15 at 30 seconds. The Delegation, however, supported the introduction of webcasting. Webcasting could be a part of the hybrid solution proposed by the Delegation of Spain. The Delegation explained that for meetings where documents in six languages were not available, the “missing” languages would be put up in the webcast as a way of compensation.
313. The Delegation of Brazil indicated that it considered webcasting as a complementary solution and confirmed that it did not support having summary records of meetings.

314. The Delegation of the Syrian Arab Republic believed that it would be difficult to put a cap on document volumes for all meetings, as the volume of documents depended on the activity of each committee. It agreed with the Secretariat that the volume of certain documents could be reduced and perhaps a cap could be put on documents for certain meetings.
315. The Chair thought that consensus was emerging on trying to encourage the Secretariat to limit documentation, to strive for discipline and then to strive to increase coverage.
316. The Delegation of Egypt fully agreed with the Chair and added that when the Secretariat would redraft the proposal it should include the element of outsourcing, and hence cost saving.
317. The Delegation of Germany suggested that, in redrafting the proposal, the Secretariat should include the cost saving information for each of the measures proposed so that it could be clearly seen which of the measures had the biggest cost saving potential.
318. The Chair requested the Secretariat to prepare a new draft proposal taking into consideration comments that had been made by the delegations and report back to the Committee.
319. After reconvening, the Chair announced that the Secretariat had prepared an amended proposal for the draft decision paragraph.
320. The Delegation of Tunisia recalled the previous day's discussions on the need for accurate, high quality translation and proposed to include a reference thereto in paragraph (ii) of the draft decision, i.e., "*requested the Secretariat to increase the share of high quality outsourced translation...*" and add point (iii) reading "*requested the Secretariat to establish rigorous criteria with the respect to outsourcing options*".
321. The Delegation of Algeria supported maintaining the practice of verbatim reports, as stated by DAG the previous day and therefore could not agree with the language of point (vi) of the redrafted draft decision.
322. The Delegation of Egypt considered that the consensus opinion had been that verbatim reports were still necessary and could not accept the language in point (vi). With regard to point (vii) and the reference to the table of committees, it pointed out that Audit Committee (AC) documentation, which was of great importance, had not been included in the table of committees for which translation would be provided into six languages. In that respect, the Delegation wished to include the AC in Table 1 listing such committees, to which reference was made in point (vii). The Delegation said that it could be agreeable to the remaining part of the document. Regarding the second point (ii) and the savings that could be made by outsourcing translation to developing regions, the Delegation asked for more detailed information as to what the cost of outsourced translations would be.
323. The Secretariat confirmed that the transcripts referred to in the proposed point (vi) indeed did not refer to verbatim reports. However, following interventions by many delegations, the point of maintaining verbatim reports was well noted by the Secretariat. On the issue of inclusion of the AC in the table of committees, the Secretariat explained that it had been difficult to decide where to list the AC i.e., whether the AC was a working committee as it did not fall into that same nomenclature. The Secretariat added that although the AC was mentioned in paragraph 18: "It is noted also that the report of the Audit Committee, even though this committee is not assimilated to the category of committees examined here, is provided in all six languages when submitted to the PBC", it could easily be moved to table 1 as long as it did not lead to confusion.
324. The Delegation of South Africa fully supported the idea of competitive bidding for outsourcing and believed that it had been agreed on the previous day to maintain the verbatim reports and outsource their translation.
325. The Secretariat confirmed that point (vi) would be removed and that verbatim reports would be maintained.

326. The Delegation of Brazil welcomed the initiatives and recommended that this policy be extended to all official meetings of WIPO and that the webcasting of such meetings be made generally available through the WIPO website.
327. The Chair summarized the proposed changes: point (ii), extension to include 'high quality'; new point (iii), on the establishment of rigorous criteria with respect to outsourcing options; the addition in the re-numbered point (iv) of the text: "welcomed the initiative taken by the Secretariat to introduce electronic recording of conference proceedings, and, progressively, webcasting thereof on the WIPO website, and recommended that this be extended to all official meetings of WIPO."; point (vi) would be deleted. The membership agreed to the above-listed changes.
328. The Program and Budget Committee examined the contents of document WO/PBC/15/9 and requested the Secretariat to present a redrafted proposal for paragraph (vii) of the draft decision (attached to the present document [WO/PBC/15/23 as Annex II]) to the Assemblies of the WIPO Member States in September 2010.

ITEM 10: POLICY ON INVESTEMENTS

329. Discussions were based on document WO/PBC/15/8.
330. In introducing the document, the Chair said that the proposed policy on investments was based on investment policies adopted by several other UN system organizations. The Chair remarked that over 90% of revenue of WIPO was generated by fees received for specific services, which made it more vulnerable to external economic conditions and required WIPO to place primary emphasis on minimizing risk taken with respect to principal funds, while ensuring all equity necessary to meet the Organization's cash flow requirements. The Chair requested the Controller to formally introduce the document.
331. The Secretariat introduced the document by first defining what investments meant. It said that by investments, the Secretariat meant liquidity investments by the Organization. The purpose of the document was to define how these liquidities would be invested. The document consists of two parts. Part 1 defined the context, and part 2 defined the policies pursued. The Secretariat said that WIPO was a UN body and therefore, the basis for investments of its liquidities was drawn on the general principles which pursued in the context of the UN specialized agencies. Similarly, the specificities of WIPO, i.e., that fact that most of its income came from providing services, were also taken into account. Thus, an investment policy should be able to respond to problems likely to arise in these services and in the income that arose from investments. The arrangements, such as through the Madrid protocol (fees collected on behalf of third parties), should also be taken into account as well as volume of liquidities themselves. Since this volume was very important and available to the Organization for relatively brief time, the policy needed to be prudent. The policy also needed to take into consideration the FIT funds granted by some member countries for specific programs. These FIT funds were the subject of a specific investments policy. The policy also needed to ensure limiting risk, sufficient credits and the availability of cash resources to meet short-term liquidity needs, in particular whenever the service market ran into difficulties. The Secretariat explained that the Organization was fortunate that one of its banking partners, the Swiss National Bank had AAA credit rating and deposits with it were made in Swiss francs. The Secretariat further said that the proposed policy was a continuation of the existing policy, which had been set up a number of years ago. The details of the proposal were listed as Annex to the document. The objective of the policy was to preserve the capital by risk limitation, to conserve liquidities to meet short term requirements, and also to maximize the rate of return, which could follow from the two preceding principles. The Secretariat remarked that the Swiss National Bank was not the only investment partner that existed. The break-down of investments by the Organization had to ensure that at least, but no more than 10% be entrusted at the same time to

the same institution, with the exception of the investments with sovereign risk, or with a rating of AAA (where there was no restriction or limit). As regards a currency of such investments, the management of exchange risk should be such so as to preserve the value of the assets, which were defined in Swiss francs (as the currency of the Organization). This, however, did not apply to FITs, which were kept in foreign currencies in order to avoid the exchange rate risk. The Secretariat had also defined benchmarks, which were: for the Swiss franc - the return obtained from the Swiss National Bank; for the euro - the three month Eurobor rate; and for the US dollar - the three month T-bill rate. The Secretariat proceeded to describe the different categories of financial resources: (a) Current operations: since the requirements there might be immediate, the funds were held in such a way as to exclude completely any negative return. (b) Restricted cash balances were subject to restrictions. These were the amounts held for third parties in the name of the third party depositor and were invested to exclude any global negative return, where investment should not exceed three months. (c) Fees collected on behalf of the third party: liquidities were invested to exclude any global negative return, and with a ceiling taking into account the date of transfer of funds to members of each union. (d) Reserves to finance specific projects: where funds would be invested to exclude any probability of negative return, with investment horizon taking into account a cash flow projection reflecting the estimated requirements for each project. As regards (e) Other reserves, which were not yet committed, could be invested with an investment horizon of not more than two years. The Secretariat added that all investments, with the exception of un-committed reserves, would be managed internally. For the un-committed reserves, the Secretariat wished to be able to entrust their investment to external managers, ensuring of course, that it would be favorable for the Organization. The Secretariat said that the document provided definitions concerning such external investment managers. The document also contained a special paragraph on derivatives. It underlined that investment of derivatives for speculative purposes must not be included in the guidelines negotiated with an external fund manager. However, it might happen that investment in securities would be in currencies other than the Swiss francs, and in that case derivatives could be used to protect the Organization from exchange risks. In concluding, the Secretariat responded to a question posed by the African Group in their first intervention. As regards the currently used investments policy, the Secretariat said that it had not had any losses, as the policy was both prudent and effective. The return recorded in recent years had been above the return obtained by the private banks in general. Such comparisons, with the major Swiss banks and in particular with the Credit Suisse, were being carried out on regular basis. In the last 10 years, WIPO returns were much higher than those recorded by these institutions. The Secretariat said that that PBC was invited to recommend to the Assemblies the approval of the proposed investment policy.

332. The Delegation of the United States of America appreciated the effort and careful thought that went into development of the investment policy, which contained numerous provisions that safeguarded the funds to be invested especially with respect to short-term investments and funds needed for current operations, restricted cash balances, the fees collected on behalf of other parties, and reserves committed to specific uses. It was a sound policy which addressed the risk by prohibiting the possibility of a negative return. The Delegation was less comfortable with the provisions for long-term investments of uncommitted reserves. Although the investment principles limited the horizon for such investments to two years, they did invite more risk taking, which could result in negative returns. It said that WIPO possessed a significant amount of accumulated reserves, a large portion of which was being invested in infrastructure improvements, such as the new construction and conference hall projects, which the Member States had supported. The Delegation said that it was less enthusiastic about investing substantial amounts of reserves in long-term investments, even in reliance with external fund managers, who had expertise in this area. The Delegation did not believe that an international organization should routinely accumulate sizeable amounts of reserves and place them in long-term investments. However, in light of what all other points that the Delegation mentioned, it endorsed the proposal, but with the expectation that such investments would be carefully undertaken and that Member States would receive regular reports as to their studies.

333. The Delegation of Germany thought that it could support most of the proposed policy but had a problem with the involvement of external investment managers. The Delegation was comforted by the Controller's explanation and assurance that WIPO had a very solid investment policy over the last years. If this was the case, the delegation saw no need to change the existing policy and if the improvement meant involving external managers the Delegation wondered how these could be supervised/controlled. It considered involvement of external managers to be an additional risk. It also wondered what the incentive system and monitoring system for such managers would be. The Delegation requested clarification regarding internal monitoring, which it had heard existed, because it was a yearly report, it did not consider this sufficient.
334. The Secretariat explained the reason for investing most of the funds in the SNB. The reason was that the SNB offered the rates of return which exceeded market rates and also provided full security for investments. Unfortunately, this had not always been the case in the past, because in particular, when the interest rates on the market went up, the market interest rates were far more attractive than those of the SNB. WIPO and SNB were partners for "rich or poor", so there was an increasing desire to diversify the Organization's investments. As regards the investments managers, there were different ways to do it. The Organization could use different tools, which were risk free or with very low risk probability. For instance, in the case of obligations, the risk was really limited or for bonds, in particular when the deadline was 2 or 3 years, and where the interest could sometimes be higher than that of the monetary market. Only in those cases the Organization would use the external managers. The Secretariat saw no difficulty in producing a periodic monthly or quarterly report on investments, if Members so decided. Such reports could be added to the information that was already being regularly published on the Internet.
335. The Delegation of the United Kingdom shared the concerns expressed by the Delegation of Germany on the external investment management. At this stage, the Delegation was not able to agree to the document, if this point/ reference remained. The Delegation reminded the membership that many international organizations in Geneva were envious of the arrangement between WIPO and the Swiss National Bank. It considered it a very good deal and did not think that it should be changed at all. WIPO was able to secure its funds, with no risks whatsoever, and with slightly higher interest rates than many other international organizations managed to get. In terms of investments managers, the Delegation recalled cases in other international organizations where investment managers had been used, e.g. the WHO and WFP. The Delegation requested more information on investment managers, i.e., who they would be, how much they would charge the Organization for their services, and what the risks was that the Members States would be undertaking, since the liability would fall on the Member States should the investments go wrong.
336. The Delegation of Angola recalled the African Group's position on investments. It said that it was in favor of consultations with Member States before any decision was to be taken by the Organization. It stressed that any possible risk should be taken into account, in particular in this post-crisis period. Further, the Delegation wished to make a number of amendments in the proposed policy. In paragraph 1 "authority", the Delegation asked that the authority given to the Director General under Regulation 4.10 include consultations with Member States. The Delegation believed there should be consultations with the members of the PBC, at the ambassadorial level, on any important investments. It also requested that reference to consultations with Member States be added to the point under Financial Regulation 4.11 providing authority for the Director General to make long-term investments. It thought that consultations with member States prior to any investment would be an insurance against investment going awry in the post-crisis situation. It recalled that many international organizations had lost a lot of money through investments in hedge funds. That was the reason why Member States had to be consulted so that they would know where the money was being invested. It added that to foresee possible risks, Member States also need to have the periodical report every three to six months
337. The Delegation of Japan thanked the Secretariat for the detailed explanation. It requested clarification regarding paragraph 8 and the use of investment managers when it was in the best interest of the Organization. It wished to clarify how this was estimated to be considered to be in

- the best interest of the Organization. The Delegation shared the concerns expressed by the Delegation of the United Kingdom on this point.
338. The Delegation of Bulgaria welcomed the initiative of the Secretariat to establish an investment policy of the Organization and thanked for all the information contained in the document. It wished to recall the element of ethical investment, the concept which had been widely discussed in the UN. It considered this element very important for an investment policy as no Member State wished to see the Organization's funds invested into arms production, or for tobacco production. Sometimes stocks of these companies earned higher results, however this was an ethical question. It recalled that the ILO did not recommend investing into companies which exploited child labor. It requested that a clear statement on ethical investment be included in the proposed policy, i.e., what kind of investments would be allowed. Concerning the derivatives, the Delegation believed that in the modern investment practice, investment managers used hedging for avoiding currency fluctuations, etc. but this should be very clear, and this should be made on a case by case basis, because derivatives were not always very clear and transparent as previously noted by the Delegations of Angola and the United Kingdom. Finally, the Delegation did not believe that the Organization should report every three or four months on the investments policy, as member States were not managing the investments. A clear report on the state of investments issued once a year should be sufficient. It pointed out that WIPO was not a financial institution where Members had to make sure that the money did not get lost, this as an obligation of the Director General to make sure. However, Member States wished to be informed how the investment policy was been applied and with what results.
339. The Director General thanked the delegations for their comments, which would be extremely helpful for the Secretariat in improving the proposal on investment policy. He reminded the delegations that, at the moment, the Organization did not have an investment policy, it had an investment practice. The matter of investment policy was being brought before the Members for the first time. The Director General explained that the Secretariat sought to have additional transparency in its practices, and indeed, to have a better policy that would ensure that the Organization reserves were managed in the optimal way. In answer to the Delegation of Angola, the Director General pointed out that paragraph 1 clearly reflected what the Financial Regulations said and added that unless Member States wished to engage in altering the Financial Regulations, the Secretariat could not make the requested amendment. The Financial Regulations gave the Director General the power to invest and did not specify "after consultations". In this regard, he pointed out that there was a distinction between the "before and after". He stressed that what the Secretariat and the Director General had to be was to be accountable. The Director General and the Secretariat had to have some executive power to be able to execute the program and to deal with the financial management of the Organization. This was what both were accountable for. The Director General further explained that it would be very difficult to have to consult Member States on every single investment that needed to be made by the Chief Financial Officer, or by the Organization.
340. The Secretariat confirmed that the point on ethical investments was well taken and would be borne in mind in case of any investments made outside of the Swiss National Bank. As to the external investment managers, it understood Member States' reluctance to have external managers working with the Organization's funds. The Secretariat pointed out that this was a possibility for Members to consider and there very well could be an investment policy without external managers, should consensus be reached such option. It further explained that it was merely trying to formulate a supplementary plan to the central investments, especially as interest rates went up. The Secretariat confirmed that it was flexible on the matter of external managers and suggested to amend the decision paragraph to delete reference to external investment managers and include reference to ethical investments (as suggested by the Delegation of Bulgaria).
341. The Chair summarized that: (i) there were some concerns about external managers, ethical investments and, from the delegation of Angola, on paragraph 1 and that (ii) the Secretariat suggested to redraft the recommendations paragraph to exclude the reference to external advisers.

He asked the Delegation of Angola whether its concerns were satisfied by the explanation of the Director General.

342. The Delegation of Angola thanked the Director General. It explained that its concern was caused by imprudent investment practices of the heads of some other international organizations, which had lost significant amounts of money as the result. The Delegation thought that the Director General could informally consult (on ambassadorial level) before engaging in important investments. This would also protect the Director General in case an investment went wrong (like in the times of crisis). The Delegation intended to raise this matter during bilateral discussions.
343. The Delegation of Germany requested the Secretariat to specify the reasons for proposing to use external investment managers. The Delegation thought that there were two reasons: either to outsource the workload or the organization did not have know-how required. It inquired whether, if the policy was adopted, the Secretariat was confident that it had the resources available to proceed on its own (without external managers), or whether it meant that the qualifications of staff needed to improve to exercise these investments.
344. The Delegation of Venezuela (Bolivarian Republic of), commenting on the remarks by the Delegation of Angola, thought that Member States should not tie the Director General's hands. It thought that it was clear how and when the Director General could make recommendations for investments. It thought that there already were consultations not only on investments, but on the day-to-day running of the Organization and did not believe that Member States should go to that extreme. The delegation also shared the views of the delegation of Bulgaria concerning the ethical investments, as well as on the point of external managers.
345. The Delegation of France responded to the comments made by the Delegation of Germany. It inquired whether the Organization needed to go through external managers in order to get into the bonds market (to get yield when the rates were increasing, with hardly any risk) or whether the Organization had the necessary competences on its own to be able to benefit from that market.
346. In response to the question by the Delegation of Venezuela (Bolivarian Republic of), the Secretariat said that the purpose of the proposed policy was to state very clearly, for the very first time, what was envisaged for investments. It added that investments had been practiced before but the practice had not been outlined and laid down on paper. The Secretariat was trying to state clearly how the funds were invested, how the Secretariat intended to invest them, and how to establish the parameters. The proposal did not offer more freedom or latitude for the Organization. It aimed to state, in full transparency, what the Organization's policy was. The Secretariat urged the delegations not to misconstrue the purpose of the document. Its purpose was to codify how the work would be done, based on how it had been done so far with no major problems encountered to date. Regarding the know-how, the Secretariat found it a relevant point. It thought that using external managers would help avoid a further workload. However, the Secretariat was ready to assume a greater workload if Members States were not ready to entrust funds to external investment managers. It added that nothing prevented the Secretariat from getting advice for investment that should be made. With regard to the advice, the investments to be made were quite clearly outlined in the document. It was stipulated that capital had to be preserved and that the Secretariat wanted to avoid any probable negative yield. What the Secretariat meant by this was that the Organization could have trust deposits, bond deposits or short term-deposits. It thought that there were minimal risks and it was in line with the practice of investment of funds by the Organization when there were short-time frames and when the market be seen to be going up. With regards to the deposits on the financial market, the Secretariat remarked that these were sometimes more interesting than those given by the Swiss National Bank. It further added that there was nothing very risky in the proposed investment policy. If the Member States agreed to adopt it, without the mention of the external managers, the Secretariat could amend decision paragraph accordingly.
347. The Chair suggested that the document be further discussed informally and that, in the meantime, the Secretariat would reformulate its proposal.

348. The Secretariat distributed the redrafted proposal and Chair invited delegations to present their views on the revised text of the draft decision.
349. The Delegation of South Africa understood from the morning's discussions that the practice of use of external investment managers would be excluded. However, the draft language said "*excluding references to..*" instead of excluding the practice, which had significantly different meaning from the legal point of view.
350. The Delegation of the United Kingdom stated that the redrafted text did not answer all of the concerns expressed by delegations. The Delegation was not ready to accept the decision as drafted and added that it still had very serious concerns with the way the investment policy had been drafted originally. The Delegation suggested that PBC agree not to come to a decision on this matter.
351. The Director General explained that the Secretariat had attempted to develop more constraining guidelines for the investment policy. He confirmed that the Secretariat would be happy to go long with the suggestion by the Delegation of the United Kingdom to revert to further consultations in order to produce appropriate investment guidelines.
352. The Program and Budget Committee examined the contents of document WO/PBC/15/8 and requested the Secretariat to present a redrafted proposal at a further session of the PBC, taking into account the observations and comments made by the Member States.

ITEM 11: POLICY ON RESERVE FUNDS

353. Discussions were based on documents WO/PBC/15/7 and WO/PBC/15/7 Rev.
354. The Secretariat introduced this agenda item and said that document WO/PBC/15/7 summarized WIPO's policy on reserves and was accompanied by recommendations for the PBC's consideration regarding both the principles and the mechanism for approval of the use of reserves. The Secretariat reminded delegations that WIPO had a clearly established Policy on Reserves adopted by the Member States in 2000, which established a level of required RWCF (Reserve and Working Capital Funds) for the functioning of the Organization and which had worked very well so far. In the proposed policy contained in document WO/PBC/15/7, a number of points were added or further elaborated, in particular the issue of the level of these funds and the needs for every biennium, the requirements under Article 8(4) of the Madrid Agreement regarding the distribution of Madrid Union surpluses and the Director General's prerogative to propose for approval projects financed from the available surpluses. The core element of the document was the proposed principles for the approval mechanism for the use of reserves. The Secretariat noted that in drafting this document, it had undertaken an in-depth examination of current practices and policies, as ten years had past since the approval of the principles and policies currently applied, in order to establish a series of principles regarding the use of reserves funds which exceeded the required level established by Member States. First, Principle 1 (page 7): proposals for the use of RWCF should only pertain to the amounts available in the RWCF exceeding the target level required by WIPO's Policy on Reserves. This is applicable both at the level of individual Unions as well as at the level of the Organization as a whole. Second, as per Principle 2, the proposals for the use of the reserves should be for extraordinary, one-time expenditures, such as capital expenditures and strategic initiatives and not for recurring operational activities. Principle 3 specifies that proposals for the use of the reserves could be for projects and initiatives which were outside the biennial financial period of the Organization and could cut across, or last for more than one biennium. The Secretariat further explained that according to the proposed Approval Mechanism (paragraph 23), the proposals for the use of the reserves would be made by the Director General via the PBC to the Assemblies of the Member States and the Unions, each as far as it was concerned. Such proposals were to be accompanied by information on the overall status of RWCF as of the date of the proposal, which could be presented in the form of a separate document. The Secretariat added

that the decision paragraph invited the PBC to take note of the policy on reserves and endorse the proposed recommendations for the principles and approval mechanism to be applied for the use of the reserves, as described in paragraphs 20 to 23 of the document.

355. The Delegation of Angola, on behalf of the African Group, considered that the reserve funds could be used to for the projects proposed by Member States, as appropriate. It said the PBC needed to foresee the possibility for Member States to be able to put forward projects to be funded by the excess reserves.
356. The Delegation of the United States of America appreciated the effort put into developing the proposal for the policy on reserves and added that the subject was very familiar to the PBC due to the large amount of reserves and the recent decisions on how to deal with the reserves. The United States continued to believe that, given the large amount of reserves, periodic examination of the structure of WIPO's Unions should be undertaken. The Delegation endorsed the proposed policy. It believed that it was consistent with the Organization's Financial Regulations and prior PBC recommendations on the use of the reserves as well as decisions by the WIPO Assemblies. It endorsed the three principles which the Secretariat had proposed, especially Principle 2 requiring that the reserve funds be used for extraordinary one time expenditures and that recurring expenditures should be financed through the Organization's regular budget.
357. The Delegation of Switzerland fully supported the statement made by the Delegation of the United States of America.
358. In response to the concerns raised by the Delegation of Angola, the Secretariat said that the submission of projects by Member States was implicit in the proposal made by the Director General. However, a phrase could be added to that effect in the paragraph on approval saying that proposals could also be made by Member States.
359. The Chair proposed that, in paragraph 23 (in the box "Approval Mechanism") the words "*are to*" be replaced by "*...may be made by the Director General or Member States...*".
360. The Delegation of Egypt, on behalf of the DAG, asked whether, given that the policy on the reserve funds was a matter of a risk assessment issue for the Organization, the opinion of the Audit Committee regarding this document had been taken on board. The Delegation also noted and supported the proposal made by the Delegation of Angola. It added that both the text in the box, as well as above the box in paragraph 23, should be changed accordingly. Regarding Principle 2 (in paragraph 21), the Delegation wished to ensure that reserves set for the implementation of the DA recommendations 2, 5 8, 9 and 10 would not be affected.
361. The Chair said that language in paragraph 23, above the box, would replicate that in the box i.e., "*..by Member States..*" would be added.
362. The Secretariat responded to the question regarding the opinion of the Audit Committee and indicated that it had not received any comments on the document from the Committee. It further confirmed that the amounts set aside for DA recommendations 2, 5 8, 9 and 10 had been very clearly identified in document WO/PBC/15/16 on the status of utilization of reserves to date.
363. The Chair of the AC noted that the Committee had not made any comments because the document had not been submitted to it for its review. The document was dated June 21, 2010 and the Committee had last met in July. The Chair added that it was not an issue and that the Committee had to discuss with the Secretariat how to better coordinate and decide which documents would be reviewed by the Audit Committee. The Chair added that the Committee was not in Geneva all the time and it could not be expected to look at the website where indeed the documents were posted. The Audit Committee planned to take note, at its the next meeting, of any PBC decision, as it also planned to review the standards of financial management in this area in the future (as foreseen in the TOR).
364. The Delegation of India thanked the Secretariat for the detailed explanation it had provided and for accepting the African Group's proposal. The Delegation sought clarifications regarding Principle 3.

It said that the reserve funds were currently being used for certain DA projects, and wondered whether this principle would allow for the continuation of such practice in the future in case of DA projects. It added that some initiatives were sometimes outside of biennial period and/ or had cut across biennia.

365. The Director General responded that the Secretariat had aimed to mainstream the DA projects. Henceforth, such projects would be included in the regular Program and Budget. It was quite possible that a DA project would cut cross several biennia and then each Program and Budget would have an allocation for the expenditure foreseen to take place during that Program and Budget period. The Secretariat would no longer be in a special situation as it had been previously, where to it had to allocate money for projects going across several biennia. That would be done in each Program and Budget. Only in the in case that it was running short of funds, if it ever were, this mechanism could be used, i.e., taking money out of the reserve funds. In case of these particular DA projects, of course, money had been put into reserve funds that had not been spent in the current or the previous biennium so it was available this biennium for the continuation of these projects.
366. The Delegation of India stated that it understood that DA projects did not technically qualify as strategic initiatives under Principle 3 as presently worded. It had asked whether if there was a necessity a special dispensation would have to be made in that case, which contravened these three principles.
367. The Secretariat explained that the principles stated in the document permitted funding of DA recommendations from the reserves if appropriate. The aim of the document which had been approved (on the budgetary process applied to projects proposed by the CDIP for the implementation of the DA recommendations) was that operations of the DA should be funded by the regular budget. There would be revisions of the budget, as there had been when the PBC examined that document. However, the principles established in the present document did not prevent projects which could qualify, within the principles, from being financed from reserves.
368. The Delegation of Germany remarked that the approval mechanism opened the window for Member States to propose projects to the PBC. It added that those proposals would have to be accompanied by information on the actual status of reserves. Member States would have to cooperate and receive that information from the Secretariat. It stressed that Member States' proposed projects should go through the Secretariat in order to ensure that all the necessary information was included, to enable the PBC to discuss such proposals. Therefore, the text in the document on the approval mechanism would need rewording.
369. The Director General assured the Delegation of Germany that the whole function of the Secretariat was to be there to assist the Member States. Therefore, it went without saying that, if the Member States would like to formulate a proposal the Secretariat would provide all the necessary information that was necessary to perfect that proposal.
370. The Delegation of Nigeria thanked the Audit Committee for the explanation given. As for the proposal to amend the text in the Principles' box Delegation thought that the detail rested in paragraphs 20 to 23. Therefore, if an amendment was to be, it would have to be made in those paragraphs and not in the principles' boxes. The Delegation supported Germany's concerns regarding Member States' role in proposing projects. It said that Member States raising projects could not happen in a vacuum and that such proposal should contain the information that Member States might not have. Therefore, Member States should work with the Secretariat to put such proposals into an appropriate format. For this reason the Delegation believed that the amendment ought to be made in paragraph 23 or between 20 and 23 and not in the main text. Concerning the audit, the Delegation said that it was very valuable and important but, at the same time, the Audit Committee's opinion was only a matter of giving advice. Since the work of Audit was infinite, it meant that it could provide its opinion after the document was adopted.
371. The Delegation of Egypt appreciated the Director General's clarification concerning financing of the DA projects. The Delegation thought that in order to bring clarity, this language could be reflected

- in the document. The Delegation inquired whether the Audit Committee could be requested to review this policy paper in the time between the PBC and the Assemblies and then present their views on it to the Assemblies, at the time when the document would be submitted for approval.
372. The Secretariat indicated that in its view, DA projects were part of the regular, recurring activities of the Organization and consequently should be financed by the regular budget of the Organization.
373. The Delegation of Brazil requested clarification in respect of the projects which had been indicated to be funded from the reserves, and sought confirmation that this funding would not be affected.
374. The Secretariat responded by confirming that these funds were already in the reserves, and appropriated for the said DA projects, and their availability would not be affected by the adoption of this policy.
375. The Delegation of India said that it was clear that DA projects would not be eligible for utilization of the reserve funds, even if the implementation was to take place across more than one biennium. It sought clarification as to how the current earmarking of reserve funds for recommendations 2, 5, 8, 9, and 10, which also fell under the DA, was to be consistent with the principles being proposed. It seemed to the Delegation that there was an inconsistency there.
376. The Secretariat responded that it was precisely to avoid such a situation that a policy for the reserves had been established. The situation with the reserve allocation for the DA projects was an exception. However, if development projects would qualify under this reserve policy, nothing excluded such a project from financing under this reserve policy. It was expected, however, that the practice of mainstreaming and integrating DA projects into the regular budget process will ensure that these can and will be funded through the Organization's regular budget as also explained previously.
377. The Delegation of Brazil said that it believed that since these projects were part of the DA, then maybe they were one-time expenditures, and if they were related to strategic initiatives, they could be included here in this policy. It suggested that, as was in Principle 3, one included proposals for the use of the reserves, maybe for projects and initiatives, and then it would be possible to include DA projects which were outside the biennium.
378. The Secretariat stated that there were three possibilities. There were the DA projects for recommendations 2, 5, 8, 9 and 10, where a significant amount of money had remained unspent – this needed to be addressed in order to enable completion of the projects. The solution had been to fund the unspent balances exceptionally from the reserves. It noted that this would not in anyway preclude other projects being presented: coming from the Member States, as well as from the Director General to the PBC, where they were of a nature which could be covered from the reserve funds. However, DA projects were seen to be addressing recurring operational necessities, which should be included as part of the Program and Budget in order to then take them on board. It was noted that the balances of any projects which were mainstreamed and were not completed could carry forward into subsequent biennia in order to be completed, as there was little point in starting a project and not completing it.
379. The Delegation of Venezuela (Bolivarian Republic of) understood that there was some confusion because the discussion seemed to be held at two different levels. It took note that there was the regular budget for the DA and the reserves for extraordinary expenditures. It added that, if the DA were to be included therein, it would set a precedent for any of other kind of program. It added that such situation was not what had been planned for the use of the reserve funds, which should be available only for expenses that were not part of the regular budget, and of course the DA was part of that budget.
380. The Delegation of Switzerland thanked the Secretariat for its explanations on the use of reserves and wished to try to respond to the Delegation of Venezuela. In fact, the unexpected expenditures were already covered by the decision made last year, as well as by the rules and regulations governing the budget of the Organization. There were funds which were allocated at the beginning of the biennium for development projects. There was the flexibility, which was discussed at great

lengths earlier in the session, and in addition to that, there was the possibility of a revised budget, if needed. It considered that nothing needed to be added to the principles proposed at present.

381. The Delegation of India stated that it was clear that the DA projects should, in normal circumstances, be financed through the regular Program and Budget of WIPO. But as was said by the Secretariat, there could be exceptional occasions where a certain DA project could be strategic initiative, or even a capital expenditure. In such a case, Member States or the Director General could propose the utilization of the reserve. The Delegation was glad to hear this explanation, because it hoped that this was a correct understanding. It suggested adding in Principle 2, after the word strategic initiatives: "*under the agreed strategic goals*", indicating that this would address the Delegation's concern and be in accordance with what had been proposed by the Secretariat.
382. The Delegation of the United States of America requested further clarification in respect of the application of Principle 2 and Principle 3 and associated itself with the opinion expressed by the Delegation of Switzerland.
383. The Secretariat provided an explanation concerning Principle 2, which would be applied in case of extraordinary, one-time expenditure, such as capital expenditure and strategic initiatives, and not for recurring operational activities of the Organization. It noted that such proposal could conceivably also be a development project. To further clarify the purpose of Principle 3, it added that, unlike the Program and Budget, the reserve funds could fund initiatives which stretched across several biennia. A classic example was the Organization's buildings, where the reserves were used to fund the construction – a project crossing several biennia.
384. The Chair recalled that there was a proposal to add, in Principle 2, paragraph 21, after the words strategic initiatives: "*under the agreed strategic goals*"; to add in paragraph 23 the words "*or Member States*" after the words "*made by the Director General*"; to replace the words "*are to*" in the first line of the boxed text referring to the Approval Mechanism with "*may*" and to add the words "*or Member States*" in the second line of the same text after the words "*made by the Director General*". As there were no additional comments, he concluded that agreement had been reached.
385. The Program and Budget Committee recommended to the Assemblies of the Member States of WIPO to take note of WIPO's policy on reserves, and endorse the proposed recommendations for the principles and approval mechanism to be applied for the use of reserves as described in paragraphs 20 to 23 of document WO/PBC/15/7 Rev.

ITEM 12: STATUS OF UTILIZATION OF RESERVES
AND UPDATED FINANCIAL OVERVIEW FOR 2010

386. Discussions were based on document WO/PBC/15/16.
387. The Chair stated that document WO/PBC/15/16 (Status of Utilization of Reserves and Updated Financial Overview for 2010) contained an overview of the status of the Reserves and Working Capital Funds (RWCF) following the closure of the 2008/09 biennium, the status of reserves and Working Capital funds appropriations approved by the Member States, an updated estimates for the impact of the introduction of IPSAS on the RWCF, the proposed appropriation for the Enterprise Resource Planning system, as well as an updated financial overview for 2010 and its potential impact on the level of available RWCF.
388. The Secretariat explained that the document presented the level of reserves approved by the Member States to date, and recapitulated the updated estimates, including the impact of the introduction of IPSAS, for the Working Capital funds and the reserve funds. It also contained an updated financial overview for the 2010/11 biennium. The Secretariat recalled that for 2008/09, the Organization had met and exceeded the level for the RWFC, which was clearly seen in table 1 of the document. The Secretariat then drew the delegations attention to table 3, particularly at the total for 2009 i.e., 203.2 million Swiss francs, noting that around 25 million Swiss francs were

proposed under the ERP, leaving 178 million Swiss francs available for all appropriations. The Secretariat further noted that appropriations for DA recommendations 2, 5, 8, 9 and 10 had been made under the reserves. It added that a certain amount might be required for IPSAS adjustment, which was calculated at 21 million Swiss francs and that negotiations with the External Auditor on that subject were ongoing. The Secretariat said that table 4 provided an updated overview of the financial outlook for 2010/11, based on June 2010 income estimates. The contents of table 4 took into account all of these circumstances on the basic hypothesis for the commitments made for spending so far this biennium. The Secretariat specified that the PBC was requested to recommend to the Assemblies of the Member States to take note of the contents of document WO/PBC/15/16.

389. The Delegation of Germany considered the level of reserves quite comfortable. It added however, that looking at the figures, the largest part of what was above the limit of 116 million Swiss francs [reserve target level], was already planned for: 25 million Swiss francs earmarked for the ERP, an additional 7 million Swiss francs for DA projects, the IPSAS adjustment being a critical issue (it would be in the books for 21 million Swiss francs), and the Member States had discussed that it might go up to 40 million. This taken into account, the figure was close to around 125 million. The Delegation recalled that the Director General had, on two occasions, presented a financial overview on the future expectations, with the key message that the revenue would increase much slower than the expenditures. The Delegation said that, looking at table 4 (low case, base case, high case scenarios), it would prefer go for the low case scenario. This would mean another reduction of reserves, if there was to be a deficit of 15.9 million – which would leave the reserves very close to the minimum reserve level of 116 million Swiss francs. In order to get out of this position, reserves needed to be increased and the only one way to achieve it was by creating surplus. Surplus, in turn, could be obtained only if income exceeded expenditures. Both sides had to be looked at. The Delegation recalled that the main generator of income was the PCT. It said that Member States and the Organization had to do the utmost to make the PCT more attractive, workable and remove all the obstacles that had been discussed on other occasions. It added that the surplus was also the basis for financing DA activities and that Member States did not want to take the money out of the reserves for this purpose; they wanted to take it from the current budget. The Delegation thought that expenditures should be analyzed, with no exceptions, to find additional ways to save money. It requested the Secretariat to provide more information on how much money was used for development issues in total. There was a rough estimate of 20%, but Member States had learned that for DA projects WIPO's internal staff costs were not included, which represented millions. The Delegation said that, at present, there was not one document available which comprised all this information in an easily accessible way – the information was spread and incorporated into different documents. The Delegation understood that new rules for travel had been introduced, which were permanent and would hopefully save money. Another possibility would be to explore the subject of meetings and their cost, e.g., increase the use of videoconferencing, to make more savings. It also suggested that, at the next PBC, Member States should consider such proposals as part of the budget. The Delegation recalled its Ambassador's statement at the MTSP briefing i.e., that Member States should, in the future, look into the eligibility of countries to continue to receive WIPO services free of charge or subsidized. In that respect, the Delegation was particularly concerned with the issue of the PCT fee reductions. The concluded by saying that the main objective was to ensure a surplus, as this would also allow for more flexibility to finance projects, especially with regard to the development issues.
390. The Secretariat responded that it was precisely because there were no tools necessary to report, record and monitor, that the Secretariat ended up not being able to give the reports the Member States were asking for. This issue would be further touched on during the discussion on the ERP. The Secretariat added that the second aspect was demonstrating where the money was going in relation to the activities and support for developing countries. As the Secretariat had pointed out, when the Members had discussed the DA, not having it mainstreamed was already a problem as the costs would show up in two or three different places. Further, if the status of activities could not

be categorized properly then the type of information the Member States were asking for could not be given to them.

391. The Secretariat added that the Organization would be doing everything possible and necessary to achieve a surplus. It considered it very important that the Organization followed its program in a regular way, and this was why the Secretariat wanted to have all operational activities to be in the operational budget, so that it would be easy to follow up on them, and so that more accurate figures could be provided for activities on the DA. The Secretariat said that more concrete proposals were outlined in the ERP proposal to be discussed during the session.
392. The Delegation of Brazil requested clarification on the quoted percentage of WIPO resources (19%) used for DA.
393. The Delegation of Egypt supported the statement made by the Delegation of Germany in that clarity as well as information was needed in respect of resources destined for DA activities. The Delegation also wished to see a definition of what constituted a development activity. It added that issues raised by the Delegation of Germany should be thoroughly looked at by the Member States.
394. The Delegation of Germany proposed that the Secretariat compile a glossary of terms and definitions because wording presently used varied from document to document and terminology regarding development activities was unclear. It recalled a request from the delegation of Barbados for a definition of a "developing country" and the fact that the Secretariat could not provide the answer. The Delegation concluded by saying that glossary would provide a badly needed reference to both the Member States and the Secretariat.
395. The Delegation of Barbados inquired whether Germany's last intervention would be recorded in the report of the session, because it would not want it to be stated that Barbados had asked what a developing country was as that was not exactly what had happened. The Delegation recalled that it had been the Secretariat which had said that it could not extend fee reduction to all developing countries because there was no UN-agreed definition of a developing country.
396. The Chair confirmed that all statements would be included in the record of the meeting.
397. On the last proposal by the Delegation of Germany, the Chair found the proposal an excellent idea for further development and discussions. He had also asked the membership if it was ready to recommend to the Assemblies to take note of the contents of document "Status of Utilization of Reserves and Updated Financial Overview for 2010".
398. The Program and Budget Committee recommended to the Assemblies of the Member States of WIPO to take note of the contents of document WO/PBC/15/16.

ITEM 13: PROPOSAL FOR THE IMPLEMENTATION OF AN ENTERPRISE RESOURCE PLANNING (ERP) SYSTEM IN WIPO

399. Discussions were based on document WO/PBC/15/17.
400. The Secretariat introduced the document noting that lack of speedy, accurate and reliable information in respect of resource management was one of the biggest constraints, as the Delegation of Germany also pointed out. The Secretariat was convinced that a comprehensive and fully integrated ERP system would go a long way to enable the Secretariat, and the Member States, to jointly deliver on Strategic Goal 9. In conclusion, the Secretariat said that the Acting Director for Resource Planning, Program Management and Performance Division would present the proposal through a PowerPoint presentation, which would be followed by the remarks of the Audit Committee.
401. In introducing the proposal, the Secretariat said that it was greatly encouraged by the discussion that had just taken place on the cost of development activities, and also the associated discussion

on the definition of development, which was touching on the core reason for which the Organization needed an ERP system. The Secretariat presented the following background information before outlining the details of the proposal contained in the document WO/PBC/15/17. It said that WIPO had historically made significant IT investments in the vertical business areas: the PCT, trademarks, industrial design and the Arbitration Center, which had gone a long way to automate their business processes. What had happened though was that the Organization had made inadequate investments in some of the very core, support, administrative and management processes. It noted that development was a cross-cutting area, not a vertical area, and the Organization did not have systems to support development, as well as customer service, Member States service, and communications across cross-cutting areas, which did not have any, or very limited, information system support and tools. This had led to the situation where many of the Organization's core functions were relying on manual or semi-automated systems. This fact either prevented the Organization from delivering the required levels of service, or had cost a lot more in terms of effort and time. The Secretariat quoted the example of human resources management, where 70% of the Organization's costs were in human resources. The Organization had very limited system in human resources, none for human resources management and an obsolete system for the payroll, which was in need of urgent replacement. The Secretariat was at a stage where it had been struggling to respond to the needs of the Organization from the core of the administration. The Secretariat recalled the desk-to-desk assessment which emphasized very strongly the need for an integrated ERP system to ensure that administration and management processes were efficient, streamlined and delivered the service level necessary. It also recalled that WIPO's external auditors had time and again pointed out the need for more integration, with the Organization's human resources and other resource management functions. The Secretariat further said that foundations of an ERP had started way back in 2002 and added that should this proposal be approved, WIPO would be one of the last of the UN agencies to complete its ERP implementation. The Secretariat remarked that while this fact was a bit of a negative, it also had some plus points. It made reference to the remarks by the External Auditor that WIPO was among the very first organizations to be able to adopt IPSAS. The reason for which the Organization could integrate IPSAS into its system, was that it had not implemented the Procurement and Asset Management System, therefore this was an advantage, whereas an organization that had already gone a long way into the implementation had to retrofit many functionalities needed for IPSAS. The Secretariat explained that its presentation would consist of an introduction on what an ERP system was, its benefits, where the Organization stood so far, the contents of the current proposal and how to ensure that it was implemented properly and successfully. To say very simply, the ERP provided the tools necessary to plan and manage resources in an efficient and transparent manner, allowed for support to the horizontal and cross-cutting functions of the Organization and enabled important business capabilities, such as linking results to resources. The Secretariat then recalled that in the previous day's discussions a number of questions had been asked on the Program Performance Report: whether the Secretariat learnt from the report and analyzed the collected data. The Secretariat remarked that producing the PPR was Herculean effort in the first place and that analysis and learning was a long way off. It pointed out that one of the biggest elements of an ERP would be the support that it would provide to results-based management, getting accurate reliable performance information on the programs, on development and on the resources deployed. As a result, the Organization would become much simpler and more effective. The other aspect of the ERP was related to staff and career development. The Performance Management System had been recently introduced, but learning from that system in terms of development opportunities for the staff, planning their careers and training and development, would need better tools within HR management. The ERP benefits would be: a more efficient and streamlined Organization; learning from analyzing the data available; and last but not least, allowing the Organization to achieve much more with less, in the sense that it would not have to keep on adding human resources to do more and more of the analysis and service delivery. In essence, the substantive programs of the Organization would be much better supported. The Secretariat reminded Member States that the ERP system implementation stood at 30 to 40 % and that it had started in 2002/03 biennium when Member States had approved the implementation of the AIMS system (then called the

administration integrated management systems), which covered financial and budget reporting. That project, completed on time and within budget, had been a great learning experience and had been successful because it had been managed in scope, as modestly scoped project. The Secretariat emphasized that small scope approach had contributed to the success because there were examples of projects within the UN family, which had gone very difficult, had taken a very long time and had huge costs. It added that while some organizations had chosen to proceed in a big bang approach, WIPO had opted for the phased approach, which was more conducive for the Organization and the abilities to absorb the change. Subsequent to the implementation of financial system, the Member States had approved to implement the systems necessary to comply with IPSAS accounting standard, and the Financial Regulations and Rules (approved by Member States in 2007). That had resulted into automation and integration of procurement and asset management within the Organization. As it stood today, there were good foundations but there remained several gaps. The current proposal sought to address those existing gaps. The scope would cover benefits, entitlements and payroll, HR management, result-based management, and the external and internal reporting: reporting and information provision to the Member States, stake holders, the customers and to the managers and the staff. The Organization would integrate the system fully with the existing modules, basing it on the single ERP solution i.e., PeopleSoft, which was a widely used ERP system within the UN system. Last but not least, electronic document management system would also be integrated. The document management system was a technical layout which would support the efficient movement of documents within the Organization, and the workflow. The overall cost of the ERP project was expected to be 25 million Swiss francs, incurred gradually over a period of 5 years. The Organization would gradually built on the existing foundation of ERP modules and slowly integrate all the key functions within administration management and customer service to support the requirements of the Organization by 2016. In doing so, the Secretariat would retire any current old patchwork of legacy systems, and would finally have a single harmonized platform for all administration and management purposes. The Secretariat noted that ERP implementation came with its own risk, and the Organization had learned a lot from the last 2 phases of the implementation and would be building on this previous experience. The Secretariat remarked that the recent experience of the procurement and asset management systems implementation had been very valuable because it was a cross-functional implementation and that was where usually problems arose, when departments worked with each other to make sure that the system was functioning and used the data that one department had entered in another department's processes. The Secretariat added that the Organization would be also building on learning from other organizations as there was a wealth of experience in the UN landscape on implementing ERPs. The implementation approach would be based on manageable, well defined sub-projects, within a portfolio project, which would be centrally managed by the portfolio management office and based on best practices. This approach would also comprise ensuring the right mix of internal and external resources, senior management involvement, intensive use of trainings and minimal customization. The reason for minimal customization was that if an ERP was customized too much, it became expensive. The Organization needed to adapt the practices to what the ERP system provided, and in most cases, they provided best practice, best processes. The Secretariat explained that since the publication date of document WO/PBC/15/17, it had a very useful discussion with the Audit Committee, which had made one some valuable points in their reports. One of those points was the operating cost once the project was in place. The Secretariat explained that the implementation cost of 25 million Swiss francs was a one-time expenditure comprising the cost of hardware, software and the cost of implementation resources. It added that, once implemented, it would have the following operating cost: (i) the already existing core ERP team would not need to expand significantly as it would be trained to cover the new functionalities that would be added in the future. An additional one full-time equivalent addition to the current team was expected. The current resources were already within the Program and Budget envelope for the ITC program. (ii) The non personal operating cost included: hardware, software, licenses and any specific external contracting necessary for specific modifications to the system. Over the timeframe of the project, five years from now, the annual operating cost would increase by 121.5 million Swiss francs. These costs were all broadly within

the benchmark for ERP systems maintenance. The Secretariat added that it would be actively looking to reduce them e.g., through outsourcing of systems maintenance, improving helpdesk support and replacing higher cost resources (as they were leaving the Organization) with lower cost resources.

402. The Chair of the AC took the floor to add that the AC was very familiar with this long ongoing matter especially since the issuance of the desk-to-desk review, which had indicated the need for an ERP to improve the performance and the operations of WIPO. The AC had noted also that within the ERP two initiatives only had been identified with high interdependency - the ERP and the results based management. The Chair added that most of the activities under the SRP initiative depended upon the successful implementation of ERP. He said that the RBM could not be done properly within the current system because of the lack of a proper chart of accounts and the impossibility of reporting, as was pointed out by the representative of Germany, on proper costs for activities. The Chair thanked the Secretariat for responding to the AC's comments on the future operating cost. As a matter of principle, the AC thought that every time the Secretariat made a proposal as the ERP one, it should accompany it with the estimate on the future costs. The Chair said the AC would not comment on the figures that had been provided as it had just heard them for the first time. He thought that there would be an opportunity in the future to re-discuss this matter with the Secretariat. The Chair added that the Committee was reassured because the last two phases of the implementation had been relatively successful and had been done on time and within budget, which was not always the case in other organizations. However, the Chair reminded the PBC that the present phase of the implementation was the biggest of the three with the cost of 25 million Swiss francs and as the risks were higher, it would have to be managed very properly. The Chair further noted that the desk-to-desk review had highlighted some major shortcomings in the Organization, such as the lack of management and administrative skills. At the time of the review there had been no efficient administration in the organization, which the AC thought was now starting to appear. The review had also highlighted the lack of information technology expertise. The AC noted a plan to hire external experts, as it had been done so far. However, the AC was concerned about the capability of certain areas of administration to absorb and work in the new system. The Chair compared the move to a move from riding a bicycle to driving a Ferrari, a comparison especially valid for e.g. the human resources area. The AC had discussed it with the Secretariat who had been fully aware of the issue. The Chair stressed that ERP was only a tool, not the solution. Once ERP was successfully implemented, the Secretariat would have to make it work. The Chair recalled that even most costly ERP failed in many international organizations. He concluded by saying that the success of ERP in WIPO would depend upon the commitment of the managers at all levels to use the ERP in the right manner.
403. The Chair invited observations from delegations and read out the decision paragraph of document WO/PBC/15/17.
404. The Delegation of Angola, speaking on behalf of the African Group, reiterated its position concerning this issue and understood that the project cost would be distributed over a period of five years.
405. The Program and Budget Committee recommended to the Assemblies of the Member States of WIPO to:
- (i) approve the proposal to implement the ERP project as set out in the Annex of document WO/PBC/15/17; and
 - (ii) approve the appropriation of a total of 25 million Swiss francs for this purpose from the reserves, to be available to be utilized in accordance with the plan and progress of the portfolio of projects for the envisaged duration of the implementation, as set out in paragraph 15 of document WO/PBC/15/17 and in paragraph 24 of the Annex to document WO/PBC/15/17.

ITEM 14: PROGRESS REPORT ON THE IMPLEMENTATION OF IT MODULES TO ESTABLISH COMPLIANCE WITH THE NEW FINANCIAL REGULATIONS AND RULES AND INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS (IPSAS)

406. Discussions were based on document WO/PBC/15/18.
407. The Secretariat briefly introduced the document, noting that the subject had already been addressed under several of the agenda items. The document in question was a progress report on the implementation of IT modules to establish compliance both with the new FRR and the new IPSAS standards. The Secretariat reminded the delegations that the decision taken by the Member States to approve the IPSAS regulations had been taken in October 2007 and that these regulations that needed to be implemented between December of 2008 and 2010. In order to implement the new norms, the Secretariat had tabled a proposal to implement several IT modules to achieve IPSAS compliance. Within the context of this IPSAS project WIPO was trying to achieve a certain number of goals: the implementation of the FRR, to introduce best practices regarding purchasing to introduce more effective and simplified purchasing and procurement, better oversight, better control of the budget and staff development, and development of the staff who were responsible for these issues. The Secretariat announced that this implementation had been achieved on January 15, 2010, well within the timeframe and within the budget as well. The Secretariat added that several improvements and fine tuning were currently being carried out. The Secretariat said that the decision paragraph of the document invited the Program and Budget Committee to recommend to the Assemblies of the Member States to take note of the contents of the present document.
408. There were no comments made by the delegations.
409. The Program and Budget Committee recommended to the Assemblies of the Member States of WIPO to take note of the contents of document WO/PBC/15/18.

ITEM 15: REPORTS OF EXTERNAL AUDITOR

(i) EVALUATION OF THE FUNCTION OF INTERNAL AUDIT

410. The Chair welcomed Mr. Didier Monnot, representing the Swiss Federal Audit Office, the External Auditor of WIPO, to make a presentation on his work and the various reports that had been issued by the Swiss Federal Audit Office.
411. The External Auditor explained that Mr. Kurt Grüter, External Auditor and Director of the Federal Audit Office of the Swiss Confederation had been kept from attending this meeting due to his responsibilities to Parliament in Bern. As an introduction, the External Auditor reminded the delegations that the mandate of Switzerland as External Auditor was coming to an end on December 31, 2011. This approaching deadline was not a reason to reduce the audit activities. On the contrary, the Organization was facing the major challenge of moving to the IPSAS standards and the Auditor said he would speak on this subject later. The Auditor said that even if it was not the time to take stock of the activities carried out over the course of many years, he wished to summarize the auditing activities of the Federal Audit Office of the Swiss Confederation for the Organization. The Auditor explained that if the aim was to carry out a professional audit of financial statements, which respected the international auditing standards issued by the International Federation of Accountants, it was necessary to carry out several types of different audits for an organization as important as WIPO in financial terms. This also required very significant investment in terms of time and human resources. For example, for the last 2008-2009 biennium, the External Auditor had carried out, in addition to the financial audits which took place in two phases, the following audits: (i) an information technology audit of the software package

PeopleSoft, to ensure the proper functioning and security of this application; (ii) a management audit to examine the manner in which WIPO manages its infrastructure and premises, compared with two other United Nations' agencies which we audit; (iii) an interim audit of the construction of the administrative building to ensure that WIPO controls all the phases of this significant project; (iv) an assessment of internal audit services according to the rules of the International Institute of Internal Auditors to ensure the professionalism of this unit; (v) two annual audits had been undertaken on behalf of UNDP in New York to certify the legality of the funds entrusted to WIPO; and (vi) two annual audits on behalf of the WIPO (closed) Pension Fund to certify to its beneficiaries that it had been working properly and had been in good financial health. The External Auditor said that all these audit reports were part of the documentation delivered by the Secretariat. All these audits had required 300 days' work by a team of specialists comprising not only certified accountants, but also information technology technicians, economists and architects. The auditing methods consisted not only of auditing accounts and their movements on the basis of evidence, but also auditing management process and assessing the system of internal control with the purpose of establishing reasonable assurance that the accounts are regular, the spending within legal limits and funds entrusted to WIPO are correctly used. Regarding the 2008-2009 biennium, this coincided with the last accounting year presented under the standards of the United Nation's Common System, the United Nation's System of Accounting Standards (UNSAS). Subsequently, WIPO would migrate to the International Public Sector Accounting Standards (IPSAS). Therefore, as regarded the latest biennium, the findings of the audits were wholly satisfactory and no significant problem had been noted. This was why the External Auditor was able to endorse fully an unreserved audit opinion. However, the External Auditor wished to emphasize that the audit had omitted to propose recommendations regarding transitional measures accompanying the migration from UNSAS to IPSAS. The Auditor said that the migration to IPSAS was a significant challenge, both for the Organization and for the auditors and that was why the auditors had decided to carry out a specific audit on the opening balance sheet of the financial statements presented under IPSAS. After a first phase last June, the auditors would transition to the second phase of work in mid-September. The Auditor stressed that the Finance Department had undertaken a considerable amount of work to meet these new standards. This represented a complete paradigm shift which required much reprocessing of all the financial headings. It also required the use of high-performance software packages for all areas of management. Without giving a formal opinion on the current status of the work, the External Auditor was convinced that WIPO was on the right path, but a not inconsiderable amount of work still needed to be undertaken from now until the closure of the next financial year to achieve certification of compliance with IPSAS, especially with such extremely restrictive standards. In concluding his presentation, the External Auditor said that he was at the delegations' disposal for any comments or questions.

412. The Director General wished to take this opportunity to thank Mr. Monnot and through him, Mr. Grüter, the Director of the Swiss Federal Audit Office for all the work that Switzerland and the Federal Audit Office had carried out as auditor. He recalled that the Federal Office provided these services, which represented a very considerable amount of work, without asking for fees, i.e. free of charge. The Director General said that the entire Organization was extremely grateful to the External Auditor for all the work performed.
413. The Chair thanked the External Auditor for their work and invited comments from delegations.
414. The Delegation of Bangladesh, on behalf of the Asian Group, wished to make general comments. It said that, on the documents represented under this agenda item, the Group took careful note of the comprehensive presentation made by Mr. Monnot and thanked him and the Swiss Federal Audit Office for the excellent work they had accomplished so far. The Delegation said that it did not have an immediate reaction to those issues raised by the External Auditor but, in general, it wished to focus the membership's attention on document PBC/15/12, where the Swiss Federal Audit Office had done an evaluation of the work of IAOD. The Delegation and the Asian Group took note of the fact that many of the recommendations that the Swiss Federal Office had made actually pertained to the limited strength of IAOD, and noted in the subsequent comments that had been furnished in

the document that many of the efforts being undertaken or purported to being undertaken by the IAOD were stymied by their limited capacity. The Asian Group was particularly concerned by the fact that there had been no significant improvement in the staffing issue in IAOD over a certain period of time. The Group hoped that this status quo would be redressed soon and the Secretariat would enable IAOD to deliver what was expected of it by the External Auditor as well as the Audit Committee, and definitely the WIPO membership in general. In this context, the Group's attention had been drawn to recommendation 7 in the report and the Group agreed that, in view of the current limited strength of the Division, it should primarily focus on high-risk areas for the Organization and thereby, the Group believed that it could deliver the optimum result out of its work. The Asian Group was also particularly concerned about recommendation 10, where the External Auditor had noted "rather adversely" about the delay in receiving responses from Program Managers to their draft reports. The Group took note of the fact that the IAOD had already alerted Program Managers about this, and hoped that the Program Managers would be more particular about responding to the draft reports in time to enhance the transparency and accountability that was desired of this Organization and which was the ultimate objective of the Strategic Realignment Program (SRP). In order to ensure the success of the SRP, the Group saw merit in recommendation 11 as well, which suggested that there should be greater interface between the IAOD and the Director General's office. The Group understood that this process was definitely ongoing as an informal mechanism but believed that the Director General's office could be used to alert Program Managers to live up to their responsibilities. The Group wished to again thank the External Auditors for the useful work they were doing and said that it had taken note of the fact that the Audit Committee, at some point, had expressed their concern over the fact that the new External Auditor would have very little time, perhaps only three months after the General Assemblies next year, to take over their responsibilities. The Asian Group requested the current External Auditor to ensure that there was a seamless transition with their successor and was confident that auditors would do their utmost to brief their successors about the current status of the Organization and their work.

415. The External Auditor responded to the comments made by the Delegation of Bangladesh regarding the assessment of the Internal Audit Section, and simply wished to recall that in all United Nations agencies, the function of Internal Auditor was relatively new and that it was a challenge for such institutions to set up their work under international standards. Furthermore, to improve the function of internal auditor in general terms, there was a United Nations' Internal Auditors World Conference to be held in Geneva from September 15 to 17, 2010, which all internal auditors would attend and which the External Auditor would also attend and where Mr. Grüter would present a paper on good relations between management, the Audit Committee and the External Auditor, as well as the Internal Auditor. With respect to the question on a harmonious transition, the External Auditor reassured the membership that as part of the United Nations Panel of External Auditors, Switzerland attached a great deal of importance to the transfer of knowledge to the next external auditors and had planned for the human resources and time to be able to transmit such knowledge. However, of course, this would take place over the course of the summer and autumn of 2012, so there was still time. Regarding the resources currently allocated for the audits at WIPO, the External Auditor said that, in view transition to IPSAS, they had been increased to include internationally recognized specialists and added that the allocation of resources to be able to audit the migration to IPSAS was high priority. Since the beginning of the year, the External Auditor had been working closely with the Finance Department and the consultants assisting the Finance Department in this migration and this meant that, thanks to close collaboration between all parties, sufficient progress had been made to implement IPSAS. There was still a lot of work to do but for their part as auditors, they were making every effort and studying every standard in detail. The auditors were exchanges views with their United Nations' External Auditor colleagues, on the situation once these standards had been applied. Therefore, the Auditor wished to reassure the delegation that the transition was very harmonious and that everything was being done ensure that it happened as efficiently as possible.

416. The Director General wished to add some comments to the very helpful comments of the External Auditor on the first point raised by the Delegation of Bangladesh, namely the concern for the full staffing of the IAOD. He said that this point had been followed closely by the Audit Committee as well, as well as of course the Internal Auditor himself. The Director General said that the staffing issue was being addressed and would be addressed in the course of the next twelve months. The preliminary information (under the reserve that it needed to be verified) that could be provided was that two posts were in the process of recruitment, i.e., the head of the Internal Audit Section and head of the Evaluation Section. The situation was being managed in the context of the general constraint on headcount and the Secretariat's objective in the current period to reduce the headcount by some 80 or so persons. One of the management tools used was not filling posts as quickly as they might have been filled otherwise. The Director General said that he was aware of the IAOD situation and believed that by the time of the next year's PBC the situation would have been addressed.
417. The Delegation of Germany referred to the contents of the External Auditor's report, where one recommendation was on the PCT and the foreign exchange risk. The Delegation said that at the end of the Financial Management Report there were various Trust Funds and recalled that the External Auditor also examined these. The Delegation said that, looking at these Trust Funds, the foreign exchange problem was quite dramatic as in some funds up to 14 or 15% of the money available was lost, disappeared due to exchange rate adjustments. However there was no specific recommendation in that regard. The Delegation wondered whether this might have been due to the fact that the funds were held in local currency (if the United States gave one million, this was written in the Swiss francs) and therefore everything was translated into Swiss francs and this might have been just a technical loss. However, the Delegation requested clarification from the External Auditor on whether exchange rate was a real problem or just a technical one.
418. The Secretariat responded that as regarded the sums mentioned by the Delegation of Germany, these were sums contained in the Financial Management Report under Funds-in-Trust found at the end of the report. The Secretariat reminded the delegations that some of the funds were denominated in local currency, i.e., dollars, euros, possibly yen, and were held in local currency. He explained that when the financial management reports were drafted, the Secretariat was obliged to report in Swiss francs, as these sums were consolidated according to Swiss accounting. It was at that time that the sums in dollars, yen, etc., were revalued and there might be some exchange variations due to this revaluation. The differences in exchange rates were due to this revaluation and did not always correspond to actual differences in exchange rates. They were due to the fact that, on December 31, 2009, the dollar to Swiss franc exchange rate, or dollar to yen exchange rate had applied different exchange rates and since the FMR had to be reported in Swiss francs, this difference was recorded in the accounts. In the Secretariat's opinion, the difference in exchange rates was not substantial, insofar as the other activities of these Funds-in-Trust were in the local currency and therefore the exchange rate difference was unrealized.
419. The Delegation of Angola, on behalf of the African Group, thanked the External Auditor for the work done. The Delegation inquired as to paragraph 48 (conclusions) of document WO/PBC/15/12 (Evaluation of the Function of Internal Audit), which said that the results of audits provided a positive image. However, in the following paragraph, it said that there were some weaknesses. The Delegation wished to know if this was contradictory. The second question concerned IPSAS and the migration to IPSAS. If the Delegation understood correctly, the auditor had stated that he had been obliged to strengthen staff, human and even financial resources. The Delegation inquired what that constituted in terms of costs and in relation to changing from UNSAS to IPSAS. The Delegation also had noticed that there had been increases and decreases – when the balance sheet between IPSAS and UNSAS was presented and requested the External Auditor's point of view on this matter, whether this was the case for all organizations and whether migration to IPSAS increased management costs in terms of human and financial resources. The third question specifically concerned issues raised by the Delegation of Germany on cash account assets assessed in Swiss francs. The Delegation asked what would happen when, as last year, the dollar

had been higher than the Swiss franc, while now the opposite was true. The Delegation thought that profit had been earned and asked what had been done with this profit

420. The External Auditor responded to the questions. Firstly, as regards the positive image of the report and then the point where some comments were made. The External Auditor did not consider it contradictory, since the External Auditor was obliged to give his opinion and was also obliged to work according to the principle of reality, i.e., make statements on the essential points. Furthermore, the external audit mandate obliged the auditors to enter into details of all the operations carried out in their reports. That was why some operations might be less significant, or less substantive from a financial point of view, and might appear to give a negative image, which was far from the truth. Therefore, it was not a contradiction to say that auditors had a positive image of the accounts of WIPO and then to comment on more operational details. On the contrary, the External Auditor hoped and believed that it brought added value and raised the quality even more. With respect to IPSAS, the External Auditor wished to mention the cost from the point of view as external auditors. In all cases this cost was not attributed to the Organization and auditing service was offered for free. He explained that for external auditors the aim was a professional aim: the auditors wanted to learn something and to ensure that the migration to IPSAS worked well. As to the overall cost for the Federal Audit Office, he said that the Office's audit programs had been revised and therefore the Office had not significantly increased all the human resources. The program had been modified to include the essential priority which was the migration to IPSAS. Regarding the differences between an end-of-year balance sheet for 2009 under UNSAS and the 2010 opening balance sheet under IPSAS, the External Auditor believed that it was very difficult to understand in detail all the reprocessing and all the changes at such a level. If he were to take the example of fixed assets, where there was one figure for the end of 2009, the figure for 2010 was completely different. This, he stressed, was not creative accounting or adaptation, but rather respect for a highly restrictive standard as regarded valuing fixed assets. In the past, with the former standards, it had been possible to under-value, which had given rise to certain hidden reserves. Now with the IPSAS, the guiding principle had become to provide a true and fair view. Revaluation of all the positions of assets and liabilities was mandatory and created considerable differences in the accounts. However, the External Auditor reassured the delegations that such reprocessing was carried out in such a way as to avoid impacting the financial health of the Organization. He also wished to add that interpreting how to apply the standard had generated much discussion with colleagues from the United Nations Panel. However, the room for maneuver was very, very limited. In concluding his comments on IPSAS, the External Auditor said that it was necessary to realize that the standard stated that the accounts were certified according to IPSAS in their entirety. Therefore, auditors could not claim that the accounts were IPSAS-certified with the exception of this or that standard –it had to be all or nothing. This was why it was very restrictive. Previously, with UNSAS, auditors could qualify some of the audit, for example the audit of a heading. This was no longer possible and meant that the Organization still had to make further efforts in that area. As to the cash account, its management, the exchange rate differences, the Controller had already presented this issue very clearly. Part of the differences which arose there were not real, as such. When auditors concluded a financial accounting period, they took a snapshot of where the matters stood. This snapshot then needed to be taken against the Swiss franc accounting figure. Therefore, it did not mean that there were necessarily losses or gains as a result of the exchange rate, they might be considered as significant given the loss in value of the euro, for example, but this money was not available for investment elsewhere.
421. The Delegation of the United Kingdom expressed its satisfaction with the interaction between the Member States and the External Auditor, noting that the PBC was the place to have such interaction. The Delegation indicated that WIPO was one of few international organizations which were nearing IPSAS compliance. The Delegation asked whether the External Auditor could give, in the future, a briefing to Member States on how IPSAS works and what to look out for in IPSAS-audited accounts.

422. With regards to the question on human resources for the application of the IPSAS standards, the External Auditor wished to draw a clear distinction between the following two different points: on one hand, the human resources that the auditor needed to invest in undertaking the audit of the accounts under IPSAS, and, on the other hand, the human resources that WIPO needed to put in place to ensure the transition to IPSAS. The External Auditor said that they had not increased the human resources with a view to undertaking the audit under IPSAS. They have recruited an IPSAS specialist to assist them. This was a specialist who replaced an individual who had left the institution so this was a neutral change in terms of human resourcing. The External Auditor indicated that WIPO was a pioneer in terms of IPSAS application by being the second UN Organization after the World Food Program to have moved to IPSAS standards. The External Auditors also indicated that they were charged with auditing ITU which was engaged in the same process for the same financial period. In view of the External Auditor, this would enable synergies to be drawn in terms of the application of IPSAS. On the question of what IPSAS constituted, the External Auditor explained that at the inception of International Accounting Standards there had been scandals such as the Enron scandal in the US, which had shown that accountancy had been used for certain ends and that this was not necessarily appropriate when it came to managing the accounts receivable of massive organizations with billions of dollars on their accounts. Therefore, the International Federation of Auditors decided to put in place a set of international accounting standards for the presentation of accounts in the private sector. It was decided subsequently to adapt these same standards to the public sector and hence to adopt the IPSAS standards. However, the public sector was totally different to the private sector, and therefore it required specific standards, particularly in terms of physical revenue and contributions, something which was not found in the private sector. The IPSAS Board was responsible for monitoring the process of updating IPSAS standards. The United Nations, the most significant public sector institution at the global level, decided to move to the IPSAS standards. Given the significant challenge that this transition posed, the initial time period for the implementation of IPSAS within the UN was postponed from one biennium to the next as it may take longer for the UN Secretariat in New York to move to IPSAS than some of the specialized agencies.
423. The Delegation of Egypt thanked the Swiss Audit Office for their efforts and for their presence at the PBC. The Delegation wished to echo and express its appreciation for the proposal from the Delegation of United Kingdom about having the opportunity to consult on different occasions with the External Auditor or with any of the oversight components of the Organization. Speaking on behalf of the DAG, the Delegation welcomed the recommendations of the External Auditor and their reports regarding the evaluation of the Internal Audit function. These recommendations were fully accepted and were being implemented. The Delegation took note, in particular, of the recommendations that aimed at improving the quality of the work done by the IAOD. The Delegation expressed its confidence that these changes in procedures would yield positive results in the near future. The Delegation however noted with concern that the IAOD had suffered for long from lack of resources and it requested that efforts be made to promptly redress this situation. The Delegation believed that this led to critical oversight lacunae in the Organization and wished that this be redressed immediately.
424. In the absence of further comments, the Chair recalled the decision requested of the PBC in respect of document WO/PBC/15/12.
425. The Program and Budget Committee recommended to the General Assembly to take note of the contents of document WO/PBC/15/12 and of its Annex.

(ii) FINANCIAL MONITORING AUDIT RELATING TO SURFACE AND INFRASTRUCTURE
MANAGEMENT

426. Discussions were based on document WO/PBC/15/11.
427. The Secretariat introduced document WO/PBC/15/11 which contained the first financial monitoring audit report by the External Auditor on the WIPO premises and infrastructure management. This report contained five recommendations, four of which relate to issues concerning organizational matters, rules and procedures of the particular unit concerned which was the Premises Infrastructure Division or the Administration Sector more generally. The fifth recommendation was related to environmental aspects dealing with carbon emission. The Secretariat indicated that all of these recommendations were currently the subject of ongoing work at the Secretariat and were reviewed in various contexts and through various working groups, in particular for the environmental aspects. A number of implementation measures would start to come out in the very near future. The Secretariat said that it welcomed these recommendations which actually helped it by providing some comparative indications with other organizations. The Secretariat noted that, in certain areas, it was placed quite well in the comparative table. A number of issues were currently reviewed, in particular in relation to the more efficient use of premises. The Secretariat indicated that these reviews would be integrated in the Strategic Realignment Program as well as under the ERP initiative.
428. There were no comments made by the delegations.
429. The Program and Budget Committee recommended to the General Assembly to take note of the contents of document WO/PBC/15/11 and of its Appendix.

(iii) INTERIM AUDIT OF THE CONSTRUCTION PROJECT FOR THE NEW ADMINISTRATIVE
BUILDING AND ADDITIONAL STORAGE AREA – FOLLOW UP TO THE 2008 AUDIT

430. Discussions were based on document WO/PBC/15/13.
431. The Secretariat introduced document WO/PBC/15/13 which contained the interim report by the External Auditor. This particular report contained three recommendations dealing with the management structure and budgetary and cost control matters of the New Construction project. These recommendations had all been addressed by the Secretariat. Some had been fully implemented and others were in the course of implementation. The report and its recommendation were very useful to the Secretariat in helping to point to certain areas of the management structure that could be improved. In reference to the concern which had been indicated in relation to the use of the approved financial provision depending on the type of expenditure concerned, the Secretariat referred to the “unforeseen” budgetary line to cover any unforeseen expenditures related to the New Construction. The Secretariat confirmed that this budgetary item still had a balance available until the end of the construction, thus giving the Secretariat the sufficient flexibility to cover possible future, unforeseen matters that would be happening in the next few months as the building is completed and the staff begins to move into the building. The Secretariat assured that this provision was used properly.
432. There were no comments from delegations.
433. The Program and Budget Committee recommended to the General Assembly to take note of the contents of document WO/PBC/15/13 and of its Appendix.

ITEM 16: REPORT BY THE CHAIR OF THE WIPO AUDIT COMMITTEE

434. Discussions were based on document WO/PBC/15/22.
435. In introducing the document, the PBC Chair said that this item would also include a review of the report of the AC's eighteenth meeting (document WO/AC/18/2), held from August 23 to 25, 2010.
436. The Chair of the AC stated that his report covered the past twelve months during which the AC had met four times: in December 2009, and April, July and August 2010. He apologized that the AC's eighteenth meeting had been held only one week prior to the PBC and stated that this was linked to PBC document production. He said that, during the period under review, the AC had met extensively with the Secretariat, as well as with the Director General and the SMT, and these meetings had been extremely useful for enabling the AC to understand organizational direction and for the SMT to understand the AC's role in assisting Member States and the Secretariat undertake its work properly. The Chair noted that the PBC had already discussed certain subjects that had been dealt with by the AC and the AC Chair consequently thought that, in the future, the AC Chair's report should appear before other PBC agenda items to avoid discussions going backwards. Concerning the FMR and related documents, he stated that Member States had in front of them five different documents, which was a standard practice in UN organizations. However, those five documents gave a vision of the same situation from different points of view. What was missing for the AC, which was a long-term proposal, was a consolidated approach, for example a road map that guided Member States through the five documents and which could provide a better view of actual performance. In particular, the AC had noted that very limited financial information was contained in the PPR. The AC was aware that without an ERP only limited financial information could be provided. Nevertheless, the lack of information made it difficult to assess expenditure *vis-à-vis* results. The AC had discussed this with the Secretariat and it was agreed that Results Based Management and Budgeting could improve this situation. With respect to the SRP, the AC had discussed the Program extensively with Assistant Director General Ambi Sundaram and his colleagues and was grateful for the exchange of views. It welcomed and fully endorsed ownership of the SRP by the SMT members, including the Director General, and believed that this was the only way that the SRP could be successful: Management had to lead because staff would only follow if there was management commitment, and staff participation and broad support had to be ensured. The SRP was a major reform program and the AC understood that much needed to be done. Not everything could be dealt with at once and Member States had to be aware of this. He added that the Committee's observations did not signal that the Organization was failing. The AC had highlighted what needed to be done while bearing in mind that not everything could be done at once. He said that, until January, proper Administration at WIPO was lacking but that this situation had now changed. The AC expected to be appraised on the risks of the various projects, as well as the twenty main outcome indicators. The SRP was a major reform and would carry costs because a reform without cost would mean it was not serious. The AC had not yet seen budgeted, actual and expected costs but understood that many projects were still being developed with costs being finalized, and that financial estimates would be available for the successor AC. The AC Chair flagged again the need, following the Voluntary Separation Program (VSP), for refinancing of the provisions for end of service of employees although he understood that WIPO was ahead of many, if not all, other UN system organizations, because it had starting filling this reserve a few years ago as recommended by the Board of Auditors of the United Nations. The situation was not dramatic but it would need attention. With respect to the SRP, the AC's concerns remained the same, namely a lack of management skills that were needed for the Program. The AC had noted that Management was aware of this and the associated risks. The AC had been informed of completion, in July, of a sector-by-sector manpower needs analysis that had led to the issuance of Office Instructions listing the staff assigned to the various Organizational units. The AC assumed that this meant that certain resources had been redeployed from one sector to another, which was in line with the 2007 Desk to Desk study, and which the AC viewed as positive. However, the AC had not been informed of the methodology used to undertake this exercise. The Chair thought that

the successor AC would be interested in that methodology and completion might require the issuance of a baseline for 2010/11, showing the situation following on from the assignment exercise. The AC welcomed that organigrams by Organizational Unit and the organizational level were being prepared, which would facilitate the work of both Member States and of the AC. It also concurred with Management that a thorough reform of human resources management was needed, as had also been pointed out by the Director General at the last AC meeting, and one which would go beyond the revision of the Staff Regulations and Staff Rules. The Chair fully endorsed and supported this approach having himself been Director of Administration at another UN organization. The AC welcomed the fact that the SRP contained an Ethics initiative, which was an issue within the AC's mandate. As there had been little activity in the area of Ethics over the past five years, the initiative was only a start. The AC were particularly interested in how the function might facilitate staff-management relations. The Chair added that certain information made public in other organizations was kept confidential at WIPO, for example, the UN published an annual report of Ombudsman's activities and an annual report by the Secretary General on the administration of justice (number of cases, outcome, number of cases before the Administrative Tribunal, etc). Publishing such information could reduce rumors by ensuring transparency and increase confidence, also for Member States, on the proper management of resources. The AC had recommended that the Director General should consider publishing such reports. He recalled that approximately 70% of WIPO's expenditure was on human resources and the management of human resources was therefore key. Concerning internal oversight, the Chair stated that there had been no internal audit activities when AC began its operations in 2006 and the strengthening of internal audit and oversight at WIPO had only started in 2007. Progress had been relatively slow, and slower than the AC would have wished. As certain Member States had already pointed out, staffing problems continued to hamper the operations of the IAOD. The AC had looked into the matter and had noted managerial and procedural issues in its quarterly reports. The AC Chair was very pleased to hear the Director General inform Member States that priority was being given to the filling of two key positions now urgently required. The long-standing issue of monitoring of oversight recommendations was still unresolved although the Administration and Management Sector had now taken certain responsibilities upon itself and outside its remit in order to proactively resolve this issue, which was problematic for all concerned. There was still a certain amount of confusion with respect to roles and responsibilities concerning investigation, which was a matter creating staff tensions. The AC could not pronounce on what was right and what was wrong, but had taken note of the situation and hoped that it would soon be resolved. At the same time, certain positive changes had taken place, for example, the production of good audit reports as compared to the non-existence of audit reports in the past. An excellent internal control gap assessment study had also been completed and the AC had recommended that the report be brought to the attention of Member States and be used by the SMT. In addition, a WIPO Investigation Manual had been published and while it was not for the AC to say whether the Manual itself was good or bad, it was important that a Manual now existed and that there was compliance with its provisions. This should also resolve certain issues that had been raised by staff. The IAOD Validation Report for the Program Performance Report (document WO/PBC/15/5) was still weak but did provide some good grounds. Turning to the Internal Audit Charter, he said that the PBC would be soon presented with a proposal for amendments to the Charter. The AC had reviewed the proposed revisions twice and had concluded that the revisions were minimal and mostly formal in nature. The AC had made a number of recommendations, contained in the report of the AC's eighteenth meeting, namely that: the terms of office of the Director, in line with UN best practice, should be five years non-renewable; the Director should be referred to as part of the Organization and not part of management (paragraph 4 of the terms of reference); the title of the Charter should be changed to Internal Oversight Charter, to reflect the current responsibilities of the Division, which was also in line with what has been recommended for the AC's change of title; paragraph 7 should be amended to provide for access for the Director to both the Chair of the General Assembly and the Chair of the PBC and, although the AC had not included it in its report, possibly also the Coordination Committee Chair; and, the revision clause should be amended to allow for a revision of the Oversight Charter as and when required. Speaking on oversight in general, the AC Chair

said that WIPO was going through major changes and that internal audit and oversight activity had improved. A new External Auditor would be appointed to begin in 2012 and a newly composed AC would begin operations next year. The AC would recommend that Member States consider deciding that, in 2012, the three oversight bodies would conduct a review of their terms of reference in parallel but independently, and in consultation with Member States and the Secretariat, with a view to ensuring a clear division of responsibilities, better cooperation, and to avoid excessive oversight, which would be a burden for the Secretariat and not productive. In addition, the joint review would provide an opportunity to take advantage of the knowledge and new skills of the External Auditor and the new AC members. Concerning the External Auditor Selection Process, the AC and reviewed how the criteria had been applied by the Secretariat and believed it had been done consistently. Nevertheless, the AC reiterated its recommendation that the financial proposal element, which had a weight of 25% in the current scheme, should not be taken into account in the selection process because the process itself was not one of procurement but rather one of selection and appointment. The AC also understood that the financial proposals had not been submitted in a consistent manner and were therefore not comparable. Turning to the New Construction Project, the AC Chair recalled that the approval and launching of the New Construction Project in 2006 had been conditional on the creation of the AC and establishment of its oversight role. The AC had met with the Project team at each of its quarterly meetings and had reported to Member States regularly. It had made many recommendations, in particular when the Project began. Most recommendations had been acted upon, in particular the appointment of a Pilot to assist the Secretariat and the use of risk management, including risk registers. Member States had been informed that the Administrative Building was expected to be delivered on time in October, with the exception of minor areas to be delivered early November. Although the final accounts would not be available until next year, the Project was on budget, which was quite an achievement in the industry in general and within the UN system in particular. The AC believed that the Project team and the Administration should to be praised for this achievement. Cooperation between the AC and the Project team had been excellent and while the AC did not attribute the Project's success to the AC, it assumed that the AC had played a role in completion of the Project on time and within budget. He concluded by stating that the AC was expected to continue overseeing the New Conference Hall Project.

437. The Director General, speaking personally, as well as on behalf of the Assistant Director General Ambi Sundaram who had been the main interface between the Secretariat and the AC, and the entire SMT, thanked the AC in general, and the AC Chair in particular, for all the advice and assistance provided throughout the course of the past year. He said that engagement with the AC and its Chair had been a very constructive experience and had helped the Secretariat greatly.
438. The Delegation of Switzerland, speaking on behalf of Group B, thanked the AC Chair for his report, as well as the AC for its reports and for the exchanges that had taken place throughout the year. The information provided by the AC was very important to the Group. It was pleased to have had the opportunity to exchange views and thought the PBC to be the appropriate forum for such an exchange. With discipline, the Group believed that Member States could, in future, organize their work in such a way that this exchange could take place during the day rather than at 6 pm. Efforts had been made to improve the situation and there had been some success. The Delegation also thanked the AC for the exchanges that had taken place at the end of each of the AC's quarterly meetings, which the Group found useful. Finally, it thanked the AC for its assistance with respect to the selection of new AC members.
439. The Delegation of Bangladesh, speaking on behalf of the Asian Group, expressed its profound appreciation to AC Chair and his very able colleagues for their excellent contributions. The Group was especially thankful to the Chair for his comprehensive presentation. It wished to refrain from making comments on some of the substantive issues because of the late hour but believed that certain comments made and other comments contained in the AC's reports were objective and would definitely add value to the Organization's work especially with regard to oversight functions. The Delegation had noted a recommendation in the AC's assessment report that the AC had

repeatedly backed, namely for professional Secretariat support and said that Member States would perhaps benefit from this suggestion. Consequently, it asked if the AC Chair to elaborate on this issue since, according to the road map outlined in the WG report, the AC's recommendations would subsequently be discussed and this was an issue that the Group particularly wished to consider in those future discussions.

440. The Chair of the Audit Committee stated that he was speaking as a representative of a Committee that, for over five years, had worked collectively and always by consensus. He wished to thank Ambassador Othman in particular, who had been the AC Chair for the first three years, and without whom the AC probably would not have reached the level of performance it had attained so far. However, the AC Chair was simply a representative of the collective. Concerning the need for professional Secretariat support, he said that Member States could not expect, for example, an AC member to visit the WIPO website regularly to see which documents were being issued and identify those to be discussed. He understood and shared the views of the Delegation of Nigeria on the role of the AC. Nevertheless, there was a need for someone to visit WIPO regularly, review all Office Instructions and documents that had been issued, interact if necessary with the Secretariat, and draft the AC's reports. Currently, the AC reports were drafted by the AC members. The AC had issued 18 quarterly meeting reports as well as a self-assessment report. Member States had been fortunate that some AC members had both the time and willingness to devote to the AC, which involved a great deal of work that could be take up to 40 days per year for some members, for traveling, preparing for meetings and report writing. This work had been provided on a *pro bono* basis for the past five years. Consequently, the AC considered that professional support was needed, in addition to the very valuable administrative support already provided by the Secretariat, and that the terms of reference of the Secretary of the UN Independent Audit Advisory Committee could be used as a guideline in this respect.
441. The Delegation of Egypt thanked the AC Chair, Vice-Chair and other AC members for their work over the previous years. The Delegation appreciated that their work had at times been stressful and stated that Member States and the Secretariat had benefited greatly from all the AC's efforts, as had recently been made clear by the decision adopted by the WG and the roadmap under which Member States would examine the AC's recommendations. The Delegation understood that the AC Chair would continue to work and share his experience with Member States in 2011 and looked forward to the continuation. With respect to the near term, the Delegation noted that it had been a practice to include an item on the on the General Assembly agenda for the AC Chair's report. However, as had been pointed out, the draft agenda for forty-eighth session of the General Assembly included, under the section on Audit and Oversight, a report from the External Auditor, a report on the selection of the External Auditor and a report by the Director of the Internal Audit and Oversight Division. However, it did not include a report from the AC. The Delegation thought that it would be useful to include an item for the AC in the General Assembly agenda, in particularly as an item had been included in the forty-seventh session of the General Assembly (item 9) and in the forty-fifth session (item 7). The Delegation believed that Member States would benefit from a report by the AC during the General Assembly and that it would be good to maintain the practice that had been established. Referring to the AC Chair's recommendation to have the AC item as one of the first items on the PBC Agenda, the Delegation said that the AC Chair was correct in stating that at the end of the PBC, there was a risk that issues would be quickly gleaned through without proper examination. It recalled that this had been the case in September 2009, when the AC report was almost not considered. Unless Member States were strongly opposed to the suggestion, the Delegation would propose extending the next session of the PBC to five days as an interim measure, bearing in mind that this proposal related to one of the AC's recommendations to be discussed by Member States next year.
442. The Director General stated that the AC Chair had made a very good point in suggesting that next year, each one of the three components of WIPO's tripartite oversight architecture should undertake a joint and a separate review of their respective terms of reference and of the relationship that each body has to the others. The Secretariat had already been promoting and

discussing this proposal with each of the three components for some time. In the course of that review, one appropriate question to be examined would be to whom and how do each of these three entities report to Member States. Currently, according to the documents adopted by Member States, the AC reported to the PBC, and the Internal Auditor under his Charter to the Assemblies. Nothing precluded the AC Chair from taking the floor during the Assemblies by signaling his desire to do so and the Secretariat certainly had no difficulty with that. The Director General asked Member States how they wished this to take place. The PBC was the nearest body WIPO had to a management committee and that was one of the reasons why Member States had decided that the AC should report to the PBC, which in turn reports to the Assemblies, and gives it report on, for example, the report of the AC. The Secretariat was not opposed to the proposal, therefore, but the Director General wished to remind Member States that the Agenda for the Assemblies was always extremely full. The question was what items the Assemblies should be considering and how. These were all good questions and the Organization would benefit from a discussion them.

443. The Delegation of Germany thanked the AC for all its work and its reports, which had provided a means for better understanding of WIPO. It urged Member States to implement the AC's recommendations and to keep in mind how best to make use of the AC's work. The AC itself cost more 700,000 Swiss francs per biennium, even without remuneration to the Members, and the AC Chair had stated that his services to the AC alone over the past five years was worth 1 million Swiss francs, a calculation that should be considered in terms of time spent and standard rates. Consequently, the AC should participate in all relevant meetings and interact on all relevant items, including the General Assembly. Member States should also receive their documents in time and be appraised of their comments before issues were discussed, which would improve discussions by providing a structure and guideline. With respect to the proposal of the Delegation of Egypt to extend the PBC to five days, the Delegation thought this premature because Member States had already agreed at the WG on a roadmap for discussing a number of issues, including the AC's recommendations. In addition, there would be discussions in the future on whether an additional layer of governance was needed and on the role of the PBC and duration of its sessions.
444. The Delegation of Switzerland wished to draw attention to rules that need to be followed, including those applicable to the AC. If Member States wished to change those rules it was necessary to look first at rules currently in place and to follow them in the process of implementing changes. As had been stated in the past, Member States wished the AC to take part in the Assemblies and in 2009, this point had turned into quite an exceptional situation as to whether or not to include the AC on the Assemblies agenda. With respect to extending PBC sessions to five days in the future, as the Delegation of Germany had stated, this issue had been incorporated into the road map for studying the AC's recommendations and therefore had already been addressed. On the question of whether the AC should appear as the lead item on the PBC Agenda, the Delegation was unsure as to whether a decision should be taken to do this systematically.
445. The Delegation of the United Kingdom joined other Delegations in thanking the AC and its Chair for all the work that the AC had done. The Delegation recalled that during PBC discussions on creation of the AC six years ago, a few delegations had raised questions about the added value of establishing an AC. The Delegation thought that the AC had certainly proved its added value, now being calculated at over CHF1 million of services provided on a *pro bono* basis, and welcomed this. Turning to the AC's comments on revisions to the Internal Audit Charter, the Delegation asked the AC Chair why the AC had advised limiting the term of office of the Internal Auditor to five years instead of six years as proposed by the Secretariat. The Delegation questioned the importance of reducing the term of office by one year and thought that the issue was rather one of whether the term of office should be renewable. The Delegation had also taken note of the AC's recommendations on the External Auditor selection process, which it would revert to later.
446. The Chair of the AC agreed that whether the term of office of the Internal Auditor was five, six or four years might appear to be a minor point. However, the AC had decided to recommend a term of office of five years non-renewable because this was the term of office of the Under Secretary General for Oversight in the United Nations. In addition, the mandate of the External Auditor was

for six years. Varying the lengths of the terms of office would reduce the risk of the Internal and External Auditor ending their respective terms of office at the same time, and was the best solution to avoiding an oversight vacuum.

447. The Program and Budget Committee reviewed the reports of the fifteenth, sixteenth, seventeenth and eighteenth meetings of the WIPO Audit Committee and the Committee's recommendations as contained in documents WO/PBC/15/22 and WO/AC/18/2.

ITEM 17: REPORT OF THE WORKING GROUP ON AUDIT COMMITTEE RELATED MATTERS

448. The Chair invited the Chair of the Working Group on the Audit Committee Related Matters (the WG), Mr. Christophe Guilhou (France) to present the report of the WG.
449. The Chair of the Working Group congratulated the PBC Chair and Vice-Chairs on their election. He recalled that the Working Group was established in September 2009, following the last PBC session, with a triple objective: to review the process of the rotation of the AC members; to review the size of the Committee; and to review the recommendations made by the AC. The WG had been composed of the seven Regional Coordinators, interested Member States and the bureau of the PBC. The first meeting of the WG had taken place in February 2009 and had been followed by several months of informal consultations. During its August 31, 2010 meeting, the WG reached consensus on the text of the document before the PBC. The Chair of the WG explained that the principal conclusion in the document was the reduction of the size of the AC from nine to seven members, which would correspond to the norms used in other international organizations as well as to the number of the regional groups in WIPO. The Chair of the WG reminded the delegations that the mandate of the current AC members expired on December 31, 2010. He further said that the report of the WG proposed the mechanism and the timeline, for the coming months, which included open advertisement, establishment of the Selection Panel composed of seven the members of the regional Groups. The Panel would prepare an evaluation matrix in order to define the selection criteria. It would evaluate the candidates and transmit its recommendation for the membership of the AC to the PBC. The WG had also decided that no AC member should serve for more than six years. There would be three-year mandates with the drawing of lots for the renewal. The Chair of the WG explained that four members would be nominated for three years, renewable once, and three members would be nominated for three years non-renewable. The Chair of the WG added that the timeline specified that the new AC should start functioning from February 2011. Therefore there would be one month (from December 31, 2010 to January 31, 2011) when there would be no AC. The Chair also recalled the recommendation of the WG to change the title of the WIPO Audit Committee to Independent Advisory Oversight Committee. It had also been decided to hold more frequent information meetings with the AC in the future and to convene an extraordinary session of the PBC in January 2011 to endorse the composition of the new AC. The Chair of the WG commended all Group coordinators for their contribution to the work of the WG.
450. The Chair specified that the PBC was invited to recommend to the Assemblies the approval and implementation of the recommendations made by the WG.
451. The Delegation of France proposed the following amendments, which had been discussed with the Regional Coordinators : in paragraph 27, second line, delete the word "*rotation*"; in the timeline on page 5, add a bullet point (number 7) saying "*the deadline for receiving the applications/ nominations set at November 5 , 2010.*"; in the last bullet, delete the words "*short listed*". The last bullet would read: "*the Selection Panel to finalize its recommendations of seven candidates from each geographical region*".
452. The Delegation of Switzerland stated that Group B supported the recommendations of the WG and underlined that they were the result of a long process of consultations between the various regional groups and other interested countries. The Delegation was pleased with the consultative process

and a very constructive dialogue, which allowed the delegations to understand one another's interests and concerns. The Delegation hoped that the balance and compromise reached would be satisfactory to all and that the recommendations for the process of selection of new AC members could be approved and that the discussions on the recommendations made by the AC would continue.

453. The AC Chair stated that the AC was pleased that the WG had reached a decision because it had been concerned about continuity of the AC's work. It was also pleased that Member States had decided to continue considering the AC's recommendations, as well as regularizing interaction with the AC, as a follow on from informal meetings held at the end of every AC session, as instituted by AC in 2009. He noted that, contrary to Member States wish for greater interaction with the AC, an item for AC reports had not been included in the General Assembly Agenda, which had not been the case in 2008 and 2009. He hoped the new AC would be able to address Member States in that important forum. The Chair further noted Member States' decision to review the legal status of the AC members. He thanked them on behalf of the AC's successors because the AC had now been in a legal vacuum for five years. In this connection, he noted that Table 1 of document WO/PBC/15/9 "Policy on Languages at WIPO" listed official WIPO meetings, but did not include the AC even though the table did contain references to translation and interpretation work carried out for AC meetings as well as the official Working Group established to discuss the AC's recommendations. Consequently, Member States might wish to consider not only the status of the AC members but also of the AC itself. Referring to the AC selection process, he thanked Member States for their confidence in the AC, which would do its best to meet expectations. The tentative timetable was tight and the AC therefore wished to interact with the Selection Panel as soon as possible. He stressed that the vacancy announcement should make the AC's mandate clear both at individual and corporate levels and that membership was not simply an honorific function. He estimated that each member had to devote thirty days per year for AC duties, which included 15 working days prior to the AC sessions. It was critical that nominees were able to devote this time, including those also working full time, otherwise the AC would not function properly. Although the AC would discuss this issue with the Selection Panel, the Chair wished to raise it now to underscore the point. In addition to merit, geographical representation, and gender balance, selection should also be based on corporate skills. Selecting the seven best candidates on the basis of, for example, accountancy skills, would not guarantee proper functioning of the AC. Corporate knowledge was needed, especially of the UN and auditing. He noted that since no AC member resided in Geneva, the AC would not be able to attend any informal meetings, and that this should be borne in mind. The AC was ready to assist with the drafting of the vacancy announcement and, if possible, the announcement should be approved by the Selection Panel, which would mean making an addition to the agreed timeline. He noted that if the PBC decided to adopt the WG's recommendations, the AC's terms of reference would need to be modified, a point which he would revert to later when he made his report.
454. The Delegation of the United Kingdom shared some of the AC's views and welcomed the WG Report, which it thought to be a delicately balanced document. It accepted the recommendations and stated that the informal negotiation process had showed the level of good will among Member States. It was clear that the fundamental premise of all had been to arrive at a solution in the best interests of WIPO. The Delegation believed that the guiding principle for the Panel should be selection of candidates on the basis of their qualifications, a principle contained in the WG report, and which needed to be highlighted by the PBC. The Delegation was in no doubt that the Selection Panel would manage to carry out its difficult task over the next four months. As the AC Chair had noted, a key point was ensuring collegiality, the right mix of skills, and expertise, and this was also set out in the Working Group report. Notwithstanding these points, the PBC should also ensure that the Selection Panel focused on the task in hand and not seek to increase the scope of its mandate. Once that work had been done, the Selection Panel should be disbanded and the Delegation wished to advise the PBC to ensure that this happened. Having made this point, the Delegation said it could agree to the WG Report decision paragraph.

455. The Delegation of India welcomed the proposed mechanism and wished to thank all delegations that participated in discussions for their openness, flexibility and constructive engagement. The Delegation attached great value to the AC as an institutional mechanism, which benefitted Member States in their task of overseeing the work of the Organization, and it thanked the AC for its considerable efforts, time, and the very useful work produced. The Delegation stated that Member States hoped to make use of the AC's reports and recommendations, and that the proposed mechanism would provide a means to devote more time and attention to the good work already done by the AC. It also thanked the AC for laying a foundation for its successors, as mentioned by the AC Chair. The Delegation had also taken careful note of the Chair's point regarding the AC's role in the proposed selection process. The Delegation would deliberate on this further, because it believed that several of the points mentioned by the Chair were very relevant to Member States if the selection process was to be effective as Member States had intended. Finally, the Delegation said that the vacancy announcement should include UN experience as an eligibility criteria, because this would go a long way in ensuring that the AC possessed the right corporate skills as the Chair had also mentioned. In addition, it wished to consider further the suggestions of involving the selection panel in the drafting of the vacancy announcement.
456. The Delegation of Mexico, speaking on behalf of GRULAC, fully supported the contents of the WG report. It thanked delegations that had participated in consultations and felt that their constructive spirit had set a positive example for the future work of the Organization. It also believed that the report reflected and accommodated different positions and views, and was a solid base allowing Member States to move forward.
457. The Delegation of Bangladesh, speaking on behalf of the Asian Group, thanked the WG Chair for conducting the WG meeting efficiently, for his introduction and presentation to the PBC and, in particular, for responding to the request of the Asian Group to come to Geneva to participate in the WG meeting and bring it to a conclusion. The Delegation also thanked the AC members, not least for their large amount of work undertaken on an honorific basis, and had taken note that changes might need to be made to the AC's term of reference. It further thanked all Member States, in particular those who had participated in formal and informal consultations that lead to the WG report. The Asian Group had appreciated the good faith and good will shown in engaging with that process and taking it forward and was happy to note that the WG report contained a roadmap. Furthermore, the Asian Group was looking forward to discussions on implementation of the AC's recommendations as this was something to which the Group attached particular importance. At the same time, it was conscious of the fact that the roadmap applied to a specific one year period, from September 2010 until September 2011. The Asian Group would appreciate another round of positive engagement from all Member States that would hopefully lead to the suggestion to have a proper institutional and intergovernmental mechanism to continue discussions on the implementation of recommendations of the new AC. The Asian Group felt that the WG report was delicately balanced and it gave importance to each of the paragraphs contains therein. It was not necessary to highlight certain aspects of the report as it was a total package. Finally, the Group was very much ready support the new AC and its work and, although there was a time constraint, it hoped that the Selection Panel, which was not necessarily going to comprise group coordinators, would nominate competent individuals to the Selection panel in order to carry out the work entrusted to them.
458. The Delegation of Angola, speaking on behalf on the African Group, greatly supported the contents of the WG report and commended the Chair of the WG for convening the second WG meeting, in line with the African Group's and other delegations' requests.
459. The Delegation of Slovenia, speaking on behalf of Central and European Baltic States thanked all those who actively and constructively participated in the very lengthy and difficult negotiations in the WG, and expressed full support for the well balance WG report.

460. The Program and Budget Committee recommended to the Assemblies of the WIPO Member States the approval and implementation of the recommendations made by the Working Group on Audit Committee Related Matters as contained in paragraphs 3 to 30 of the Report of the Working Group. [subsequently issued as document WO/GA/39/13]

ITEM 18: PRESENTATION BY THE DIRECTOR OF THE INTERNAL AUDIT
AND OVERSIGHT DIVISION (IAOD)

461. The Chair invited Mr. Nicholas Treen, Director, Internal Audit and Oversight Division to make his presentation.
462. The Director of IAOD made a PowerPoint presentation on the work of the Division since the last PBC session. The Director of IAOD was pleased to inform delegates that the Internal Audit Section had completed the following audits: a follow up on IS and IT Controls weaknesses identified in 2008; two audits on the New Construction Projects; PCT revenue controls; Hague and Madrid revenue controls; the Arbitration and Mediation Center; an Internal Controls gap assessment. Other audits planned for completion in 2010 will be on the WIPO Academy and on Technical Assistance. The Investigation Section had a significant ongoing workload and was reducing backlog. There were seven new cases, while 10 cases had been closed in 2010. Twenty five cases were active or in the process of being closed. The IAOD Director believed that the situation in six months time would improve as it had improved over the last 12 months. The IAOD Director informed the delegations that the Division had issued an Investigation Procedures Manual, which was available on its homepage. One of the purposes of the Manual was to codify the existing practices, and also make available to staff which will help to inform and demystify the investigation process. The Director hoped that the staff would appreciate understanding and knowing a little bit about the basic processes for investigation. The final draft of Investigation Policy was with the Audit Committee. Once the Audit Committee's comments were received, other consultations would follow. The Internal Audit Charter required that Member States be consulted where policies for Internal Oversight functions were established, and that was what would be done once the internal drafting process was completed for the Investigation Policy. The Division also plan to formalize the requirements set out in the Internal Audit Charter to receive complaints anonymously from whistleblowers and for that purpose a "hotline" process was under development, so the staff could be encouraged and comfortable to report misbehavior or wrongdoing. The Division would work very closely with the Ethics Officer and other interested persons to make sure that there would be not retribution on whistleblowers so that whistleblowing remained confidential and secure. The Director added that at the end of each investigation, IAOD strove to learn lessons from the investigation activities. By way of examples of this the Annex to the Summary Annual Report to the General Assembly (already available on the WIPO website) contained a number of recommendations on how to make things work better. The aim was to - in collaboration with the Ombudsman, the Ethics Officer, HRMD, Legal Office and Joint Grievance Panel - reduce the need for investigations. Concerning Evaluation, the Director thanked the delegations for their kind comments on his Validation Report on the Program Performance Report for 2008-2009. He added that the report was a useful and helpful exercise and that it would continue to be done for each biennium. When the WIPO performance framework was oriented towards the MTSP, the process for validation would be adapted accordingly. The Director noted that a manual for the Evaluation Section had been finalized, which complemented the self-assessment self-evaluation manual produced in draft the year before, and which had been handed over to the PMPS Section to make final. The Evaluation Policy, first created in 2007, had been revised. A lot of time had been spent on workplans, consulting with managers, internally assessing risks and trying to work out the priorities for independent evaluation. An evaluation strategy for the next 6 years had been prepared, so that the Division had a clearer view, over a longer time-period, to ensure that all material and significant evaluation needs and items were covered. The Division had completed

planning activities on a large evaluation, which would be concerned with country-based activities, to fit in with needs for the Development Agenda. Apart from discussion on mainstreaming, the clear indication also was that the Organization would become more country focused. Therefore, an independent country based evaluation of WIPO activities will be timely and valuable. With regard to the resources for IAOD, the Director said that the Director General had provided a lot of resources, on a temporary basis, to meet urgent requirements (specially in the investigation area). There were a number of longer-term short-term staff now in IAOD: a consultant for internal audit, a consultant in the investigation area and two short-term administrative assistants. The recruitment of heads of Sections was a key and long-standing challenge. There were delays of 14 months in case of the head of the Evaluation Section and nearly two years for the head of the Internal Audit Section. The recruitment for the head of Internal Audit would start again in September, it was planned that the recruitment panel for the head of the Evaluation Section would meet in September. The Director noted that there had again been no staff in place, this time since April, for the Evaluation Section as the very able Senior Evaluator was now on maternity and special leave until early 2011. Plans and efforts for a holding person for the Evaluation Section had unexpectedly fallen through in June. However, plans were being made to get a holding person for the Section, or at least to try make headway on the urgent country-based evaluation before the year end. There was still a need for more Internal Audit posts. The Division was only barely covering a half of the assessed high-risk audits each year with the available staff. Arrival of a head of the Internal Audit Section would help with developing the Section's capacity and implement the recommendations made by the External Auditor during their helpful review of the function. In respect of staffing levels it is worth noting that the JIU have pointed out that an organization like WIPO should have between four to eight internal auditors. The draft of a new JIU evaluation indicated that, compared with current UN benchmarks, WIPO should have between six and 12 auditors. The Director said that he would be content if he had just four internal auditors. For the Investigation Section investigation experts had advised that to cover the current demand three professionals would be needed, including an appropriately graded head of section. The Director noted that he still had no administrative or assistant level posts. He added he understood that the resources issue was very difficult in the current climate where the budget was tight and there was a policy to reduce the overall headcount in WIPO. Nevertheless, if Member States wished to have effective, independent and quality oversight, then there was a clear and fully demonstrated need for more staff in IAOD.

463. The Chair invited comments from delegations. There were none.

464. The Program and Budget Committee took note of the contents of the presentation by the Director of the Internal Audit and Oversight Division (IAOD).

ITEM 19: REVIEW OF THE INTERNAL AUDIT CHARTER

465. Discussions were based on document WO/PBC/15/14. The Chair invited the Internal Auditor, Director of Internal Audit and Oversight Division (IAOD) to introduce this agenda item.

466. The IAOD Director reminded delegations that the terms of the Internal Audit Charter required that the Charter be revised every three years. The present document contained: a clean version of the proposed Charter, a version of the 2007 Charter in track changes, and the third attachment was the clean version of the 2007 approved Charter. The main proposed change derived from a recommendation made by the External Auditor during their review of the internal audit function, i.e., to change the charter so that it included the evaluation function, to turn it into an "Internal Audit and Oversight Charter". This would provide more regulatory substance to the evaluation function, which was mentioned in the FRR, but was governed by a policy approved by the Director General. In the several pertinent areas, the evaluation function has been added as well as a standard definition for evaluation in the definitions section of the Charter. References to the investigation

function have been improved and the Secretariat included a clearer provision about reporting for the investigation function. In essence, the IAOD Director reported only to the Director General, so that he could make, on advice from his legal department and HRMD, managerial decisions in relation to investigation findings. The Director said that a clarification was added on how IAOD dealt with investigations relating to senior managers, involving reporting transparently to the appropriate persons in the governance bodies of the Organization. It now referred to non-staff personnel ability to make complaints to IAOD. There would now be functional independence for IAOD. This was an international standard requirement and went alongside the independence requirements that were already in the Charter (operational independence). In the Charter, the Director had the title of the Internal Auditor. The more commonly known title was the Director of the IAOD. The Charter now referred to the Director of the IAOD, which meshed nicely with the inclusion of the evaluation function under the Charter. The relevant section concerning the appointment of Director of IAOD was updated. The Director recalled that the JIU, some years ago, in their oversight lacunae report had recommended single terms of office for this type of post. The JIU had recently carried out a review of audit functions in the UN system and it is expected that their view that a single term of office was better as it avoided any possible difficulties, threats of loss of job, or other unwarranted pressures on the Director during the renewal process and therefore helped secure and strengthen the much needed independence of the function. The revised Charter recommended the term of six years as an appropriate future term of office because the JIU had recommended a period of between five and seven years. Six years or more was not uncommon for international and national institutions. The Director believed that the AC had suggested that the minimum five years was appropriate and indeed, the Head of the UN OIOS had a five year appointment. The main principle was that a single term of office was the appropriate future way forward for these functions. The External Auditors had recommended adding "Oversight" to the existing Internal Audit Charter. These documents were normally called "Internal Audit Charter" but the Secretariat thought it very beneficial to expand to cover oversight functions. The IAOD Director recalled that he reported not only to the Director General but also to the General Assembly, where he made a Summary Annual Report and had access, if needed, to the Chair of the General Assembly. This had worked very well. The IAOD Director understood that there was a proposal from the Audit Committee for an additional text to be added to paragraph 4, to which he had no objections because it made some matters more clear. The proposed text should be along the lines of "the Director of IAOD is a part of the Organization and not part of management". He thought that this could quite easily be added into the current Charter

467. The Delegation of the United States of America thanked the IAOD Director for his very helpful presentation. It noted that it approved of the internal audit and oversight charter but sought some clarification and some amendments to the present draft. The Delegation offered to provide the amendments in writing for ease of answering the questions. First, in the Charter on page 2, paragraph 5, it noted that there were some specific responsibilities identified for the Director of IAOD. The Delegation's query was that should all these responsibilities, such as "be professional, impartial, unbiased, avoid conflicts of interests and take due professional care" apply to all IAOD staff. Second, on page 3, paragraph 6 of the Charter, the Delegation asked why the impartiality standard articulated therein only applied to audits. It suggested that the paragraph be amended to specify that all oversight activities be impartial. Third, paragraph 7: this provision stated that the Director of IAOD should have access to the Chair of the General Assembly. The Delegation inquired whether the Director should also have access to the Chair of the AC that perhaps this be reflected in the Charter. Fourth, paragraphs 20 to 21: these paragraphs gave guidelines on the treatment of final investigation reports. The question there was how these draft reports were treated and whether their treatment should also be specifically addressed in the Charter. Lastly, paragraph 31 noted that there was non-renewable term for the head of the IAOD and the Delegation recognized that this was the best practice within the UN system and in the oversight community in general. The Delegation wondered however, if there was any insight on how this provision would be adopted in the current situation.

468. The IAOD Director responded to the comments made. He found the suggested changes reasonable and acceptable. In paragraph 5 it would be very helpful to add “to include staff”. It had not meant that the staff would not act in that way but the addition would very much reinforce the need for IAOD staff to act in a proper way. On the question of interaction with the Audit Committee, the IAOD Director said that it was expected good practice to have a very close, supportive and trustful relationship with the Chair of the AC. He thought there was no hindrance to add text to the Charter reflecting that. However, he was not sure whether the terms of reference for the Audit Committee itself would be a better vehicle for this. He believed that there might have been just an editing oversight to refer to audit rather than all oversight activities and that could be corrected. Regarding draft investigation reports, the IAOD Director said that all investigation materials were confidential to him and the Director General unless they decided otherwise. Great care was taken that draft investigation reports remained controlled very closely, for obvious reasons and for due process reasons. As regards the possible transitional arrangements (paragraph 31), he did not believe that a great deal of thought had gone into that. He said that his contract was four years and then four years renewable by the DG following approval by the Member States. He thought that, once the principle of a single term of office had been accepted, then there would be common sense discussions about when it would be applied, presumably after he left. It would be easy to apply to the next person recruited into the post. The Director, IAOD did not foresee, or know of, any controversial or practical difficulties.
469. The Delegation of Germany recalled that IAOD mentioned its staffing problems. The Delegation was therefore looking at resources and paragraph 28, and was surprised that the word “sufficient” was deleted from the phrase: “IAOD should have sufficient staff”. “Sufficient” meant to “have enough”. The question was why this word was deleted. Because this was something that the Delegation would support, that IAOD had the staff it needed.
470. The IAOD Director agreed that as WIPO was still building up the institution of internal oversight, the staffing resources issues had been significant for that process. The resourcing and staffing of internal audit should never be a problem. This would be a serious concern that affected the independence of the function and how much work could be delivered in accordance with international standards. He said that if Member States were more comfortable that there was this emphasis in the Charter, then it would be good.
471. The Chair requested the Delegation of the United States of America to provide draft language on their issues of concern and said that the word “sufficient” would be put back in the text.
472. The AC Chair clarified that AC did not recommend to add wording at the end of paragraph 4. The AC had been referring to the third line of paragraph 4: “The Director is responsible to the Director General and is part of the WIPO senior management staff”. He thought that it might be best to delete entirely “and is part of the WIPO senior management staff”. It was clear that the Head of IAOD was part of the staff. The AC simply felt that the internal auditor was not senior management or staff.
473. The Delegation of the United States of America was satisfied with all clarifications and presented its draft text for the decision paragraph.
474. The Chair read out the proposed text of the draft decision: *The Program and Budget Committee recommended to the General Assembly the approval of the Internal Audit and Oversight Charter contained in the Annex to document WO/PBC/15/14 with the following amendments: Annex, paragraph 4, first sentence ends at: “(...) is responsible to the Director General.”; change recommended by the AC and; and “Annex, paragraph 28, first sentence: insert the word “sufficient” after the words “(...) functions comprise (...)”. as was recommended by the Delegation of Germany.*
475. The Program and Budget Committee recommended to the General Assembly the approval of the Internal Audit and Oversight Charter contained in the Annex to document WO/PBC/15/14 with the following amendments:

- (i) Annex, paragraph 4, first sentence ends at: "(...) is responsible to the Director General."; and
- (ii) Annex, paragraph 28, first sentence: insert the word "sufficient" after the words "(...) functions comprise (...)".

ITEM 20: REPORT ON THE STATUS OF THE SELECTION OF EXTERNAL AUDITOR

476. Discussions were based on document WO/PBC/15/15.
477. The Secretariat presented the chronology of events for the selection of External Auditor. The Secretariat recalled that in September 2009, the Assemblies of the Member States of WIPO had authorized the Secretariat to launch a selection process in order to appoint an External Auditor for the financial periods 2012-2013, 2014-2015 and 2016-2017, in accordance with the procedure approved by the Member States. In December 2009, WIPO had invited Member States to nominate a candidate, by February 28, 2010. By February 28, 2010 nominations had been received and on March 31, 2010 a call for proposals had been issued to nominated candidates, with formal offers to be submitted by June 30, 2010. By May 1, 2010 the first round of questions from candidates had been received and answers had been issued on May 18, 2010. June 1, 2010 had been the deadline for the second round of questions from candidates, to which answers had been issued on June 14, 2010. On May 18, 2010 comments on the evaluation matrix prepared by the Secretariat had been received from the AC. On June 3, 2010 a letter to the AC Chair had explained which of the suggested changes had been incorporated in the matrix. On June 18, 2010 a response from the AC Chair had been received confirming that AC would not make any further comments on the matrix. On June 30, 2010 seven proposals had been received and meetings of the Selection Panel were held on July 7, 8 and 12, 2010. The Panel had amended and agreed to its rules of procedure. The opening of the bids with the Chair and two other members of the Selection Panel (Switzerland and Kyrgyzstan) had taken place on July 16, 2010. The Panel members were: Angola, Bangladesh, China, Kyrgyzstan, Mexico (Chair), Slovenia (Vice- Chair) and Switzerland. The technical evaluations had been completed and would be forwarded to the Selection Panel. These had been reviewed by the AC. The Panel now had to agree on the short list, by the end of September, and invite the short-listed candidates to make oral presentation in November. The Panel would probably complete its work by the end of the year. The Secretariat said the Chair of the Selection Panel was available to answer any questions that the delegations might have.
478. The Chair of the Selection Panel (Mexico) added that once the received proposals had been opened they had been transmitted to the Finance Services and Internal Audit for preliminary technical evaluation. The Selection Panel was awaiting response to these documents in order to continue its work.
479. The Delegation of the United Kingdom said that, the AC reports had mentioned that AC had some concerns with the way the matrix took into account the financial component and had made some recommendations to that effect (in paragraph 38 of its most recent report). The Delegation suggested to add the following at the end of the decision paragraph: "...and for the Selection Panel to take note of the recommendation on this issue contained in paragraph 38 of the Audit Committee Report (WO/AC/18/2)".
480. The proposal was acceptable to all delegations.
481. The Program and Budget Committee recommended to the WIPO General Assembly to take note of the contents of document WO/PBC/15/15 and for the Selection Panel to take note of the recommendations on the issues appearing in paragraph 38 of the Audit Committee Report (document WO/AC/18/2).

ITEM 21: PROGRESS REPORT ON THE NEW CONSTRUCTION PROJECT

482. Discussions were based on document WO/PBC/15/10.
483. The Secretariat introduced the document and said that project delivery was on schedule i.e., October 8, 2010 for the 80% completion of the surface area and early November 2010 for completion of the remaining 20%. The current office space rentals would be terminated in the course of 2011, as planned. The moves of staff into the new building would start in the middle of January and last for about three months. The Secretariat added that the project was within budget. A part of the unforeseen expenses provision was still available in case some items would need to be taken into account in the last weeks of construction. It also mentioned that the reserved parking space for delegates would become available at the beginning of 2011.
484. There were no comments from delegations.
485. The Program and Budget Committee took note of the contents of document WO/PBC/15/19.

ITEM 22: PPROGRESS REPORT ON THE NEW CONFERENCE HALL PROJECT

486. Discussions were based on document WO/PBC/15/20.
487. The Secretariat reported that the New Conference project was being managed along the same lines as the New Construction project and that it was still in the preparation phase. The Secretariat said that building permit had been received from the Geneva authorities on June 1, 2010 and that the pre-selection of contractors had taken place. The Selection Board composed of the Member States' representatives had met in March 2010. The tender process had been launched at the end of June, as planned. The Secretariat added that the Selection Board would make the selection by mid-December 2010 and, if everything went well, the contract would be ready for signature before the end of January 2011, which would mean that the actual work could start at the end of winter of 2011. The construction would last about two years but the exact timing would be validated by the companies that had made the proposals. The Secretariat confirmed that according to the established timetable it expected the conference hall to be operational in the beginning of 2013. The Secretariat further reported that, in terms of budget, so far only amounts representing honoraria and a few fees had been spent. The Secretariat said that it would continue to report on the progress of this project at every future PBC session. It also said that similarly to New Construction project, which had been audited by the Internal Auditor, the External Auditor and by the WIPO AC, the Conference Hall project would undergo the same auditing procedure.
488. The Delegation of the United States of America welcomed the initial progress and obtaining of the necessary permits and tenders for construction phase for the project. It said that the application of that practices and lessons learned from the new construction project, such as the use of external project management expertise provided by the pilot should help produce associated with the second major construction project. The Delegation nevertheless remained concerned about the overall costs of the project and urged the Secretariat to identify ways to contain, or even reduce costs, as the project enters the construction phase. It further said that while a large portion of the costs were being borne by accumulating reserves, even larger portions would be borne by loans that would be repaid from the annual budget in future years. Between the New Construction and the New Conference Hall projects, the combined loan amount would be over a 150 million Swiss francs for principal alone, not counting interest. Therefore, WIPO would be paying down loans for considerable amount of years. The Delegation hoped that the good project management and economies achieved during the course of the project would keep these costs as low as possible.
489. There were no further comments.
490. The Program and Budget Committee took note of the contents of document WO/PBC/15/20.

ITEM 23: PROGRESS REPORT ON THE SECURITY UPGRADE PROJECT FOR
THE EXISTING PREMISES

491. Discussions were based on document WO/PBC/15/21.
492. The Secretariat said that the document aimed to inform Member States of progress made in implementing UN H-MOSS recommendations regarding security standards since the last PBC session in September 2009. The report covered the status and provided description of the different phases and the status of progress of the project. The PBC was invited to take note of the report.
493. There were no comments.
494. The Program and Budget Committee took note of the contents of document WO/PBC/15/21.

ITEM 24: ADOPTION OF THE REPORT

495. Discussions were based on document WO/PBC/15/23 Prov.
496. The Chair announced that the full report of the fifteenth session would be produced by the Secretariat, according to usual practice, i.e., with the shortest delay possible. The draft report would be posted on PBC website for electronic approval. Delegations were invited to review this draft report, and sent their amendments and comments to the Secretariat, who would prepare a final version. The Chair said that Secretariat had prepared the list of decisions and recommendations taken at the session, contained in the draft of document WO/PBC/15/23 Prov., which, following approval by the PBC would be formally issued and submitted to the WIPO Assemblies.
497. The Delegation Brazil congratulated the Chair on his able leadership during the session.
498. The Delegation of El Salvador expressed its high appreciation for the Chair for the way he had presided over this highly technical meeting.
499. The Program and Budget Committee adopted the Summary of Recommendations contained in document WO/PBC/15/23 Prov.

ITEM 25: CLOSING OF THE SESSION

500. The session was closed.

[Annex follows]

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