

Program and Budget Committee

Twentieth Session
Geneva, July 8 to 12, 2013

DRAFT REPORT¹

prepared by the Secretariat

¹Delegations represented at the session are invited to submit their comments, if any, to controller.mail@wipo.int by November 22, 2013.

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ANNEX: List of participants

1. The Twentieth Session of the WIPO Program and Budget Committee (PBC) was held at the Headquarters of WIPO from July 8 to 12, 2013.

2. The Committee is composed of the following Member States: Algeria, Angola, Argentina, Bangladesh, Belarus, Brazil, Bulgaria, Burkina Faso, Cameroon, Canada, Chile, China, Colombia, Czech Republic, Ecuador, Egypt, El Salvador, France, Germany, Ghana, Greece, Guatemala, Hungary, India, Iran (Islamic Republic of), Italy, Japan, Kyrgyzstan, Mexico, Morocco, Oman, Pakistan, Peru, Poland, Republic of Korea, Republic of Moldova, Romania, Russian Federation, Senegal, Singapore, Slovakia, South Africa, Spain, Sri Lanka, Sweden, Switzerland (*ex officio*), Tajikistan, Thailand, Turkey, Ukraine, United Kingdom, United States of America, and Zimbabwe (53). Members of the Committee represented at this session were: Algeria, Angola, Argentina, Bangladesh, Belarus, Brazil, Burkina Faso, Cameroon, Canada, Chile, China, Colombia, Czech Republic, Ecuador, Egypt, El Salvador, France, Germany, Greece, Guatemala, Hungary, India, Iran (Islamic Republic of), Italy, Japan, Mexico, Morocco, Poland, Republic of Korea, Romania, Russian Federation, Senegal, Slovakia, South Africa, Spain, Sri Lanka, Sweden, Switzerland (*ex officio*), Turkey, Ukraine, United Kingdom, United States of America, and Zimbabwe (44). In addition, the following States, members of WIPO but not members of the Committee, were represented as observers: Andorra, Australia, Belgium, Burundi, Costa Rica, Côte d'Ivoire, Djibouti, Dominican Republic, Georgia, Holy See, Ireland, Israel, Jamaica, Libya, Lithuania, Monaco, the Netherlands, Panama, Paraguay, Portugal, Sao Tome and Principe, Trinidad and Tobago, Venezuela (Bolivarian Republic of), Vietnam, Zambia (25). The list of participants appears in the Annex to this document.

ITEM 1 OPENING OF THE SESSION

3. The Chair welcomed the Member States' Delegations and thanked them for their constructive engagement during the informal consultations he had held with them the previous week. Those consultations had been a very good opportunity to listen to all Groups' views on the draft Program and Budget. The Chair hoped that the discussions would be conducted in an expeditious manner. The Chair reminded delegations that, as requested by the Member States, the present session was a formal session to avoid duplication of work in an informal session in July and a formal session in September. It meant that during the current week the issues that could be decided on should be decided on, so that the Committee would not have to come back to them in the September session. The issues on which the Committee would be unable to reach compromise or consensus would be dealt with in the September PBC. On item 5 (Draft Proposed Program and Budget for the 2014/15 Biennium), the Chair would outline the discussions in the informal consultation when this item would be taken up. The Chair then stressed that he intended to start all meetings of the session promptly on time. The Chair also explained that the Director General would address the Committee the following day. The Chair invited the Secretariat to make its introductory remarks.

4. The Secretariat welcomed the Delegations on behalf of the Director General who would be present at the session the following day to introduce the Draft Proposed Program and Budget for the 2014/15 Biennium. The Secretariat proceeded with the presentation of the draft agenda and said that during the PBC held in the budget year, the first objective was to provide the membership with a comprehensive view of the current situation through the group of items entitled "Program Performance and Financial Review." Under this heading the membership would "look back" at the progress and achievements with respect to the current biennium and would consider the Program Performance Report (PPR) for 2012. It would then examine the financial situation and the preliminary results for 2012 as well as those pertaining to the first quarter of 2013. Having set the context, the next group of items entitled "Planning and

Budgeting” pertained to “looking ahead” to the next biennium. Under this heading, the membership would consider the next Draft Proposed Program and Budget. This agenda item also included, in accordance with the decision of the PBC, a review of (i) how the budgetary process applied to projects proposed by the CDIP had been implemented as a fully integrated solution in the current biennium, and (ii) investments proposed under the Organization’s newly established Capital Master Plan for 2014-2019 which, in accordance with prudent financial management principles, proposed seven projects for approval by Member States for reserve funding in accordance with the policy on the utilization of reserves approved by the Assemblies of 2010. The agenda then foresaw a review of the document prepared by the Secretariat on the financing of long-term employee benefits at WIPO. The Secretariat thanked the Chair for his guidance and preparatory meetings held on July 4 and July 5 with all Regional Groups that had helped the Secretariat to continue preparation for a more effective PBC session. The Secretariat thanked all Delegations for their constructive input and engagement during the briefing sessions that the Secretariat organized prior to and after the Marrakesh conference. In view of the fact that the July PBC session was a formal session, there had been a need to provide all documents in all six official languages. In this respect, the Secretariat apologized for any inconvenience that might have been caused by delays in the publishing of documents in all languages. The Secretariat added that, in its continued endeavor to be more responsive and service-oriented to the Member States, it had, as in the past, documented the questions and answers received during the informal consultations. This document would be further updated with additional questions and answers during the session of the PBC. A revised version was available that morning. The Secretariat concluded by saying that it looked forward to a positive exchange of views during the session.

ITEM 2 ADOPTION OF THE AGENDA

5. Discussions were based on document WO/PBC/20/1 Prov.

6. The Chair invited the Secretariat to introduce the Draft Agenda.

7. The Secretariat said that it had been brought to its attention that the draft agenda did not fully reflect the decision taken at the PBC’s 19th session concerning the Definition of Development Expenditure in the Context of the Program and Budget. Subparagraph (iv) of the said decision read: “[the PBC] decided that the issue of definition of development expenditure would be an agenda item for the 20th session of the PBC. A revised definition, if agreed upon, would be applied to the Program and Budget 2016/17.” The Secretariat apologized for the omission and proposed to include a new agenda item, after item 5, under the heading “Planning and Budgeting”, which would read Definition of Development Expenditure in the Context of the Program and Budget.

8. The Delegation of Belgium, speaking on behalf of Group B, congratulated the Chair on his nomination. With regard to the addition of the new agenda item, the Delegation noted that (i) the agenda had already been made available for a couple of weeks; (ii) it was a pretty long and heavy agenda. The Delegation believed that it might be better to have a discussion or revisiting of the discussion on the possibility of having the additional agenda item at a later stage. It added that Group B was not fully prepared to proceed with the discussion on development expenditure at this time. The Delegation urged to follow the agenda as presented in document WIPO/PBC/20/Prov.

9. The Chair reminded Delegations, for the record, that it had been decided at the previous year’s PBC to include the definition of development expenditure as a separate item on the agenda of the 20th session. Therefore, nothing new was being added that had not been previously agreed upon. The item did not appear on the draft agenda only because of the Secretariat’s omission.

10. The Secretariat confirmed that subparagraph 4 of the said decision listed in the Summary of Decisions and Recommendations of the 19th session (document WIPO/PBC/19/27) read that development expenditure would be an agenda item at the 20th session of the PBC.

11. The Chair asked the membership's confirmation as to whether, in light of the decision taken by the PBC, the item on definition of development expenditure could be added to the agenda.

12. The Delegation of Belgium took note of the clarifications provided by the Secretariat. It said that it was ready to engage in the discussion of this issue but added that it needed to be fully prepared for it. Therefore, it proposed to retain the current agenda, as outlined in document WO/PBC/19/1 Prov. and come back to the possibility of including another agenda item later on during the week, depending on the advancement of the discussions of the existing agenda items.

13. The Chair remarked that this meant that decisions taken by Member States could not be implemented. If a precedent like that was created that would mean that other Member States' decisions could be re-discussed and re-opened.

14. The Delegation of Brazil speaking on behalf of Development Agenda Group (DAG) was of the view that Members should implement decisions taken in the last PBC session and that this item should be added to the present session's agenda. It added that the PBC decision to have a written report regarding IP and Global Challenges (Program 18) should be implemented as well. The draft agenda still mentioned an oral report on Program 18.

15. The Delegation of Venezuela (Bolivarian Republic of) thanked the Secretariat for the documents. It believed that the issue was an error. It was not an issue of including an item on the agenda. It was a mistake the Secretariat had made. The Secretariat had accepted that they had made a mistake and, therefore, the Delegation asked the Delegation of Belgium to reconsider its position. In the Director General's foreword in the Program and Budget, the topic of development was an important point and investment for development was meant to be included in the budget document. It was not an issue of discussing whether something was being added or not. Members could open the discussion on the issue of adding something or not on the 8th of July.

16. The Delegation of Algeria, speaking on behalf of the African Group, believed that this was an oversight. The inclusion of development expenditure on the agenda was an important decision which was an integral part of the debate members were to undertake during the present session. The Delegation urged the Delegation of Belgium to take this into consideration. It also recalled that the question of the definition of development expenditure had been debated at great length at the last PBC meeting and, in fact, Members would not be reopening the discussion but rather correcting an error made by the Secretariat.

17. The Delegation of Egypt thanked the Secretariat for the explanation. It believed that the situation was quite clear. A decision had been taken by the Committee at an earlier meeting and therefore Members should maintain the development expenditure definition on this session's agenda. The Delegation did not see any problem with this and added that there was no need to waste the Committee's valuable time discussing it. The Secretariat had explained quite clearly that the item would be discussed within the framework of the budgetary debate starting the following day. Delegations had ample time to prepare their positions. It was nothing new. The Delegation wished to have an immediate decision.

18. The Delegation of Iran (Islamic Republic of) thanked the Secretariat for clarifying the issue and fully supported the process for tackling this issue as mentioned by the Chair. It was quite clear that members were not to decide whether this agenda item should be included or not. Such a decision had already been made. If there was a Member State that would like to

ask for the deletion of this agenda item which had previously been adopted as being included, that was another matter which would require another decision by the Committee. It was very clear that an error should be rectified and this item should be included on the agenda. The Delegation fully supported the Chair's position.

19. The Delegation of Belgium stated that, after some consultations within Group B, there might be a possibility of including this agenda item on the understanding that the inclusion would be after agenda item 7. The Delegation stressed that this was a discussion for which the Group had not been prepared. The Group wished to demonstrate flexibility and allow for a one-time inclusion of an agenda item on development expenditure but, again, with the understanding that it did not see the need to repeat this discussion again.

20. The Delegation of Senegal believed its intervention was no longer necessary since it was going to support maintaining of the development expenditure issue on the agenda. Both the Chair and a number of Delegations supported its inclusion.

21. The Chair noted that the Secretariat proposed to include development expenditure under item 5 which dealt with the budget process whilst the Delegation of Belgium proposed to move it for inclusion after item 7. The Chair asked Delegations for their preference on the order.

22. The Delegation of Algeria recalled the context in which this decision had been taken. It had been an attempt to work with the new proposed definition of development expenditure and to see whether this would assist Member States in integrating it in the other Program and Budgets. Therefore, it was logical that this be discussed under Planning and Budgeting since the definition would apply to the future planning and budgeting. It made no sense to insert this item anywhere else. The Delegation believed that it should be retained under item 5.

23. The Delegation of Brazil was of the view that the discussion on development expenditure was an integral part of the discussion on the draft budget for 2014/15 and that there was no reason to place this item agenda after item 7. The Delegation believed that Members should take advantage of the intertwined nature of this item in the draft proposed Program and Budget for the 2014/15 biennium.

24. The Delegation of France highlighted three points. First, it did not think that mistakes should be corrected on the opening day of the session. The Secretariat did an excellent job and Members were present at the session to discuss it. The Secretariat should have perhaps warned the membership ahead of time that there had been a mistake and that it wished to discuss it. The Delegation added that when it saw a mistake it immediately informed of its existence. A number of persons had probably noticed the error before this morning's session. The Delegation recommended that such errors be corrected, or at least that the membership be informed of their existence before the beginning of the meeting. This was a point that the Delegation had raised a number of times. The Committee's work needed to be defined and should be consistent. The Delegation retained this position. Secondly, the Delegation said that it understood the Chair's argument and insistence and supported the Chair in that the item should be included on the agenda since the decision on that had previously been taken. Thirdly, the Delegation was not in favor of discussing the usefulness of such a definition under the Program and Budget item since no consensus was needed while members discussed it. The Delegation understood that a number of Delegations wished to discuss the particular question of development expenditure. It did not see any specific reason as to why it should not be discussed. However, the Delegation did not have any particular position as to where it should be placed on the agenda.

25. The Delegation of Venezuela (Bolivarian Republic of) stated that once it had been agreed that it was the Secretariat's error and the Secretariat thought that the item should be included under item 5, the Delegation would not have a problem with where the item was placed on the agenda. However, if it were placed after item 7, the debate on everything that had

already been decided on under item 5 would be reopened. The decisions taken in September 2012 were done so by all Member States, not only by developing states. It remarked that the Delegation of France too might have noticed there was an error in the agenda.

26. The Delegation of Germany preferred to discuss this agenda item after agenda item 7 for two reasons. The Delegation did not see the relevance of such a discussion for the 2014/15 Program and Budget because the proposed budget was based on the current definition. Discussion on the development expenditure definition would only be of relevance, if at all, for the 2016/17 budget proposal. It seemed appropriate to discuss this at a later stage and to take practical considerations into account given that it appeared this was a contested item. It would make sense to work through the current items and come to this item at a later stage.

27. The Delegation of Egypt thanked the Secretariat for the work undertaken in order to prepare the draft agenda and other documents prepared for the meeting. The Secretariat had discovered an oversight and had admitted this oversight. However, the decision made by the Committee should be clearly cited. Member States needed to find a clear definition for development expenditure in order to apply it to the 2014/15 budget. In order to respect the decision made by the Committee at its last meeting, this item should be discussed under the Program and Budget item. Therefore, the discussion could not be postponed to a later point in the agenda. The Delegation urged the membership to re-read the Committee's decision which stipulated that this would apply under the draft Program and Budget for 2014/15 in order to make the difference between the current definition of the cost of development and the proposed definition clear. The matter would be discussed regardless under the proposed Program and Budget item and, if placed on the agenda after item 7, would be re-discussed, which would mean that it would have unnecessarily been discussed twice. It would make no sense to discuss the same issue twice. To respect the decision made by the Committee, the Delegation pledged with other Delegations to agree to discuss the matter in question under agenda item 5.

28. The Delegation of Belgium stated that this would be its last intervention on the issue and added that the Delegations of France and Germany had also given a very clear message on it. The Delegation proceeded to explain why it wished to include this item after agenda item 7. First, items 5 until 9 pertained to the high-level grouping of Planning and Budgeting. It did not matter whether the new item was inserted after item 5 or after 7 because anyhow they were under Planning and Budgeting. On the other hand, if one looked at the first three titles after the second high-level grouping, one would note that all these titles were linked to this new item. That was why Group B requested that, if Member States felt that there was a need to have another discussion on development expenditure, this should be done after the agenda item on governance (an agenda item for which there were no documents on the table).

29. The Delegation of the United States of America thanked the Delegation of Egypt for its recommendation to read the decision taken under agenda item 9 as recorded in document WIPO/PBC/19/27. The text indicated that the revised definition, if agreed upon, would be applied to the Program and Budget for the 2016/17 biennium. It was in this context that the definition, if a new definition was agreed upon, would be relevant. Therefore, the Delegation supported the position taken by the Delegations of Belgium, France and Germany.

30. The Chair concluded that there seemed to be a standstill and members could not adopt the budget. There were two ways out. In view of the integrity of the decision on the item related to the development agenda, the item should be included, as put forward by the Secretariat, under item 5. This would allow the membership to discuss the issue of the development expenditure definition under item 5 and not to reopen it again after item 7. At the same time, the Delegations of Germany and the United States of America were correct in saying that this would apply to the 2016/17 Program and Budget and not to 2014/15 budget as the Delegation of Egypt had said. Therefore, this definition, even if adopted, would not apply to the budget for

the coming two years, 2014/15. It would only apply to the 2016/17 biennium. However, there should be some kind of balance. Even though the new definition would apply until 2016/17, it was part of the definition of development that was going to be discussed under item 5 because the definition of development expenditure was part of an integral decision. It did not make sense to have the discussion twice as the issue would be raised under item 5 by members of the developing countries. The Chair stressed again that the new definition would only be applicable to the 2016/17 budget proposal. The chair announced that the text of the proposed definition was going to be made available this morning. He added that he would have preferred to place this item under item 5 in order to discuss the whole issue of whether or not it was adopted. The Chair wished to proceed along these lines and to adopt the agenda with the amendment as proposed by the Secretariat. This was the Secretariat's mistake, which it had corrected. It would have been a different question if one would assume that the Secretariat was not neutral. If membership assumed that the Secretariat was neutral and put it under item 5, there must be reasoning for it. The Chair invited the Secretariat to explain the reasons for including this item under agenda item 5.

31. The Delegation of Switzerland thanked the Chair for the proposal but noted that the discussion on this item should take place independently of the debate on the budget since it concerned a new definition to be applied in future. The Delegation believed members needed to conclude the debate on the budget before coming up with the new definition or discussing the new definition of development expenditure applicable to future budgets. Since the last decision on it had been very clear, in that it had proposed this as an agenda item, the delegation thought it could be included before the item on governance. The Delegation believed that agenda item 5 should be maintained as it was, without any changes. It referred to budgetary issues which should be discussed. The definition of development expenditure would be an additional element which would apply to future budgets and not to the one under discussion at this session.

32. The Delegation of Monaco supported the statement made by the Delegation of Switzerland. Looking at the text of the decision made at the last Committee meeting, the text clearly stated that the question of development expenditure would be on the agenda of the 20th session of the PBC. There was no room for interpretation here. It had been defined as a specific agenda item. Therefore, the Committee could not look at it under another agenda item. The Delegation added that it did not entirely agree with the Chair's argument since it was understood that the 2014/15 Program and Budget would be based upon the current provisional definition and the definition which might be adopted would only apply to the future biennium. The Delegation believed that things should be taken in the correct order, i.e., look at the Program and Budget under the current definition and then look at a definition that would apply in the future. The definition should be looked at separately and subsequent to the discussion on the Program and Budget for 2014/15.

33. The Delegation of Italy supported the proposal made by the Delegation of Switzerland. Nobody questioned whether or not members should have a discussion on development expenditure. The question was whether members needed to have a proper and informed discussion about the objectives to be reached. Members needed sufficient time to prepare for this discussion so that it would be a meaningful one. Trying to have an early discussion, forcing an early discussion, with one part of the membership not well prepared, would not ensure a good quality of discussion. The Delegation thought that the proposal by the Delegation of Switzerland was a good compromise.

34. The Delegation of Iran (Islamic Republic of) remarked that it seemed that everyone would like to stick to the last year's decision but there were two different points. Members were not discussing this specific agenda item for the new 2016/17 Program and Budget. Paragraph 3 of the decision requested the Secretariat, in addition to applying the current interim definition, to test the proposed definition, as evolved before the next session of the PBC, against the draft 2014/15 Program and Budget and to clarify the significant differences between the current and

proposed definitions. For this session, members were not going to adopt any definition to be applied in the 2014/15 biennium. However, the definition that the Secretariat was going to provide would clarify the differences between the existing the new one. That was why the definition of development expenditure was directly linked to the 2014/15 Program and Budget. The next issue would be if the group was ready to decide on the new definition; then it would be discussed for the next biennium. The Delegation's understanding was that Secretariat had proposed to include this agenda item under Planning and Budgeting, after item 5.

35. The Secretariat apologized for the confusion that this had entailed. As pointed out by a number of delegations, the Secretariat had looked at the Chair's proposed definition from the last discussions as one which was going to be applicable to 2016/17. This was why it was placed on the agenda for the September meeting. However, the Secretariat also stood ready to discuss the Chair's definition in the context of the 2014/15 budget proposals as per paragraph 3 of the same decision, which requested the Secretariat *"to test the proposed definition, as evolved before the next session of the PBC, against the draft 2014/15 Program and Budget and to clarify the significant differences between the current and proposed definitions"*. That was the element of the definition which the Secretariat would have brought forth under agenda item 5. The definition, as the Organization moved forward to 2016/17, was a wider definition which was why the Secretariat had put it on the September PBC agenda. This was where the confusion laid with the Secretariat: the Secretariat had seen it as two pieces of what may be the same puzzle but in two separate contexts. One would show, at a high-level, what the implication of this new definition would be, and this would feed into the discussion which would take place during the September PBC. The Secretariat expressed its regrets that it had interpreted the decision paragraph in the wrong way.

36. The Delegation of Brazil was disappointed with the amount of time spent discussing the matter. The Delegation was of the view that the work and the discussion of development expenditure were intertwined with the discussion of the present draft budget proposal. In this regard the Committee would not duplicate its work by having this discussion as the fifth point on agenda.

37. The Delegation of Poland, speaking on behalf of the Group of Central European and Baltic States (CEBS) understood and appreciated what the Secretariat had just stated. However, the Group was still of the opinion that the proposal presented by the Delegations of Switzerland and Italy were those that the CEBS would like to go along with.

38. The Delegation of France remarked that all delegations were talking about the same thing. Delegations wished for a little bit more time to discuss it a little later in the week. The Delegation agreed with the Delegation of Iran that one of the things Members needed to do was to see exactly what effect the definition would have had, had it been applied to the 2014/15 budget proposal. That was the central point of the decision. However, the Committee needed to discuss the 2014/15 proposed budget and have a clear picture of what that Program and Budget would be. That would obviously facilitate the discussion of the implementation of the new definition. Doing everything at the same time would confuse the issue. Members could not discuss an issue from three different points of view at the same time. The Committee needed to see what difference it would make once the decision had been made. That was why the September decision was perfectly logical. Once Members knew what the definition was then they could calculate what difference it would have made. Members could not possibly do that unless they knew what the budget was going to be. The position of the Delegation of France was that it had nothing to do with development *per se*. It had to do with expenditure for development. Therefore, the Delegation asked the Chair not to make any connection between the positions taken and the neutrality of the Secretariat. Of course, the Secretariat was neutral. It was the only way in which members could have decisions and debates. The Delegation of France had never had the slightest doubt about the neutrality of the Secretariat.

39. The Chair requested the Secretariat to distribute the text of the adopted definition. Delegations would read the text and would not needlessly argue about the issue. Members were talking about the new definition and new figures without knowing what the figures were and the Chair thought that this added to the complication. The new figures were almost the same as the old ones. If everybody could see that, the Chair was certain that Members would not be having this discussion.

40. The Delegation of Belgium, speaking in its national capacity, supported the interventions made by the Delegations of Switzerland and Monaco and drew the membership's attention to sub-paragraph 4 of decision on item 9 of the 19th session, i.e., that the issue of the definition of development expenditure would be an agenda item of the 20th session of the PBC. It did not say that it should be a part of an agenda item. If members agreed to have it on the agenda, which was a request for which members could show some flexibility, then it should be a separate agenda item and not a part of an agenda item because this would be contrary to the decision taken.

41. The Delegation of Egypt thought that members were coming to agreement on the fact that the definition of development expenditure was divided into two parts, one of which was the 2014/15 Program and Budget and therefore it was logical to discuss the difference between the current definition and the definition which would be related to the later budget period. This definition was linked to the current Program and Budget but now the discussion concerned a definition to be applied to the 2016/17 budget proposal. Members must not forget that there were those two different parts. The second part was a discussion on what would happen if the Committee decided to implement a new decision for a future budget. The Delegation thought that it was logical that it be discussed before the Committee discussed that future budget. The Committee needed to discuss the difference between these two definitions to see whether it would implement the new one in the future. The Delegation added that members needed to discuss that before they discussed the 2016/17 budget.

42. The Delegation of Venezuela (Bolivarian Republic of), having listened to France's last statement, understood the question more clearly since France had separated the issue of budget from the issue of development. However, it was all the same to the Delegation, which could not imagine how the Committee could discuss development without the budget being involved. Nevertheless, there might have, of course, be problems in terms of translation because certainly the Delegation did not think that there was any doubt with regard to the transparency of the Secretariat, and added that what the Secretariat had said on item 5 was absolutely clear. Notwithstanding that, in order to deal with the issue in a consistent way, the Delegations of Switzerland and France, among others, had suggested that the Committee discuss the new agenda item 7 under item 5 and not take a decision on it until item 7. In order for everyone to save face, membership could proceed as they had suggested - but that meant that the Committee would have to work on item 7 before it could actually take a final decision on item 5. It was also clear that no new agenda item was being added. It was also clear that the present discussion was taking place because of a mistake by the Secretariat.

43. The Delegation of Greece expressed its support of the declarations made by other members of Group B, especially those made by the Delegations of France, Italy and Switzerland. It considered the proposed compromise a good one that favored quality of the debate.

44. The Delegation of Monaco presented its interpretation of the decision taken at the last session. Paragraph 2 of the decision invited Member States to pursue its consideration of a new definition and invited the Secretariat to provide information to Member States with regard to the new definition and what that might have changed with regard to the last decision and how that would have affected the 2014/15 budget. The Delegation stated that it could very well have said how it would have affected 2012/13 but, of course, members would actually be discussing the 2014/15 proposal. With the figures in mind, that comparison would actually be clearer to

delegations. This was just an additional point to help Member States make progress in order to reach a decision on the definition. This information from the Secretariat did not have to have a place during the discussion of the 2014/15 budget. As the Delegations understood the matter, there should be a separate discussion on the definition; Members would simply use the figures from 2014/15 and that comparison would help Member States understand the ramifications of the new definition. It certainly could take place under a separate item, but as the Delegation of Switzerland had suggested, it could take place before the item on governance. However, it was indicated nowhere in the original decision that the discussion should be held under the item pertaining to the proposed budget for the next biennium. The comparison which the Secretariat was going to establish and provide was only to help members with the new definition and it would not help in taking the decision on the next biennium's budget. The Delegation thought that the Committee needed to have one single discussion on the definition, taking into account the work that the Secretariat had done on the comparison which was to help the Committee with establishing that definition.

45. The Delegation of Algeria found the long debate unfortunate and believed that the only way to solve this problem was to be pragmatic and ask what the real problem with adding this item to the agenda under item 5 was. As far as the Delegation understood, the problem lay in making a link between the current Program and Budget and the fact that the definition of development expenditure needed to be applied to the 2016/17 biennium. A footnote could be added, saying that this definition would apply to 2016/17, if adopted. In the practical and pragmatic sense, looking at the definition of development expenditure involved a comparison of the ways that budget would appear when the old or the new definition was used; what was currently allocated to development with this definition and what would be allocated under the new definition. It would help delegations have a clearer understanding for future decisions that would have to be made. The Delegation proposed to insert this item as 5B rather than as 5.2 or 7.1.

46. The Chair said he planned to suspend the morning meeting after the next two speakers for consultations among the Groups Coordinators in order to come to a decision.

47. The Delegation of Japan supported Group B's position, adding that, according to the decision of the previous session, the 2014/15 biennium budget would be used as material for a comparative study in respect of the discussion on the definition of development expenditure. The discussion on the definition of development expenditure would not be used for the 2014/15 biennium budget. In this regard, a clear line should be drawn between the discussion on the 2014/15 biennium budget and the discussion on the definition of development expenditure. Therefore, the Delegation favored a separate agenda item for the discussion on the definition of development expenditure.

48. The Delegation of Germany aligned itself with the statement made by the Delegation of Japan and the position of Group B.

49. The Delegation of Belgium, in order to come to a solution that would be acceptable to all delegations, proposed calling the inserted item as agenda item *5bis*.

50. The Chair requested delegations to confirm their agreement with the suggestion made, namely to insert the item on the Definition of Development Expenditure in the Context of the Program and Budget as agenda item *5bis*. There were no objections. The agenda was adopted.

ITEM 3 PROGRAM PERFORMANCE REPORT FOR 2012

51. Discussions were based on document WO/PBC/20/2.

52. The Chair remarked that agenda item 3 comprised two items, the Program Performance Report (PPR) for 2012 and a sub-item entitled "Oral Report on Activities of Program 18" (IP and Global Challenges). The PPR was a mid-biennium report on WIPO's performance. The Chair thought that an expeditious and time-saving way to discuss the PPR would be for Member States, who had already reviewed the report, to point out which programs they would like to discuss.

53. The Secretariat reminded the delegations that the PPR for 2012 was a mid-biennium report which assessed progress toward achieving the Expected Results, measured by the Performance Indicators and with the resources approved in the Program and Budget 2012/13. The preparation of the report had taken duly in to account the recommendations of the IAOD validation of the PPR for 2010/11. The document was structured as follows: Introduction, providing an explanation of the performance assessment methodology applied; summary of achievements in 2012; performance assessments by program comprising two elements: (i) an analytical overview of progress made in 2012 and any challenges encountered during the period under review and (ii) a section on each program's role and contribution to the implementation of the Development Agenda. There was performance data table for each program which recapitulated the Expected results to which the program contributed and the Performance Indicators as approved by the Member States in the 2012/13 Program and Budget. Baselines had been updated appropriately to reflect the status at the end of 2011. In line with Member State's requests during the 18th session of the PBC, the updated baselines were displayed alongside the original baselines of the Program and Budget document. Furthermore, the PPR program tables contained the 2012 performance data for each indicator and provided an assessment of the performance made by the use of a traffic light system: "on track", "not on track", "not available" or "discontinued". The final section provided information on the approved budget of 2012/13, the budget after transfers 2012/13, actual expenditure and budget utilization in 2012. The reporting in this section had been improved to include two tables. The first table showed the budget and actual expenditure by result, which for the first time provided information on the approved 2012/13 budget, the budget after transfers in 2012/13 and actual expenditure by result. The second table (budget and actual expenditure, personnel and non-personnel resources) provided information on the approved 2012/13 budget, the budget after transfers in 2012/13 and actual expenditure (personnel and non-personnel) in 2012. Furthermore, explanations were provided for the differences between the approved budget and the budget after transfers, as well as for budget utilization for those programs for which actual expenditure fell outside the range of 40 to 60 per cent of the biennial budget. The Appendix to the PPR contained a comprehensive overview of the implementation of the Funds-in-Trust in 2012 as an integral part of the PPR. In its first year (2011), this overview had been well received by Member States and taken as a positive development of WIPO's efforts to integrate all activities under the results-based management framework of the Organization, irrespective of the source of funds. This practice had therefore continued.

54. The Delegation of Chile asked whether there would be an opportunity to hear the comments from the Regional Groups on the budget, in general terms, and added that GRULAC did have a paper prepared. Other Groups also had prepared their interventions. The Delegation thought that it would be useful to have a general discussion and hear the comments from the various groups before getting into a more detailed discussion.

55. The Chair responded that general statements could be made either under this agenda item or under item 5.

56. The Delegation of Chile thought it important that Groups had an opportunity to listen to each other's positions before the start of the discussions.

57. The Delegation of Belgium, speaking on behalf of Group B, said it would make its statement when discussing the Program and Budget.

58. The Delegation of Venezuela (Bolivarian Republic of) wished to comment on the specific topic of the PPR. It shared the opinion expressed by the Delegation of Chile regarding general statements.

59. The Chair invited Groups who wished to make general statements at that point to take the floor.

60. The Delegation of Trinidad and Tobago, speaking on behalf of GRULAC, was pleased to see the Chair at the helm of the PBC and was certain that the Committee would make good progress during the course of the session. Regarding the WIPO Academy, GRULAC wished to thank the Secretariat, and in particular the director the Academy, for the work undertaken in the Latin American and Caribbean sub-region. The importance of IP and innovation had been highlighted within the region and went a very long way in enhancing and developing the knowledge of regional economies. However, in order to improve the quality of the services of the academies in the region, there were a few matters that the GRULAC wished to point out to the Committee. The GRULAC had noticed that, in several cases, valuable pilot projects, especially for academies within the region, came to an end due to a lack of funding. In the circumstances, the GRULAC called for the establishment of a regular budget in the next biennium for these pilot projects and for the national strategies being developed within the region. By doing so, the continuity of these projects would be guaranteed and Member States would be able to reap the long-term benefits associated with the implementation of these pilot projects and national IP strategies. Regarding the 2014/15 budget, GRULAC was convinced that such a budget should be balanced. In order to reach a balanced budget, income and expenditure should be realistic and affordable in the present as well as in the long-term period. While GRULAC welcomed the fact that there was an expected increase in income for the 2014/15 biennium, it considered that such an increase should strengthen the Organization's capacity for action as well as ensure its financial soundness. For example, GRULAC was very much concerned with the fact that despite an increase in income, the percentage devoted to the development share was lower than the amount approved in the last biennium. In addition to this, there was the question of the financing of long-term liabilities, which had not yet been resolved, as well as infrastructure needs, which were also not included in the budget proposal. Such a situation called for more strategic realignment of the resources used by the Organization. The issue of WIPO external offices was another subject of critical concern for the GRULAC. The Group regretted the way it had been dealt with and the fact that the process used for the selection of new external offices, incorporated in the draft budget, had not been open, transparent and inclusive. At this stage, GRULAC proposed that the WIPO Secretariat reflect on the draft budget with a view to considering external offices within the Latin America and Caribbean region on an equal footing in the context of the question of the five proposed external offices. To maintain a regional balance within the WIPO system, the necessary funds must therefore be allocated in the current budget for the establishment of external offices in the Latin American and Caribbean region. The topic of IPAS was also one of the utmost importance to GRULAC. To improve the effectiveness of the system, Member States would require greater technical assistance and support within their local IP offices. In terms of new and expanded budgetary resources, the GRULAC would also like the WIPO Secretariat to provide further clarification on this issue as well as information with respect to the methodology used for the distribution of these resources amongst various WIPO activities. In closing, GRULAC wished to emphasize its concern with respect to the lack of geographical balance in terms of the human resources within the Organization. When compared to the previous budgets, GRULAC continued to be placed at a disadvantage, as there was a continuous reduction of staff from its geographical region. GRULAC trusted that this situation would be

rectified in the near future. It noted recent reductions in the staffing in the Latin American and Caribbean bureau and said that this was also a disadvantage to the region. Staff in the bureau must, without delay, be brought to minimum level. GRULAC made itself available to the Secretariat to agree on a reasonable solution to this.

61. The Delegation of Algeria stated that it would deliver the comments on behalf of the African Group under agenda item 5.

62. The Delegation of Poland, speaking on behalf of the CEBS, expressed its readiness to engage constructively during the session so that PBC 20 achieved positive results. It thanked the Secretariat for a great job done in the preparation of the session. CEBS highly valued the fact that the documents presented were done so in a timely, clear and precise manner. The Draft Program and Budget reflected many ideas and thoughts of Member States but there was always room for improvement. The CEBS group believed that in order to make the biggest impact possible, it was more important than ever to focus on the delivery of strategic goals related to the global IP systems, the global legal framework, the global infrastructure, world reference resources and development. These were the areas in which the Organization had a comparative advantage and to which it could make its mark and contribution. CEBS noted that the Draft Program and Budget 2014/15 anticipated a surplus. However, given the uncertainty of the global situation, it considered that the surplus money should be spent wisely and as efficiently as possible. Moreover, the increase in revenue had been expected. Members should be careful not to end up with a deficit if such optimistic expectations were not met in the course of the coming biennium. CEBS shared the view that the cooperation with certain countries in Europe and Asia would be two-fold. Firstly, to provide support for improving the participation of Central European and Baltic States, Central Asian and Caucasian countries in the social and economic benefits, and secondly, to coordinate the promotion and delivery of WIPO services and programs to developed countries. The assistance granted by Program 10 would have to be tailored to the specific needs of the countries concerned, which were at different levels of economic development and had different IP needs. Following the economic and financial crisis, many countries in the CEBS region considered the role of IP. This was why the demand for developing national IP strategies and plans would continue to grow in the coming biennium. Small and Medium Sized Enterprises (SMEs) had been a central part of innovation. Many SMEs in the region were beginning to offer products and provide services in IP intensive industries. Hence there was a need to further enhance their understanding of IP, including on how to integrate IP into their innovative policies, how to better use innovation systems and how to benefit from WIPO's services. The rationale behind the proposal for the mainstreaming of the work for SMEs in the regional bureau had to be looked at more closely. Information available on the 2012/13 budget and the performance of the program suggested that the SME program was currently underfunded. CEBS would like to see that changed. The identification of risk and mitigation strategies had been strengthened in the draft Program and Budget. Risk management and SRP were aimed at fully integrating the information strategies into organizational performance management, including biennium planning. The Group considered that the SRP itself was the right way forward for WIPO. In terms of expenditure, the CEBS Group found two issues worrisome. One was staff cost increase of 8.8 per cent. It noted, with great concern, the significant yearly increase in personnel expenditure and the lack of meaningful cost reduction measures. Part of this was due to the end of the regularization process for certain staff contracts and to higher provisions made for future expenses. However, the distinction was not clear between what actual payments were required in 2014/15 and what constituted provisions for further expenditure. Furthermore, while CEBS welcomed further proposals to deal with the financing of long-term employee and benefits at WIPO, CEBS took note of the fact that, at this stage, WIPO did not yet have a clear strategy to decrease long-term responsibilities. The second worrisome issue was the Secretariat's proposal of for the setting up of new external offices. CEBS's was surprised with interpretation given on the usefulness and cost efficiency of establishing new external offices. At a time when staff and administrative costs continued to increase and the Organization aimed at treating more demands on-line and invest heavily in ICTs and when, furthermore, it promoted one UN approach, WIPO should

consider carefully any initiative entailing the introduction of new cost structures. The proposal would result in additional long-term costs while complicating governance and oversight in the Organization. All this was the most surprising, taking in to consideration the conclusions of the 2012 September PBC. In this context, CEBS would appreciate more information and analysis with regard to the current functioning and added value of the existing external offices, the added value and cost benefits of creating new external offices and the detailed budgetary implications thereof. Concerning long-term liabilities, given the budgetary implications, the Capital Master Plan (CMP) must be closely watched, especially in terms of cost containment. CEBS would like to draw attention to the issue of the reserves. The Secretariat ought to secure and ensure that reserves are used strictly for extraordinary purposes and not as a supplementary budget, especially at a time when an increase in revenue is being expected. Last but not least, CEBS looked forward to seeing the human resources report to the September session of PBC. In this respect, CEBS emphasized the importance of a having a balanced regional representation in the WIPO Secretariat as well as where the CEBS region was concerned.

63. The Delegation of Belgium, speaking on behalf of Group B, thanked the Secretariat for the preparation of all documents for the intensive consultations held over the past few weeks. Many subjects were interrelated and members needed to make sure that the approach of the coming budget was coherent. The Delegation wished to apologize in advance for the length of its intervention and wished to congratulate CEBS for its statement which reflected several elements of Group B's statement. The Group welcomed the forecast for the 2014/15 biennium but, given the uncertainty of the global economic situation, it believed that the adoption of a conservative budget the appropriate course of action. Group B endorsed the budget for 2014/15 biennium in respect of the further development of the international normative framework for IP and the enhancement of the access to, and use of, IP information. Group B also took note of the fact that the SRP, which had involved important organizational reforms, had now been completed and supported ongoing efforts to ensure that the benefits and improvements resulting from the SRP were contained. Furthermore, in terms of forecast expenditure, Group B had several concerns. These were predominately related to the significant increase in staff costs and to the lack of information regarding the proposed policy for potential external offices and engaging resources to that effect, which conspired to a decision on potential new offices. Regarding staff costs, whilst Group B welcomed the fact that there would be no increase in the overall number of posts the Group noted, with concern, that there seemed to be continuous significant increases in personnel expenditure from one biennium to the next and that these were due to the ending of the regularization process. Although Group B saluted the projected 20 per cent savings in travel costs for staff and third parties, further reductions in staff costs, including daily costs as well as over savings, would be welcome. Group B welcomed further proposals to deal with the financing of long-term employee benefits at WIPO and took note of the fact that WIPO did not have a clear strategy to decrease long-term liabilities. With regard to the proposal to establish new external offices, Group B wished to provide the following remarks. First of all - and this followed directly on from the conclusions of the PBC held last September – Group B would not be in a position to take a decision here and now on this topic. Indeed, Group B considered that there was no consensus at this stage between members on the external office policy. It was therefore premature to include staff and financial resources in the 2014/15 budget without consulting Member States beforehand, as clearly stated in September 2012. Secondly, before being in a position to take any decisions on the principle or need to extend the number of external offices, Group B would welcome more information about the current functioning of the current ones. Should new offices be set up, a list of criteria should be established. However, first of all, Group B would welcome further information on the actual objectives to include the priority given to online services, added value, cost benefits, detailed budgetary structures and policy results in respect of the current external offices. Finally, before being able to take a decision on the possible expansion of external offices, Group B would welcome further detailed information as to why these five proposals were directly integrated into the draft Program and Budget. Other proposals and requests had been made, so the Group wondered why it was down to the five current ones. In this regard, the Group would welcome further information in both the short-term and more sustainable

information in the long-term. It noted that the Draft Program and Budget for 2014/15 no longer contained the SMEs program although SMEs were a major priority, based on the notion that SMEs could be sufficiently mainstreamed. Group B was concerned about the current financing of these programs and expressed its wish to extend the mainstreaming of activities and programs that would foster the promotion of innovation and development of IPs to SMEs which, in its view, remained a cornerstone for growth in many other countries. Secondly, the mainstreaming of activities should not result in the currently existing underfunding of the programs which the Group would like to see continued. Thirdly, the mainstreaming of SMEs should not result in the weakening of the quality of services provided to SMEs. The same remarks would apply to programs and activities related to innovation. Following up on the last PBC discussions, Group B had appreciated the briefings on the construction of a new conference hall. The Group considered that, in replacing these briefings with written reports, a clear link to the CMP, in particular with respect to the use of the reserves, should be highlighted. The Group was furthermore of the opinion that the CMP should be kept under strict watch especially in terms of cost containment. Group B also highlighted the CMP link to the Program and Budget, in particular the importance of ensuring that the reserves were used for their purposes and not for short-term budgetary purposes. In this regard, Group B said it would also welcome being provided with further information on the current reserves, on a regular basis, and felt that there were further improvements to be made in the way that WIPO conducted its projects as it was rather difficult to analyze how such projects were progressing. The Group looked forward to further explanations on these issues.

64. The Chair announced that three papers were available at the documents desk: a white paper on external offices, the Chair's definition of development expenditure and the updated Q&A paper. The Chair invited delegations to consult these documents. There was a short break in the discussions.

65. The Delegation of Brazil, speaking on behalf of the DAG, congratulated the Chair on the chairmanship of the Committee. The DAG trusted that under the Chair's stewardship progress would be made in the various areas of work. The DAG reiterated its willingness to work constructively with all Groups and Delegations in order to reach a successful dialogue. The DAG regretted the fact that the CDIP was not an important factor in the allocation of resources to programs in WIPO. The inclusion of the CDIP in the coordination mechanism would be consistent with the goal of mainstreaming development through all areas of work at WIPO. The DAG wished to recall the fact that the PBC was, until today, the only WIPO committee with any oversight of activities related to IP and to the Global Challenges Program. These activities were related to the implementation of the development agenda and to how IP could best be used for economic and social development. During the 18th session of the PBC, the Member States had agreed that the Secretariat would report on both the planned and active activities of the IP and Global Challenges Program. The DAG was looking forward to hearing this report. Nonetheless, the DAG considered that written reports and periodic seminars at the Standing Committee on Patents or the CDIP represented a minimum standard of accountability. One of the most important issues debated during the session was the definition of development expenditure. During the 19th session of the PBC it had been agreed that a new definition of development expenditure would be tested. The DAG would engage constructively with other interested groups and delegations in order to achieve a satisfactory result. The DAG believed that the definition must reflect the appropriate allocation of resources to development-oriented activities. It was important to notice that the structure of document WO/PBC/20/3 had been kept the same. Members had given input in the last session. The member-driven process and language should be put in place instead of a business-oriented approach. In this respect, it was worth recalling that, almost one year after requests from Member States to have development expenditure broken down by cost category, the Secretariat still had not implemented this. The DAG also stressed the fact that neither document WO/PBC/20/4 nor the draft 2014/15 budget foresaw any new resources to CDIP activities in the next biennium and the DAG would engage in discussions in order to obtain an appropriate share in respect of development.

66. The Delegation of Algeria, speaking on behalf of the African Group, had two general comments. First, on the status of the PPR document, the African Group had already stated, at the last session, that this document was a self-evaluation of activities carried out by the Secretariat. As previously mentioned, the Group considered it problematic to ask for the approval of a document which was really a self-evaluation. Therefore, the Group considered that the document should include all of the comments made by Member States. These would form an integral part of the PPR document. The second comment was that through all the programs, references were made to training provided to Member States: studies, internships, etc. The Group wished to know what the content of this training was and what courses had been provided to Member States. Again, this comment regarding the nature and content of training activities had been made repeatedly throughout the PBC. For the African Group, it was very important that training or courses provided by WIPO were balanced and that they dealt with all issues, including flexibility, exceptions and limitations. The Group wished to know how the Secretariat was dealing with these issues. The references to training were made in several programs. It was a cross-cutting issue, and the Group wished to obtain the details thereof.

67. The Delegation of Brazil, on behalf of the DAG, recalled its position that the PPR, as mentioned by the Delegation of Algeria, was a self-assessment tool and should not be recommended for approval by Member States at the Assemblies. Prior to any other action, there should be discussions and all Member States' comments should be incorporated into the document. At the moment, the DAG could not follow the Secretariat's suggestion and recommend the approval of this document by the Assemblies.

68. The Delegation of Egypt supported the comments made by both the Delegation of Algeria and the DAG. This issue had already been discussed at the previous PBC session and the Committee had found a formula, which was that the self-evaluation by the Secretariat should be complemented by the remarks made by Member States. The Delegation commented that not all programs gave details of their implication in the implementation of the DA recommendations, despite the fact that Member States had been informed that development activities would be indicated in all programs. Those programs which did mention development did so in a very general manner, without providing details. Therefore, the Delegation would like to see all of the programs contributing to the DA provide details of their contribution in the future. This would allow members to have a means of evaluating progress made in the future. The Delegation would subsequently make comments on other programs when the relevant discussions arose.

69. The Delegation of Japan thanked the Secretariat for preparing the PPR document. According to the document, there were 300 performance indicators and the Delegation was pleased to see the steady effort made by the Secretariat to implement the programs. Compared to the 2010 PPR discussed two years ago, the indicators assessed as being on track had decreased from 83 per cent to 80 per cent while those assessed as not being on track had increased. The Delegation requested an explanation on whether or not there was a special reason for these fluctuations. As for the performance indicators assessed as not being on track, it was important to put them on track in the following year. The report should indicate what strategy the Secretariat had adopted to mitigate the risk. In particular, the Delegation was interested in the indicators that were directly linked to the global IP services which was the Organization's fundamental business. Examples included the timeliness of examination in Program 5 and the percentage of indicators as compared to the total number of applications received in Program 6. The Delegation strongly hoped that meaningful measures had been adopted to mitigate the issues and improve them in the next biennium.

70. The Delegation of the United States of America considered delivering its statement under agenda item 5, in the same way as several other delegations had done. However, following on what the Delegation of Japan had stated regarding the "on track" and "not on track" results, the Delegation wished to ask the Secretariat what "on track" and "not on track" meant and what standards or rules drove a conclusion on this; who decided whether a program or an item under a program was on track or not on track. The Delegation remarked that the binary on track

and off track left a lot of room for important explanation and qualifications. It wondered whether those were part, or could be part, of the draft Program and Budget.

71. The Delegation of Canada thanked the Secretariat for the presentation of the 2012 PPR. Referring to the objectives and indicators, the Delegation said that there were reference levels but members could not actually see these. In Program 30, under the expected results mentioning the number of users of materials and tools drawn up by WIPO, around 1167 users were listed. However, it was also stated that the program was not on track but there was no way for the reader to understand why this was the case. The objective was 3200 users. It would be helpful for readers to actually add the objectives which had previously been approved. The second comment had already just been made by the United States of America and regarded the understanding of what on track and not on track meant, as there was a broad margin between on track and not on track. It would be useful to have some way of understanding that.

72. The Delegation of Italy concurred with the questions posed by the two previous delegations.

73. The Delegation of Venezuela (Bolivarian Republic of) returned to the issue of approval or non-approval of the PPR document. It requested clarification on the matter and asked who would be applying the programs in the Secretariat if the PPR were not to be approved. The Secretariat was working for the Member States and it was said that the PPR was a self-evaluation by the Secretariat, how they felt that the programs that Member States had requested were being implemented. Traditionally, the Committee approved the document but, in the future, perhaps the Committee needed to recommend that the comments of Member States be integrated into the document. What the Delegation did not understand was that some delegations were saying that the document should not be approved by Member States. The Delegation saw no reason for this, especially given that it had previously been approved. At the next Assemblies, if Member States would not approve it, they would not have a basis for discussing what had been done this last year and what could be done in the future. If it was not approved, members would not know what needed to be done to improve things in the future. The fact that the Secretariat was providing this information to Member States meant that the Secretariat was submitting itself to examination by the Members. The Delegation requested clarification as to what the Committee was doing with this document of 200 pages if it did not require their approval. The Secretariat could just present it and go away. But then how could this Committee explain to the other members at the Assemblies what happened with budget that had been approved for these programs?

74. The Delegation of the Republic of Korea thanked the Secretariat for the preparation of the document. The Delegation asked how each of the performance results was utilized internally at WIPO. More specifically, it wondered whether a performance report had an impact on the distribution of resources or if it was important in terms of managerial decisions. The Delegation observed that, for ease of reference, two pieces of information should be added in the performance data. That was target of every performance indicator as were cross references to indicators where there was inter-program collaboration.

75. The Delegation of China thanked the Secretariat for the detailed 2012 PPR. It believed that this report would help Member States better understand the work carried out by WIPO over the last year. The report indicated that 80 per cent of indicators were on track. The Delegation expressed its appreciation in this regard. However, 12 per cent of indicators were off track. The Delegation expressed its concern in this regard and hoped that WIPO Secretariat would draw lessons and take appropriate measures in 2013 to help achieve relevant targets and indicators.

76. The Secretariat responded to the comments. Regarding the status of the document and its approval, the Secretariat recalled that an elaborate discussion on that subject had taken place in the last session on the PBC. It recalled why, from the Secretariat's point of view, the

approval of this document was very important. First of all, the PPR provided an opportunity to consult with Member States not only as regarded the planning of the Organization but also as regarded the performance of the Organization. The PPR was one element of the results-based management framework of the Organization. A lot of time was spent discussing the Program and Budget, the performance measurements in the Program and Budget. The PPR provided an opportunity to engage and see, based on the measurement frameworks that had been approved at the planning stage, how that plan had actually been implemented. The Secretariat also recalled that the PPR was the main accountability tool that the Secretariat had. After the approval of the Program and Budget, the PPR was the instrument to report to Member States on performance. It actually followed best practice and this followed a recommendation by the Joint Inspection Unit (reference document JIU/rep/2006/6) where the JIU made a very comprehensive overview of the implementation of results-based management in the UN organizations and had specifically come up with a recommendation that a single annual performance accountability report on program implementation, which would facilitate the annual reviews to be conducted by the General Assembly, be adopted. The JIU had said that the good practice was to adopt such a report in order for it to be such an instrument. There were also a lot of other studies made by public sector management entities. Again, they said that one of the very critical factors for actually achieving results in an organization *versus* reporting on the results was the use of this performance information; not only internally, by the Secretariat, but also by the governance. It was a way of closing the loop and feeding in to the lessons learned into the next approval process. From the results-based management point of view, if one was serious about the implementation of results-based management, this helped to actually have all the required elements in place. Regarding integration of the DA recommendations into all programs (this question had been raised by the Delegation of Egypt), the Secretariat recalled that this was also a topic that came up in the discussion on the previous PPR. The Secretariat had made an extensive effort to improve those sections of the report and hoped that members could see it when they read the report. The Secretariat added that the very details about the implementation of the DA recommendations were also reported to the CDIP. Such reporting should be seen as complimentary. The Secretariat proceeded to answer questions related to the key performance indicators being on track or not on track as compared to the previous biennium. The Secretariat recalled that the 2010/11 Program and Budget had not systematically had baselines and targets for all of the indicators. This was an area where considerable improvements had been made during the past three or four years which meant that now members had baselines and for each of the indicators there were targets. That had not been the case in the 2010/11 biennium, which meant that the actual assessment of the performance, and whether or not it was on track, was much more precise now than it had been in the past. Regarding the suggestion made by the Delegation of Canada, the Secretariat took note of the suggestion and would, if there was consensus, include the relevant elements in the next version of the PPR. The Secretariat added that it would be very useful to actually be able to see the target but it was a question of how much one put in without reproducing the entire Program and Budget in the PPR. However, the target could be included in subsequent versions of the PPR, as requested. There were also questions regarding how "on track" and "not on track" were assessed. While assessing whether performance was on track or not on track, the Secretariat looked at what the biennial target was and what percentage of that target was achieved during the first year. If it was 40 per cent then it was marked as being on track. This was assessed in very close cooperation with Program Managers. The Secretariat agreed that the suggestion to have an intermediate traffic light system was a good suggestion. The Secretariat pointed out, however, that the more that was introduced in terms of possibilities, the more difficult it would become to judge whether a given objective fell in one category or another. The Secretariat would examine this possibility and would see if it could come up with a proposal. Regarding references to capacity building and training in the various programs (this was a question asked by the Delegation of Algeria), the Secretariat took note of this comment and assured that it would make every effort to take it into account. The Secretariat added that it would be an opportunity to ask the Program Managers themselves if there were any outstanding questions about the exact substance of the training programs in question.

77. The Chair referred to the requests from delegations pertaining to the inclusion of their comments in the PPR document and recalled that the decision taken the previous year was that the PBC had reviewed the PPR and, recognizing its nature as a self-assessment of the Secretariat, had recommended its approval to the Assemblies subject to the comments, concerns and suggestions for improvement raised by Member States and reflected in the report of the PBC as well as annexed to the PPR. The Chair confirmed that all comments made by delegations would be incorporated. Secondly, to make the notion of what was on track and what was not on track clearer, an example could be given. If there were 30 programs and 30 activities and, after one year, 17 activities were completed (and on track meant 40 to 50 per cent achieved), then this would be considered on track. If out of 30, 15 would be achieved in the first year that would mean that 50 per cent was accomplished.

78. The Delegation of Algeria thanked the Secretariat for the information provided. The African Group was the first one to raise the issue of the status of this document. The Delegation said that the decision at the last session could also be pursued but such decision should be reflected in the document itself. The recommendation the Committee made must refer to the decision made at the last session and take into consideration the comments, observations, or suggestions made by the Member States rather than impose the recommendation. That would be the Delegation's request. Responding to the Delegation of Venezuela, the Delegation stated that when, as the African Group, it had asked that this document simply be noted, it did so to point out that members needed to differentiate between the processes. For the Program and Budget there were briefings and a questionnaire had been sent to Member States. There were informal sessions with the Secretariat and the Chairman, where the Member States were really involved in the process. In the PPR, Member States were not involved at all and had a maximum of two days to review the document. This was why the Delegation had expressed this concern. However, the Delegation was perfectly willing to approve the document with the understanding that Members' comments would be taken in to account.

79. The Delegation of Belgium understood the request to see the comments of Member States reflected. On the other hand, members needed to respect the neutral character of the document. Yes, members still needed to have the Secretariat's assessment but there should be a clear difference between the Secretariat's self-assessment, on the one hand, and comments made by Member States, on the other. If not, neutrality would not be safeguarded. With regard to the recommendation for approval by the General Assembly, the Delegation thought that that the Secretariat had been very clear in outlining the reasons why this was necessary and the Delegation supported that.

80. The Delegation of Egypt thanked the Secretariat for their clarification in response to the delegations' inquiries. As to the first of these, regarding the importance of including the proposals and comments made by Member States in the report, the Delegation thought that this could be done and would resolve Belgium's problem, if there was a subsidiary section under each program which would include comments made by the Member States. In this way members would be able to make a clear distinction between the Secretariat's observations and those of the Member States. The document could go forward in that format. As to the identification of DA-related performance, paragraph 31.6 indicated that Program 31 was implemented in accordance with the DA without explaining how DA recommendations 1 and 6 had been implemented. Some programs were specific on that implementation and, in other cases, it had been a rather more general observation. Therefore, the Delegation wished to see the document harmonized so that the DA implementation would be shown in a more transparent manner.

81. The Delegation of the United States of America thanked the Secretariat for the explanation of "on track", and "not on track". The question was who made that decision: was it the Program Manager who decided whether something was on track or off track? The Delegation was particularly concerned with the numerous "not on track" objectives under TLS in Program 30.

82. The Delegation of Venezuela (Bolivarian Republic of) appreciated the clarification provided by the Delegation of Algeria. The evaluation of the results of the work was important but everything had to be carefully identified. The Delegation thought that members also needed to look at the reasons why something had been done, why a particular paragraph had been drafted. The Delegation asked the Secretariat to explain what the purpose and the spirit of this work had been. It was a self-evaluation, not an evaluation by Member States. This was certainly the case where this particular exercise was concerned, and it was an exercise with a view to continuing to move forward regarding the budget. Members could make observations and suggestions. It appeared, however, that this was neither the time nor the place to make such observations. When a governor of a state presented, to his national Congress, a report on the way in which a given budget was managed by states, it did not include comments made by the population. The issue here was that this was a self-evaluation exercise undertaken by the Secretariat to be submitted to the Assemblies. Our observations should have occurred in the past in order to affect the way in which the Secretariat worked. What members needed to do was to think of a way to make the self-evaluation by the Secretariat more efficient. The Delegation fully understood the point made by the delegation of Algeria as this Delegation was also very involved in the issues related to development, but it wondered whether this was the right time to include comments on self-evaluation. Member States' comments should rather indicate that the self-evaluation by the Secretariat needed to improve in the future.

83. The Delegation of Belgium, responding to the proposal made by the Delegation of Egypt on behalf of Group B, indicated that Group B would not be in the position to agree to that. First of all it would create a precedent for other Committees. Secondly, the Group thought that it was essential to distinguish between neutrality and the neutral assessment of the Secretariat and pointed out that the remarks may be neutral but also that they may sway in one direction or another. The Group had already shown flexibility by allowing for the annexing of the comments to the report but, again, those comments should not be included in the report which was a self-evaluation.

84. The Delegation of Japan recalled that, in its last intervention, it had stated that the PPR should indicate what strategy the Secretariat had adopted to mitigate performance that was not on track. The Delegation assumed that the Secretariat had adopted measures to mitigate the risk and asked for clarification by the Secretariat

85. The Secretariat commented that the PPR was an individual accountability tool used in the Organization and it was part of the results-based management framework, a framework which could also be seen in the Program and Budget document. It was a tool the Secretariat had strived to continuously improve in order to report back to Member States on the Organization's performance. The indicators had been strengthened and the Secretariat had tried to be as transparent as possible. It was a self-evaluation, but members also had to realize that once every two years, at the end of a biennium, this was subjected to an IAOD evaluation process attesting to where further improvements could, or not, be made. It was very important that this report was seen for what it was, i.e., a way of reporting back to the Member States and being accountable to them. If the process was weakened, it only weakened the framework. The Secretariat wished to say to point this out up front so that members understood the context in which the PPR was used.

86. Another member of the Secretariat, responding to the comments by the Delegation of Algeria, thought that it was very important to keep in mind that the PPR reported on performance, on the achievement of results for goals agreed on with the Member States. During the entire implementation, Member States were involved to a very great extent and, in fact, results were achieved in cooperation with the Member States. As to the strategies put in place (this concerned a question from the Delegation of Japan), the Secretariat recalled that the 2012 PPR was a progress report, reporting on the progress made in the first year of the biennium. It allowed the Secretariat to have an early warning and see how implementation was progressing. That was the purpose of the PPR. If certain approved elements of the program

were not on track, the PPR was an opportunity to make sure that measures were being put in place so that the Organization achieved the agreed results and target by the end of the biennium. To explain who decided whether performance was on track or not on track, the Secretariat wished to elaborate on how the report was being prepared. First, very detailed instructions were sent to Program Managers, including on how to apply the traffic light system (the not on track, on track, etc.). A central unit was used to facilitate this process. The unit worked with Program Managers and all of the input from the Program Managers went through a very extensive quality assurance process. This was important because all indicators throughout the programs needed to be checked for consistency and in order to see, for example, whether something had been reported the previous year. The unit proceeded with the quality assurance check and the report was subsequently sent back to Program Managers for discussion. This process of going back to Program Managers to make sure that there was agreement on what was put forward in the PPR in terms of "on track" and "not on track" was a relatively long one. Finally, the report was signed off by all Program Managers.

87. The delivery of general statements being concluded, the Chair invited comments on specific programs.

88. The Delegation of Italy commented on Program 30 as it had seen a transfer which reduced the envelope for the Program, mainly due to the redeployment of personnel to other programs. The Delegation wondered if this redeployment and the resulting vacant posts had influenced the activities of the Program in the successful delivery of its results. It also wondered if it would be appropriate to introduce reasonable performance indicators, according to the capacity of a division or a unit, which would measure the degree of delivery of results. If the reduction in the level of personnel made the achievement of results not feasible then performance indicators had to be adapted somehow in order to accommodate for this.

89. The Delegation of Angola commented on Program 9, page 58, concerning the number of countries in which the need for technical assistance and capacity building had been assessed. The Delegation agreed with the way that the Secretariat evaluated the program performance but requested more information concerning the real number of countries concerned. The number indicated was five countries, while further down it said 25 countries. On page 61 (the number of Member States that had received advice in the area of trademark and industrial design), reference was made to two African countries. It would be useful to name those countries so that the people were aware that WIPO was doing something in these countries. This should be improved, as had been done in other instances where specific countries were mentioned.

90. The Delegation of Spain had several comments on different programs and asked the Chair for advice on how to proceed.

91. The Chair recalled that, although it had been decided not to proceed program-by-program, if it would be more efficient to resort to a program-by-program discussion, this could be done. The Chair still hoped to collect all of the comments and then invite the Secretariat to respond. However, there seemed to be a preference for a program-by-program discussion. Therefore, the Chair opened discussion of the PPR for 2012 program-by-program.

92. There were no comments on Programs 1 and 2.

93. The Chair opened the floor for discussion on Program 3.

94. The Delegation of Algeria, speaking on behalf of the African Group, asked for an explanation of the restructuring of the presentation of activities under Program 3. The Delegation of Algeria believed that in 2012/13 the budget referred to copyright and related rights in a general manner, while this budget referred to three kinds of activities: normative and policy-related work, copyright infrastructure, and technical assistance to developing countries

and least developed countries (LDCs). The Delegation requested the Secretariat to explain what chapters of the 2012/13 budget covered the same activities, and what amounts were budgeted for copyright infrastructure projects. Specific information was requested about the TIGAR Project and its relationship with the Marrakesh Treaty on limitations and exceptions for visually impaired persons (VIPs). The concern was raised that there might be confusion of tasks between the TIGAR Project and the Marrakesh VIP Treaty. Specific information was also requested about what was involved in the TAG and WIPOCOS projects.

95. The Secretariat responded to the questions by indicating that TIGAR is an acronym that stands for Trusted Intermediaries Globally Accessible Resources. The term “trusted intermediaries” was another way to refer to the “authorized entities” that were included in the Marrakesh VIP Treaty. The TIGAR Project allowed a trusted intermediary in one country to access copyright-protected works in accessible formats from a trusted intermediary in another country with rights holder approval. The information communications and technology system that provided this line had been developed at WIPO and was in the first phase of development. It had been used to transfer some 450 books from one country to the other with the approval of each rights holder. The project had been running for about three years and was coming to the end of its first phase. There had been discussions about how to enhance and elevate it to complement the Marrakesh VIP Treaty. The Secretariat responded further that “TAG” stood for “transparency, accountability and good governance.” The TAG Project was an initiative to work with interested collective societies in developing and developed countries to develop a standard for self-assessment. To address the uncertainty in the range of quality in collective societies around the world, the project would work with industry to solve this problem. The Secretariat explained that most collective societies are run by private organizations although a few are run by governments. The door had been opened as wide as possible to participation in the TAG initiative and several collective societies had decided to come on board. Once the standard was developed it would allow the international community to look at each collecting society participating in the initiative to see what level it had achieved with respect to transparency, accountability, and good governance, which are critical issues. The Secretariat went on to explain that the term “copyright infrastructure” at WIPO was used to refer mainly to information and communications technology (ICT) systems. It involved computers, databases, and the networks that link these databases to users in different parts of the world. The costs of these systems had fortunately decreased significantly due to the ability to use Internet-based platforms. The Copyright Infrastructure Division handled ICT initiatives to support a variety of voluntary activities associated with works protected by copyright and related rights, including the TIGAR Project and the TAG Project. This Division also handled WIPOCOS, an initiative started in 1991 in Africa to provide software to manage the back office functions for collective societies, which were also referred to as collective management organizations. The Secretariat noted that WIPOCOS was undergoing updating and redevelopment in order to be prepared to meet the increasing demand. The members of collective societies, who owned or control rights of various types, for example in lyrics, musical works, or other types of published works, had turned the management of these rights over to the collective societies. So a musician in Barbados who had rights in a sound recording could register the rights in that work with a collecting society in Barbados, which could manage those rights. In the Program and Budget, copyright infrastructure was addressed between paragraphs 3.9 and 3.14, under the subtitle referring to advancing the development of copyright infrastructure. The TIGAR Project and collective management organizations had specific references. The TAG program was not mentioned specifically but was included.

96. The Delegation of Algeria, speaking on behalf of the African Group, asked how the Secretariat planned to reconcile the Marrakesh VIP Treaty, which was based on limitations and exceptions and did not require the agreement of the author, and the TIGAR Project, which involved the prior consent of rights holders. The two mechanisms both addressed cross-border exchanges of works but they did not have the same starting point. The African Group requested that priority be given to the Marrakesh VIP Treaty. The Delegation of Algeria, in its national capacity, asked for clarification of the Secretariat’s activities with respect to related

rights. Many of the activities described for Program 3 referred to copyright, but not to related rights.

97. The Secretariat responded that, in general, the copyright infrastructure projects did not differentiate between copyright and related rights. With respect to the WIPOCOS system, it initially dealt with copyright-protected works. It was enhanced over the last two years to include related rights, and the further enhanced system under developments would cover both copyright and related rights. The Secretariat explained that the TIGAR Project and the Marrakesh VIP Treaty were complementary and not contradictory. When the TIGAR Project had started two or three years earlier, in parallel with the treaty negotiations in the Standing Committee on Copyright and Related Rights (SCCR), permission had been needed from rights holders to transfer books across borders. Once the Marrakesh VIP Treaty would come into force, over time the permission aspect of the project would no longer be needed. However, the technology and experience that had been developed could be used to transfer works between trusted intermediaries in Country A and Country B when the treaty was in force and they would be able to exchange works under the provisions of the treaty.

98. The Chair opened the floor for comments and questions on Program 4.

99. The Delegation of Algeria, speaking on behalf of the African Group, emphasized the importance of Program 4 for the African Group. It was pleased to see that all the activities were on track and looked forward to seeing more emphasis on the activities of Program 4. The Delegation requested some information regarding the reduction in the "2012/13 Budget After Transfers". The approved budget was 5,034,000 Swiss francs, while the budget after transfers was 3,883,000 Swiss francs.

100. The Secretariat explained that the approved budget had made provision for a diplomatic conference which had, however, not taken place and was not going to take place within the current biennium. Therefore, the budget for the diplomatic conference had been transferred out of the Program.

101. The Chair opened the floor for comments and questions on Program 5.

102. The Delegation of Spain, noting the decrease in the average cost of processing an international application to 680 Swiss francs in 2012, a reduction of nine per cent as compared to 2011, requested the International Bureau (IB) to provide further information on the average income received by WIPO for an international application so as to be able to determine the difference between average expenditure and average income per international application and the evolution of that difference over previous years.

103. In reply to the query raised by the Delegation of Spain, the Secretariat confirmed that the costs of processing international applications had steadily decreased in recent years, mainly as a result of continued efforts by the IB towards increasing efficiency and of the (electronic) formats and means by which applicants had been filing their applications, requiring less work at the IB, which had helped to lower processing costs. To date, however, the IB was not in a position to link the costs of processing and income received to individual applications. While the IB would be happy to explore this further, it appeared unlikely that this could be performed for each individual application. An alternative could therefore be to undertake a statistical analysis of both costs incurred and income received by class of application, noting that, in making a tie to income received, the risks of currency fluctuations also needed to be addressed. In concluding, the Secretariat summarized that the trend was that costs for the processing of PCT applications was decreasing; and that it was not currently possible to tie specific costs to individual applications or classes of application, but that the IB would be willing to analyze this issue further.

104. The Chair opened the floor for comments and questions on Program 31.

105. The Delegation of Germany sought clarification concerning the expected growth in the number of applications, as indicated in the budget targets for 2014/15. The Delegation recalled that the volume of applications during the biennium 2012/13 remained below the original estimation due to the economic downturn. In order to be able to make an informed decision on the future budget, the reasons for the gap between what was originally expected and the actual number of applications filed needed to be highlighted.

106. In reply to the inquiry by the Delegation of Germany, the Secretariat explained that the said gap was largely due to the financial crisis. Furthermore, because of internal reasons in some countries, for example, delays in the proceedings for implementing the legislation, some of the expected accessions to the 1999 Act did not materialize in the 2012/13 biennium. However, positive indications of intention in respect of the joining of the Hague system had been given by China, the Republic of Korea and the United States of America, in 2014 and by Japan, in 2015. Those accessions would certainly contribute to a significant increase in the number of applications and also ultimately to the level of income.

107. In reply to a question by the Delegation of Turkey about the delay in the launching of the new interface for the electronic filing of international applications (E-Filing), the Secretariat pointed out that the new E-Filing system had been available on the web site of the Organization since June 3, 2013, and feedback from the users had been very positive. The minor delay in the launch was due to a set of requirements for the establishment of a personalized applicant's work bench. The work bench provided for the possibility of returning applicants to use the details of earlier applications to prepopulate new international applications. In addition, the applicant's work bench allowed scenarios where an applicant can partially fill in an international application and return to it at a later stage. The management of such evolving requirements took a little longer than expected.

108. There were no comments on Program 7.

109. The Chair opened the floor for comments and questions on Program 8.

110. The Delegation of Algeria, speaking on behalf of the African Group, underlined the importance that the Group attached to this Program as it afforded an overview of the way the Development Agenda (DA) was being implemented. The Delegation thanked the Secretariat for the activities that were being carried out in order to ensure better coordination of the DA. Referring to the performance indicator related to the coordinating mechanism, the Delegation observed that the Traffic Light System (TLS) indicated that the performance for this Indicator was On Track. However, in reality the mechanism had not actually been implemented or approved by all of the committees within WIPO. And in those committees where this mechanism was actually mentioned, it was done on an *ad hoc* basis. The Delegation asked the Secretariat what criteria were used to reach the conclusion that the performance was actually On Track. The Delegation further sought clarification regarding the reduction in the amount indicated under "Budget After Transfer" as compared to the amount referred to under the "Approved Budget", adding that the footnotes did not sufficiently explain the reasons for the difference.

111. The Delegation of Egypt referred to the performance indicator related to the "number of DA Recommendations that had been addressed by the CDIP through projects, activities and studies" and the related baseline which said "42 recommendations (though not fully exhausted)". The Delegation understood that not all the recommendations were implemented and inquired if a document had been adopted in this regard. Further, the Delegation sought an explanation as to the phrase "though not fully exhausted".

112. The Secretariat, replying to the observations by the Delegation of Algeria on behalf of the African Group, stated that the Program Performance Report related to Program 8 and not the whole Organization. The issue of the coordination mechanism was something that all the

different Programs or committees had to report upon. As for Program 8, it had met its objectives in collating all the reports emanating from the different committees. On the question of the reduction in the amount indicated as "Approved Budget" and the "Budget After Transfer", the Secretariat stated that there had been a transfer of funds from the budget of Program 8 to the Academy and that was where the difference came from. Another representative of the Secretariat added that an additional reason for the reduction was the cost efficiency measures, such as those related to travel costs, which had been implemented during the biennium.

113. On the question from the Delegation of Egypt in respect of the recommendations not fully exhausted and what the "not fully exhausted" meant, the Secretariat recalled that it was the Member States which had decided that the implementation of the projects did not mean that the recommendations addressed by a project had been exhausted, and that other projects in the future could still be proposed by the Committee. So the phrase "not fully exhausted" referred to that understanding.

114. The Delegation of Brazil requested clarification as regards the expected result pertaining to the number of projects proposed by Member States that were tabled for consideration by the CDIP. As the baseline, there was only one project and the Delegation was interested to better understand how the contribution of Member States would be evaluated if it had more projects, even if they were not approved, and if that would mean more that WIPO would be more successful in its work.

115. In reply to the clarification sought by the Delegation of Brazil, the Secretariat stated that the Secretariat's performance needed to be looked at in the context of the role of the particular Division, which as a coordinating body, to a large degree, was in the hands of the Member States. In other words, one could only begin to develop an expected result on the basis of what the Member States within the Committee generated. So if it was one project, as was the case, then one would have to develop some kind of basis and a baseline based upon that. So essentially it was in a bit of a straight-jacket and totally dependent on what the Committee proposed. If there was more than one project, then of course the baseline and the performance indicators would be modified accordingly.

116. The Delegation of Brazil, while thanking the Secretariat for the explanation, supplemented its question by adding that if there was not a target or one specific number or even the impact of the project that was implemented, how could it be understood in terms of expected results? The Secretariat stated that the role of the Development Agenda Coordination Division, which was Program 8, was to facilitate the tabling or proposing of projects before the CDIP by Member States. While the Secretariat encouraged Member States to come forward with new proposals, obviously, as stated by the Secretariat, it was an activity where the Secretariat's performance was dependent upon the cooperation of the Member States. At the same time, when it came to performance data, this concerned how effectively the Development Agenda Coordination Division had facilitated the work of a Member State, in this case Burkina Faso, and how the Secretariat had facilitated and coordinated the presentation of that project, its discussion and approval, in the committee. So the number of projects would not change when it came to the TLS, the performance of the Division, whether it was one or ten. Of course, there might be cases where the Secretariat or the Division failed to support a Member State well in terms of translating a proposal into a project document. The Division's performance was primarily based upon how effectively it facilitated that work. If there were more proposals, the baseline would keep changing accordingly.

117. The Chair opened the floor for comments and questions on Program 9.

118. The Delegation of Algeria, on behalf of the African Group, made reference to the creation of a new Division, as reported under Program 9 of the PPR, and requested more information.

119. The Secretariat explained that the new Division was essentially a division grouped around some activities which were the result of DA projects approved by the CDIP. Among these were the IP Technical Assistance Database, the Roster of Consultants Database and the IP Development Matchmaking Database. The new Division was meant to follow through and take these databases forward, to make use of them, incorporate them and use them as tools in WIPO's technical assistance programs. For instance, the matchmaking database was being used as a tool for promoting partnerships and technical assistance to developing countries and LDCs. Another DA project was developing a methodology on branding, which could likewise be mainstreamed into WIPO's technical assistance programs. This activity fell slightly between the cracks of the Organization, in between the sector for brands, which essentially focuses on legislative and legal aspects of trademarks and geographical indications, and the Development Sector. The new Division enabled WIPO to now give practical effect to the role of branding in developing countries and LDCs, especially in the agricultural sector.

120. The Delegation of El Salvador referred to the different format of the presentation of Program 9 *vis-à-vis* Program 10 in the PPR report, the latter giving great clarity regarding the cooperation and capacity building activities undertaken for Central European and Baltic States (CEBS), Central Asian, Eastern Europe and Caucasian Countries (CACEEC) as well as some Mediterranean countries. The Delegation requested the Secretariat for a similar level of detail especially as regarded activities in the Latin America and the Caribbean region.

121. The Secretariat replied that it was a good suggestion to have a better alignment of the results frameworks of Programs 9 and 10 and this would be looked into. It explained that the current reporting format followed the approved results framework of the Program and Budget 2012/13 and that improvements had been introduced into the Program and Budget 2014/15.

122. The Delegation of Australia made reference to the performance indicator related to the "Number of Groups of Offices participating in a common platform" (WIPO CASE) under the Expected Result "Enhanced technical and knowledge infrastructure for IP Offices", and the corresponding TLS, Not On Track, and requested more information. The Secretariat clarified that under the approved Program Budget 2012/13, the target for this performance indicator was three while the performance data for 2012 was one.

123. The Chair opened the floor for discussion on Program 10.

124. The Delegation of Turkey, requested clarification regarding the performance indicator on the number of countries with updated national IP laws and/or regulations where the updated baseline was ten countries. The performance data indicated that four countries had updated their legislation and that six more countries were planning to amend theirs. What impact did WIPO have on the legislative process given the fact that too many factors may influence the process before the signing of the proposed legislation and how did WIPO measure its impact? A second question from the Delegation related to the Enterprise Resource Planning (ERP) System. The first phase of the ERP had been released which was going to be integrated and become one of the components of the ERP portfolio of projects. In this context, how would the performance indicators and related performance data be used as an input into performance management given the very broad and wide range of activities? What kind of preparations had been undertaken and would be undertaken towards the full implementation of the ERP?

125. In response to the first part of the question, the Secretariat clarified that the Program was providing support to the legislative processes and that this was always based on the concrete requests received from Member States. Such requests could concern various stages of the legislative process and the Program's impact would be measured accordingly. As regards the question related to the ERP, the Secretariat clarified that the PPR had elements which had been delivered by the new system. Efforts had been made on many fronts, for example, integrating the budget utilization information into the Program Performance Report. This had

come from the first phase of the ERP implementation. The Program and Budget proposal for 2014/15 was also a result of the work that had been done under the ERP system where both the results framework and the resources had been built up using the new component of ERP system.

126. The Chair opened the floor for discussion on Program 11

127. The Delegation of El Salvador thanked the Secretariat for the information meetings that it had organized the week before the PBC on Program 11. Several issues of interest to the Delegation had been clarified by these information meetings and the Delegation was in the process of analyzing the explanations provided by the Secretariat. The Delegation looked forward to receiving further clarifications on the coordination mechanisms that the Secretariat envisaged to establish in the 2014/15 biennium between the WIPO Training Center and the Bureau for Cooperation with Latin America and the Caribbean. The Delegation had understood from the Secretariat that the definition of such a mechanism was in progress. Nevertheless, the Delegation remained keen to receive information on the matter.

128. The Delegation of Algeria, speaking on behalf of the African Group, emphasized the importance attached by African countries to the establishment of national IP academies and enquired as to the reason why the performance indicator related to the establishment of Start-Up Academies in 2012 (document WO/PBC/2012, page 72) appeared as being “not on track”. The Delegation also requested clarification from the Secretariat as to how it intended to respond to future requests for the establishment of IP academies on the African continent.

129. The Delegation of Turkey stated that it attached great importance to IP-related education. It was a priority area for enhancing IP awareness and ultimately to enable the effective use and enforcement of IP rights and the Government of Turkey had already engaged with several universities and research centers to foster such IP-related education. Also, cooperation with WIPO had started two years earlier with a view to establishing a new graduate program on IP in Turkey. The Turkish authorities had identified the most suitable Turkish university for such an endeavor following a complex evaluation process. Regrettably, the WIPO Academy had not followed up on the planned visit of a WIPO expert to conduct a feasibility study on this initiative. Finally, the Delegation expressed its appreciation for the success of the Distance Learning (DL) Program of the WIPO Academy and asked clarifications on the difference between the following two performance indicators: (i) completion rate of DL courses (which seemed to be “on track”); and (ii) the percentage of DL course participants having passed the exam (which seemed to be “not on track”).

130. With respect to the issue of the performance indicator related to the start-up academies, the Secretariat stated that there had been a misunderstanding between, on the one hand, the colleagues who had drafted the performance indicator (“number of start-up academies established (DA projects)”) and those who had established the related 2012/13 baseline (“two”) and target (“six”). If the indicator was interpreted as meaning “number of start-up academies projects started”, then the baseline “two” and target “six” made sense (because at the time of drafting the 2012/13 Program and Budget two such projects had indeed been started). If, however, the said indicator was interpreted as meaning “number of start-up academies delivered”, then the baseline “two” made no sense because indeed at the time of drafting the 2012/13 no start-up academies had been delivered. At the same time, considering that the Phase II of the Start-Up Academy Project coincided with the 2012/13 biennium, it was normal that the six projects would not be fully deployed by the end of 2012, but only by the end of 2013. Furthermore, start-up academies projects had not necessarily a linear spending pattern and due to a number of reasons the deployment of project activities tended to intensify in the final phase. Also, the pilot phase had shown that, on average, the deployment of project activities took longer than initially estimated at the time of designing the project. The Secretariat remained confident that, by the end of 2013, the performance indicator related to the start-up academies project would be “on track”.

131. Referring to the question raised by the Delegation of Turkey, the Secretariat explained that the existence of two different indicators for the DL Program was due to the fact that, while advanced DL courses required passing a final exam, certain introductory ones did not, and at the end of the course students would be awarded a certificate of completion without having to pass an exam. At the same time, it was important for the Program Manager to monitor the proportion of enrolled students who completed a given course.

132. There were no comments on Programs 12, 13 and 14.

133. The Chair opened the floor for discussion on Program 15.

134. The Delegation of Hungary requested additional information related to the breakdown of countries being assisted by the Program and clarification concerning the chart contained on page 89, specifically, whether there have been any requests for software packages related to industrial designs during the period under review; and if there had been any, where it was indicated in the chart. The Secretariat responded that it would be happy to provide more detailed information on the countries which benefitted from WIPO's technical assistance under this Program. As regarded requests for industrial design automation systems, the Secretariat informed the Committee that such requests had not been received. However, the IPAS system for patents could also be applicable and used for industrial designs. So there may be some IP Offices dealing with both patents, trademarks and industrial designs that would be able to use and extend IPAS to design application procedures. The Secretariat did not know specifically which Offices were using the system for industrial design applications, but technically it was possible.

135. There were no comments on Program 16.

136. The Chair opened the floor for discussion on Program 17.

137. The Delegation of Algeria requested information on the Secretariat's legislative assistance activities referred to in Paragraph 17.2. The Secretariat recalled that legislative assistance was provided by the Secretariat upon Member States' request, in accordance with the standards and obligations contained in Part III of the TRIPS Agreement. In doing so, all flexibilities and options were indicated, in particular with reference to Articles 7 and 8 of the TRIPS Agreement, in order to ensure that the Member States, especially LDCs, were fully aware of the flexibilities available to them.

138. The Delegation of Brazil requested clarification on the Secretariat's activities undertaken to implement Expected Result VI.2 regarding systematic and effective cooperation and coordination between the work of WIPO and other international organizations in the field of building respect for IP. The Secretariat recalled the cooperation in the framework of the Global Congress on Combatting Counterfeiting and Piracy, where WIPO was a partner of INTERPOL, the World Customs Organization (WCO) and the private sector, and where it introduced some of the issues from the Advisory Committee on Enforcement (ACE). Another example was the joint activity between WIPO and the United Nations Environment Program (UNEP) to address the equitable disposal of infringing goods. This was also an issue previously discussed in the ACE.

139. The Chair opened the floor for discussion on Program 18.

140. The Delegation of Iran (Islamic Republic of) asked the Secretariat to provide further information regarding paragraphs 18.2 and 18.7. Paragraph 18.2 mentioned that, working closely with Program 20, WIPO continued to contribute to, and participate in, relevant policy processes. Paragraph 18.7 regarding competition policy mentioned that a structured albeit informal cooperation with other 11 relevant organizations had been initiated. The Delegation asked for further information on this cooperation and participation, on how this cooperation was organized and on how the Member States were being kept informed about any discussion, result or decision in this respect.

141. Regarding program 18.1, the Secretariat stated that the activities undertaken in cooperation with other intergovernmental organizations specifically included cooperation with WHO and WTO. Since 2009, a trilateral cooperation addressed issues of trade, innovation and public health from a broader perspective. Since 2010, three Trilateral Symposia had taken place. Each of them had been opened by the three Director Generals. The third symposium had taken place at WIPO the previous Friday and had covered the topic of *Medical Innovation - Changing Business Models* in the area of innovation in global health. Another outcome of this trilateral cooperation had been a publication entitled *Promoting Access to Medical Technologies and Innovation* addressing the intersections between public health, IP and trade. The joint Study had been presented by the three Director Generals in February. Member States had been invited to all of these events. Moreover, the Secretariat had provided three briefings on the activities of the Global Challenges Program since the last PBC to keep Member States informed.

142. Regarding paragraph 18.7., an informal cooperation had been initiated with the World Trade Organization (WTO) and the Organization for Economic Co-operation and Development (OECD) on competition policy. This was an informal form of cooperation where representatives of these three organizations had met and updated each other on recent activities with a view to avoiding the duplication of activities and in order to ensure they contributed to whatever activities they were doing in their respective areas. Since this was an informal form of cooperation which had not generated a tangible outcome, such as a Joint Study or any joint meetings, the Secretariat had not briefed the Member States beyond the information contained in the present PPR.

143. There were no comments on Program 19.

144. The Chair opened discussions on Program 20.

145. The Delegation of the Republic of Korea inquired which of the indicators were related to external offices so as to assess the contribution of external offices.

146. Regarding the indicators, the Secretariat explained that the reporting in the PPR was based on what had been approved in the 2012/13 Program and Budget. It was true that, in the case of the 2012/13 results framework, there were no explicit indicators for each external office in Program 20. The results framework had been considerably improved in the 2014/15 Program and Budget proposal, specifically for external offices under Program 20. In 2012/13, the external offices were feeding into expected results in many different Programs and Strategic Goals.

147. The Chair opened discussions on Program 21.

148. The Delegation of Turkey referred to the performance indicator related to the percentage of queries for legal advice which received prompt, independent and reliable responses from the Office of the Legal Counsel. In particular, the Delegation asked how WIPO maintained consistency with advice based on such queries when they were directed to many different parts of the Organization.

149. The Secretariat replied that this indicator related to legal queries concerned specifically the Office of the Legal Counsel. Queries were directed to other areas of the Organization and these were covered by indicators contained in the relevant programs (for example, Programs 1, 2 and 3).

150. The Chair opened discussions on Program 22.

151. The Delegation of Turkey, referring to the first performance indicator ("percentage of WIPO programs using performance data for managing program performance"), inquired whether 53 per cent in the performance data against the baseline of 20 per cent represented

the percentage of Programs that used the first generation of the ERP EPM system. The Delegation wondered why not all of the Programs used this first generation model. It also emphasized that it acknowledged and appreciated the 53 per cent performance which was well on track.

152. The Secretariat explained that, in strengthening results based management (RBM), one of the endeavors had been to ensure the use of performance data, not just to report on results but to actually use them internally, by management, so as to continuously improve performance. This indicator showed how well program managers were using performance data generally and not necessarily the new system. The first phase ERP EPM involved planning and that was what had been currently implemented. The next phase would involve assessment and reporting. The Secretariat reiterated that this indicator reflected how managers were actively using the same performance data to manage their day-to-day operations.

153. The Chair opened discussions on Program 23.

154. In response to questions from Member States, the Secretariat provided some additional workforce metrics. This additional information would also be provided in the Human Resources (HR) Annual Report 2013 which would be available at the PBC in September.

155. The Secretariat confirmed that the overall workforce numbers had remained stable for the past three years. Within the overall total number of staff, the number of fixed-termers had gone up and the number of short-termers had decreased as a result of the contract reform. The overall number of staff remained unchanged, partly due to an increase in productivity, particularly in the PCT and Madrid areas. In addition to the staff funded by the regular budget, WIPO had a small number of staff funded by other sources. Also, WIPO employed a small number of non-staff which were consultants, fellows, interns, etc. which represented about 5.8 per cent of the workforce. The Secretariat provided a breakdown of staff by sector. With regard to staff costs, the Secretariat added that the percentage of staff costs had also remained within the same range for the past three years, i.e., between 66 per cent and 68.3 per cent.

156. The staff performance management system of WIPO was reported to work satisfactorily with a high level of compliance. Training was centrally managed and an amount of 1.4 million Swiss francs had been allocated for the biennium. In addition, a significant amount of training was delivered through internal trainers. This internally provided training amounted to more than half of all training provided to WIPO staff.

157. On gender balance, the Secretariat stated that the overall gender balance had reached 50 per cent but imbalances continued to exist at different levels, particularly at senior Professional levels. WIPO was committed to achieving gender balance at all levels by 2020. A Gender and Diversity Specialist had joined the Secretariat on July 1, 2013.

158. With regard to geographic diversity, the Secretariat acknowledged the concerns expressed by several Member States that certain imbalances existed and needed to be addressed urgently.

159. On audit recommendations in the area of human resources management, the Secretariat confirmed that the number of open recommendations had declined, from 52 in July 2012 to 15 in July 2013. The remaining 15 open audit recommendations related to the implementation of the ERP system planned for October 2013, to internal justice planned for implementation in January 2014, and to training.

160. The Delegation of Mexico, speaking also on behalf of GRULAC, reaffirmed its concern regarding geographic balance and requested improvements in the short and medium term, with indicators and clear goals within the HR strategy.

161. The Delegation of Poland reiterated the points raised by the Delegation of Mexico.

162. The Delegation of El Salvador thanked the Secretariat for its presentation and noted that it had made suggestions and comments in other committees with regard to geographical diversity. The Delegation wanted to know what criteria was used for determining nationality since many applicants had more than one nationality.

163. The Delegation of Iran (Islamic Republic of) had the same question as did the Delegation of El Salvador and asked that details pertaining to staff nationalities be included in the HR Annual Report.

164. The Secretariat confirmed that only one nationality, the first nationality, was recognized for UN records, and that a detailed breakdown of nationalities of staff would be provided in the HR Annual Report.

165. The Delegation of Spain thanked the Secretariat for the presentation of HR data and for the engagement with Member States on the issue of staff. The Delegation suggested that an indicator on absenteeism should be re-introduced in Program 23. The Delegation asked for information comparing absenteeism rates among different UN organizations. The Delegation further requested that an indicator be added to monitor the percentage of staff costs so that Member States could see the evolution of costs and to ensure that the percentage does not increase as seems to be the tendency in the UN system.

166. With regard to absenteeism, the Secretariat noted that a study on occupational health had been conducted recently. Initial data suggested that WIPO absence rates were not significantly different from those of other UN organizations. The Secretariat had further taken measures to monitor and manage absenteeism. On the suggestion about introducing an indicator on staff costs, the Secretariat shared the analysis offered by the Delegation of Spain regarding the risks of an increase in the percentage of staff costs *vis-à-vis* overall expenditure, which would have the effect of reducing resources available for other activities. In this regard, the Secretariat welcomed the suggestion of an indicator and confirmed that the idea would be followed up.

167. The Chair asked the Secretariat to comment on a matter raised by the Delegation of Japan in relation to the PPR for 2012.

168. The Secretariat stated that regarding the Funds-In-Trust (FIT) Annex, some factual corrections had been received from the Delegation of Japan, and that these corrections would be duly reflected in the updated report.

169. The Chair opened the floor for discussions on Program 24.

170. The Delegation of Spain expressed satisfaction with the work which had been carried out by the Secretariat, including efforts made in achieving efficiencies and savings. In its view, other indicators could be added, although the Delegation was not making specific suggestions at this point. It indicated that it would appreciate receiving, in the same way as the previous year, a specific document on efficiencies and savings from the Secretariat which it would use to make comments.

171. The Secretariat confirmed that such a document would be presented to the twenty-first session of the PBC, at the September session, similarly to what had been done last year on the same subject and in the same context.

172. The Chair opened the floor for discussions on Program 25.

173. The Delegation of Spain asked about the use of the Open Source software and Cloud computing and webcasting services and the difficulty in searching webcasts for particular entries and speakers.

174. The Secretariat replied that it already used Open Source Software extensively, especially in the back end in running computer servers. Regarding the use of cloud computing, the Secretariat stated that it already used Cloud to host some of the ICT systems. At the same time, WIPO was part of a group of UN Agencies that were in the final stage of evaluating proposals from industries for the adoption of Cloud on a larger scale. However, WIPO had some unique challenges in the sense that almost all the ICT service providers were also WIPO's clients using WIPO's services. The Secretariat was also pleased to know that webcasting was well valued. Concerning the difficulty of searching a particular segment of video recording, currently there was no cost-effective way to build an indexing tool into the search recording facility. As technologies continued to evolve, the Secretariat would look into the feasibility of such an implementation.

175. The Delegation of Turkey inquired as to the structure and function of the ICT Board and the status of implementation of core ICT services.

176. The Secretariat replied that the ICT Board was chaired by the Director General and supported by the Assistant Director General for Administration and Management, the Assistant Director General for Global Infrastructure, and other Directors, including the Chief Information Officer. The ICT Board was the top governing body for ICT matters in the Secretariat. Regarding the status of implementation of core ICT services, the Secretariat explained that the 38 core ICT services were critical infrastructure components used by almost all information systems and therefore were already in place. They had been identified as the primary targets for re-enforcement in the context of business continuity, which was in progress.

177. The Delegation of France inquired as to the use of mirror sites for data protection and security and the funding of ICT investment, which seemed to be automatically funded through the use of the reserves. The Delegation considered such investment as maintenance, which should be a part of regular expenditure coming from the regular budget and not be considered as an exceptional expense to be borne by the reserves.

178. The Secretariat replied that a Mirror site was primarily destined to improve the Secretariat's ability to guarantee business continuity, which was not directly related to the location of external offices. It was subject to a very different set of considerations, including data protection in the event of disasters. Data protection in the context of confidentiality covered the mirror site as well as the primary site and was therefore a different matter. On the funding of ICT investments, the Secretariat explained that investment in ICT was not automatically financed through reserves. For example, the improvements for the online access to WIPO meetings that had been much appreciated by the Member States had been financed by the regular budget (although the future facilities in the New Conference Hall have been financed by the reserves, just like the building itself).

179. The Chair opened the floor for discussions on Program 26.

180. The Delegation of Spain underlined that, in Program 26, the majority of the indicators were on track. Nevertheless, it was reported that the number of audits performed in high risk areas did not meet the target. The Delegation asked for an explanation on what occurred and what was planned to be done to reach the overall biennium objective. As a second question, and eventually as a suggestion, the Delegation of Spain was wondering if it would be possible to establish an indicator to reflect the percentage of recommendations of high risk implemented by the Secretariat. The Delegation of Spain would like to follow up on how the Secretariat dealt with high risk recommendations made by internal audit.

181. The Delegation of Germany had the same concern with regards to Program 26. There were six audits related to high risk areas to be completed and four audits that were completed in 2012. The Delegation of Germany wished to know when the remaining two audits would be completed and requested additional information on these six high-risk areas.

182. The Delegation of France pointed out that internal oversight played a role in overall performance management and also on the quality of external accounting: the better the internal auditor worked, the better the reputation of the Organization was likely to be. The Delegation appreciated that the work carried out seemed to be of very high quality. The fact that the resources allocated to oversight means were not up to the challenges and risks encountered was underlined, so even if the work was of high quality, the quantity was lacking. The Delegation estimated that, as compared to other, smaller organizations, WIPO was big enough to have a good structure for independent internal oversight. Therefore the expectations were high and it seemed that the Division had not sufficient positioning in terms of monitoring or supporting the follow up of recommendations. The Delegation wished to mention that the level of reporting to Member States was a little disappointing because the Organization had a model of functioning which was quite unique and more difficult for Member States to understand. The Delegation added that with the difficulties in accessing the reports, as already mentioned, it was not yet as good as expected. A qualitative enhancement was to be made with regards to the role played by internal audit towards the external audit. The Delegation emphasized that it was not a paradox, as external oversight/internal control was something natural and very important. The Delegation requested that some thought be given to the paradox of the indicators, as this fundamental paradox of internal audit was a real problem. The Delegation added that if a good auditor made significant findings, the report would have lots of alerts, but the problem was that this did not occur because people were afraid that Member States would ask why there were so many things being flagged. The Delegation encouraged having a reflection on indicators that would be different from the approach of all other Programs. A solution would need to be found in order to neutralize that paradox. The Delegation reminded all Delegates to keep that in mind and to reflect on it, maybe not for 2014/15, but for 2016/17. A specific reflection on the indicators affecting internal oversight should be made on how to value that work, because for Member States, there was nothing better than a highly critical report from internal oversight. This was what Member States would value most.

183. The Director, Internal Audit and Oversight Division (IAOD), thanked the Delegations for their positive comments and provided clarifications on the questions asked by them. Concerning the results of the indicator related to the number of audits, the Director of IAOD explained that the reference level was six audits per year. Four were actually carried out in the first year. It was meant to be six per year so 12 for the biennium. There were actually four in 2012, the first year of the biennium. Four out of 12 was below the threshold of 40 per cent which was defined as necessary to reach the “on track” indicator. In order to achieve a “green” indicator, at least six out of the 12 reports were needed, but the reference point was still 12 for the biennium. As the Delegation of France underlined, that was a staging post. Four audit reports were issued instead of six for the first year of the biennium, but the Director of IAOD specified that the aim was still to have 12 during the overall biennium, hoping that next year it would come back with a green light for that without needing to explain any exceptions. The Director of IAOD gave the reasons as to why four reports had been completed, the first reason being independent of his responsibility which was that one of the auditors left in the middle of the year. This auditor was replaced quickly by the end of the year, but the Division obviously suffered from the loss of an experienced auditor who had a solid knowledge of the Organization. The new auditor did not know the Organization as well. So things were slowly getting started. The second reason given by the Director of IAOD was that IAOD implemented a new software system to assist in planning work on individual assignments and in following up on open recommendations. The Director of IAOD outlined that the new software tool would benefit the whole Organization in the months to come but that it was something that took time and required the use of the Division’s resources. These two reasons explained why the intermediary objective of more audit reports had not been reached. Coming back to the number of reports, the number of issues raised and the number of recommendations, the Director of IAOD considered that they were not really educative for the Organization as it was possible to have a lot of reports without any recommendations in them. The Director of IAOD added that IAOD was playing a role with others in enforcing internal controls. For instance, the Joint Inspection Unit (JIU) and the External Auditor were playing a role. IAOD was playing a role but when it

came to internal controls it was the primary responsibility of the Program managers. If Program managers had a robust internal control mechanism, there would be reports analyzing that internal control system, but with a small number of recommendations. With regard to indicators, the Director of IAOD found indicators that already existed in the 2012/13 Program and Budget, and that had been decided on in 2011. So these were not indicators that would have been chosen by the IAOD team who were working towards the definition of better indicators. The Director of IAOD considered that in the 2014/15 Program and Budget, the indicators were defined in a better way and that they were more appropriate in helping measure the quality of work and the quality of what had been done. So, for instance, in terms of implementation, the percentage of recommendations implemented in a timely manner by the Organization was an indicator for 2014/15. The Director of IAOD came back to the software that was mentioned before, saying that it took time to implement but that it was going to be helpful in the close monitoring of these indicators. With regard to access to reports, Member States decided, last year, that they could access the audit and evaluation reports of the Division on request. The Director of IAOD mentioned that the Member States just had to send a request to be granted access to those reports. It seemed to be quite a simple process. According to the Director of IAOD, those who had already taken advantage of this possibility had not highlighted any particular problems, even after having encountered a couple of problems in the beginning. The Director of IAOD concluded by mentioning that it would probably be most appropriate to discuss the resources made available to the Division to the budget discussion.

184. The Chair opened the floor for discussions on Program 27.

185. The Delegation of Turkey stated that, with the introduction of the new WIPO Language Policy as stated in paragraph 27.2, the workload had increased dramatically as compared to 2011. In order to handle the workload, WIPO had introduced computer-assisted translation tools, which were going to be deployed in 2013. Those tools would make it possible to reduce translation costs. WIPO had a plan to take further steps with fully-automated tools which might improve the quality of translations. The Delegation of Turkey requested that a short study be carried out by the Secretariat for the consideration of the related Committees, in particular the PBC, on the use of automated translation tools, examining whether or not they were used by other UN agencies, as well as their cost implications.

186. The Delegation of Spain praised the work of the translators and interpreters, in particular, in terms of its quality and efficiency. The Organization had increased the number of Committees and meetings for which translation and interpretation were officially provided and that was a budgetary challenge. However, despite the efforts being made, there were times when documents were not provided sufficiently in advance. At times, it was difficult to meet with these requirements. Looking at the Assemblies, one interesting indicator was the percentage of documents presented two months in advance. The two-month period had been instituted by WIPO in order to give delegations time to prepare. The Delegation asked whether the Secretariat was considering extending that rule not only to the Assemblies, but also to other Committees where documents were provided in the official languages. Another important issue was that of ensuring interpretation at all times for the Committees. Although there had been improvements over the past three months, several Committees had ended very late and it had not been possible to provide interpretation beyond 8 or 9 p.m. As that was also an indicator, in terms of quality of service, perhaps there was a need for an indicator which would make it possible to see if there could be an improvement in that regard, so there would be a minimum number of Committees for which it was not possible to provide interpretation throughout the working period of the Committee. Another possibility for consideration by the Committee or by the Secretariat was an indicator to help measure the evolution of the average page length of documents and perhaps reduce it. The longer the documents, the more expensive it was to translate them. Moreover, perhaps there could be an indicator that could help or motivate the Organization make documents as short and succinct as possible. Such an indicator might help the Organization keep costs down to a minimal level and help improve the quality of services.

187. The Delegation of Venezuela (Bolivarian Republic of) stated that the Delegation of Spain had highlighted some very important issues. In the Delegation's view, the linguistic issue was intimately related to the issue of development and the need to ensure that people could read and consider the documents in their own language in the capitals. WIPO had been making significant efforts in that direction, although there were still some issues that remained to be resolved. There were two languages often used for work and that meant that documents in the other four languages often appeared later. However, in the opinion of the Delegation, the WIPO Secretariat could evaluate the number of documents that were used per Committee and per member per meeting. There were often very lengthy documents but not every meeting was attended by the same number of countries and there was a lot of waste which had implications in terms of the carbon footprint and environmental impact. Huge documents were being produced for meetings attended by a small number of representatives and those documents were merely being recycled.

188. The Delegation of Belgium supported the statements made by the Delegations of Spain and Venezuela (Bolivarian Republic of) and suggested introducing an indicator providing information with regard to the average number of documents for each Committee. The Delegation asked whether there was really a need for lengthy verbatim reports. There was a precedent in the WTO, where shortened and summarized documents were being used and smaller Delegations always benefited from short documents. The Delegation concluded by asking whether it would be possible to start making certain changes concerning the number of documents.

189. The Secretariat stated that WIPO had introduced new computer-assisted translation (CAT) tools which replaced the present system. The CAT tools, which had been tested over several months in 2012, were focused on translation management, terminology databases and the workflow environment. A tool had been selected in 2013 and was currently being used by translation staff. It was felt that efficiency norms would definitely improve as a result. With the introduction of efficient CAT tools and the resulting improvements in terms of translation memory, it was hoped that the process would be rendered more cost efficient. The Secretariat added that machine translation, as it stood today, could not provide the quality standards required by WIPO. When the Language Policy was discussed at the General Assembly in 2010 and 2011, Member States had made it clear that, while taking necessary steps to implement the Language Policy, the Secretariat should ensure that the quality of the work did not suffer. Quality was deemed to be the most important element when it came to the translation of WIPO documentation. However, the Secretariat was following developments with machine translations, as were other UN bodies, and would exercise appropriate options in the future. With regard to the statement made by the Delegation of Spain, the two-month time period for the presentation of documents was for all Committees, not just for the General Assembly. The Secretariat would try, as far as possible, to ensure that documents were ready in all the languages, two months before the beginning of the Committee.

190. With regard to the interpretation facilities that were available for the Committees, the Secretariat said that interpreters were hired for the duration of specific meetings. WIPO did not have staff interpreters, as such, and the Organization tried to plan its meetings and book interpreters at the beginning of the year. Interpreters were normally hired for a specified period of time during the week, normally 10 a.m. to 1 p.m. and 3 p.m. to 6 p.m. Quite often, arrangements were made to retain interpreters beyond 6 p.m. but at times it was not possible to provide interpretation in all the six languages because of the short notice provided to the organizers. If the schedule for the week was finalized at the beginning of the week, the chances of arranging interpretation beyond the scheduled hours was better, although ideally the timings should be known at the time of finalizing the contracts.

191. As to the length of documents, there would be an opportunity to discuss that issue when the Committee turned to the Program and Budget for the next biennium. When the Language Policy was adopted in 2011, concerns were raised about limiting the size of documents. At that

time it was estimated that the volume of documentation would rise by about 18 per cent, but the actual increase was 53 per cent. One of the decisions taken, in principle, at that time, was that the document size would be about 3,300 words (about ten standard UN pages). However, no limits had been placed on the documentation presented to WIPO by the Member States. Furthermore, a decision had been taken to the effect that if a study, survey or questionnaire had been requested by a particular committee, at the request of the Member States, an executive summary of about ten pages would be provided along with that study. In such cases it would only be the executive summary that would be translated into the other five languages. The study would be circulated in the source language, unless a request was made by a Member State or a group of Member States to have it translated into another language. Some of those studies were about 400 pages in length. Normally, only the executive summary was translated into all six languages. However, there were cases when requests had been made to have the study translated into other languages. The average cost of translating one page in 2012 was 177 Swiss Francs. The cost of translating a 400-page study was therefore quite considerable. The Secretariat was trying to enforce rationalization and control measures for its documentation and some favorable results had already been seen in 2013, as compared to the length of documentation in 2012. The Secretariat would be happy to restrict the number of documents made available in print form. At the UN in New York, the 'PaperSmart' concept had been introduced and paper documents were no longer made available in the room for most meetings. Participants in meetings were encouraged to carry their own iPads or laptops and most of them were following the meeting using electronic copies of the documents. Anyone requesting a paper copy of a document had to wait until it was printed and made available. The Secretariat would be happy to introduce such a practice in WIPO, with paper copies being made available only on request, if so decided by the Member States.

192. With regard to verbatim reports of meetings, Member States had stated that they wished to retain the verbatim reports, rather than switching to summary reports or a Chair's summary. In 2012, the average length of a verbatim report for committee meetings was 194 pages. Some of the reports were 300 or 400 pages in length. In respect of timelines, the Secretariat said that it had to make WIPO documentation for Standing Committees and Main Bodies available in all six languages. With regard to the Working Groups, it had been decided to consider the issue when the 2014/15 Program and Budget was discussed, based on the Secretariat's experience in implementing the Language Policy over the previous two years.

193. The Chair highlighted the fact that translation was expensive and that more needed to be done to reduce costs in this area.

194. The Delegation of France underlined the importance of the issue of interpretation, stating that it was not easy to find an ideal solution. As to verbatim reports, the Delegation wondered whether a shorter document existed that would state what the status of the document was and what the regulations were, because what was currently being requested was not a translated verbatim in paper format. What was needed was a recording, which would allow participants to verify what had been said, with specific statements on specific points being translated if they were decisive in nature. With regard to other issues, there were statements on conclusions; however, there was a need to be able to pinpoint issues if problems arose. Other than that, there was no need for verbatim reports. The Delegation felt that it had often been misquoted in verbatim reports. Moreover, there was the question of validating verbatim reports. What could Delegations do if they disagreed with the contents of such reports? The cost of making corrections was enormous. The Delegation asked those delegations requesting verbatim reports to consider the possibility of carrying out checks using recordings.

195. The Delegation of Spain pointed out that it was impossible to predict the enormous scale of the work of the Standing Committees and that this would explain why the two-month deadline for having documents ready in advance of a meeting was not always met with. As to the issue of meetings that went on for longer than scheduled and the subsequent problem of the availability of interpretation, that question was both a financial and organizational one. Perhaps

the Member States and the Secretariat should make greater efforts to ensure that meetings ended at the scheduled time. Meetings that continued beyond the time allotted did not necessarily make for better-quality discussions. In the view of the Delegation, the issue was one of self-control on the part of the Member States and the Secretariat. With regard to the length of documents, the Delegation said that some documents put forward by the Secretariat were only 15 or 20 pages in length, but only a summary was provided in the other languages. Such documents could not be considered to be long and should not pose a problem in terms of translation. The fact that only a summary of the said documents was being provided was a matter of concern. The Delegation wondered whether the Secretariat had any ideas in terms of indicators that could improve the situation with regard to the two-month requirement, the lack of interpretation at the end of meetings, and the rule concerning exceptionally lengthy documents and the translation of documents of a certain length. However, the Delegation was open to a debate on verbatim reports. The only real issue was the possibility of being able to verify statements when a problem arose. The Delegation did not see the added value of verbatim reports but was much more concerned by the points it had raised and would like to see some progress made in that regard.

196. The Chair pointed out that the issue of interpretation and language services was to be discussed under Item 5 and again in September, when the Secretariat would prepare a document on the Language Policy. If an agreement was reached concerning verbatim reports and audio recordings, that decision could be adopted in September.

197. The Delegation of the United States of America supported the statement made by the Delegation of France to the effect that there was no need for a written record if an audio recording was available. However, the Delegation raised the issue of the indexing of such recordings and the problem of locating specific statements on a sound file. A text search could be performed on written verbatim records. If such issues could be resolved, then audio recordings could be used and significant savings made. Captioning and text streaming existed. As to the translation of statements into the other UN languages, the Delegation suggested that statements could be transcribed at a later date rather than translated from English.

198. The Delegation of Italy supported the statement made by the Delegation of the United States of America, commenting that properly-indexed sound recordings would be a good solution. However, there was also the possibility of directly captioning the interpreters discourse, with revisions being carried out should there be any factual errors.

199. The Delegation of Egypt stated that the issue of verbatim reports was one that required careful analysis. Certain countries still required full verbatim reports, in particular countries with very small delegations which could not always attend each and every meeting. In such cases, verbatim reports allowed delegations to follow what had been said in the various Committees and bodies. The Delegation agreed that translation was expensive and that machine and computer-assisted translation systems did not always capture the real meaning of texts. One solution might be to use both systems in tandem. A translation produced using machine translation or computer-assisted translation technology could be corrected or revised by a human translator, thus saving time and reducing costs.

200. The Delegation of the United States of America wished to clarify that if sound recordings could not be properly indexed and written verbatim reports had to be maintained, its suggestion would be to have text streaming into the other five UN languages when a statement was being made, rather than to have translation at a later stage. Such streaming would be recorded on paper. That approach would be cheaper than translation, with the words of the interpreters being transcribed.

201. The Delegation of El Salvador thanked the Secretariat and said that with regard to paragraph 27.9, concerning WIPO's measures to improve efficiency, the Delegation appreciated that the said measures, and indeed any reduction in costs in the Organization, should not be

detrimental to the interests of Member States. The Delegation welcomed the fact that the performance indicator system seemed to be working normally. The Delegation wondered whether it would be possible to be provided with information concerning the number of notifications under the Madrid system prior to the end of the year. As to the transcription of documents, one of the important elements in terms of the development of IP, the Delegation welcomed the fact that the summaries of the documents had been made available in Spanish. Some of those documents were lengthy but they reflected in-depth elements of studies. Representatives abroad might be bilingual but staff members back in capitals were not. Hopefully, that practice would continue. The summaries were more than satisfactory and that practice could perhaps be adopted by the PCT Working Group.

202. The Delegation of Venezuela (Bolivarian Republic of) pointed out that the issue of translation was a complex one and questioned whether the Committee was the right forum in which to discuss such matters. The cost of translation covered the experience and knowledge of the translator involved, not merely the number of pages translated. With regard to the possibility of having full documents, summaries were prepared by one individual and were often subjective, although unintentionally. As to automatic translation, such an approach would only make the situation worse. Using automatic translation systems to produce documents that were subsequently revised by translators might prove to be more complicated than simply sending documents to a human translator. The Delegation reiterated its statement to the effect that the number of printed documents could vary from one Committee to another. Obviously, the Organization would have a greener and more environmentally-friendly image. The Secretariat should assess the average number of documents printed per Committee. It was often the case that a large numbers of documents were produced for meetings that were in fact attended by very few people. The number of documents produced could be increased on request. Finally, interpreters and translators provided a solution to the "Tower of Babel" with which the Organization was confronted.

203. The Secretariat stated that the percentage of outsourcing had increased from 35 per cent in 2011 to 56 per cent the following year, due to the enhanced workload. With regard to in-house productivity, WIPO in-house translators had a norm of 1,500 words per day for translation and 4,500 words per day for revision. A recent survey carried out by IAOD showed that, of all the organizations in Geneva, WIPO had the highest productivity rate. If the Member States decided to move away from verbatim reports, the Secretariat would implement the decision. With regard to the issue of summaries being prepared for lengthy documents, even if they were only 15 or 20 pages in length, in 2011 the Member States had indicated a threshold of ten pages. However, the Secretariat was exercising some flexibility in that regard, as it was important to ensure that the quality of documents was not adversely affected. With regard to audio recording and other suggestions, the matter would be examined in consultation with the Information and Communication Technology Department.

204. With regard to the intervention made by the Delegation of El Salvador regarding paragraph 27.9 and the implementation of certain efficiencies, the Secretariat provided clarification, saying that the quality of services was not affected. The costs had been reduced as a result of negotiations with service providers. With regard to Working Groups, the issue would be taken up when the budget for the next biennium was discussed. The Secretariat agreed with the statement of the Delegation of Venezuela (Bolivarian Republic of) concerning translation quality and the importance of not focusing too much on cost. At the end of the day, the Secretariat had to ensure that the documents made available to Member States were of good quality, reflected WIPO's style, and conformed to the standards set by the Organization. For external translators, a rigorous selection procedure had been put in place, in order to ensure that Member States were provided with the right kind of documentation.

205. The Secretariat added that many of the comments that had been made were helpful and would be of assistance in preparing the final Language Policy document. There would be an opportunity to refine some of the indicators when discussing the 2014/15 Program and Budget

and the current discussion was timely. At WIPO, an opt-out approach to printed documents was employed whereby documents were made available in electronic form, unless a delegation specifically requested paper copies. Documents were not simply printed off and distributed to all delegations. As to web recording and the proposals made concerning indexing, there was a trade-off between the approach taken in terms of indexing and the associated cost. In that regard, the Chief Information Officer had spoken about the expense involved and that issue would be closely looked into. Other organizations had been examining the very same issue but WIPO also had to bear in mind the IP rights of its interpreters when considering the issue.

206. There were no comments on Program 28.

207. Discussions were opened on Program 29.

208. The Delegation of Germany asked for clarifications concerning the situation after the termination of the contract with the former General Contractor, more specifically in terms of delays and costs. The Delegation understood that the delivery date of the New Conference Hall Project had been postponed but that there would be no additional costs.

209. The Secretariat confirmed that the delivery of the Project had to be postponed to the end of February 2014, while the expected cost remained well within the approved budget. This information had been provided and periodically updated at the usual monthly briefings with Member States held since October 2012. The Secretariat took the opportunity to remind delegations that the Secretariat had been providing oral monthly briefings, as had been requested by the PBC in September 2012. The July 2013 briefing had been scheduled for July 11, between 2 and 3 p.m. in the Uchtenhagen Room, and all delegations were welcome to attend. As agreed with delegations present at the May 2013 briefing, there would be no briefing in August and September for obvious reasons (Summer holiday period and the formal PBC and Assembly sessions in September).

210. The floor was opened for discussions on Program 30.

211. The Delegation of the United States of America noted that, of the seven performance indicators, four were not on track, two were not applicable, the latter due to the newness of the Division. Only one indicator was on track, the satisfaction level of individual participants, which was a good plus. The Delegation requested information as to the four that were not on track. The Delegation asked for clarification on the performance indicator of “users from developing countries of WIPO-developed tools, models and materials on innovation and its commercialization.” In particular, the Delegation asked why 1,167 users did not constitute at least 40 per cent of the 2,400 baseline (40 per cent being the threshold for “on track” that had been identified the Secretariat).

212. The Delegation of Algeria asked for additional information on the problems encountered in establishing Technology Transfer Offices (TTOs). With regard to performance indicators for national IP strategies, it stated that there was no information under the performance data (said none). Presumably, there had not been many activities carried out. The Delegation asked for additional information on this issue.

213. The Delegation of Egypt supported the comments by the Delegations of the United States of America and Algeria regarding performance indicators which were not on track. The Delegation felt that members needed to have regular reports, perhaps every couple of months, to be able to follow-up on these matters in order to be assured that efforts were being made, particularly for developing countries.

214. The Delegation of El Salvador asked for more concrete information on what had been done on certain projects, including establishing TTOs and with respect to the WIPO university initiative. With regard to the performance indicator on the number of IP strategies, including an innovation and technology component, the Delegation was surprised to see “none” under

performance data. Such sensitive topics should not be allowed to appear with no progress noted. The Delegation felt that things that had been done could well be reflected under this chapter. The Delegation asked for more concrete information on what had been done on certain projects, including establishing TTOs and with respect to the WIPO university initiative.

215. The Delegation of Germany considered this Program to be of great importance and found it regrettable that, on some points, there did not seem to be performance data. The Delegation was interested in what the expectation was for 2013 because it was under the impression that some of this lack of data might be remedied or some of the training, training of trainers that had not taken place, might yet take place in 2013.

216. The Delegation of Italy asked whether the reduction in the financial envelope reflected in the PPR by the redeployment of personnel affected the activities of the Division in implementing its work. The Delegation also wished to have additional information on the points raised by the previous speakers.

217. In response to the Delegations' questions, the Secretariat discussed the creation of the Innovation Division from two separate units, small and medium-sized enterprises ((SMEs) and Innovation and Technology Transfer), in January 2012, the human resource-related challenges resulting from that combination, and the fact that the key performance indicators had been established in 2011, before the arrival of its Director in February 2012. Regarding the TTO project for the Arab Region, the Secretariat observed that external funding had prevented the project from being on track. Regarding the WIPO University Initiative Program, the Secretariat observed that there was a shortage of personnel for that program. Regarding the number of national IP strategies, the Secretariat explained that a fair amount of advice had in fact been delivered (including in the TTO project), and that there would be more activity in this area. However, certain personnel experienced difficulties in moving on with the projects. In all, the requisite 40 per cent – which would have required that two out of three national strategies be completed in 2012 – was not achieved. Regarding the number of users of WIPO-developed tools, models and materials on innovation and its commercialization, the Secretariat said that when the program started in its combined form (as referred to above), there was an assumption that the word "users" referred to people that WIPO was training who received the materials and were therefore enabled to deploy the tools they had received. A difference of interpretation arose later, and the question arose as whether the term "users" should require some qualification and verification that those people were actually, in their daily work, making use of the materials that they had been provided with in training. It was agreed to establish a survey to determine the number of users under this new interpretation; and indeed the PPR table on page 76 states: "In 2012, the survey required to determine the number of users had not yet been developed, hence, there is insufficient information to assess the number of users for 2012. The survey questionnaire has now been developed and is in use for 2013."

218. The Delegation of Brazil inquired as to the reason for the lower-than-expected usage of non-personnel resources for DA projects.

219. The Delegation of Egypt suggested that, since a lack of external financial resources was responsible for not meeting certain targets, the Organization could finance these projects. The Delegation expressed support for projects for SMEs in the budget.

220. The Delegation of the United States of America, on the question of "users" versus "participants," and observing that "we do not have the data because the survey was not compiled or sent out," inquired whether this indicator, instead of being "not on track," should instead be designated as "not available" to reflect the lack of data. The Delegation asked for clarification about the actual numbers (1,167 users vs. 2,400 users as a baseline).

221. The Secretariat responded by pointing out that 2,400 users was the baseline, while the target was actually 3,200. The Secretariat also observed that, in this case, since the data

available did not actually reflect the indicator, the TLS (Traffic Light System) could be considered as “not available.”

222. Regarding the Delegation of Brazil’s question on DA projects, the Secretariat commented that there were two primary factors, including: (a) some difficulty in reaching an agreement among certain Member States about what they would be willing to do on certain pilot projects, which took much longer than expected; and (b) some of the human resource problems that were experienced during 2012 which interfered with the progress made on those projects. The Secretariat additionally observed that there are current discussions concerning ways in which the remaining work could be finished and delivered within 2013.

223. The Secretariat responded to the Delegation of Egypt’s question regarding the Organization’s funding of the TTOs projects by observing that this type of funding question was up to the Member States, and would have to be addressed in the context of the overall budget and its priorities.

224. The discussion on the PPR for 2012 was closed. The Chair read out the amended proposal for the decision paragraph.

225. The Program and Budget Committee (PBC), having reviewed the Program Performance Report (PPR), and recognizing its nature as a self-assessment of the Secretariat, recommended its approval to the General Assembly, subject to the comments, concerns and suggestions for improvement raised by Member States and reflected in the report of the PBC as well as annexed to the PPR (document WO/PBC/20/2).

ORAL REPORT ON ACTIVITIES OF PROGRAM 18 (IP AND GLOBAL CHALLENGES)

226. The Secretariat provided an oral report on activities of Program 18 (IP and Global Challenges; also distributed in paper copy to the Committee). It recalled the genesis of the Program which went back to the agreement between the United Nations and WIPO that captured already the nature of IP: on the one hand, to provide an incentive for creativity and innovation and, on the other hand, to facilitate technology transfer. It also clarified the objective, namely to accelerate economic, social and cultural development. This had confirmed the mandate of WIPO.

227. WIPO had increasingly been called upon to provide input into the rather complex questions of how IP and major public policy issues, such as public health, climate change and food security, interrelate. In 2009, the IP and Global Challenges Program had been established. The Program had a practical approach in the sense of providing practical answers to practical questions, to cooperate with other major players in the area, in the sense of providing information on these issues as they relate to IP, and, very importantly, to provide practical tools and platforms that can, on the basis of the IP system, achieve tangible outcomes and results which also have a broader development dimension.

228. In the area of global health, the largest number of positive results had been achieved: in joint cooperation with the World Health Organization (WHO) and the World Trade Organization (WTO), the three Symposia, the Trilateral Study and *WIPO Re:Search*. *WIPO Re:Search*, already presented at the last meeting, was an open innovation platform meant to boost innovation in the area of neglected tropical diseases, tuberculosis and malaria. These were areas where the market did not set sufficient incentives for innovation. Within one year, *WIPO Re:Search* had doubled its membership to 69 members. It had been possible to have meaningful uploads into the database which were made available free of charge to any institution in the world that conducted research in the area of these diseases. 26 collaborations

had been concluded, and many more were in the pipeline. An interesting new development was the establishment of a rather generous funding trust by Australia that allowed to finance hosting arrangements for scholarships for developing country researchers in public research institutions, universities or in the pharmaceutical industry. That would help build capacity to better address these issues and to better innovate in the area of these neglected diseases. One example was the collaboration between the Kumasi Center for Collaborative Research in Tropical Medicine in Ghana and the Stanford University in the United States of America. Another example was an agreement between the South African pharmaceutical company IThemba Pharmaceuticals and AstraZeneca.

229. In the area of climate change, most activities so far were centered on WIPO Green. This platform was not so much about innovation but more about the transfer of already existing technologies. WIPO GREEN was currently in a pilot phase and was intended to be a marketplace for existing technologies that, first of all, enhanced transparency as to what technologies were available and what needs existed. It provided access to a network of partners which could give additional supporting services, such as training, capacity building, negotiating technology licenses, and could facilitate finance solutions. WIPO was working with a range of partners, including a regional development bank. This platform would be formally launched at the end of November in Geneva. The United Nations Framework Convention on Climate Change's (UNFCCC) Executive Secretary, Christiana Figueres, had already confirmed her attendance at this meeting.

230. In the area of food security, the Secretariat had not been able to undertake a similar number of activities because the available resources needed to be focused on the currently more advanced projects. However, one Global Challenges Seminar on the topic and a Workshop on IP Innovation and Food Security in collaboration with the Tanzanian Ministry for Agriculture had been organized. In addition, the Secretariat was developing a strategy for a baseline study with stakeholders in the United Republic of Tanzania and the Norman Borlaug Institute for International Agriculture in the US.

231. The Chair asked when the WIPO GREEN database would be ready and how developing countries would know about it so that it could be helpful and of mutual benefit for commercial transactions. His experience from working in different places was that many countries had challenges and had already invented ideas, in Europe, Japan, etc. Therefore, if this database was accessible to people in different places, how would it be known?

232. The Delegation of Brazil asked for clarification on the decision making and the choice of projects to be implemented under this Program. As of today, Global Challenges only reported to the Program and Budget Committee (PBC). How could the Member States interact with the Program?

233. The Delegation of Egypt stated that this Program was very important because there were seven million Swiss francs being put into it. With regard to the targets, raising awareness and the decision making process on IP in establishing policies, WIPO was available to provide information and develop tools on IP to be used for the transfer of technology to developing countries to be able to address the various different challenges faced. Egypt wanted to encourage discussions on this. However, some challenges remained unaddressed. The presentation did not have enough detail to enable seeing how people could benefit from the activities undertaken, particularly with regard to data, for instance under *WIPO Re:Search*. There was some collaboration in 2012, five hosting agreements that had been established. Egypt encouraged this. But it would be good to have more detail about the possible benefits generated by such activities. Another challenge was to how present this evaluation. There had been some briefing sessions, in November 2012 and in March 2013 at the margins of other committees. But the issues were not being dealt with by any particular committee, they were being discussed at the margins of meetings or in parallel sessions. It would be good to decide what would be the appropriate committee to deal with this and present exhaustive reports to

such a committee, whether it was the SCP, the CDIP or another body. It would be useful to have fuller information which would help understand what was available for countries, what the benefits were. The Delegation thanked the Secretariat for the efforts made.

234. The Delegation of Japan appreciated the ongoing activities addressing global issues, in particular *WIPO Re:Search* and WIPO GREEN in which Japan was actively involved. Regarding WIPO GREEN, the Delegation noted that the Conference on Climate Change Innovation in Africa held in Kenya in June was partially funded by WIPO and considered it important to create an environment for industry to voluntarily contribute to global issues. The Delegation wanted to actively cooperate with WIPO for this purpose.

235. The Delegation of El Salvador stated that it was very interested in the topic, in *WIPO Re:Search* and WIPO GREEN. There were national requests for such initiatives. The Delegation echoed the statement of the Delegation of Egypt since more information made Member States increasingly aware of the projects and the possibilities. While it did not know how the Secretariat could actually satisfy the need for this, these initiatives should be made accessible to all Member States. Somehow it had to be done. The Delegation was awaiting, with great interest, the report for November and the issues for the next biennium which were coming up and were of great interest to it.

236. The Delegation of France followed up on some concerns that had already been raised. It noted a lot of interest in these global issues and expressed its surprise at the way they were being dealt with. There were agencies in charge of food security plus WIPO. But WIPO did not have the size or the experience for an equal partnership. The Delegation wondered what WIPO could really bring to an issue which was not specifically IP in concrete terms. The World Meteorological Organization (WMO) knew the IP issues relative to their sector. Did WIPO have anything to add to that? Was WIPO already known as a partner agency on climate services at a particular level? The data classification was of course one of the most concrete issues. How was it ensured that data was kept up to date and fully shared to allow the developing countries make rapid progress? That was something very concrete. There was a Working Group on that at WMO. The Delegate said he had never heard of WIPO GREEN before. The issue was not UNFCCC. Subsequent to the meeting held the previous week, the Delegate raised the question of what WIPO's added value to existing processes could be. The wording used was surprising. The Delegation did not know if WIPO had done anything on food security. Maybe there was something very specific about IP and food security. This was not clear. In terms of the Delegation's interaction with capital, there was a need to know more in order to decide what Programs could be implemented. How did WIPO position itself in terms of making sure that it was giving added value and that organizations were working correctly in terms of IP around their area of specificity? If an organization was not working correctly with regard to IP in their specific area, WIPO could tell them that without necessarily being a partner agency. WIPO should broaden itself to deal with 20 issues that other agencies were already dealing with rather than seven, for instance, currently. In the organizations that the Delegate followed, WHO, International Labour Organization (ILO), WMO, he had never heard them saying that WIPO had been a very useful partner to them in this particular issue on climatological data or on medical data and on the way they were transferred. He had not heard anybody saying that WIPO had a marvelous way of transferring that can help them. The Member States needed to understand the legitimacy of WIPO actually being active in these areas because he felt as if WIPO was trying to establish its mandate to gain territory in some way. The idea was not for WIPO to gain territory in terms of its mandate. It had to do its core task so that Member States could see why there was an added value for WIPO in this area so that they could support WIPO as a Member State.

237. The Secretariat explained that the key preoccupations regarding the launch of WIPO GREEN were how it was publicized and how duplication was avoided. The WIPO GREEN website was already available as a pilot. It had not yet been promoted broadly because it had not yet been launched and was being tested. However, the Secretariat had already been

speaking about it and had been engaging with many potential partners in order to avoid duplication. There might be other platforms trying to do similar things. There was, for example, a platform established in the context of United Nations Development Programme (UNDP), which was meant to facilitate technology transfer. The Secretariat was working with them to make sure data was being cross-referenced and not duplicated. Similar things were done with the Asian Development Bank, with the Association of University Technology Managers (AUTM) which had established a technology database, although not specifically in the area of green or environmentally sound technologies. WIPO GREEN was not a "me, too" thing, striving to avoid duplication and to enhance coordination. In terms of publicity, the Secretariat was using the possibilities which it had at its disposal. Work with an increasing number of partners should spread the word around. The Secretariat would be grateful for any support from Member States. Any Member State's institutions, anyone who could participate in WIPO GREEN was welcome to participate either as an entity that had technology to offer or as an entity that was seeking technology, or, in a third capacity, as an institution or an organization that could offer additional supporting services in this respect.

238. The Secretariat replied raised by the question of the Delegation of Brazil on decision making and implementation and explained that first a reference for the projects was established in the draft Program and Budget which was approved by Member States. The first mention of the collaborative platforms which gave the green light to starting exploring possibilities in this area was in the Program and Budget for 2010/11. It had mentioned work on establishing collaborative platforms where WIPO would add its specific expertise and contacts in order to add value to the efforts to facilitate innovation and enhance the transfer of technologies in these particular areas. The collaborative platforms were further developed and reported step-by-step in the PPR. In that respect, there was a loop back to the Member States. The cooperation with other organizations was mentioned in several areas of the DA where it was said that WIPO should work with other international organizations from the perspective of respective mandates, thereby ensuring policy coherence and avoiding duplication.

239. Regarding the issue of information and participation of Member States raised by the Delegations of Egypt and El Salvador, the Secretariat clarified that as much information in as many fora as possible was provided. Information had been provided to the last session of the Standing Committee on the Law of Patents (SCP), and information sessions at the margins of both the CDIP and SCP had been organized. Member States could participate by speaking about these collaborative platforms amongst institutions that were potentially interested in collaborating. In Brazil, the Secretariat was working with the *Fundação Oswaldo Cruz (Fiocruz)* in *WIPO Re:Search*. The Theodor Bilharz Research Institute in Egypt was sending a researcher to the University of California. However, it was not WIPO who took the decision on whom to send and where. WIPO was a provider of both platforms and provided the catalyst that hopefully facilitated cooperation, innovation and technology transfer. WIPO was not itself providing neither any material nor any scholarships. WIPO provided the platform on which this material was promoted and made available and where these contacts were facilitated.

240. The Secretariat expressed its gratefulness for the financing to a very large extent of the *Conference on Climate Change Innovation in Africa* in Kenya by the Japanese Fund-in-Trust.

241. In response to the comments made by the Delegation of France, the Secretariat referred to a similar dialogue at the last meeting relating to WIPO GREEN and assured that WIPO was neither engaging in mission creep nor was it trying to make itself more relevant than it was. There were in fact requests for information on how innovation and technology transfer actually worked and how they could be incorporated into these issues. WIPO was not attempting to correct anyone. WIPO participated, observed and acted as a resource, if requested, by making neutral and fact based information available and not by pushing anyone's agenda in any way. WIPO did not have an agenda except that to follow the obligation, as an international and UN organization, to contribute to debates taking place in UN fora and to provide the expertise which it actually had in order to contribute to the overall UN goal: not only working as one but

delivering as one. WIPO definitely had a contribution to make. WIPO's specific area of expertise was not how meteorological data or medical data were being shared. WIPO could not really participate confidently on discussions that only dealt with public health. However, if the discussion was, for example, about how the wealth of information available through the patent system could be used to, for example, determine freedom of operations in order to facilitate innovation in the area of medicine, or global health, then WIPO had a lot to offer. And that was the subject of one of the trilateral symposia which were organized together with the WHO and the WTO in 2011. WIPO was not overstating the importance of IP, but felt that it had to contribute to discussions in order to simply provide the expertise which it had and to add value from the specific expertise and specific contributions which it could make.

242. The Chair observed that France had raised a strategic question and had made a valid point. A trend could be observed in the UN system that each organization was trying to expand. One of the problems was that, for example, the ILO covered many issues and covered also human rights issues and WTO talked about food security. The question was valid not only regarding WIPO. It was a valid question for the work of all the international organizations. The UN conference delivering as one, the UN Secretary General with the different organizations, what did they do and where to draw the line? The question was what the added value was. No one denied that there could be a role, but what was asked was what exactly the niche was. Food security was done in the Food and Agriculture Organization (FAO), in WTO, at the UN General Assembly. The question was where the value added in each one of them was, where the lines of each organization should be drawn. Of course each one felt that it wanted to increase its mandate. The United Nations High Commission for Refugees (UNHCR) talked about refugees but now there was talk about, for example, getting involved in humanitarian disasters. The Chair concluded that in response to the questions there was a need for more substance in the next year. There were very good headlines. But they needed more substance, more meat on the skeleton provided by the Secretariat. What could be done in this area? How were these examples helping? What was the niche that WIPO could provide so that Member States could say, yes, in the area of global challenges, there is a role for WIPO, or, no, there is no role and WIPO's money should not be spent on these issues. For Member States to be able to judge and make a valid statement on whether or not WIPO should enter these other areas, they must have more information. Member States might want the Secretariat to go deeper into one area and might not want the same level of involvement in another area. In order to enable Member States to have an in-depth discussion on this subject, Member States needed that information. The Chair hoped that next year's report could be more focused and could give more details on some of these issues.

243. The Delegation of Brazil asked that for the next session written information was given prior to the meeting so that it could be forwarded to capitals.

244. The Delegation of Belgium, on behalf of Group B, stated that the Group was very happy with the information provided. It might have been a little bit late. But there was also a late introduction of another document. The Group did not see the need to get additional documents in this regard.

245. The Delegation of Egypt said that any additional information was always welcome. It was a good idea to provide it to Member States and the countries concerned to take the information into account. The written reports were very important, very useful, particularly for the parties concerned.

246. The Chair asked Group B to clarify the position that it did not want more information and opposed to the request of some members to have more information.

247. The Delegation of Belgium on behalf of Group B explained that it found that the Global Challenges Division was working perfectly well. Member States would be free to contact the Secretariat directly to receive more information. The Group reiterated that it did not see the

need to come up with another layer of documents. There was already a big heap of documents on which to work further, and the Group was perfectly fine with the level of information received. On the other question raised by the Chair, namely to know whether the Group was opposed to the presentation, by the Secretariat, of more information in an institutional manner, the Delegation of Belgium, on behalf of Group B, clarified that it was not opposed to anything, but pointed out that Member States were free to contact the Secretariat directly in an appropriate way, to contact the Global Challenges Division, and to ask for more information in this way.

248. The Delegation of Algeria explained that it saw that delegations were not asking for additional information, but they were saying that a report should not be just a presentation, but that it should be a formal report, like all WIPO documents. While the paper that had been introduced was very useful, it could not be sent as it was to capitals since it was not a formal working document. Nothing else was requested. The Delegation did not understand why Group B would oppose that.

249. The Secretariat stated that it was happy to provide information to Member States and asked for guidance on what delegations would like to have more. There was already the quite exhaustive PPR, 98 pages and more. It would be helpful to get guidance about what exactly delegations were looking for beyond what was provided in the Report and in the presentation.

250. The Delegation of France agreed with what had just been said. It had indicated the information that was missing or lacking for Paris. But this was not urgent. Future indications had been given in this report and the Secretariat could submit things differently and complete them. A good compromise was to talk about this serenely in the coming months and to discuss the format and what information was missing. This could be adjusted as discussions evolved. If Member States felt that there were urgent, pressing questions, they could be dealt with. The point was to agree on the future format. The position of Group B did not have to be cumbersome, it was just about how to go forward. Perhaps in light of these discussions, there could be two or three additional discussions but no occasions should be missed to master the demand unless there was a special, pressing urgency today. The way of submitting this information and data could be adjusted in the forthcoming exercise.

251. The Delegation of Egypt stated that it did not wish to make the tasks of the Secretariat more cumbersome. The Secretariat always submitted reports corresponding to needs and requirements. The Delegation suggested beginning with the results. There were, for example, outcomes for the activities linked to each result indicated. Now there were implementation indicators only. It might be possible to begin with the results. In the presentation that was just made, one example of cooperation between two institutions was given. Other examples of cooperation could be submitted, such as cooperation with Egypt. In this way, countries could make the most of exchanging experiences. This was a possibility for the improvement of data and information. In this way, the forthcoming document would provide more information specifically within the results framework.

252. The Secretariat explained that the PPR, in fact, was a formal document provided to the Member States which could be easily used. Otherwise a plethora of extra papers would have to be read in connection with the PPR. Therefore, it suggested to expand the PPR in order to include those elements which were there and to make them part of the formal approach. Those who wished to have that piece transmitted to capitals would just take it out of the PPR and send just the relevant pages.

253. The Delegation of Brazil explained that the idea of having information only on Program 18 was related to the special characteristics of the Program. This case was not related to the pattern of the draft budget proposal. Since the Program only reported to this committee, Member States should have more information compared to other Programs that already reported to other WIPO Committees.

254. The Secretariat clarified that there was already an expanded report for Program 5 on the PCT System. The PPR had a much more detailed presentation than for other Programs. And as some Member States had already said, this needed to be tied into the results framework so that it could be linked to delivery. The suggestion was to expand on the textual information under Program 18 to include those elements as had been done in other areas so that they were formally included in the PPR as part of Program 18's reporting of activities.

ITEM 4 FINANCIAL SITUATION AS OF END 2012: PRELIMINARY RESULTS

255. Discussions were based on document WO/PBC/20/INF.1

256. The Chair opened discussion on this agenda item and handed the floor to the Controller.

257. The Controller reiterated the fact that the document under review provided the preliminary figures as at the end of 2012 and mentioned that these would be audited and subsequently reported on formally at the September 2013 session of the PBC. In order to provide Member States with further details of the Organization's financial situation, the document also presented financial information for the first quarter of 2013. The Controller underlined the informative nature of the document and its purpose to serve as a reference document for the discussion of agenda Item 5, the Draft Proposed Program and Budget for 2014/15 biennium. Concerning the financial situation, the Controller declared that as of December 31, 2012, the Organization's income was 344.9 million Swiss francs on a budgetary basis, representing 53 per cent of the full biennial estimate. Adjustments related to IPSAS, consisting primarily of income deferral related to PCT fees, amounted to 14.9 million Swiss francs, resulting in income after IPSAS adjustments in an amount of 330 million Swiss francs. Expenditure against the regular budget in the first year of the biennium came to a total of 290.1 million Swiss francs. IPSAS adjustments, representing 14.3 million Swiss francs, mainly concerned depreciation and the recognition of future liabilities. This brought the figure for total expenditure after IPSAS adjustments to 304.4 million Swiss francs. The operating result of the Organization at the end of the first year of the biennium was 25.6 million Swiss francs. The surplus after Reserve expenditures and related IPSAS adjustments totaled 15.7 million Swiss francs, bringing the level of the Organization's Reserves and working capital funds to 178.2 million Swiss francs as compared to a reserve target of 120.6 million Swiss francs. The Controller pointed out that the figures for the end of the first quarter of 2013 continued to reinforce the positive trend observed for both income and expenditure, and that registration levels were also well on track for both PCT and Madrid.

258. The Chair thanked the Controller for his intervention and opened the floor for debate.

259. The Delegation of the United Kingdom welcomed the positive surplus observed in the Organization's results. Whilst recognizing the need to report on a biennial basis, the Delegation declared that it would be useful to be provided with a year-on-year picture of actual spending against the budget as this would help their understanding of the exact situation and allow the identification of trends. Concerning staff matters, the Delegation expressed its satisfaction with the fact that the overall number of staff remained steady from 2012 and encouraged the continuation of this policy. The Delegation said it would also welcome seeing balance sheets as of the December 31, 2012, as this would enable a better understanding of the overall financial position of the Organization, adding that it would also raise this point in the context of the review of the 2014/15 budget.

260. Delegation of Japan, concerning the financial situation in 2012, expressed its satisfaction with the Organization's surplus of 25.6 million Swiss francs after adjustments. It added that recognition should be given to the fact that expenditure had been greatly reduced through the

implementation of cost efficiency measures and said that it expected such cost efficiency measures to be continuously implemented in a sustainable manner.

261. The Controller said that the observations made by the Delegation of the United Kingdom had been noted and that this was why Member States were being provided with an annual overview of the results for 2012, going so far as to include the first quarter of 2013. He added that this was to give Member States a clearer picture of the situation in the light of the most recent figures and hoped that this information would prove satisfactory. The Controller also said that he had noted the comment about the balance sheet and informed the Member States that in September, when the accounts would be audited and the external audit report issued, it would be possible to provide Member States with the Organization's balance sheet and a more complete financial overview. The Controller added that due note had been taken of the observations made by the Delegation of Japan and added that efforts would continue in the area of cost reduction in the Organization.

262. The Delegation of Spain thanked the Secretariat for the information provided on 2012 and the first quarter of 2013 and expressed its support for the Delegations of Japan and the United Kingdom, with respect to the question of cost efficiency. The Delegation mentioned that, in table 4 which gave the results as of the end of 2012, reference was made to expenditure from the reserves, including a special project from the reserves and positive adjustments leading to a positive figure. The Delegation expressed its wish to be informed as to the final cost of special project, which would end in 2013, since 18.2 million Swiss francs had already been spent in 2013.

263. The Controller explained that expenditure under the special projects was referred to when a project was financed from the Organization's reserves. The IPSAS adjustments made were usually positive since much of this expenditure was capitalized, leading to a decrease of the figure for expenditure and an increase in terms of capital. This was why the term of "positive adjustment" was used. The Controller informed the Member States that he would be able to give them the exact amount of such expenditure from the reserves at the end of the year should they wish.

264. There were no further comments on this agenda item.

265. The Program and Budget Committee took note of the contents of document WO/PBC/20/INF.1

ITEM 5 DRAFT PROPOSED PROGRAM AND BUDGET FOR THE 2014/15 BIENNIUM

266. Discussions were based on documents WO/PBC/20/3 and Corr.

267. The Chair opened item 5, underlining that this Agenda item was one of high strategic importance for the Member States of WIPO. The Chair added that document WO/PBC/20/3 had been prepared by the Secretariat taking into consideration the strategic framework with the nine strategic goals as well as the feedback and comments received from Member States in their responses to the Questionnaire in respect of the draft Program and Budget 2014/15. The Chair further thanked all delegations for their time and constructive engagement during the informal group consultations held with him the prior week and strongly encouraged members to work efficiently and effectively towards the objective of recommending the approval of the proposed Program and Budget to the 51st session of the Assemblies of WIPO. The Chair added that an approach program by program was envisaged and that the Secretariat would take any comments made into account and come back to these in September.

268. The Chair invited the Director General to deliver his opening remarks.

269. The Director General took the floor and apologized to Delegations for not being present at the opening of the 21st Session of the Program and Budget Committee due to his absence from Geneva. The Director General thanked the Chair for taking the time to hold intensive consultations prior to the meeting. The Delegations and the Secretariat were also thanked as these consultations had proved to be extremely helpful. The Proposed Program and Budget for the 2014/15 Biennium was formally introduced. The Director General began by informing the meeting of the financial situation for 2012 which had yielded healthy results. At the end of 2012, there had been an operating surplus of 25.6 million Swiss francs after having taken into account IPSAS adjustments. Taking into account the authorized expenditure from the reserves there remained an overall surplus of 15.7 million Swiss francs for the year which was believed to be a very good result. The level of reserves were at 178.2 million Swiss Francs, 58 million Swiss francs above the level required to be maintained for the continued prudent financial operation of the Organization, in accordance with its policy on Reserves. However, the Director General cautioned delegates that they faced a continuing situation of uncertainty and very low visibility in the global economy. Despite the good results achieved, prudence and caution were called for. The proposal put forward for the next biennium, firstly on the income side, was that it was estimated that income would rise by some 4.5 per cent in the next biennium to 713.3 million Swiss francs. This would reflect the continuing strong performance of the global IP systems, in particular the PCT. For the Madrid and Hague systems, some expansion was expected with some increase in the numbers of applications as a result of the expansion of those systems through the entry of new members in the systems. Furthermore, that expected or estimated result given for the income for the next biennium (2014/15), additionally reflected zero nominal growth in Member State contributions. There would, therefore, be no change in Member State contributions. On the expenditure side there were strong cost pressures. Notably, as the Delegations may have noticed, staff costs were projected to rise by some 8 per cent, mainly, although not completely, as a consequence of taking into account the long term liabilities for which WIPO was required to account for under the IPSAS principles. The Director General reported that he understood that there were further cost pressures and cited the example of the area of translation and elaborated that this went further than the discussion which had been held on the language policy of the Organization. He indicated that nearly 40 per cent of the international applications filed under the PCT were filed in non-Roman languages and the unit cost of translation in those languages was much higher than that for the Roman languages. Furthermore, this was the most rapidly expanding area of the PCT applications. The Director General spoke on the cost pressure of the Organization's requirement of continued investment in information technology, upon which all WIPO services were dependent. Furthermore, there were great concerns about information security, information technology security, which was shared by everyone in the community. There were also concerns about delivering an even service across the globe. So with those cost pressures WIPO was containing, or trying to contain, the rise in the level of expenditure and projected that rise in the level of expenditure to be an increase of 3.8 per cent. That was 3.8 per cent as opposed to the 4.5 per cent which income was being projected to rise by. The 3.8 per cent translated into 673.2 million Swiss francs. Of that 673.2 million Swiss francs, two thirds, 66 per cent, was comprised of staff costs, 447 million Swiss francs for personnel expenditure and the remaining third, 226.2 million Swiss francs, for non-personnel expenditure. No increase was proposed in the head count for the next biennium, furthermore, the Director General recalled that WIPO was currently operating in 2013 with a lower head count than that it had been operating with in 2008. The Director General continued that despite the considerably large increases in workload WIPO was still maintaining staff levels at the same, or at a slightly lower, level than in 2008. Taking into account IPSAS adjustments which were estimated (the Director General emphasized estimated), to be 37.3 million Swiss francs, giving an overall operating surplus of 2.8 million Swiss francs. Therefore, income minus expenditure, along with IPSAS adjustments, gave the 2.8 million Swiss francs operating surplus. The Director General commented on the program and the basis of the proposal that was before the Delegations. Firstly, he emphasized that development was, and would remain, a priority for the Organization. Expenditure for development as a percentage of total expenditure remained stable at 21.1 per cent but in

absolute terms it represented an increase of 2.8 per cent in 2014/15 as compared to the current biennium. The Director General informed the Delegates that activities relating to development assistance and capacity building permeated the program. Even if the word development was not necessarily mentioned, it did not mean that the activity did not relate to development. For example, Member States would find that all of what the Organization was doing in the Academy was directed towards capacity building. All that the Organization was doing in most of its infrastructure projects was directed towards developing countries. The IPAS program, the WIPOCOS program were all related to developing the capacity of the least developed and developing countries. The Director General drew Member States' attention to the complexity of the environment in which Intellectual Property was now operating. This complexity applied to both the institutional and Governmental environment in which Intellectual Property was operating and to the business or commercial environment in which Intellectual Property was also operating. The Director General reported that as far as the institutional or Governmental environment was concerned, most Governments were experiencing a situation in which they had very active national agendas on Intellectual Property, along with very active bilateral agendas on Intellectual Property. Often this included very active regional agendas on Intellectual Property and very active plurilateral agendas on Intellectual Property. This was a level of complexity that had not existed 20 years ago and there had been a change in the institutional environment and governmental environment in which Intellectual Property was operating. The same could be said with respect to the commercial or business environment in which Intellectual Property operated. The innovation ecosystem was currently much more sophisticated than it had been some 20 or 30 years ago. Equally, the marketplace for digital cultural products was also much more sophisticated than 20 years ago. It was a completely different environment. The Director General underlined the importance for WIPO to determine what the Organization's role was, as, in that environment of complexity, the Organization would not be able to do everything. The Organization would need to prioritize and ensure that, through the tools of results based management, which the Director General believed had been well deployed, in conjunction with the new results framework, it presented a focused and consolidated program. In this respect, evidence of that focus and consolidation in the program related first of all, to the Academy, where on many occasions the Secretariat had briefed Delegations on the focus that the Organization gave to the Academy in order to ensure that it was the place in the Organization where capacity building activities were carried out. Secondly, efforts had been made to eliminate duplication across the Organization to ensure that capacity building activities were carried out in the Bureaus. Therefore, whereas human capacity building was carried out in the Academy in the Development Sector, other capacity building activities were carried out throughout the bureaus, with the exception of the Global IP Systems where each global IP system had its own capacity building activities. The final example of focus and consolidation concerned the way in which WIPO intended to organize the delivery of the services which Member States would like to receive with respect to small and medium sized enterprises. It was believed that these could be much more effectively delivered by having a staff member in each of the Bureaus dedicated to the delivery of services, with respect to small and medium enterprises. The Director General continued and spoke on the business model or the way in which the Organization was structured in order to be able to deliver the results that Member States had set for it. Firstly, the Director General asked Delegations to recall that 66 per cent of the projected expenditure was allocated to human resources. Although this was a large amount, at the same time, human resources were the greatest asset of the Organization. They were also a constraint on the capacity of the Organization to be flexible in its delivery. Therefore, the externalization of services was something that continued to be reflected on. The most obvious areas in which WIPO had been practicing externalization were translation and information technology. In the area of translation in the PCT, for example, nearly 80 per cent of WIPO's translation work was performed outside the Organization or was externalized and an increasingly large percentage of the Organization's general translation and its Madrid translation were also performed outside. Secondly, in the area of IT, while most of the research was done internally, the actual implementation or the development was done through subcontractors externally. The Director General explained the reasoning behind this.

Firstly, because the Organization believed that it could, and did, achieve cost advantages. Secondly, there was, simply put, a growing consciousness that it was extremely unlikely that any one Organization whoever it was, whether an Intergovernmental or private sector organization, would have more resources and better resources than available in the rest of the world. It was a mathematical impossibility. Therefore, leveraging the availability of good resources outside to bring in expertise and experience to the core staff of the Organization had been a universal trend for some time and it was the basis of the way in which WIPO looked at the whole question of externalization as well. Therefore, apart from externalization as a business strategy, sustainability was another important business strategy that WIPO was seeking to deploy. The Director General explained further that WIPO was trying to ensure that where it was delivering services or products in the area of development cooperation, these were delivered on a sustainable basis. An example was Technology and Innovation Support Centres (TISCs). A further example was the Industrial Property Automation System (IPAS). Obviously, large numbers of WIPO staff were closely involved in the deployment of these services, or these information technology systems, and involved in training, but, at a certain stage, it was expected that the country would be able to assume total responsibility for the TISC or the IPAS system apart from the updated versions which WIPO would distribute. This was currently being seen to be happening and appeared to be working well which was important because apart from sustainability, in the case of IPAS, which had been deployed to over 80 countries, there now was a long list of other countries that would also like to avail themselves. Therefore, it was important to be intensely involved at the beginning and then withdraw in order to give that same intense involvement to other countries. The start-up had not yet begun and the sustainability also ensured that WIPO was able to pay attention to other countries also and indeed 80 would become 160. Furthermore, there were other examples of sustainability besides the TISCs and IPAS, such as Summer schools run by the Academy. The Director General spoke on the subject of External Offices in respect of Business Services. A white paper on this subject had been distributed by the Secretariat to the Delegates on the first day of the PBC. Firstly, the Director General recalled that the Secretariat was not the demandeur of external offices. He clarified that the demandeurs for external offices were some 20 plus Member States. Secondly, although it was the Member States that were the demandeurs, it did not mean that the Secretariat, insofar as its views were relevant, was negative to the demand. On the contrary, the Secretariat was not negative at all to the request.

Indeed, the Secretariat believed that a small, tight, strategically placed, geographically representative network of external offices could be extremely useful for improving the presence of the Organization around the world and could be also be extremely useful in the delivery of the Organization's services as well as increasing the use of the Organization's global IP systems. The Director General continued that it should not be forgotten that WIPO was a global Organization which required global buy-in from its membership. This was, in the Director General's view, an important instrument in achieving that global buy-in. Intellectual Property as the Member States would be aware, was not territorial. Physical resources were territorial. A country either had, or did not have, petroleum as a permanent feature of its existence. However, a country which did not have an innovation capacity could acquire it and Intellectual Property moved globally, not territorially. Global buy-in was important to the Intellectual Property system, as was recognized in the 19th century when Victor Hugo and other authors were concerned about the movement of their works and militated to establish the Berne Convention. The Director General concluded that he would be pleased to respond to any questions on this matter. In conclusion, the Director General spoke on program highlights. He had spoken at length on methods of delivery and overall considerations and the context in which WIPO was operating. With respect to program highlights, he wished to inform Member States that in the coming biennium, as far as WIPO's global IP systems were concerned, WIPO expected that there would be continued growth in the PCT and in particular, the now deployed e-PCT system would continue the good record of productivity improvement in the services rendered under the PCT. The Secretariat expected to see the Madrid system's membership expand further. There had been a number of accessions by Member States during the course of the last two years, including Mexico, India, Colombia, New Zealand and the Philippines,

which had created a large expansion. Furthermore, it was expected that the Hague system would be transformed in the next biennium and the Member States of the United States of America, the Russian Federation, Japan, the Republic of Korea and China had informed the Secretariat that they were far advanced in their proposal to accede to the Hague system. Therefore, good expansion was expected, along with the take up of the global IP systems in the course of the next biennium. It was further expected that a number of the normative projects would come to maturity in the next biennium. As Delegations would be aware, these projects were numerous and included: design law treaty; broadcasting; the IGC and the revision of the Lisbon Agreement. This constituted a large portion but was not all that was on the Normative Agenda; other projects were expected to reach maturity in the ordinary course of events. A follow up on recent successes in the normative agenda would be provided, in the form of a proposal to Member States in September, with respect to a renovation, or a professionalization of what had been called the Stakeholders' Platform. The stakeholders' platform had been set up by the Standing Committee on Copyright, as an attempt to operationalize what had now become the legal framework of the Marrakesh Treaty, to make works in accessible format move around the world. Furthermore, in the infrastructure area, as previously mentioned, there was a huge buy-in from developing countries in respect of the IPAS system which would continue. It was hoped to undertake similar work for collective societies, collective administration, with the WIPOCOS system in order to ensure that the infrastructure would be available to allow extraction of the considerable wealth of cultural works, available from developing countries, out into markets and to have a better capacity to commercialize them. The access to knowledge programs such as the Access to Specialized Patent Information (ASPI) and the aRDi Program, and other areas in the Global Infrastructure Sector would be important. As far as management was concerned, although the Strategic Realignment Program had drawn to its conclusion, it was morphing into a process of continuous improvement in the creation of value. Amongst other matters, continuing and considerable focus in Human Resources in the next biennium, would be on gender balance and geographical representation in the Secretariat and a staff member whose sole competence would be in this area had been appointed. However, although the Organization understood the importance of this topic to Member States, as Delegations would be aware the Organization's capacity to move in this area would be somewhat limited. In providing further information, the Director General cited the fact that only 11 persons out of 1,230 were due to retire from the Organization in the current year, making any scope for action somewhat limited. However, in the following year, 20 people would retire. Although this was an important issue, scope for action was limited. The Director General concluded his address to the PBC by underlining the importance of ensuring the viability and the vitality of the Development Agenda, in the program of WIPO in the next biennium.

270. The Chair thanked the Director General for his clear and coherent presentation and for his leadership and innovative visions which were important as WIPO was the landmark of Intellectual Property and needed to advance. The Chair further thanked the Director General for addressing the core issues and providing a good introduction to Agenda item 5 which would be shortly addressed on the Budget and its major orientations. The Director General's emphasis on development remaining a priority for the Organization was appreciated along with his handling of issues that would be discussed such as the SMEs, the External Offices and the WIPO academy, all of which had emerged as important issues during the consultations. A further issue had been the service orientation of the Organization and the extent to which this deviates or takes the Organization away from the UN or being international. The Chair suggested that the Director General dwell on this issue and explain it further to Member States as more clarity was needed.

271. The Director General responded by presenting the subject in the following context. Everything done at WIPO was a service but the Organization had different constituents to whom it rendered services. Firstly, services were rendered as an Intergovernmental Organization to WIPO's Member States and this was why WIPO was an Intergovernmental organization. However, the Member States have told WIPO through treaties that they would like WIPO to render services directly to the private sector in certain instances. The Member States had

concluded the PCT, concluded the Madrid agreement, concluded the Hague agreement and had established the Arbitration Centre. In each of these areas, the Member States had established the overall framework and said that the International Bureau would be the Secretariat that would administer those services directly to applicants and therefore, WIPO also, provided services because Member States had instructed WIPO to do so in treaties directly to the private sector. In this regard, WIPO placed a great deal of emphasis on the quality of its services because none of these services which Member States had asked WIPO to provide to the private sector was a monopoly. It was not necessary to use the PCT if one was a corporation involved in innovation. Use of the Madrid system was not necessary when looking for trademark protection in more than one country. Therefore, WIPO placed a great deal of emphasis on providing a high quality service which was competitive in those areas where Member States had instructed WIPO to deliver services directly to the private sector. Furthermore, those areas where Member States had instructed WIPO to do just that amounted to, or generated, 95 per cent of the income of the Organization. That 95 per cent of the income enabled WIPO to have a viable and sustainable financial basis for the Organization and to finance 21.1 per cent of its activities of the whole budget on Development. So it was clear to understand, it was a partnership. It was clear that WIPO was delivering services to the Member States and at the request of the Member States through treaty arrangements to the private sector and WIPO had to deliver quality services right across that spectrum and it was a win-win situation because WIPO's services to the private sector were generating the income that would enable WIPO to do capacity building and to improve the capacity of the developing countries to participate in, and use, the Intellectual Property system for the benefit of their innovation capacity and their creative industries.

272. The Chair thanked the Director General and handed the floor to the Member States for their observations.

273. The Delegation of Egypt thanked the Chair and the Secretariat, in particular the Director General, for having prepared the draft Program and Budget and gave thanks for the consultations which had been held with the various regional groups by the Chair of the PBC in order that the Delegation was able to note the positions of all countries with regard to the document, including the programs and activities of the Organization for the 2014/15 biennium. With regards to development, the Delegation was pleased to hear the remarks of the Director General on this subject. It was pleased that development was a priority for the Organization and in this context wished to make some proposals and comments which it believed would contribute towards focusing on this priority during the next biennium. Firstly, the Delegation considered that it was very important to have further investment in the Development Agenda in order to prepare for important activities such as South-South cooperation and the financing of development activities which would be determined for the next biennium. The Delegation continued that it wished to present certain reservations because of the reduction in resources for the development program by 6.4 million Swiss francs according to the current budget down to 1.6 million Swiss francs in the proposed budget. This reduction was linked to three projects in particular. Secondly, it stressed the need to preserve Strategic Goal III, on Intellectual Property in the Service of Development, in such a way that the progress achieved therein could be measured. The number of results had been reduced from 11 to 4 according to the Proposed Program and Budget. The Delegation further reported that it felt it was important to preserve all the activities linked to Small and Medium Sized Enterprises and Innovation and to have some very clear targets for these in that program. The Delegation continued by saying that it believed that this should remain an independent Program. Member States needed to ensure the financial resources for that Program and carry it out so as to ensure that the targets and objectives could be achieved. The Delegation noted that the reasons presented for the non-achievement of those targets had been the absence of external financing. The Delegation wished to take the opportunity to express its congratulations to the Director General, to the Organization, the participants and Member States as it believed that very significant progress had been made with the financing of Strategic Goal I, Intellectual Property, international framework with the determination of topics chosen for a diplomatic conference. A remarkable

success had been achieved in Marrakesh during the Diplomatic Conference to Conclude a Treaty to Facilitate Access to Published Works by Visually Impaired Persons and Persons with Print Disabilities. The Delegation of Egypt hoped that any thematic Program would include a determining part on activities that would promote the Development Agenda in a significant way. The Director General had spoken about the WIPO Academy. The Delegation also felt that the WIPO Academy was very important and hoped that the elements of development and training would be priorities within the Academy and the activities of national IP academies, particularly in developing countries. This kind of coordination would enable Member States to avoid duplication and also to rationalize as much as possible training activities, education and awareness-raising and to ensure good coordination among all of those activities to achieve the necessary objectives. The Delegation thanked the Director General for speaking on the External Offices. It was aware that the Director General had said that WIPO was not the demandeur for creating such offices. Nevertheless, these offices were important, particularly for Africa, and therefore the Delegation, whilst thanking the Secretariat for having taken certain measures in order to study the candidatures for various host countries, wished to know the timetable and the resources appropriated for this item and to have a clearer idea of resources for those offices to be established in Africa. The Secretariat was also thanked for using the definition proposed for development expenditure. The Delegation believed that this definition was a very detailed one in conformity with the norms of beneficiaries of development expenditure and the investment in development, the impact of that investment, and it hoped that this would also be reflected in the Budget for 2016/17. Furthermore, it hoped that the implementation of that definition would also start from the 2016/17 biennium. Finally, the Delegation spoke on the role of WIPO as an Organization of the United Nations system, a specialized agency for Intellectual Property, managed and directed by Member States in a transparent, democratic, rational manner and with good governance. The last topic the Delegation wished to touch upon was good governance. The Delegation felt that it was important to include all of these issues in the second draft Program and Budget for the 2014/15 biennium, to be prepared for the 21st session of the PBC in September. Finally, the Delegation of Egypt supported the statements to be made by the African Group and the DAG and reaffirmed this support along with the fact that the Delegation was open to any proposals which would enable the Delegation to continue to pursue their dialogue with the Secretariat, with other Member States and particularly with the Director General in order to reach an agreement on, and to ensure, the success of Program and Budget Committee meetings.

274. The Delegation of the Republic of Korea thanked the Director General for his opening remarks. The Delegation understood that this was a question and answer time on the opening remarks of the Director General. Alongside its Delegation's general observations, the Delegation wished to ask some questions to the Director General. The Director General had said that there were over 20 countries, 20 Member States, requesting to host external offices. The Delegation requested further clarification with respect to the understanding of the Director General as to the reasons why these Member States would want to host the external offices in their country.

275. The Chair informed the meeting that the Director General would return during the afternoon session and would continue answering the Member States' questions.

276. Speaking on behalf of the African group, the Delegation of Algeria thanked the Director General and the Secretariat for the extensive recommendations for the formal and informal briefing sessions held. The Delegation informed that it took note of the introduction, in the draft Program and Budget, of needed efficiencies and changes in procedures and processes within the Secretariat as well as program delivery as highlighted by the programs. The Delegation added that the African Group considered that development should remain a priority in the next biennium. The African Group further considered that the international IP framework should not only be balanced, but also development-oriented and that this point was not included in the draft budget. In order to ensure that new norms responded to the needs of all Member States, it considered that all new norms should inherently integrate a development dimension and called

for the establishment of an independent program where activities would be sufficiently visible and could be easily monitored. The African Group noted that program 18 on IP challenges addressed important issues such as public health, climate changes, and security and that the activities of this program were not being discussed by Member States on any platform in WIPO. The African Group, therefore, recommended that the activity of this program be discussed in the context of the PBC. The Group noted the restructuring of the WIPO Academy and underlined the importance of the activities of the Academy for its members. It further expressed concern that the restructuring may adversely affect the work of the Academy and requested more information in this respect. The Group welcomed the more precise definition of development expenditure and called on Member States to endorse this definition by the PBC for 2016/17 Program and Budget. Finally, the African Group noted, with satisfaction, the proposal to open two external offices of WIPO in Africa, especially since the African region was the only one where WIPO was not represented. It therefore believed that this proposal would balance the strategic representation of WIPO all around the world and welcomed the prospect of having constructive discussions with the Secretariat and other Member States so as to ensure that the new offices opened would serve Africa's interests. The African Group would make additional comments during the discussion of the Proposed Program and Budget.

277. Speaking on behalf of the Asian Group, the Delegation of India thanked the Secretariat for the preparation of the documents for the meetings with regional groups, for having provided answers to questions raised, and also thanked the Director General for his opening address in the morning. The Delegation added that they had already expressed some of the Asian Group's concerns and expectations for the 2014/15 Program and Budget in the context of the preparatory meetings with the Chair and said that it would reiterate these. Whilst the Asian Group looked forward to the finalization of the definition of the recommendations during the session for the next biennium, it considered that a separate program would be essential for the measurement of development and innovation, particularly for developing countries and the least-developed countries. The Group noted that a proposal was being made to open external offices in five countries. In this regard, the Group expressed concern about the process followed in respect of the countries chosen. Concerning the activities of the IP challenges division, the delegation said that it was important that the Member States be informed in advance of all the proposed activities having an impact on the global level. Finally, speaking of the proposal to hold a number of diplomatic conferences, the delegation informed that the Group wished to be kept informed on progress made concerning the status of this proposal.

278. Speaking on behalf of the DAG, the Delegation of Brazil thanked the Secretariat for the preparation of the documents and added that it wished to express a number of concerns, especially regarding document WO/PBC/20/3. One of the issues was that the development agenda was not even mentioned. The group considered that this gave the erroneous impression that the developing agenda was not in the center of the agenda of WIPO and that this question should be put in its rightful place. Further, the Delegation said that Member States should be entitled to decide on whether or not to approve new projects for the CDIP in the coming two years. The Group expressed its surprise at the fact that the draft budget did not request any resources for program 8. It also considered that the definition of development expenditure was inadequate and stressed the importance of the approval of a definition for future budgets. On a general note, the Delegation stated that the Group was concerned with the member-driven nature of the PBC and underlined that WIPO, as a member-driven organization, should not be considered as a service-driven organization. Regarding the specific highlights in item 4 of project 3, the Group declared that Marrakesh Treaty draft should be revised according to the latest mandate given by Member States, considering that this was not the case at present.

279. The Delegation of China thanked the Secretariat for all the formal meeting documents which had been provided to Member States before the meeting in six official languages, considering that this reflected the importance WIPO attached to language policy. The Chinese

Delegation was thankful to the Secretariat for its hard work, adding that after hard work by WIPO Member States, all nine strategic goals had reached progress at different levels. The Delegation noted that there were different programs to support the achievement each of these goals in the Proposed Program Budget for 2014 and was confident that these goals would be achieved. The Delegation was pleased to see that the Proposed Program and Budget was adjusted to the results-based strategy of WIPO and that members would continue to participate actively in discussions, expressing its hope this participation would help further improve and refine the Proposed Program and Budget so that the Organization would achieve its goals.

280. The Delegation of France mentioned the high quality and thorough nature of the statement made by Group B which summed up the challenges of the meeting and touched on every topic. Speaking of staff costs, the Delegation expressed concern about the way staff were budgeted for. Concerning the policy on external offices, the Delegation expressed preoccupation as to the justification and rationale for the opening of external offices and stressed the need for an overall vision of the Organization's requirements. Again on staff costs, the Delegation declared that it had difficulty in making the distinction, in the amounts indicated, between an obligation to pay and provisions. The Delegation further noted that significant savings had been made in non-staff expenditure. It urged the Organization to share best practices observed by other organizations in the area of cost-efficiency measures for staff costs. Concerning redeployment, the Delegation said that there was an absence of supervision in this area and that this led to an absence of control, a topic that required discussion so as to clarify the reasons for redeployment. The Delegation expressed difficulty in understanding some of the justifications given for the reserves and their link to the regular budget. The Delegation considered that the request for positions was insufficient in the proposed Program and Budget and that this needed attention given the global challenges the Organization was facing. Further, the Delegation considered that there was a lack of connection in the technical work on intellectual property and the committees held in this respect, saying that the experts on intellectual property did not concentrate sufficiently on the work they were supposed to be carrying out in the context of a given committee. Finally, the Delegation underlined the importance of involving the Member States in discussions on the Program and Budget.

281. The Delegation of El Salvador thanked the Chair for having convened the consultation meetings, particularly the meetings held the previous week. The Delegation welcomed the growth in the budget and, concerning the treaties administered by the organization and specifically the PBC, wished to know what activities and measures were being considered to maintain this budget. Referring to the regional group meetings of the previous week, the Delegation expressed satisfaction concerning the information received from the WIPO Academy for the future plans and suggestions for improvements, underlining the importance of the academy and training center and stressing its interest in following the evolution of standing programs of the academy with other national programs of other countries and with the Office for Latin American and the Caribbean. The Delegation also expressed its interest in the question of support centers, saying it was ready to begin with this project and that it had questions about how the Chair and the Secretariat envisaged the issue of sustainability, adding that it would come back to this point when the relevant topic came up later. Regarding the subject of external offices, the Delegation of El Salvador expressed concern as to the criteria used for the selection of these offices and asking what functions they would be carrying out, what specific added value they would bring. The Delegation said it felt there was something missing in the procedure used for the determination of the setting up of external offices, adding that when regional offices would be established in the African-American region, it wanted to ensure that this would not be to the detriment of the GRULAC office, neither in terms of human resources nor from a budgetary point of view. Finally, the Delegation of El Salvador said there seemed to be an error in the first paragraph of page 7 where it said that all regions would be represented in the setting up of external offices in the next biennium, pointing out that this would not be the case for Latin American and Caribbean region.

282. The Delegation of Spain thanked the Secretariat for preparing and introducing the draft budget and for the preliminary hearing work done by the Secretariat leading to the preparation of the high-quality Q and A document. The Delegation of Spain supported the Group B statement made the previous day and also that of France, more particularly the question of the fundamental goal of the United Nations to work in a coordinated manner and not an isolated one so as to ensure the future sustainability of the UN system. The Delegation, although realizing the difficulty in remaining prudent in spending when income had been exceptionally good, which in their view was the Organization's case, underlined the need for continuing cost containment in spending given the ongoing world economic crisis and uncertainty of the economic climate. In this respect, the Delegation pointed out that, whilst it understood the Secretariat's arguments, an increase of 3.86 per cent in the budget appeared to be very large. The Delegation added that other options which had not been explored as yet could be envisaged when income increased, such as a reduction in contributions of the Member States, even if these were quite low, or an increase in the reserves. The Delegation also gave the example of using the extra income for projects such as those related to infrastructure, building or software, in order to avoid using the reserves for such projects, adding that this may be a good opportunity to put forward their financing by the use of the regular budget. Concerning staff costs, the Delegation pointed out that increases were not only linked to health insurance but that, in the proposed budget, there was a marked increase in staff costs and that these also included an increase in salaries, as well as in the cost of reclassification and reorganization. The Delegation stressed the need for caution in creating such rigid costs as it would be difficult to reduce these in the future should the need arise. The Delegation considered that the financing of the capital investment project through the use of the reserves was very ambitious and that the current and future situation of the reserves should be taken into account, adding that since IPSAS now provided information about future health insurance liabilities, these pension fund liabilities should not be forgotten. Concerning the question of external offices, the Delegation of Spain supported the position of the Delegation of France, expressing its surprise at the way in which the process was presented and the information provided in the draft budget. The Delegation requested more information from the Secretariat as to the added value of these offices and wished to know exactly what they would be doing, especially given the costs involved. It referred to the question of inflexible costs, specifically that the opening of such regional offices would entail major future costs such as staff costs and that these inflexible costs would be very difficult to reduce in the future should the need arise. Therefore, the budgetary implications of such decisions should be made very clear. The Delegation said it looked forward to discussing these issues and requested the Secretariat to provide as much information as possible on the subject before the initiation of such a discussion.

283. The Delegation of the United Kingdom thanked the Secretariat for the very comprehensive and detailed budget and congratulated them on its quality. The Delegation said that, although it was pleased to see no increase, it would welcome seeing a reduction in reporting and translation costs in the future. As to expenditure, the Delegation realized the need for the Organization to invest for the future and to introduce the capital master plan as a step forward but was concerned that this plan was somewhat ambitious, asking in particular if the Secretariat was sure to have the appropriate resources to successfully deliver a good quality plan on time and within budget. Speaking of staff costs, the Delegation noted that there was an overall increase. Whilst it recognized that a significant proportion of this increase related to staff salaries and allowances and that these were beyond the Organization's scope of control, it wondered if due consideration was given to the severe economic situation that remains. On non-staff costs, the delegation welcomed the drive for efficiencies and the remaining the 4.8 or 11.5 million Swiss Franc reduction in the budget. The Delegation also noted the specific increase in costs related to the outsourcing of translations of 25% or 10 million Swiss francs to a total of 50.1 million Swiss francs and, although it accepted that such translations were an increasing aspect of WIPO's activity, asked that due consideration be given to useful alternative means of translation, for example, the use of locally located or out-sourced resources. The Delegation of the United Kingdom expressed its strong belief that SME's were a firm driver for

growth and urged the Secretariat to continue the work under Program 30, noting that this program was not yet very developed and expressing its desire to see the continuation of the program in the next biennium. The Delegation said that it shared the concerns of previous speakers related to the proposed introduction of five regional offices. It added that this came as a surprise and that essential information behind the rationale required for members to make an informed decision on this matter was lacking. The Delegation of the United Kingdom was fully in support of the reinstatement of the liability for long-term employee benefits, seeing this as a priority for WIPO and welcoming the recognition that a significant fund needed to be set aside in order to meet with the needs of the future liability. The Delegation considered that separate bank account, while refinancing the cash, would not actually assist in reducing the liability and recommended two actions. Firstly, the investment plan could be prepared and examined by an actuary to determine the contribution levels required to meet future liabilities and secondly, the required investment should be made not simply to a bank account, but to ensure interest-bearing securities. The Delegation also considered that longer term cash flow forecasting along with an actuarial review from WIPO's perspective of the ASHI liability should be undertaken to determine what proportion of the 82 million Swiss francs would be available for a longer term investment to meet different levels of an overall funding of the scheme e.g. 100% funded, 90% funded, 80% funded etc. The Delegation said it was grateful to the Secretariat for the progress made.

284. The Delegation of Japan thanked the Secretariat for having prepared the budget and prior briefing as well as having conducted the Q and A exercise before the session. On the whole, the Delegation said that it appreciated the fact that the budget for the 2014/15 biennium included a surplus, adding that general views on the budget would be given first and that specific comments would be made later on at the appropriate time. The Delegation expressed their opinion whereby income forecasts should be as conservative as possible due to the ongoing instability of the global economic situation. In this respect, the Delegation wished to clarify the methodology employed in the making of forecasts. Namely, the Delegation asked how the Secretariat made adjustments if there was a large difference between the estimated and actual number of filings. The Delegation added that the income forecast for The Hague system was calculated on the presumption that certain countries would exceed their payment during the following biennium but that each country's political situation would affect the timing of its accession to the Agreement and hence there was no guarantee that countries presently expected to become new contracting states would actually accede to the Agreement. The Delegation re-iterated the need for the forecast to be conservative, taking into account such uncertainties and lessons learnt from the past. The Delegation, speaking of expenditure, spoke of the 8.8 per cent increase in personnel costs proposed in the draft Program and Budget. It was concerned that if personnel costs were increased, it would be very difficult to reduce them or to adjust them downwards in a short period of time, even when a reduction in income intervened. The Delegation believed that caution should be observed in the setting of the percentage increase in personnel costs since this directly affected the degree of flexibility the Organization would have and that, therefore, even if an increase in income was forecasted, any increase in personnel costs should be addressed with caution. Based on the aforementioned points, the Delegation requested the Secretariat to elaborate on two points. Firstly, the calculations and specific figures used in the costing amounting to 12.6 million Swiss francs. Whilst the Delegation appreciated the Secretariat answering their question in advance, included in the updated version of Q and A (question 13 on page 5), it requested elaboration on the method used to reach each of the figures for every item listed in that answer. The second point concerned possible measures that the Secretariat might take if actual income were to be significantly lower than forecasted. In the 2004/05 biennium, it was by postponing the construction project in the proposed budget. The Delegation expressed appreciation at the Secretariat's prior answer to their question in this regard, included in the Q & A document (question 14 on Page 5). The Delegation asked, more specifically if, in this case, it would be possible to reduce either personnel costs or other forecasted costs (if personnel costs had to be maintained at the same level). Concerning non-personnel expenditure, the delegation

expressed its interest in seeing how the cost efficiency measures implemented in the biennium would be reflected in the proposed budget. Finally, the Delegation of Japan, referring to budget allocations, mentioned that, since more than 90 per cent of WIPO's income came from fees from applicants using WIPO's global IP service, such as the PCT system, the maintaining and improvement of the quality of these services should be given top priority. The Delegation said it would welcome further discussions on the continuous improvement on the system itself, on the further enforcement of the effectiveness of operations, the expansion of the proposed activities, including capacity building through utilizing external offices, and the greater enhancement of user tools such as personnel services in response to inquiries, as well as a reduction in fees.

285. The Delegation of the United States of America thanked the Chair for the work undertaken between the previous and present sessions, including the group consultations. The Delegation thanked the Secretariat for the documents provided and the hard work put into preparing them, pointing out however that there had been very little time to thoroughly review the entire package. The Delegation of the United States expressed its support for the statement delivered the previous day by Belgium on behalf of Group B. It shared concerns expressed by the Group coordinator on the 8.8 per cent increase in staff costs, noting that the Secretariat had repeatedly stated that no new posts had been included in the coming biennium. The Delegation looked forward to the Secretariat's further elaboration of the two key factors contributing to this increase, i.e. re-costing and after-service health issues or ASHI. The Delegation of the United States was also concerned about the large jump in unallocated posts, from 24 in the current budget to 116 in the proposed budget saying that if there was a business unit in WIPO called the unallocated sector, it would be the third largest behind only the PCT and Madrid sectors. The Delegation said they would welcome an explanation from the Secretariat on this issue. The Delegation expressed its disappointment by the omission of Program 30 from the draft Program and Budget and the resulting dismantlement of the innovation division, a point previously raised in the context of informal sessions. The Delegation considered that the work carried out by the innovation division under Program 30, providing relevant assistance to all Member States and system users, should be considered as a core function of the Organization. It added that work on innovation policy, innovation structures and SME's was too important to decentralize and distribute to the bureaus and other units that lack the requisite expertise to faithfully deliver high quality content. The Delegation considered this as unacceptable and expressed its wish to draw up an amended budget that included Program 30 and left the innovation division in place, fully staffed and fully funded. The Delegation believed that many Member States similarly wanted to see Program 30 reinstated and that it would be joined in this call for action.

286. The Delegation of the Democratic People's Republic of Korea believed that the current proposal reflected the balanced budget for 2013 with a three per cent increase in expenditure over the biennium and a small operating surplus. The Delegation, however, expressed a number of concerns about the specificities of the proposed biennial budget. Firstly, regarding the 8.8 per cent increase in personnel costs, it considered that a cautious and prudent approach should be taken and that the possibility of making reductions in this area through the furtherance of cost containment measures introduced in the current biennium should be explored. Secondly, the Delegation considered that a conservative approach should be taken to actual budgetary expenditure proposed separately in the area of after service employment benefits. Thirdly, the Delegation expressed concern with respect to the procedure and consensus involved in the policy and criteria used to determine how many external offices would be set up for the Organization. The Delegation said that the decision to establish external offices in some countries had already been taken and requested discussions between members to ensure that a fair conclusion be reached in this area. The Delegation would make more specific comments on this matter in the relevant program. The Delegation questioned the removal of Program 30, underlining its importance particularly in supporting SME policies.

287. The Delegation of Italy expressed concern about the level of staff costs and considered that cost efficiency measures and regular reporting should be implemented in this area. The

Delegation of Italy underlined the importance of maintaining a sufficient level of reserves and requested information updates on a regular basis on this subject. On other issues, the Delegation expressed its satisfaction that the results of the SRP were contributing to the continuing improvement of the Organization and welcomed the principle of the sustainability of the services provided by WIPO. In the proposal for the budget, there was also a mention of new possible sources of financing. The Delegation said it would be interesting to hear something on this concern in relation to budgetary priorities, adding that it had strong concerns in this area which the delegation would develop. The Delegation of Italy expressed appreciation the emphasis on consolidation to ensure coordination which would ultimately lead to a more effective delivery of services and products. The Delegation expressed concern that the removal of Program 30 and SME's and innovation would lead to reductions in programs 9 and 10, adding that effective delivery and advanced coordination would no longer be achieved with the substance and quality of the services provided. The Delegation wondered if the same quality of delivery could be maintained without the specialized program, if the necessary expertise and resources to perform future tasks would still be available. It added that although SMEs had original specificities, they still faced a basic common challenge, transforming innovation to IP tangible assets by enhancing their competitiveness and that this required expertise which should not be lost. In relation to the narrative of programs 9 and 10, the Delegation considered that SMEs also required training and practical advice related to development, doubting that such expertise should be nurtured and similar consideration applied to activities promoting innovation policies and the commercialization of IP as developed by universities and institutions. It added that program 9 lacked a performance indicator for SME initiatives and that the role of the SME's focal point was not highlighted, its mandate was not clear. The Delegation argued that WIPO was not only a capacity-building provider but also produced useful tools like IP panorama material publications established on IPS and managed by SMEs for the benefit of national institutions, businesses, and other stakeholders. The Delegation stated that it was important that such initiatives continue. The Delegation of Italy, speaking of the training activities with the formal academy, now the WIPO training center, said that these should also be preserved. In conclusion, the Delegation considered that WIPO could and should continue to mark its contribution in the areas of SMEs and innovation, provided that expertise continued to be available and was deployed for that purpose. The Delegation reserved further considerations for the discussions on programs 9 and 10 for the later discussions on these items.

288. The Chair welcomed the Director General on the podium and reminded the Member States of their request to ask the Director General a number of questions. The Chair added that interventions would proceed in accordance with the list of countries that had been drawn up and, accordingly, passed the floor to the Delegation of Algeria.

289. The Delegation of Algeria, speaking on behalf of the African Group, welcomed and thanked the Director General, the staff and the Secretariat for the efforts undertaken to include Member States' concerns in WIPO's activities. The Delegation said that the African Group was concerned that development was not being considered a priority, adding that, in their view, this area should remain a priority for the Organization and that this should be reflected in the allocation of resources for research and by the linking up of certain other programs to development activities. On the subject of External Offices, the Delegation of Algeria, speaking on behalf of the African Group, thanked the Director General for the specific attention that he had paid to the African continent, adding that the group considered that having offices for the African continent was essential. These offices would mainly be used for technical assistance activities in order to increase awareness of the use of intellectual property in this region. The delegation then spoke of a rebalancing of WIPO's activities adding that, in the future, the African Group would like to see the Secretariat committed to helping Member States build a consensus for activities concerning exceptions and limitations, namely in areas such as Traditional knowledge and Genetic resources. The example of the recently adopted treaty dealing with exceptions and limitations for the visually impaired was given. The African Group noted that

there was an increase in the budget allocated to Human Resources and stressed that, for the group, the most important issue was that of geographical representation. The Group was concerned that the budget did not foresee the opening of a sufficient number of posts and expressed hope that, in the future, the criteria of representation and distribution would be given due consideration in Human Resource matters. The Group wished to make a specific point about the taking into account, in the training resources allocated to staff training, of the dimension of the development action plan concerning the fact that WIPO is not only dealing with intellectual property rights, but also establishing exceptions and limitations. Finally, the Delegation relayed that the Group wished to raise a question concerning budget terminology, specifically mentioning that, in its view, WIPO's activities were state orientated rather than public or private sector orientated. The delegation, on behalf of the African Group, again thanked the Director General and his staff for the significant work carried out.

290. The Delegation of France wished to make a point of order concerning the interventions being made which were a repeat of those points which had already been raised earlier and asked for the meeting to comply with the instructions of the Chair in this regard.

291. The Chair confirmed the Delegation of France's understanding of the proceedings, namely that the points already made should not be raised a second time.

292. The Delegation of Brazil, on behalf of the Development Agenda Group (DAG), supported the statements made by Egypt and the African Group regarding resources for terminology. The delegation said that the DAG considered WIPO as a Member State-driven organization rather than a service-driven organization. The delegation informed that the DAG wished to request additional resources for the CDIP, adding that members could discuss how this issue should be included in the agenda. Regarding the specific way forward, the delegation mentioned that it was to their understanding that a new mandate for the Member States had been provided by the Marrakesh Treaty, and that any issues arising in the Organization should be guided by this mandate which would also form the basis for the ratification of treaties by all countries.

293. The Delegation of the Iran (Islamic Republic of) thanked the Director General for his presentation made earlier which highlighted the priorities and key activities for the next Program and Budget and expressed its confidence that adequate attention would be given to the orientation and priorities of WIPO's activities. The delegation stressed the importance of not losing sight of the Organization's primary mandate towards Member States when considering the orientation and emphasis of activities being considered in the context of the next Program and Budget. The delegation added that it would be very grateful if some information would be provided on how the mechanism approved by the assemblies in 2006 for the preparation of the program budget had been followed by the Secretariat in the drawing up of the 2014/15 Program and Budget. With reference to the MTSP that was noted by the Member States in 2010, the delegation wished to seek clarification as to whether or not there had since been a review of the MTSP. The delegation went on to thank the Director General for his explanation on the reduction in the proposed PBC and the budget enforcements related to activities falling under program 17, adding that it would welcome any additional information regarding the reductions in question. On the subject of External Offices, the delegation wished to emphasize, in the light of the Convention establishing the Intellectual Property Organization, the importance of having a transparent and comprehensive process which would outline the necessity, mandate and structure of such offices. The delegation said that, as a basic principle and regardless of the source of the proposition, any decision on the offices and their function should be made by the WIPO General Assembly, and the decision-making process in this regard should fall under the direction and guidance of the Member States.

294. The Delegation of Trinidad and Tobago, on behalf of GRULAC, recalled their statement made in respect of the general overview of the proposed Program and Budget for 2014/15 and said it would continue to be engaged in the discussions during the course of the week, as it

intended to make interventions on several issues of concern in view of the upcoming PBC session in September.

295. The Delegation of China thanked the Director General for his participation in the meeting and expressed its hope that better services and additional support would be provided, in particular, to developing countries and LDCs. The Chinese delegation supported the initiative to establish additional external offices as this would, it said, help the Organization improve efficiency and reduce costs. The delegation went on to express its appreciation to the Secretariat for its attention to China's needs in terms of increased IP support, especially with respect to the international registration system, and thanked WIPO for the positive consideration given to the opening of an Office in China. The delegation underlined the importance of opening such an Office in China, adding that it was willing to provide any necessary support to WIPO for this initiative.

296. The Delegation of India, in support of statements previously made by the African Group and the DAG, underlined the importance of the mainstreaming of activities, adding that this should be reflected in the foreword and in the allocation of resources for this Program and Budget. The Indian delegation wished to know if it would be possible to include, in the Program and Budget for the next biennium, an initiative for the opening of an External Office in India.

297. The Delegation of Venezuela (Bolivarian Republic of) expressed its satisfaction at the fact that development was being taken into account as a priority for the Organization, underlining the importance of being specific on the issue of results, based on the history of the debates and negotiations within the Organization. Concerning page 10 (page 9 of the English version) of the document, the Diplomatic Conference on IGC, the delegation expressed its wish to see this item appear first on the list and not as the third paragraph. The delegation also requested the addition of a further note after the last paragraph on international considerations where there was a reference to industrial design, expressing the wish to hold a diplomatic conference during that biennium, i.e. for the Assemblies. The delegation added that it would be more equitable if, under the SME title, the establishment of a coordinator for the GRULAC region could be considered. Concerning page 13 of the Spanish document (page 9 of the English version), the delegation pointed out that, in the Spanish version, under Number 4, a reference was made to the inclusion of development into all programs of the Organization. It mentioned that the Spanish version added that this should be done wherever possible and that this did not appear in the English version of the document, underlining the need to better align the Spanish and English texts.

298. The Director General thanked the Chair and apologized to all delegations for any disruptions which may have been caused by his truncated appearances due to other Ministerial level commitments in his agenda. The Director General assured delegations that he was following the proceedings closely even if he was not always physically present in the room and that he received regular reports on a daily basis from colleagues. The Director General said that he was aware of the various statements that had been made, adding that it seemed that relatively few questions had been raised. Moving on to the questions under review, the Director General firstly addressed the question raised by the Egyptian delegation concerning the timetable and resources for external offices. In this respect, he referred to page 10 of the questions and answers paper which was given out on July 8, 2013, explaining that this page detailed the budget resources proposed in program 20. As far as the timetable was concerned, the Director General said that this would depend upon the countries concerned. In the case of Africa, it would depend upon the identification of the locations of the two offices as well as on how quickly it would be possible to move towards implementation. Concerning the question raised by the Republic of Korea requesting the establishment of external offices, the Director General said that the concerned countries would be better placed to answer the question, giving the example of the statement made by Algeria, on behalf of the African Group, in which an explanation as to why the African Group was seeking the establishment of external offices in

Africa was provided. The Director General said that it seemed, to him, that this was a very comprehensive statement in relation to development cooperation, technical assistance and capacity building, as well as in relation to the other reasons generally related to the support given for the global IP systems. He added that in the paper distributed the previous day, certain other relevant factors had been mentioned, namely those related to WIPO's concerns for the establishment of sites for information technology systems and support services in relation to IT systems, such as IPAS, that were deployed in the various Member States, pointing out that these required a degree of technical cooperation of a continuing nature. On the subject of service orientation, the Director General reminded the Member States of the remarks he had made about this in the morning, adding that he had taken note of all of the comments that were made. The Director General emphasized that it was understood that the decision-making bodies of the Organization were of an intergovernmental nature constituted by States, States that also assured the supervision and oversight of the programs as delivered by the Secretariat. The Director General added that the fact that a program involved services to the enterprise Sector in no way constituted an exception to the intergovernmental character of the program, since it was the Member States themselves who had decided to establish such a system and decided that the International Bureau should perform functions and deliver services under that system. In this regard, the Director General gave the example of the Patent Corporation Treaty (PCT), to which 148 States were party and which delivered a number of services to the private sector. Concerning the question raised by the delegation of Brazil in relation to the stakeholders' platform, the Director General wished to clarify the fact that there was absolutely no incompatibility whatsoever with respect to the Marrakesh Treaty. He explained that the Marrakesh Treaty provided a framework, the utilization of an exception to copyright for the purposes of persons who were blind, visually impaired, or who suffered from other print disabilities, adding that the international exchange of works in accessible formats was created in relation to these exceptions. The Director General informed the Member States that, concerning the program for the next biennium, one of the first priorities in the aforementioned area would be to ensure the ratification of this Treaty, which expressed a collective position of the Member States agreed by consensus, adding that WIPO had a mandate to pursue ratification and that this would be done, in the same way as it was being done with respect to the Beijing Treaty or any other treaty concluded by the Member States. The Director General pointed out that the stakeholders' platform was simply an endeavor constituted by the Standing Committee on Copyright and Related Rights to speed up the movement of works within that framework, adding that the Marrakesh Treaty would greatly facilitate this, as it would create an enabling framework for this purpose and provide a practical way of pursuing cooperation in relation to the framework that has been established. On the issue of the question raised by the Delegation of India about external offices, the Director General said that he believed the timetable depended on the Member States. The Director General expanded on this question by saying that the demand for external offices came from the Member States and that the Secretariat was not opposing that demand. On the contrary, he said, the Secretariat believed there was value in having a limited strategic network of appropriately geographically placed external offices, but that the decision on this would be a Member-State decision. The Director General concluded by saying that, with reference to the paper given out the previous day, there were other important demands being made by Member States that were not encapsulated within the proposals in the Program and Budget. He gave the example of the desire on the part of the Latin American countries to have a second office, which is Spanish speaking, and the desire expressed by India to establish an external office, specifying that these were decisions the Member States would have to take and that there was nothing preventing them from establishing a forward timetable in this respect if that was the wish of the Member States. The Director General thanked the Chair for the opportunity provided to interact with the Committee.

299. The Chair thanked the Director General for the explanations provided and gave the floor to delegations for further comments.

300. The Delegation of Chile thanked the Secretariat for the preliminary hard work preparing this session. It entirely shared the views expressed by GRULAC on Monday regarding the

vision of the budget and the financial issues presented on behalf of the region. The Delegation raised the following general issue that was of particular concern. First of all, as to the automation of the intellectual system, the IPAS system, it was particularly important to the offices in many developing countries, in particular in the Delegation's own country, which had implemented the system in recent years. In the Director General's introduction and in Program 15, it was noted that once this system has been implemented, it should become autonomous so that new offices would benefit from it. The Delegation agreed with this, as it would make for a better use of resources. However, the Delegation found that, in practice, the technical support was insufficient for the proper implementation of the system. The information had not been provided by WIPO. Therefore, there seemed to be some inconsistencies between the practical information given and what was being expressed here. As GRULAC had said in their statement, it had hoped that this process would be substantially different from the way in which it had, in fact, developed. The Delegation wished to know, in particular, for what reason the implementation of an external office in South America, Latin America, had not been considered. Only in the course of the present day, a document was provided by the Secretariat which explained some of the reasons, the thinking, behind this program which excluded a region which had no office, which was designed to provide support for Latin American countries. As expressed by the Director General, there were benefits for this Organization and the services it rendered, to have a limited number of external offices in strategic locations. Any decision as to the establishment of such offices must bear in mind all the requests from any region of the world where such offices should be established on an equal footing. The Secretariat's proposal as set forth did not include any external office using the Spanish language which dealt with the Caribbean and Latin America. This was something that must be corrected in the budget for the 2014/15 biennium, as clearly expressed by GRULAC. There should be equal footing where the establishment of such offices was concerned and no postponement to an uncertain future date. Thirdly, the Delegation wished to better understand in greater depth the reasons for the reformulation and the limitation for the action in the Academy and the restructuring that might impact upon the ability of developing countries to undertake a program in the area of intellectual property matters. There were increases in staff costs, which lead to the understanding that there must be an effective decrease in the money available for training. Finally, the Delegation called on the Secretariat and the Director General to consider, during the period between this meeting and that to be held in Autumn, to consider the issues that the Delegation had raised in order to assure a budget which responded to the interest of all Member States and not only the interest of certain regional groups or certain Member States.

301. The Delegation of Mexico thanked the Secretariat for presenting the draft 2014/15 Budget. It was important that WIPO stuck to the principles established in its MTSP. The Delegation would encourage the Secretariat to maintain the already undertaken drive for efficiency. Members must maintain the synergy between the budget of the Union and the medium and long-term liabilities or requirements. Therefore, members must ensure that a balance between income and expenditure is maintained so as to enable WIPO to function in a sustainable manner. It was excellent news that the principle source of financing seemed to be increasing. However, the Delegation was particularly concerned by the strategic matter that should be expressed by the Secretariat. An increase in income should increase the capacity for action and for support of the Organization and the financial health of the Organization in the future. The long-term liabilities which were not financed remained a problem which had not been addressed, and this should be the object of a strategic review of income and expenditure: 8.6 per cent of costs, more than a five per cent increase, if one considered that there had been a decrease of 10 million in the previous biennium. The principal cause of this was 76 million Swiss francs in staff costs. This increase was not reflected by an increase in numbers of staff. The Delegation therefore did not agree with the premise that nothing could be done to reduce this cost. A strategic review of the staff costs should be considered. This could be done in the framework of the WIPO's new strategic human resource system which would be initiated in the Autumn. Finally, the Delegation expressed its concern regarding the process that had been followed for the establishment of external offices of WIPO. Mexico would support the Director General to see that it better addressed the needs and the concerns of the Member States and

the desire to build a facilities for developing countries in a coherent manner and in accord with UN policies. Consequently, the Delegation agreed with enforcing such activities, particularly in Africa. However, the Delegation believed that it was extremely unfortunate that this should not have been undertaken in close cooperation by discussions with Member States and, furthermore, the decision-making bodies like the PBC had not been involved in that decision-making process. In the last meeting of PBC, the Delegation had stressed the importance of recognizing that the establishment of such a policy for the establishment of external offices was a complex process which required in-depth consultation with Member States. The Secretariat had committed itself to consult with Member States and consider their views. The Delegation did not feel that this had in fact occurred and this conflicted with the notion of the transparency with which the Secretariat wished to carry out its work. In the spirit of the last PBC, the Delegation wished to see consultations continue in an inclusive and transparent manner where members would be clear about the costs, benefits and future forecasts. This would be the only way in which the establishment of an office could be approved; an office that would adequately cover the needs of all regions on the basis of the principal of equity which should be the guiding spirit of this Organization.

302. The Delegation of Greece aligned itself with the statements made on Monday. It wished to support the handling of the surplus under the specific priorities decided on by the Member States and within the present context of financial constraints affecting many of them. That being said, the Delegation believed that in terms of prosperity, additional resources should be allocated to collective investment. The Delegation emphasized the importance of the creative improvement of the system. It believed in sustainable innovation, creativity, growth and jobs as well as creating a secure environment for investing in scientific and industrial research, as well as for fostering innovations in products and services. Along with other Member States, the Delegation was concerned about the fact that the current budget did not provide for a specific program for SMEs needs any more, as it considered this to be a major component of financial growth. With regard to the establishment of new offices, the Delegation took note of the paper distributed by the Secretariat. Nonetheless, it considered that the negative climate called for caution. In this context, Member States would be reluctant in taking such a decision without a previous cost-related analysis. Although the Delegation was happy about the surplus achieved over the last couple of years, additional offices might have negative implications on the budget of the Organization on a long-term basis. Lastly, the Delegation considered that the present course of consultations was important not only in view of discussions planned to take place later in the year, but also considering the many challenges that the Organization had to face in a changing environment.

303. The Delegation of Germany aligned itself with the statement of Group B and would highlight a few points of importance. Firstly, the evolution of staff costs was a subject of concern. Secondly, in the establishment of new external offices, it thanked the Secretariat for the white paper. However, the Delegation still saw a lot of open questions regarding the criteria for the opening of new offices and the question of whether some of the functions could be carried out by the current offices. Last, but not least, it would be important for the Delegation to have more and clearer, detailed information on these points, also concerning the unit cost of each of these new proposed offices, including the long-term expectations and costs involved. This was an issue that should be looked at very thoroughly before making any decisions. The third point was the use of the reserves and the CMP. The Delegation thought that the cost of the Capital Master Plan should not be disassociated from the regular budget. It was a point to which the Delegation would come back when the CMP would be discussed. The fourth point was that the Delegation welcomed the activities the Secretariat had undertaken with regard to efficiency gains and encouraged further activities in this regard, in particular with regard to the efficient management of meetings and other points such as staff and translation costs. The Delegation reserved the right to come back to these points.

304. The Delegation of Brazil wished to make specific points regarding external offices. It supported the initiative which could directly benefit not only right holders that may use the WIPO

system, but also countries that received technical cooperation. The external office in Brazil was important not only for its role as a link between WIPO and Brazil, but also as a source of benefits to the region, encouraging cooperation with the WIPO office with the administration of the south cooperation fund. Both funds represented an investment of almost five million US dollars to cooperation activities with WIPO. Although the WIPO office in Brazil had been active for less than two years, it already had developed activities of great importance. In 2012 alone, the office organized the first interregional meeting for south-south cooperation, the international conference on intellectual property and sports industry. It had also organized the Director General's visit as well as a regional meeting on infrastructure and competence and a grass-root project. All these meetings had taken place in Santiago, Chile, but the WIPO office in Brazil was an important center for mediation and arbitration. Contrary to what was said by the Director General, the WIPO office in Brazil spoke not only Portuguese, but also Spanish and English since its main role was to provide south-south cooperation. The Delegation understood that these offices should have the appropriate funds to reach their goals.

305. The Delegation of Monaco thanked the Secretariat for the preparation of their preliminary budget, as well as the other documents of the current session of PBC. Members faced a very heavy need with all the expertise and skills to complete the work successfully. The Delegation endorsed the position taken by the delegation of Belgium and shared the questions and queries reflected in it. It wished to add the following: First of all, despite the expenditure which came about short term contracts and the long term financing, the increase of more than 8 per cent for staff costs planned in the budget, which did strike the Delegation. The delegation requested more information for the reasons for such an increase, as well as the means that the Secretariat had to be able to contain this increase. Regarding the proposal to open some regional offices, the Delegation would like to thank the Secretariat for the information documented and handed out. It regretted, however, that it could not have become familiar with the document beforehand. The examination of this information that led members to assess the added value was necessary and essential when setting up new offices, as well as the examination of possible duplications in the implementation of activities to ensure that this approach was more efficient than if the activities in questions were handled from headquarters. The document handed out gave no indication of figures which would allow such an assessment. The Delegation stressed the need to bear in mind the fact that the use of new technologies, efficiencies and procedures implied that the cost of decentralization could be made more relative. Referring to the use of reserves proposed within the CMP, the Delegation said that it had always been very careful with the use of reserves, which should be limited to extraordinary expenditure that went beyond the framework of a regular budget. The Delegation asked for more explanations in this regard. In talking about this CMP, it was difficult for the Delegation to give an opinion on it since it did not have all the information as to the use and availability of reserves. The Delegation expected the issuance of the report on the new conference hall to be submitted to the PBC session in September and already wondered about the transfer of provisions for the payment of interest for loans contracted for the financing of the new building. Additional information for such a transfer would be more than welcome. The Delegation further said that, during the adoption of Program and Budget currently in force, the International Bureau contained the progression of expenditures to master costs. The Delegation requested a document with updated information on the implementation of the efficiency measures as well as indications as to the way in which the Secretariat planned to implement them in the forthcoming biennium. In closing, the Delegation remarked that the United Nations was preparing a report on management and administration and the recommendations went beyond those dedicated specifically to the Organization. The JIU reported on the cross-cutting issues concerning the UN organizations and on strategic planning. The Delegation felt that would be useful for Member States to have information on the way these recommendations were followed in the Organization.

306. The Chair summarized that this was a very useful exchange of views. A lot of questions had been asked and observations made. The plan was as follows: first, the Secretariat would

answer general questions and then the discussion would proceed program by program, with Program Managers present to answer any additional questions.

307. The Delegation of Brazil indicated that it would like a discussion on the results overview.

308. The Delegation of India, on results overview, said a reference was made to the holding of a diplomatic conference and that according to what the Delegation had heard in meetings, the Secretariat was supposed to provide a document based on the committee's decision. The Delegation recalled that it had requested more balanced language as per the discussion in the committee and the General Assembly last year.

309. The Delegation of Germany had a question regarding the table on page 22 which indicated an increase of 85 per cent and asked for a brief explanation.

310. The Delegation of the Republic of Korea understood that short-term employees would continue over the next biennium which was duly reflected. It requested clarification on the fellowships appearing in table 5. It also asked information on the impact of the contract reform in the upcoming biennium. The Delegation suggested cross-referencing indicators and amounts in the results framework chart if they were shared by more than one program.

311. The Delegation of Brazil wished to raise the issue of the terminology used, which referred to a service organization throughout the document.

312. The Chair answered that this could be discussed once Program Managers were present to answer all questions.

313. The Delegation of Algeria asked whether delegations could suggest amendments in writing, i.e., suggest new formulations for certain parts of the document. Regarding paragraph 55 (Financial overview), the Delegation asked what the criteria were used in listing four DA projects referred to therein, particularly compared to all the other projects which were approved by the CDIP. Why the four and not the others?

314. The Delegation of Spain said that on the first pages of the document referring to other contractual services, one could see that they had increased as compared to the 2012/13. In the 2014/15 budget the figure remained very high if compared to the previous biennium proposals. The Delegation asked for an explanation. The Delegation also wondered how the discussion would proceed since if one financial envelope was increased it would mean decreasing another and members would need to agree on such changes.

315. The Chair commented that on certain issues, e.g., SMEs program and the Academy, the positions were clear. On other matters, like external offices, it would be seen once that program was discussed.

316. The Q & A with the Director General was concluded.

317. The Chair reopened discussions on item 5 and recalled that some Delegations and Regional Groups had asked to make their general statements and subsequently opened the floor for these.

318. The Chair informed that the Secretariat would give the responses to the questions that were raised the previous day and handed the floor to the Controller.

319. The Controller noted that about 80 delegations had observations to make and added that he would try to respond to the financial questions. The Controller observed that the need for prudence on the part of the Organization had been raised on a number of occasions adding that details would be given regarding the specific measures implemented by the Organization in this respect. He noted that there were a couple of questions regarding revenue and future activities

and informed that details of the activities forecasted would be provided by the Office of the Chief Economist and that these were prudent and scientific. In response to the question asked by a number of delegations about what would happen if the Organization's revenue were to decrease, the Controller explained that a number of measures would be implemented should this case arise. Specifically, reference was made to paragraph 13 of the Q and A document, which gives a clear description of the measures in question, including flexibility, the possibility of making transfers between programs and that of presenting a revised budget. He recalled the existence of a reserve fund of 120 million Swiss francs which could be used, should the need arise, due to a decrease in revenue. The Controller noted that a number of questions had been raised on the subject of contributions. He noted that contributions had not increased for 20 years, representing a decrease of 10 per cent in real terms. The Controller observed that a number of comments had been made on costs, in particular staff costs. He added that the Secretariat shared these concerns about costs, particularly staff costs, noting that the increase of 8.8 per cent was an exceptional one. He explained that a normal increase in staff costs would be approximately 3 per cent to 4 per cent over the biennium and that the figure of 8.8 per cent was an extraordinary increase resulting from the introduction of the 6 per cent figure to provide for after-service employee benefits. The calculation of this figure of 6 per cent was determined, as for most organizations, using a standard scale for such costs. He added that paragraphs 34 to 40 of the English version of the budget document gave a detailed explanation with a breakdown of the figures. He further mentioned that staff costs would be much lower in 2016/17, adding that the appendix on page 252 of the English version provided the breakdown of staff costs and showed that regular staff costs had increased, reflecting a degree of structural inflexibility. This explained the need to revert to outsourcing as much as possible, the fact that additional posts were not being requested and the need to use flexibility. In this respect, transfers between programs were particularly useful. The Controller said that another member of the Secretariat would respond at a later stage to the question posed by the United States related to the 116 or 96 posts and provide the necessary information in this respect. Concerning the other cost containment measures, the Controller said that a number of measures had been implemented over the last few years including the use of low cost airlines for travel, fewer missions and the use of lower class for travel by air. Also mentioned were restrictions in the number of people taking part in meetings and cost savings from closer control of the choice of hotels for staff missions. In addition, costs related to meetings had been cut by providing fewer documents, and by the renegotiation of contracts with the Organization's service providers and with maintenance service providers. Storage costs, in particular the number of locations for the storage of documents, had been reduced. Furthermore, a more economical use of energy had been achieved in consultation with an electricity company in particular by the use of lake water for cooling as well as by the use of the cheapest possible sources of gas and electricity. The Controller added that the number of official cars within the Organization had been reduced as had the volume of mailings by the electronic use of documents. Steps had further been taken in respect of the treasury including the adoption of an electronic system in order to obtain the best possible rates of exchange and the renegotiation with the Organization's banks. With reference to a question asked by the Delegation of Germany, he added that this renegotiation was needed to improve the policy used with respect to exchange rates and that, although it lead to a minor increase in banking costs, the overall outcome was positive. The Controller noted that a lot of questions had been asked about the reserves. He reminded the Member States that the Organization had adopted a very simple working method based on the operational budget. This consisted of transferring any surplus made to the reserves. He mentioned that an amount of approximately 120 million Swiss francs was earmarked for emergencies and that the remaining amount, about 50 million Swiss francs, was used on investment projects, a method that had been approved by Member States. He underlined the prudent nature of this approach given that the Organization was subject to financial fluctuations and added that, in 2010, a number of rules were introduced for the investment of these reserve funds. The document for the use of the reserves, document WO/PBC/15/7, adopted in 2010, gives detailed guidelines, in particular stating that the funds, when required, must be made available rapidly. Other guidelines include the fact that funds from the reserves should only be used for strategic or extraordinary

expenditure stretching beyond the biennium. The Controller added that a report on the situation regarding the use of the reserves was provided every year, and that the last report had been given in September. Therefore, a document on the subject was already available and another would be made available in September. This would ensure that the Member States were fully informed. The reserve fund currently stood at 178 million, of which 36 million Swiss francs had been used, resulting in a remaining amount of 20 million Swiss francs available over and above the emergency fund. Out of this amount, the Controller informed the Member States that the Secretariat was asking to use 11 million Swiss francs which, in his view, was a reasonable and prudent amount. As to the framework plan for the use of this amount, he added that the Member States would be kept informed of the projects, either every year or every biennium, point by point or project by project, so as to provide a long term view of the situation from now until 2019. He underlined the somewhat ambitious nature of the plan, since the projects representing 11 million Swiss francs would extend beyond the 2014/15 biennium and highlighted the exceptional character of the projects in question since they concerned exceptional and somewhat costly work such as major renovations rather than day-to-day regular maintenance work. He informed the Member States that the Delegation of Switzerland had asked the Organization to set aside 1% of the total value of the buildings which was acceptable until IPSAS adoption, which does not provide for this measure. He underlined the useful nature of the method under review in that it would have a minimal impact on the regular budget and guarantee a sustainable approach if these projects went on for longer than a biennium. The Controller went on to say that a number of delegations had talked of the transfers between projects during the exercise, adding that certain rules applied in Switzerland and that the Financial Regulations and Rules, approved by the membership, also had to be respected. These Financial Regulations provide for the possibility to make transfers in a total amount of 1 per cent of the budget or 5 per cent of the value of the Program. He recalled the rationale behind such a measure underlining its prudent nature given, in particular, that the budget of the union was prepared three years in advance and that the economic climate was uncertain for the medium term and even for the short term, hence the need for a certain degree of flexibility, also in the redeployment of staff if deemed appropriate. He mentioned that measures taken under the flexibility clause would in any case be monitored by the Organization's supervisory bodies such as the External Auditor (the Government of India) and the Audit Committee. With regard to the long term provision for staff, the Controller mentioned that it had been said that the Secretariat did not have a clear strategy and said that he would like to provide the relevant background on the subject. Measures in this area had already been implemented in 1987 when an amount was put aside in every biennium. Exceptionally, in 2012/13, 6 per cent had not been put aside. In 2012, a proposal was made to the Member States with regard to long term provisions for staff with four different options. He recalled that the Member States had said that these measures were premature and that the Secretariat should look at what the United Nations was doing. Hence, the Secretariat was now reverting, after having examined practices observed within the United Nations system, with a much less ambitious proposal than the one put forward in September 2012. This involved the putting aside of 6 per cent of staff costs to finance the long-term needs in question. These amounts would be invested so that interest could be made and this interest would be added to the amount already put aside. He pointed out that had the decision on this matter been taken last year in September, an interest rate of 2.7 per cent could have been obtained but that, unfortunately, since the measure had been put off to this year, only a rate of 0.5 per cent interest on whatever was put aside could now be obtained. He added that this situation was being examined with the help of experts in order to try and find a better investment whilst respecting the investment policy that had been approved by the Member States. The Controller informed the membership that, at present, there was an amount of 78 million Swiss francs in the reserves. He underlined the fact that the Organization had gone through the crisis without any major problems and with no loss in investments made. He concluded by saying that the Secretariat would come back to address the question of posts, raised by the United States.

320. The Controller wished to address three specific points, one of which had been raised by the Delegation of the United States of America the previous day, namely the question of what

the 96 posts under unallocated were. Referring to paragraph 39 on page 24 of the English version of the Program and Budget proposal, he explained that the 96 posts being proposed were to be used for long term employees and functions assessed through the organizational design exercise as being currently performed by temporary staff but having a continuing nature. He underlined the need to be consistent with what was done in the 2012/13 Program and Budget with the approval, by the Member States, of the proposal to regularize 60 long-term employees performing continuing functions. He added that the posts under review currently appeared under unallocated. The temporary staff were budgeted under their respective programs. The 1.4 million as referred to in paragraph 39 and the 96 posts were also placed under unallocated, an amount which would be transferred to the programs where the positions for regularization were identified.

321. The Controller went on to address the request for clarification made by the Delegation of Korea concerning the increase appearing in table 5 under "fellowships". He explained that this was a non-staff category of expenditure for the organization since they concerned selected programs approved by the Director General specifically aiming at providing individuals with experience to strengthen their professional competence and added that the individuals in question would not subsequently become staff members. He mentioned that an explicit reference was given for these fellowships where they appeared, be it for Madrid (Program 6), PCT (Program 5), Traditional Knowledge (Program 4) or for the Arbitration and Mediation Center (Program 7). He added that the largest increase was under the Madrid registry and suggested that the Delegation may wish to raise further specific questions when the related program, Program 6, was reviewed. In response to the Delegation of Korea's question on Contract Reform, the Controller mentioned that this question had been posed to the Director of Human Resources. He added that the cost of the contract reform was estimated at three million Swiss francs for the 2014/15 biennium. The Controller spoke of the introduction of dependent rate salaries for professionals where applicable and the introduction of the UNJSPF pension element for professionals as well. This would represent a cost of four million Swiss francs for the biennium. He mentioned that, if looking at the budget after transfers, the budgetary impact was lower because some of the impact had already been incorporated in the 2012/13 budget after transfers so the difference was not a full four million Swiss francs any longer.

322. The Secretariat commented on the questions raised on the results framework, performance indicators and questions on program content. The Secretariat thanked the delegations for the very rich and constructive dialogue on the 2012/13 PPR underlining the importance of the usefulness of the learning and the experience gained from a given biennium for the planning and the setting of realistic targets in the next biennium, in the line with the concept of Results Based Management. The Secretariat explained that there were 60 expected results in the current biennium and that these had been streamlined and consolidated to come up with 36 expected results for the coming biennium without the loss of any substance. In order to facilitate the understanding of how we had moved from 60 to 36 results, a crosswalk of the organization's expected results from the current biennium onwards was available for consultation at the entrance to Room A. The Secretariat mentioned that there had been several questions and comments on the performance indicators, mentioning that there had been Organizational expected results and performance indicators that contributed to the Organization's expected results and that all the comments related to the inclusion of specific indicators for the SMEs or to the strengthening or clarification of some of the proposed indicators could be discussed in the context of the program by program review of the Proposed Program and Budget. The Secretariat added that there had been a number of questions on how to address concerns related to the results overview and the financial overview and provided clarifications by stating that these were basically summaries of what was presented in detail for each program and that any discussions or modifications at the program level would automatically need to be reflected, by the Secretariat, in the results overview and the financial overview. There had also been several questions on development expenditure, adding that these would be discussed under item five of the adopted agenda. The Secretariat addressed two questions raised the previous day on the subject of DA projects. One question pertained to

the criteria used in proposing the mainstreaming of four ongoing projects mentioned in paragraph 55. The Secretariat underlined that the mainstreaming of these projects was subject to their evaluation, which was still in progress. The final evaluation would give rise, subsequently, to discussion in the CDIP and approval by the CDIP. The Secretariat explained that the implementation of these projects has been extensively piloted and that three of the four projects being proposed had already gone through an initial phase of implementation. These were currently in their second phase of implementation. The progress of these projects had been positively noted in the CDIP. Three of the four proposed projects had already been subject to an independent evaluation of the first phase which was discussed in the CDIP as a condition for the approval of the second phase. The Secretariat added that the demand for services under these particular projects was, and continued to be, very high, in fact higher than the scope of the development agenda projects. On the second question concerning the DA projects, the Secretariat recalled that three projects were being proposed for 2014/15. The first project, the IP and design creation for business development in developing and least developed countries, was a proposal currently under consideration in the CDIP. The second project, the strengthening and development of the Audio-Visual sector in certain African countries, was a project under implementation, a process which was foreseen to continue during the next biennium. Hence, a part of the latter project pertaining to the 2014/15 biennium was included in the Program and Budget proposal. The third project was the intellectual property and social economic development project, currently under implementation under the auspices of the Chief Economist. A second phase of this project was being proposed, again subject to approval by the CDIP. The Secretariat then moved on to the third question raised by certain delegations, namely what was envisaged for the CDIP projects being approved by the CDIP during the implementation of the Program and Budget, i.e. in the course of 2014/15. The Secretariat recalled the mechanism for the budgetary process applied to projects proposed by the CDIP for the implementation of the DA recommendations (reference WO/PBC/15/6/Rev.), a budgetary mechanism for the funding of the development agenda projects, approved by Member States in the 2010 Assemblies and explained that this was a funding mechanism aimed at ensuring that the time lag between the approval of the a project and its implementation would be reduced to a minimum as well as to make sure that the project would be integrated into the overall work plan of the Organization. The Secretariat went on to explain that the projects planned in the Program and Budget were linked to the expected results and subsequently subject to approval in the course of their implementation. Funding during implementation would be identified, in line with Financial Regulation 5.5. Finally, the Secretariat provided clarifications in response to queries on how this mechanism had actually worked. In this respect, document WO/PBC/20/4, giving a review of this mechanism was presented for the consideration of the PBC. The Secretariat explained that this document reviewed and assessed how the mechanism had functioned in the current biennium, both for the projects foreseen at the planning stage as well as for those which had subsequently been approved by the CDIP during implementation.

323. The Delegation of Belgium wished to make some of general remarks before further detailed discussion on the different programs. First of all, the Delegation spoke of the importance of having an overall view of the budget before it could be accepted, noting that although this would require having information on each program, a global vision of the budget was necessary. The Delegation considered that, for some programs, further information was required and that this information would only be provided in the documents made available for the September session of the PBC. Secondly, the Delegation wished to make a number of preliminary comments, especially concerning external offices and SMEs. Regarding external offices, the Delegation said that, although it welcomed the white paper, a lot of financial information would still be needed to back the assumption that further external offices may still be needed. On the process, the Delegation said it thought it would be difficult during the present session of the PBC to have a full agreement on the potentiality of establishing new external offices. The Delegation expressed its concern about the heavy workload of the September session, especially if the subject of external offices were also to be discussed then. Finally, concerning development reporting within the context of the PBC, the Delegation said that it took note of the documentation provided by the Secretariat in this area and welcomed the fact that

there is already extensive reporting on development, adding that it did not see the need for further discussion in this respect.

324. The Delegation of Egypt, on the issue of the remarks of framework in relation to Goal III, IP for development, said that it appreciated the Secretariat's efforts to simplify the subject but was concerned that the reduction in results, from 11 to 4, would lead to a loss of substance. The Delegation wished to see specific results maintained in the 2014/15 Proposed Program and Budget, as it seemed that some specific results that had been captured in the current biennium were not reflected in the next proposed biennial budget. The Delegation gave the example of the result pertaining to the access to IP education, saying that it had difficulty in seeing how this result was related to the overall result being proposed. Other results mentioned to illustrate this point included the effective planning implementation, evaluation and reporting on recommendations. Also mentioned was the understanding of the DA by Member States and organizations of civil society and other stakeholders as well as the increased understanding of SMEs to successfully use IP to support integration and commercialization. The Delegation said that the specificity of these results enabled Member States to follow the implementation of activities and programs by WIPO but that if there was no specific approach, it would be difficult to follow up on particular issues such as those reflected in the result framework of the current biennium. On the subject of the DA project, the Delegation stressed the need for flexibility if further resources were required for agenda projects that might have a second phase or that may be proposed in the future by the CDIP. The Delegation underlined the importance of this point as it considered that if the Organization were to depend on transfers between different programs or on savings, this would not ensure the necessary resources required for the implementation of a given proposed project or second phase.

325. The Delegation of Iran (Islamic Republic of) thanked the Secretariat for the information provided and, in the context of the preparation of the budget for the upcoming biennium, requested further information on Mechanism to Further Involve Member States in the Preparation and Follow Up of the Program and Budget, approved in 2006. On the MTSP, the Delegation requested clarification as to whether there had been an intermediate review of the MTSP or if there was going to be one. On the issue of the financing of the DA projects, the Delegation supported concerns previously expressed about their funding. The Delegation was in favor of funding these projects through the regular budget rather than through extra-budgetary arrangements as it considered that this was more reliable in terms of the availability of funds and also more transparent in terms of seeing where the funds came from and for which activities. The Delegation said it would come back to this issue of the funding of DA projects when the topic came up. Finally, the Delegation referred to the proposal, under Program 6, for the adoption of a Revised Lisbon Agreement (page 25 of the Draft Program and Budget for 2014/15) and requested clarification from the Secretariat on the criteria used for the funding of a possible Diplomatic Conference in an amount of approximately 130,000 Swiss francs. The Delegation recalled that, in September 2008, the Assembly of the Lisbon Union had established a working group on the development of the system, responsible for exploring possible improvements to the system so as to make it more attractive and effective with a view to increasing its membership. The Delegation said all Member States should participate in the revision of the Lisbon Agreement so as to enable the participation of more developing countries in Treaty.

326. The Delegation of India requested clarification from Secretariat regarding the proposal to hold diplomatic conferences for items under programs 2 and 4 (respectively the design law treaty and Genetic Resources, Traditional Knowledge and Folklore, IGC), stating that it would deal with these simultaneously when the relevant programs came up in order to link them to the results overview.

327. The Delegation of Romania thanked the Secretariat for the clarifications provided so far, fully supported the statement made by Poland on behalf of the CEBS Group and said it would like to address a couple of issues brought up in this intervention. In this respect, the Delegation requested further information on some of the changes envisaged under the Draft Proposed

Program and Budget for 2014/15, especially on the ending of the SMEs program and on why this program had been considered ineffective. The Delegation also asked if the internal redeployment of resources to ensure the regional specificities of SMEs, addressed in line with national IP strategies, would mean staff increases in the division for transition economies and developed countries. On the subject of income allocation, the Delegation noted that the final Human Resources report was not ready for distribution. Lastly, the Delegation was looking forward to discussing, in detail, the topic of external offices and the white paper distributed in this respect.

328. The Delegation of Venezuela (Bolivarian Republic of) underlined the importance of geographical distribution in order to have different visions on matters. The Delegation emphasized the importance of the funding of development issues, including by the use of the reserves. Finally, the Delegation mentioned that the main argument for the non-opening of such an office in Caracas was a question of cost and said it was important to look beyond the question of costs, adding that anything to do with development should be considered an investment rather than an item of expenditure.

329. The Delegation of Brazil expressed its support for the position and questions raised by the Delegation of Egypt and underlined the importance of the budgetary process in respect of the CDIP. The Delegation considered that the process for the approval of resources for the CDIP required simplification, adding that the specific budget to be decided on by the CDIP was needed in order to have a more effective process to develop an agenda for the implementation of projects and programs.

330. The Delegation of Peru raised two issues, one along the lines of that made by India on Program 4, the IGC, more specifically concerning the amount assigned for the program of the diplomatic conference. Secondly, the Delegation requested further information on Program 11 and the question of the incorporation of SMEs in national offices.

331. The Chair proposed that the Secretariat elaborate on the general points made and then proceed with the discussion program by program.

332. The Secretariat, speaking of the changes to the results framework, said that the crosswalk should now have been distributed to all members and that the questions raised by the delegation of Egypt on specific results in 2012/13 were clear from this document. The Secretariat elaborated that the program performance indicators contributed to the organizational results by providing detail of the substance that the programs were delivering. The second point the Secretariat wished to make was that the 2012/13 biennium was the first time the Organization had presented a results based budget and that therefore the results framework did not necessarily provide a consistent expression of the results. Some of the results were more detailed than others, hence the best expression of the results framework had not necessarily been achieved. The Secretariat affirmed its intention to constantly improve the expression of results which would facilitate the understanding of how programs were contributing to the overall result. Concerning the MTSP, the Secretariat had noted that Member States may decide to conduct a midterm review, which may be conducted in 2013 or at a time deemed appropriate by the Member States. The Secretariat specified that this was a Member State-driven process and that the decision of the Assemblies was that it take note of the MTSP and also that the comments be represented along with the MTSP. The Secretariat invited members to raise any issues they may have with the language used in relation to the proposed diplomatic conferences with the concerned program managers under each of the programs in question. The Secretariat added that the question of geographical distribution would be taken up under Program 23, and that, as the Director General mentioned clearly, the Secretariat would be looking at gender and geographical diversity very seriously but that this would take some time, especially given the low rate of turnover of staff in the Organization.

333. The Delegation of Venezuela (Bolivarian Republic of) wished to clarify the object of its intervention and mentioned that they were referring to delegations that would not envisage staff rotations, specifically saying that, should there be counter arguments as to new nationalities entering or joining the staff, these had to be convincing and not based on numbers and costs. The Delegation also wished to know what would happen if the Organization's reserves were reduced or if there were to be a deficit and in particular if this would mean that less resources would be available for the issues of interest to Venezuela, such as development.

334. The Delegation of Iran (Islamic Republic of) thanked the Secretariat for the clarifications provided in respect of the MTSP, pointing out that the MTSP had been discussed but not approved by the Member States. Hence, should there be any reference to the MTSP in the proposals for the next biennium, the Member States would be free to challenge these. The Delegation further stated that it would much appreciate further clarification, by the Secretariat, on the Mechanism to Further Involve Member States in the Preparation and Follow Up of the Program and Budget, approved in 2006.

335. The Chair thanked the Delegation of Iran for its intervention and said that it was very clear that the Member States took note of the MTSP document, including the comments made by Member States. Concerning the mechanism, the Chair invited the Controller to provide further clarification.

336. The Controller assured the membership that the Organization respected the Mechanism to Further Involve Member States in the Preparation and Follow Up of the Program and Budget, approved in 2006, which was why this meeting was a formal meeting, in accordance with the mechanism approved by the Member States. He mentioned that there had been a year where it was not possible to respect the mechanism, namely in the election year. The question of the mechanism was also the reason for the consultations with Member States prior to the formal meeting of the PBC. He added that, in the course of the present year, there had been 12 informal meetings with the various different groups in order to prepare for the current session of the PBC.

337. The Secretariat added that a part of the mechanism included the distribution of a questionnaire to Member States prior to the PBC and that, in terms of the current meeting, the questionnaire sent out last Autumn had made it possible to incorporate many of the suggestions and comments made in the material made available for the present PBC session.

338. The Chair opened discussions on Program 1

339. The Delegation of Egypt sought clarification on the following two indicators with respect to "Strategic Goal I: Balanced Evolution of the International Normative Framework for IP" on page 29 of document WO/PBC/20/2: (i) progress towards agreement on current issues on the SCCR agenda; and (ii) progress in the IGC's negotiations towards development of an international legal instrument(s). It proposed that those indicators be rephrased to be more precise so as to reflect and implement the decision of the General Assembly in that regard. Concerning Program 1, the Delegation requested further information on the performance indicator "Progress on building consensus on the establishment of an expert working group on the revision of the Patent Model Law for developing countries and LDCs", in particular, on its background and context, and whether it had any relation to the work of the Standing Committee on the Law of Patents (SCP).

340. The Chair clarified that the first question raised by the Delegation of Egypt related to Programs 3 and 4.

341. The Delegation of Iran (Islamic Republic of) noted that, in paragraph 1.1 of the document, some important challenges had been anticipated for the next biennium. In the view of the Delegation, that list should not be exhaustive, but rather descriptive. Noting that the need for

better dissemination of technologies through the patent system had been highlighted as an important challenge, it stated that while changing the established pace of transfer of technology for the better dissemination of technologies could be regarded as a challenge for developing countries, the “need” for the transfer of technology through the patent system was a demand and not one of the most important challenges that had been anticipated. Therefore, it proposed to amend the text. Further, the Delegation stated that the last performance indicator under Expected Result I.2, namely, progress on building consensus on the establishment of an expert working group on the revision of the Patent Model Law for developing countries, should be deleted, since, in its view, establishing any working group should be discussed in the relevant Committee with Member States. It considered that, for discussions on patent law, the relevant and appropriate forum would be the SCP, which could decide on whether and how to address the issue, including whether it wanted to discuss it itself or through establishing any other mechanism, for example, a working group.

342. The Delegation of El Salvador proposed to improve the text of the fifth bullet point in paragraph 1.1 regarding the challenges relating to public policy choices and the appropriate scope and application of the patent system. Although the Delegation acknowledged progress made in that regard, it sought more information on concrete work to be carried out under Program 1 in the next biennium in concert with Program 9 and the offices in Latin America and the Caribbean.

343. The Delegation of Italy pointed out that staff had to be efficiently allocated. It asked the Secretariat whether the staff resources for Program 1 were sufficient, particularly with regard to legislative and policy advice.

344. The Delegation of Algeria, speaking on behalf of the African Group, supported the comments made by the Delegations of Egypt and of the Islamic Republic of Iran concerning the expert working group. It requested more information about that performance indicator, and stated its preference for deleting that indicator. Further, the Delegation proposed that a performance indicator reflecting the current activities on flexibilities be added under Expected Result I.1, since the work of the Secretariat on patent-related flexibilities had already been adopted at the last session of the CDIP.

345. The Delegation of Brazil, speaking on behalf of the DAG, supported the statement made by the Delegations of Egypt, Algeria on behalf of the African Group and the Islamic Republic of Iran regarding the performance indicator under Expected Result I.2. It stressed that the Secretariat had no mandate to establish such a working group or to decide how many meetings that group should have. Therefore, it favored the deletion of that indicator. As a general comment on Program 1, comparing the document of the draft Program and Budget for 2014/15 with the Program and Budget for 2012/13, the Delegation noted that while their structures were similar, the draft Program and Budget 2014/15 did not establish a connection between activities under Program 1 and the recommendations of the Development Agenda. The Delegation sought clarification from the Secretariat as to why there was no discussion on that point and suggested a revision of the document, and stated that the reference to the Development Agenda should be reinserted in a manner similar to the one contained in the current Program and Budget. It also observed that a new box describing major risks and mitigation strategies was contained on page 32. While acknowledging the importance of the risk described, the Delegation stated that presenting the Member States’ difficulties in finding consensus as a risk relevant to the SCP was not adequate, and suggested that the text be modified.

346. The Delegation of Turkey noted that, in the Program and Performance Report 2012, the growing importance of Free Trade Agreements (FTAs) and the IP chapters contained in those agreements had been mentioned within the context of legislative advice and requests received related to them. The Delegation highlighted that, in the coming biennium, it was likely that the number of FTAs would increase, including IP and patent issues therein. Since FTAs usually reflected strategic issues and needs of developing countries that went beyond pure legal issues,

the Delegation invited the Secretariat to clarify the scope of WIPO's legal assistance relating to FTAs and how WIPO would determine the needs and interests of the countries when providing FTA-related legal assistance.

347. The Secretariat explained that paragraph 1.1 introduced the work of Program 1 by identifying several very high-level concerns or challenges. With reference to the statement made by the Delegation of the Islamic Republic of Iran, it confirmed that the list of the most important challenges was not intended to be exhaustive, but was drawing on those challenges that appeared to be the most important. Since those were very high-level and general indicators of the issues, in the view of the Secretariat, the precise wording was not as important as the idea behind them, which expressed some concerns that were driving the work of the Program. The Secretariat welcomed the suggestions from Member States about better describing those concerns. It underscored that the specific item "the need for better dissemination of technologies through the patent system" in that list involved, as highlighted by the Delegation of the Islamic Republic of Iran, a high-level statement that involved all forms of transfer of technology and provided notice of new technologies that were available for performing the inherent function of the patent system, i.e., informing the public of new cutting-edge technologies at the time of publication of patent applications. Another high-level statement, for example, was the effectiveness of the systems that involved the distribution to the public of information about those technologies for their continuing efforts on their own innovation, or about what was available for license and development. The Secretariat stressed that those terms were intended to be quite broad in order to capture all of the issues and concerns. With regard to the performance indicator on page 33 concerning the revision of the Patent Model Law for developing countries and LDCs and its context and background requested by several delegations, the Secretariat explained that the Model Law had not been revised for several decades and many changes had been made in the international framework during the last decades. The intention of the Secretariat was to revise the Model Law in order to modernize and update it. It noted that the wording of that performance indicator could have led to misunderstandings: the term "expert working group" was not meant in a formal sense, but as putting together a group of experts in a geographically balanced manner, from all regions of the world, which could then work on a draft for a revised Model Law, which draft could then be submitted to the Member States. On the question as to whether that activity was related to the SCP, the Secretariat explained that the Model Law was a typical instrument used in legislative and policy advice, which was not dealt with by the SCP, but with the unit dealing with legislative and policy advice. With respect to the question raised by the Delegation of Italy on human resources, it noted that in terms of legislative and policy advice for patent matters, including utility models and trade secrets, three staff members were working on those issues: two had regular posts and one was holding a temporary position. The Secretariat explained that three persons were sufficient to respond to the various demands, including the existing backlogs. Ideally, the Secretariat would have three permanent staff in order to allow for better planning and also for maintaining and keeping the expertise. The Secretariat further noted that, with fewer resources, it could not guarantee maintaining the current level of services in case the demand either remained stable or increased in the future. On the question related to the link to the Development Agenda and its recommendations, the Secretariat noted the importance of such linkage, and pointed out two instances of such a link in the document, namely, paragraph 1.2 and the last bullet point in paragraph 1.3 which stated that Program 1 would continue to work closely with Program 8 (Development Agenda Coordination). While the Secretariat expressed its willingness to provide, if the PBC so decided, a more detailed description regarding the link to the Development Agenda, it clarified that the intention of the Secretariat was to maintain a strong link to the Development Agenda. Regarding the question about the FTAs raised by the Delegation of Turkey, the Secretariat stated that it would continue to give legislative advice on, or in the framework of, FTAs, upon request by Member States. It clarified that the Secretariat could not give any evaluation on FTAs as such, but it could give, upon request from Member States, information or advice about the implementation of the FTAs' obligations into the national legal framework. With respect to the risks and mitigation strategies mentioned by the Delegation of Brazil on behalf of the DAG, the Secretariat noted that that was

a high-level and abstract issue, in the sense that the activity of the SCP was subject to a risk of reducing its relevance. The Secretariat welcomed any suggestion from Member States on the risk expressed and the methods to address that risk. It indicated that the objective of the Secretariat, however, was simply to make sure that the work of the SCP was meeting the interests and demands of the Member States. Concerning the question on flexibilities raised by the Delegation of Algeria on behalf of the African Group, the Secretariat referred to a performance indicator under Expected Result I.2 relating to the legal principles and practices of the patent system including the flexibilities existing within the system and the challenges it faced. It noted that while it was certainly possible to add more indicators, the Secretariat expressed its willingness to be reasonably concise in developing indicators and to capture the fundamental principle that the patent system necessarily included flexibilities in many areas on the part of Member States, and that its work to address the principles and practices of the patent system had necessarily to deal with those flexibilities because they were an essential part of the environment. The Secretariat noted its openness in developing any indicators in a consistent manner that reflected the interests of the Member States.

348. The Delegation of Brazil, speaking on behalf of the DAG, thanked the Secretariat for its explanation on the risk to the Program, and proposed to delete the first part of the text “Failure to reach agreement in the Standing Committee on the Law of Patents will” so that the risk to Program 1 would be “Reduction of the relevance of the Standing Committee on the Law of Patents as a multilateral forum”.

349. The Delegation of El Salvador thanked the Secretariat for responding to all the questions, and clarified its previous intervention regarding the fifth bullet point in paragraph 1.1 concerning the tension inherent in public policy choices relating to the appropriate scope and application of the patent system. The Delegation considered that the wording did not reflect the amount and nature of the work done by the Secretariat under Program 1. With respect to paragraph 1.3 listing the continued work with other programs, the Delegation asked how the Secretariat planned to shape its technical assistance for developing country members during the next biennium, such as for El Salvador and the Latin American and Caribbean countries.

350. The Delegation of Algeria, speaking on behalf of the African Group, thanked the Secretariat for the information provided, and expressed its discomfort with the proposed expert working group. As the Secretariat had stated, it underscored that that indicator had not been requested by Member States, but rather reflected an intention of the Secretariat. It therefore preferred that the indicator be deleted. As to the question of flexibilities, it proposed that another indicator addressing the progress in the preparation of a CDIP document on flexibilities be included under Expected Result I.1 so that there would be a reference to the work program on flexibilities adopted in the CDIP. The Delegation suggested the following text: “Developing documents relating to flexibilities in the area of patent law”.

351. The Delegation of Iran (Islamic Republic of Iran) thanked the Secretariat for providing the Committee with further information and its openness in clarifying how the main parts of the planning context had been drafted in specifying some challenges and providing concrete proposals to make it more objective. It supported the statement made by the Delegation of Algeria on behalf of the African Group regarding the Patent Model Law and the other proposals. While appreciating the clarification by the Secretariat, it noted that that had raised further ambiguities, since it departed from the Member States-driven nature of the organization. In its view, a group of experts from some specific countries, as proposed by the Secretariat, would be against the nature of the organization. Therefore, it reiterated that, although it did not insist on any specific format, a Member States’ committee should discuss the matter, be it the SCP, the CDIP or the General Assembly. In particular, Member States should discuss how to address that issue and come up with a proposal, for example, if they so agreed, to establish an expert group. As a point of departure, the Delegation considered that the General Assembly or the Member States should decide on that issue.

352. The Delegation of Brazil, speaking on behalf of the DAG, endorsed the statement made by the Delegation of Algeria on behalf of the African Group regarding the CDIP's work on flexibilities as well as the expert working group. In its view, the performance indicator relating to the expert working group should be deleted.

353. The Secretariat expressed its appreciation for the suggestion made by the Delegation of Brazil regarding the modification of the text related to the risk to the Program. It noted that if the Committee eliminated the introductory words as suggested by the Delegation of Brazil, there would be an even higher level and more general expression of the risk. On the question of the Delegation of El Salvador regarding the fifth bullet point in paragraph 1.1, the Secretariat explained that that was a common and classical concern, expressing how the patent system worked and the continuous tension between public policies related to the avoidance of monopolies on the one hand and encouragement of innovation on the other. The Secretariat clarified its intention to continue to pay attention to such tension and to try to resolve the tension, in particular, in the areas where such competing concerns existed. On the second comment from the Delegation of El Salvador in relation to working with various other Programs as listed on page 32, the Secretariat clarified that that was a common way within all of the Programs to address the high level intention of the work done in the Program. It indicated that Program 1 did not stand alone in a silo, but its work was to be carried out in collaboration with a number of other programs within WIPO. Although that expression could be more detailed by describing exactly that work, the Secretariat stated that, in practice, such detailed information was contained rather within the different work plans than within the budget document which was expressed at a slightly higher strategic level. With regard to the comments made by some delegations, including the Delegation of Algeria on behalf of the African Group, which had expressed the concern and the level of discomfort on the last indicator under Expected Result I.2, the Secretariat took note of that concern. It indicated that the proposal was motivated by its own observation that the existing Model Law, which was used more or less regularly, was quite out of date. It stressed that an approach should be found to bring it up to date, while being absolutely open as to how Member States would decide the Secretariat should address the issue. Therefore, in its view, it was appropriate to note the issue, while the Secretariat was open as to how to address the matter. The Secretariat, however, considered that it was important not to lose the task. Finally, on the issue of flexibilities and on the request to include a specific reference to producing documents on flexibilities in accordance with the work program that had been agreed with, the Secretariat reiterated that, although such inclusion was possible, it was not particularly common in a budget document. For example, the entire details of the work program of the SCP could be included in a performance indicator in order to verify whether the SCP was producing the expected outputs. However, in the view of the Secretariat, getting to that level of detail was not particularly helpful in the Program and Budget process, and it would be difficult to arrive at a choice among some of those activities. It concluded that the Secretariat's intention had been to get the right level of detail for a budget document.

354. The Delegation of Belgium, speaking on behalf of Group B, stated that its Group would have a problem with establishing a performance indicator on flexibilities. In its view, paragraph 1.1 clearly stated that Program 1 was to ensure the development of international patent law. Since the intention of the Committee was not to come up with further flexibilities or limitations, it did not agree to the establishment of a special performance indicator. With regard to the last performance indicator under Expected Result I.2, following the clear explanation by the Secretariat, it expressed its preference to keep it as it was. As a more general comment, the Delegation noted that if Member States were going to open up each and every Program and try to modify certain wording proposed by the Secretariat, the PBC would never end its discussions. Therefore, the Delegation considered it appropriate to take note of the comments and move over to the next comment.

355. The Delegation of Algeria, speaking on behalf of the African Group, showed its flexibility on the Secretariat's view regarding a performance indicator on flexibilities, if the highest level of generality covered all of the activities. However, it reiterated that the reference to the expert

working group had to be deleted. On that matter, in response to the statement made by the Delegation of Belgium on behalf of Group B, it clarified that the African Group was not against the task as such. However, it considered that the issue should be discussed by Member States, for example, in the CDIP, and should not be placed in the document without any consultation and background information.

356. The Delegation of Australia noted that, with respect to the performance indicator regarding the expert working group, there were a number of activities in the Program and Budget which had not been approved by Member States. It pointed out that if every such item which was proposed but not yet approved was deleted, the Program and Budget would be quite thin. In its view, it should be recognized that the Secretariat needed to make some provision for activities which were proposed, but not yet approved. However, the Delegation recognized the concerns that had been raised, and suggested redrafting the indicator by replacing the words "Progress on building consensus on" with the words "Subject to approval by Member States". The Delegation noted that its proposal was to make it clear that an expert working group was proposed and subject to approval. In its view, that wording would allow the Secretariat to make provision for such activity, should it be approved by Member States.

357. The Delegation of the Islamic Republic of Iran requested clarification with regard to the statement made by the Delegation of Belgium on behalf of Group B concerning the Program and Budget discussions. Specifically, it asked the Delegation of Belgium whether it was meant that delegations should "take it or leave it" as regards the Program and Budget as a package or whether delegations were free to comment and to make observations on the specific programs. It pointed out that since the PBC was the only forum in which delegations could discuss the proposed draft Program and Budget for the next biennium, the Committee should not confine or limit Member States. The Delegation expressed its concern that the whole draft budget had been formulated within the context of the nine strategic goals of the MTSP, which had not been approved by Member States, but on which they had rather taken note of. The Delegation expressed its appreciation to the Delegation of Australia for its proposal that the reference to the decision by Member States should be clearly elaborated and reflected in the performance indicator. It nevertheless noted its problem with the rest of the phrase which anticipated and prejudged the decision of Member States that an expert working group should be established. In its view, it was premature to decide what Member States were going to discuss and how they were going to address that issue.

358. The Delegation of Egypt, responding to the point raised by the Delegation of Belgium, noted that the first paragraph of document WO/PBC/20/3 stated that the draft Program and Budget was submitted to the twentieth session of the PBC in accordance with Financial Regulation 2.6 "for discussion, comments and recommendations, including possible amendments". The Delegation expressed its wish to put that provision on record, and stressed that it was necessary to keep the flexibility for Member States to make comments and to express proposals on the draft budget as appropriate.

359. The Secretariat expressed its gratitude to the Delegation of Australia for clarifying the performance indicator by beginning the phrase with "Subject to approval by Member States". However, in response to the other concerns about the Secretariat having identified a specific modality, it suggested that the specific modality be deleted, and instead, the task be recognized as an input to be measured against the progress towards revision of the Model Law without specifying the way to get there. The Secretariat therefore suggested the following indicator: "Subject to approval by Member States, progress on revision of the Patent Model Law for developing countries and LDCs".

360. The Chair considered that the suggestion by the Secretariat was reasonable, and declared it adopted by the Committee. With respect to the other comments made by the Member States, the Chair requested the Secretariat to revise the draft.

361. With regard to the comment made by the Delegation of the Islamic Republic of Iran, the Secretariat noted that the nine strategic goals had been adopted by the General Assembly in the course of the revision of the 2008/09 Program and Budget under the revised strategic framework.

362. The Delegation of Brazil, speaking on behalf of the DAG, raised concerns about the text suggested by the Secretariat on the performance indicator regarding the revision of the Patent Model Law. It stated that the Delegation had not had enough time to analyze that suggestion. Furthermore, referring to the statement made by the Delegate of Belgium which expressed its willingness to consider the document as a whole, the Delegation expressed its wish to examine Program 1 together with Program 8.

363. The Chair clarified that the Committee had not adopted Program 1, but had adopted the compromised language suggested by the Secretariat with respect to the revision of the Patent Model Law to eliminate the problem concerning the expert working group.

364. The Delegation of Brazil indicated that the suggested text by the Secretariat had not addressed its concerns. It expressed its wish to have a consensus on the establishment of an expert working group in the appropriate committee and a mandate given to such a group before making provision in the budget. The Delegation stated that it needed more time to discuss with its Group.

365. The Chair explained that there should be no issue about the mandate, since according to the text suggested by the Secretariat, the whole issue was subject to approval by Member States, and an expert working group was no longer mentioned in the indicator.

366. The Delegation of Algeria, speaking on behalf of the African Group, supported the statement made by the Delegation of Brazil on behalf of the DAG, and noted its reservations on the language suggested by the Secretariat. It noted that the PBC should review that issue either in September or later in the week.

367. The Chair noted that delegations had the possibility to raise their concerns at the session in September in light of the broader picture of the whole Program and Budget, although in his opinion, the text suggested by the Secretariat was reasonable.

368. The Delegation of the Islamic Republic of Iran noted that, in connection with the performance indicator regarding the revision of the Patent Model Law, the words “two meetings” under the Targets should be deleted, in view of the deletion of the reference to the expert working group.

369. The Chair opened discussions on Program 2.

370. The Secretariat introduced draft Program 2 and made specific reference to the decision of the WIPO General Assembly concerning the work of the SCT on industrial design law and practice, as reflected in the report of the WIPO General Assembly session of October 2012, and in two ensuing sessions of the SCT, which took place in December 2012 and May 2013, respectively. In particular, at the closing of the twenty-ninth session of the SCT, the Chair had concluded that the SCT had made good progress on the draft Articles and draft rules included in documents SCT/29/2 and 3 and that the work had advanced on technical assistance and capacity building. A number of delegations stated that sufficient progress had been made by the SCT to recommend to the General Assembly the convening of a diplomatic conference in 2014. Other delegations expressed a view that there was need for more progress on technical assistance and capacity building in order to reach a concrete outcome. The WIPO General Assembly would take stock of and consider progress made and decide on the convening of a diplomatic conference. In other words, the decision on the convening of a diplomatic conference would be for the General Assembly to take. The General Assembly would meet in the last week of September, and the draft agenda for that meeting had inscribed

the relevant agenda item. In case the decision could be made by the General Assembly in September, there were sufficient budgetary provisions, in particular to allow the convening of a diplomatic conference.

371. The Delegation of Italy stated that the Organization had to have a provision in case the General Assembly decided on the convening of this conference. This was the practice also for other negotiations. It therefore expressed support for this item of the program. As regarded the performance indicators for the work of the SCT, the Delegation requested more information concerning the proposed indicator relating to a concise report on existing options for the legal protection of geographical indication including costs and benefits of the various approaches.

372. The Delegation of Iran (Islamic Republic of) sought clarification from the Secretariat on whether the proposed performance indicators had been discussed by the SCT and whether Member States had decided to have this kind of reporting. In particular, the Delegation raised concern with regard to the proposed report on the topic of well-known marks. Concerning the performance indicator on the normative framework for industrial design registration and maintenance procedures, it was up to the General Assembly to decide whether or not to convene a diplomatic conference. The Delegation felt, however, that the language of the performance indicator was of an anticipatory and prejudging nature, which might prejudice the decision made by the General Assembly.

373. The Delegation of Japan expressed its understanding that work relating to the three performance indicators related to the work of the SCT had not been approved by the SCT. In this context, the Delegation wished to confirm that those activities would be advanced only subject to approval by Member States and based on the discussion at the SCT.

374. The Delegation of the United Kingdom noted with satisfaction that one of the primary targets in the field of trademarks, industrial designs and geographical indications was the adoption of a design law treaty. The Delegation supported the language as proposed because it was based on real facts and also on recent developments within the SCT.

375. The Delegation of Turkey made a reference to the proposed result of tailored and balanced IP legislation regulatory and policy framework in program 1 and sought clarification from the Secretariat as to the percentage in the target of expected result I.2.

376. The Delegation of Switzerland referred to the three proposed indicators for expected result I.1. The Delegation said that those activities had not been discussed by the SCT and a decision by the SCT should not be prejudged. Therefore, the Delegation had a preference for a more general reading at this stage, and expressed discomfort with mentioning subjects which had not been discussed or agreed by the Committee. With regard to a diplomatic conference on design law, the Delegation was in favor for providing a budget for this activity, given the achievements and work of the SCT. The Delegation understood that there was a certain sense in having some kind of similarity between the language in the proposed program for the two diplomatic conferences anticipated under Program 2 and Program 4, respectively. Moreover, the Delegation said that the term "brands" used in the English version of the document was currently translated as "marques", but that it requested the use, in the French version, of the term "distinctive signs" instead.

377. The Delegation of El Salvador stated that it supported the holding of a diplomatic conference and that providing a budget for that activity for the next biennium was absolutely correct. With regard to the proposed activity on well-known marks, the Delegation requested information as to whether there was supposed to be a guide for industrial property offices on how to deal with well-known marks and whether there were plans with regard to that project in broad lines.

378. The Delegation of Egypt stressed the need for similar treatment of the issue of holding of a diplomatic conference in Programs 2 and 4. Moreover, the Delegation asked why budget allocations for legislative advice had to be reduced in case a diplomatic conference was to be held. As a third point, the Delegation sought clarification as to why the target captured in paragraph 38 was limited to positive feedback received from only 25% of the countries concerned.

379. The Delegation of Brazil expressed support for the statement by the Delegation of Egypt. It also requested a change in paragraph 2.1 of the narrative so as to acknowledge stakeholders different from brand and design industries. Moreover, it sought clarification from the Secretariat as to why thematic reports were proposed for the program if the appropriate committee had not yet discussed those topics in substance.

380. The Delegation of Belgium expressed support for the statement by the Delegation of the United Kingdom.

381. The Delegation of Spain said that, in case the proposed performance indicators were changed, the Secretariat was requested to inform the Committee about possible budgetary implications of such changes.

382. The Delegation of Hungary expressed support for the statement of the Delegation of Spain and stated its agreement with the Delegation of Switzerland regarding the proposed performance indicators for the SCT.

383. The Delegation of France expressed its support for the statement by the Delegation of Switzerland with regard to the performance indicators for the SCT.

384. The Delegation of Germany said that it wanted to record its agreement with the positions expressed by the Delegation of Belgium, the United Kingdom, Spain and France. It was in favor of the adoption of a design law treaty and supported the allocation of resources in the current budget.

385. The Delegation of China said that the SCT had made positive progress. In the view of the Delegation, the objective of convening a diplomatic conference for a design law treaty and the respective budget provisions should be maintained.

386. The Secretariat stated that the proposed performance indicators for the activities of the SCT could be replaced by more neutral language used in the 2012/13 Program and Budget, such as "progress towards agreement on current issues on the SCT Agenda", and that the narrative parts for Program 2 would be amended accordingly. Moreover, the proposed target for program indicator I.2 would be revised.

387. The Chair concluded that this solution was acceptable to the Committee.

388. The Chair opened discussions on Program 3.

389. The Secretariat introduced Program 3 by indicating that it was very simple and straightforward, with a focus on copyright and related rights, and especially on technical assistance to developing countries. Activities were aimed at assisting developing countries to take advantage of the copyright system, and to do it in a way that allowed them to use copyright and related rights in their culture. This theme had been met with great satisfaction. The Secretariat reported that the budget had been reduced slightly, but the sector would use private sector techniques to look for ways to improve efficiencies. The performance indicators were described as a bit complex, but significant progress had been made over the previous three years, and the Secretariat planned to continue working to find the best language and measures, taking into account comments from Member States during the meeting. The objective would be to continue to learn and improve together.

390. The Delegation of Brazil expressed concern that implementation of the Marrakesh VIP Treaty was not included in the Program 3 budget provisions and was not included as a WIPO priority in the next biennium. Implementation would require a budget for human and financial resources to continue to engage key stakeholders, especially visually impaired persons (VIPs). This was the intention of the Member States when they negotiated the Treaty. The Stakeholders' Platform, while complementary to the Treaty, should not be treated as the budgetary priority; instead the priority should be Treaty implementation. Also decisions about the Stakeholders' Platform should be taken in the Standing Committee on Copyright and Related Rights (SCCR) and not the Program and Budget Committee (PBC). The SCCR had not discussed the program budget.

391. The Delegation of Switzerland asked for clarification regarding the reference on page 41 of the English text of the results-based framework to a target for a diplomatic conference, while in 3.14 of the budget there was no allocation for a diplomatic conference. The Delegation questioned whether that meant that if the SCCR got to the stage of being ready for a diplomatic conference in the next biennium, perhaps for broadcasting on which the work was already fairly well advanced, the diplomatic conference would be out of the question for budgetary reasons. The Delegation referred to the discussion of the previous day and supported the continued work of WIPO on the Stakeholders' Platform to provide access for VIPs, which it viewed as complementary to the Marrakesh Treaty.

392. The Delegation of Egypt noted that a diplomatic conference was referenced on page 41, yet on point 3.14 there was no provision for a conference in the next biennium. Also there was no reference in the section to the implementation by Program 3 of DA recommendations, including policy-related work for Recommendations 16, 17, 20 or 22, or technical assistance to developing countries under Cluster A. The Delegation asked that the sections be revised to include specific recommendations. The Delegation also noted that the target for Marrakesh VIP Treaty ratifications was listed on page 41 as 10 countries, but as 20 countries must ratify the Treaty in order for it to go into force, the target should be amended to 20 ratifications for the next biennium.

393. The Delegation of Algeria, on behalf of the African Group, made several comments on Program 3. First, the Secretariat was asked to provide more information about the separate treatment of copyright and related rights. Second, the Delegation asked for information on the indicators related to technical assistance and training that would make it clear to Member States what is being done in training activities. Specifically with respect to ratification of significant treaties, there should be more activities and more information about the activities, such as whether they include, for instance, information meetings, or sending experts to countries. Third, the Delegation commented that it was also unclear what was planned to address the main risks and the mitigation strategies. Creating awareness on the importance of copyright, stressing its value, and adapting it to changing information technologies was very general. There was enormous demand in Africa and the descriptions of actions were very vague. Fourth, the Delegation asked again what the Secretariat was planning to do under the Stakeholders' Platform and TIGAR, outside of the Marrakesh Treaty, to ensure access for VIPs. The African Group did not want the Secretariat to undertake activities that would make operation under the Marrakesh Treaty optional. It was not clear that the activities were complementary, and they should be. The Delegation also asked for the budget figures related to the Stakeholders' Platform and the TIGAR Project.

394. The Delegation of El Salvador supported the statements of the Delegation of Brazil with regard to the Marrakesh Treaty and the Stakeholders' Platform.

395. The Delegation of Senegal supported the statement of the Delegation of Algeria on behalf of the African Group. With regard to the major risks and mitigation strategies, the Delegation suggested it would be better to have a mitigation strategy of talking about the significance of technology within the copyright field, as opposed to the more general suggestion of awareness

raising activities to demonstrate the importance of copyright. The Delegation asked to redraft the expected results under 3.2 to add a performance indicator on providing technical assistance to Member States for establishing collective management organizations (CMOs), rather than limiting the focus to cooperation among Member States that already had CMOs.

396. The Delegation of Brazil supported the statement of the Delegation of Egypt that the target for the number of countries to ratify the Marrakesh Treaty should be more ambitious.

397. The Delegation of Iran (Islamic republic of) supported the statement of the Delegation of Brazil on the importance of implementing the results of the Marrakesh Diplomatic Conference and the questions about the diplomatic conference for the next biennium. The Delegation stated that it would be more appropriate to specify what diplomatic conferences would be organized and which subjects they would address. The Delegation also supported the request by the Delegation of Algeria for more information on the planning for the TIGAR Project.

398. The Secretariat responded to the questions about the budgetary resources provided for implementation of the Marrakesh VIP Treaty by noting that, although the Treaty text had been adopted after the date of the budget, the budget for Program 3 anticipated in paragraph 3.7 the implementation of the proposed Marrakesh Treaty. The Secretariat indicated that plans for implementation of the Marrakesh Treaty were already underway and that the support for the implementation of the Beijing Treaty would also continue. The Secretariat agreed to raise the target for the number of countries ratifying the Marrakesh VIP Treaty to 20, instead of 10, as requested by several delegations. With respect to the questions about the relationship between activities supporting the implementation of the Marrakesh VIP Treaty and the activities related to the TIGAR Project, the two activities would be phased into one, so there would be no separation or distinction. The SCCR Stakeholders' Platform started when permission was needed to use works subject to copyright protection and to convert them into accessible formats. However that would not be necessary once the Treaty came into force and was operational, so the technologies that were being used on the TIGAR Project would support the Treaty implementation process and there would be no separation. The Secretariat indicated that Finance would address the provision for a diplomatic conference in the next biennium.

399. The Secretariat further responded that it was correct that there was no reference to specific Development Agenda recommendations. However almost everything done in Program 3 was focused on development. Some of the normative work in the SCCR benefitted both developing and developed countries, but a lot of the SCCR work was focused on limitations and exceptions with a major focus on the interests of developing countries. Overall, 95 per cent of the work done by the Culture and Creative Industries Sector was focused on developing country interests. There were three divisions. The Copyright Development Division provided 100 per cent of its technical assistance to developing countries, the Copyright Law Division managed the SCCR work already discussed, and the Copyright Infrastructure Division, previously described on Monday, managed the entire infrastructure aimed at helping developing countries take advantage of the benefits that were available in the copyright and related rights system. These included the TIGAR Project, the collective societies, and the technology that assisted developing countries with managing voluntary copyright registration systems. The latter technology had been used by many countries in Latin America. The Secretariat agreed that it would be reasonable to reflect the amount of work done by the sector for developing countries in the budget documents.

400. The Secretariat responded to the request by the Delegation of Algeria for more information on copyright and related rights separately by saying that all the technical assistance to Member States provided by Program 3 was focused on both copyright and related rights. Sometimes the related rights were not mentioned, but when work was done with countries at their request, it addressed copyright and related rights. While a distinction between the two areas could be developed and put in the document, that would not reflect the way Program 3 works, because all activities cover the whole range of copyright and related rights. Every

activity addresses both elements, even if that was not always spelled out. The development of the WIPOCOS system for collective societies and its inclusion of related rights was mentioned previously.

401. The Secretariat went on to address the question of how Member States can understand what was being measured by the performance indicators. There had been progress but the indicators are not perfect and the Secretariat welcomed suggestions. With respect to what the Secretariat did to encourage treaty ratification, this activity involved explaining the provisions of the treaty and its benefits to individual Member States, including having discussions with national experts and other WIPO experts. It involved looking at the national copyright law in the context of the twenty-first century and the digital environment. At the same time, Member States were not encouraged, requested, required, or forced to make any changes in their national copyright laws. The Secretariat provided information and responded to Member States' needs upon request. The risk management strategy was a new initiative in Program 3 and it was necessarily broad. The gist of it was that copyright was being challenged in the digital environment and it is better for WIPO as an intellectual property organization to do something about that in response to requests from Member States, often in collaboration with other stakeholders who were interested in this area. The fundamental mitigation strategy was to continue awareness raising, particularly for developing countries, to make sure that developing countries understand the implications of the evolving technology. That was why the mitigation strategy refers to the "evolving technological landscape." The Secretariat returned to the question of the financing of diplomatic conferences for the next biennium, including a possible conference in Program 3. For the 2014/15 biennium, the budget includes three diplomatic conferences. It was unlikely that three would be held. Funds could be transferred from one program to another to pay for the ones that were held using the funds for the ones that will not be held. This was done in the same way in the 2012/13 biennium. The Secretariat noted that this scenario demonstrates how useful it was to be able to transfer funds between projects.

402. The Delegation of Algeria asked again about the costs for the TIGAR Project. The Delegation wanted to know exactly what resources were allocated to the project for 2012 and 2013, and how much the Secretariat intended to earmark for the next biennium, 2014/15.

403. The Delegation of Mexico thanked the Secretariat and noted the success of the Marrakesh Diplomatic Conference. The Delegation agreed with increasing the target number of countries to ratify the treaty so that it could be executed in the best possible way.

404. The Chair noted that the Secretariat had already agreed to raise the target number for ratification of the Marrakesh VIP Treaty to 20.

405. The Secretariat indicated that it would return to the question of the budget allocation to the TIGAR project in order to provide a precise answer. The amount was included in a total budget of 2.8 million Swiss francs for the 2014/15 biennium but the breakdown was not immediately available. The detailed figure for 2012/13 also was not immediately available.

406. The Chair opened discussions on Program 4.

407. The Delegation of Germany stated that the allocation of budgetary resources should not prejudice the decision of the General Assembly. It wished to see that reflected in the text. Neutral wording for both Programs 2 and 4 needed to be found.

408. The Chair clarified that the same language would be used in both Programs 2 and 4.

409. The Delegation of El Salvador made comments on the "major risk and mitigation strategies". It wondered whether a better word could be found to replace "consensus". The Delegation believed that the content of the "results framework" was fine, but it preferred that the text be redrafted so that it would be similar to the language used in other programs.

410. The Delegation of Iran (Islamic Republic of) believed that not only the wording of the specific performance indicators needed to be changed. In the text, “consensus” was used sometimes, for example, in Paragraph 4.3, while the word “agreement” was used elsewhere. From a legal point of view, Member States could make decisions through different mechanisms, either by consensus or by other means. The result of the decision-making process would be an agreement. The Delegation suggested checking the entire text and making it more consistent in order to avoid any misunderstanding or prejudging the ways in which States might reach decisions.

411. The Delegation of Algeria, speaking on behalf of the African Group, believed that the “results framework” did not reflect all that Program 4 did and seemed, therefore, not to be ambitious enough. Program 4 did more than what was indicated. A third expected result could be added, for example, on legislative and policy advice which the Secretariat provided to Member States. It believed that a much clearer picture needed to be given of what the Secretariat actually did.

412. The Delegation of India stated that the consistency it had requested on Programs 2 and 4 was not only in terms of references to a diplomatic conference, but also in terms of the general thrust of the programs. Paragraph 2.1 provided that “Program 2 will endeavor to produce outcomes, which will allow WIPO to advance a balanced evolution of the international framework for brands and designs”, while paragraph 4.3 provided that “international outcomes depend on consensus among Member States”. Different treatments were evident. The Delegation fully supported the comments made by the Delegation of the Islamic Republic of Iran regarding the use of the words “consensus” and “agreement”. There had to be similar treatment. The Delegation also supported the comments made by the Delegation of Algeria, on behalf of the African Group.

413. The Delegation of Brazil supported the comments made by the Delegation of Algeria, on behalf of African Group, and the Delegation of India. It questioned the decrease in resources for expected result III.2 “enhanced human resource capacities able to deal with the broad range of requirements for the effective use of IP for development in developing countries, LDCs and countries with economies in transition”. The reason stated in paragraph 4.9 was “the intensity of and focus on the IGC process”. The Delegation wondered whether the Secretariat had not considered that more intense work on strengthening capacities would help achieve a good outcome in the IGC.

414. The Delegation of Sweden supported the comments made by the Delegation of Germany. It was important that the allocation of resources in no way prejudged the decision to be taken by the General Assembly. The Delegation was satisfied with the language of the “results framework” proposed by the Secretariat. It found the language ambitious but balanced.

415. The Delegation of Switzerland shared the concern in paragraph 4.3 regarding the participation and representation of indigenous peoples and local communities in the IGC. It had been indicated at the last session of the IGC that there was no more money in the Voluntary Fund. It was very important to ensure the participation of indigenous peoples and local communities. The Delegation understood that it was difficult for Member States to individually donate to the Fund. There had been an effort to raise funds, but it had been very difficult. It wondered whether the regular budget of WIPO could donate money to the Voluntary Fund. It believed that it would be very useful in terms of the continuation of the work of the IGC and of the Diplomatic Conference. It would be interested to hear from other delegations and to hear whether the Secretariat believed that that could be done.

416. The Delegation of Australia stated that Australia and New Zealand had recently donated more money to the Voluntary Fund. It was disappointed that there had been no donations coming from elsewhere. In that context, it was quite interested in the proposal made by the Delegation of Switzerland. It would be interested to consider it further.

417. The Secretariat responded to the questions posed. To ensure the consistency between Programs 2 and 4, it was suggested that the first performance indicator of Program 4 be changed, in line with the performance indicator for Program 2, to “agreement in the IGC’s negotiations on an international legal instrument(s)”. It had not been intended to treat the two programs differently, and the Secretariat apologized if there was any misunderstanding in this regard. Regarding the question raised earlier by the Delegation of Peru, the amount of approximately 0.8 million Swiss francs had been set aside for a Diplomatic Conference, as indicated on page 25. It was exactly the same as for Program 2. They were at the same level of engagement. The drafting comment made by the Delegation of El Salvador was similar to the comments made by the other delegations regarding the use of the word “consensus”. The Secretariat wondered whether it would be acceptable to replace “consensus” with “agreement”. Regarding the first comment made by the Delegation of Algeria, on behalf of the African Group, reaching an agreement on an international legal instrument(s) in the current biennium was certainly ambitious, even though the IGC had made considerable progress. The IGC would definitely be the focus of the activities of Program 4. Regarding the second comment made by the Delegation of Algeria, on behalf of the African Group, the second expected result would encompass legislative and policy advice. If the delegations could not accept the draft as it currently was, the Secretariat would be happy to look at some other language. Regarding the concern raised by the Delegation of Brazil, the resources in support of the IGC on reaching an agreement on an international legal instrument(s) had been increased, and this amount included IGC-related capacity-strengthening activities. Regarding the Voluntary Fund, the Secretariat thanked the Delegations of Australia and New Zealand for having donated to the Fund so that the indigenous representatives could be funded for the upcoming session of the IGC. If Member States wished that the participation of indigenous representatives be financed through the regular WIPO budget in the future, this would require an amendment to the statutes of the Voluntary Fund, which currently did not foresee financing through the budget. Such an amendment could be decided upon by the General Assembly, following a Member State proposal in this regard.

418. The Delegation of Germany requested the Secretariat to read out the performance indicators for Programs 2 and 4.

419. The Delegation of Egypt supported the participation of the representatives of indigenous peoples and local communities in the IGC process. It noted that the Voluntary Fund was running out of funds. However, it wondered whether WIPO could finance the participation of NGOs. Indigenous peoples and local communities were classified as NGOs, while WIPO usually only financed government representatives. The Delegation wondered whether there was any precedent in this regard.

420. The Delegation of India suggested adding “by a Diplomatic Conference” after “adoption of an international legal instrument(s)” in the “target” in the “results framework”. It would be consistent with the language of Program 2.

421. The Delegation of Brazil shared the questions raised by the Delegation of Egypt regarding the Voluntary Fund. It also shared the concerns raised by the Delegation of El Salvador regarding the major risk and mitigation strategies. It understood the fact that Member States might not reach an agreement. However, it was not very adequate. It wondered how useful those major risks were, as it had pointed out during the discussion on Program 1.

422. The Delegation of Iran (the Islamic Republic of) emphasized that it did not want to have a voting process. It suggested selecting a very neutral phrase. The process was a decision-making process. It suggested changing the word “consensus” with “decision”. International outcomes depended on decisions among Member States. It supported the proposal made by the Delegation of India. Regarding the new language of the first performance indicator proposed by the Secretariat, it proposed to add “on TK, TCEs and GRs” after “agreement in the IGC’s negotiations on an international legal instrument(s)”. The Delegation

shared the same concern raised by the Delegation of India. Paragraph 4.3 gave an impression that there would unlikely be a Diplomatic Conference. Comparing with the Design Law Treaty, there was less hope in the current wording for developing countries to foresee a Diplomatic Conference. The Program and Budget document should be neutral.

423. The Delegation of Sweden believed that it might not be necessary to add “by a Diplomatic Conference” as proposed by the Delegation of India, given that there should be no prejudging of the decision to be taken by the General Assembly. It noted that the modalities and the formats of both decision-making processes, as well as the final outcomes of such potential instruments, could be different. Therefore, it preferred not to add “by a Diplomatic Conference”.

424. The Delegation of India responded to the Delegation of Sweden. The language it proposed came from the decision of the 2012 General Assembly. It was not new.

425. The Secretariat stated that, since the 2006/07 biennium, the Independent Advisory Oversight Committee (IAOC) had asked the Secretariat to put risk management in place, which aimed to strengthen internal controls. It was also an integral part of the performance management framework. The Secretariat had embedded risk management not only in its day-to-day work, but also in its workplans, so that managers could manage the programs successfully by understanding the risks and mitigation. The Secretariat would suggest not removing the “major risk and mitigation strategies”, because it would weaken the performance management framework. Regarding the proposal made by the Delegation of India, the Secretariat would have no problem, because it was in line with the text in Program 2, as well as the mandate of the IGC. In terms of adding “on TK, TCEs and GRs” as proposed by the Delegation of the Islamic Republic of Iran, there would be no problem in doing so. In response to a request from the Delegation of Germany, the Secretariat read the performance indicator for Program 2 as “agreement on a normative framework for industrial design registration and maintenance procedures” and the target for it as “adoption of a Design Law Treaty by Diplomatic Conference”. Taking into account the proposals made by the Delegations of India and the Islamic Republic of Iran, the performance indicator of Program 4 would read as “agreement in the IGC’s negotiations on an international legal instrument(s) on TK, TCEs and GRs”, and the target would be read as “adoption of an international legal instrument(s) by a Diplomatic Conference”. Regarding paragraph 4.3, the word “consensus” would be replaced with “decision”. Taking into account the comments made by several delegations, the Secretariat proposed to shorten the second sentence of paragraph 4.3 to “divergent views remain on a number of issues.” Regarding the questions on whether the WIPO regular budget could be used for the participation of NGOs, the current statutes of the Voluntary Fund did not allow the Secretariat to do so. It would require a decision of Member States to introduce such a change. So far, no participation of any NGO in any WIPO bodies had been financed by the regular budget.

426. The Delegation of Iran (the Islamic Republic of) wished to clarify that the word “consensus” had been changed to “decision”.

427. The Chair confirmed this.

428. The Chair opened discussions on Program 5.

429. The Delegation of El Salvador, referring to the increasing diversity of prior art in the global patent system noted in section 5.1 of the document, underlined the importance of the efforts being made by the International Bureau to add Spanish as a language for the interface of the e-PCT web-based platform for interaction with the PCT system by applicants, Offices and Authorities. With regard to resources, the Delegation asked why the 2014/15 proposed budget for Expected Result II.2 “Improvement of the PCT system” of 3.106 million Swiss francs was less than the 2012/13 approved budget of 3.225 million Swiss francs and less than the budget for the current biennium of 3.263 million Swiss francs after transfers.

430. The Delegation of the Republic of Korea welcomed the commitment of the International Bureau to deliver quality services to users of the PCT system, as outlined in the implementation strategies set out in Program 5, highlighting the importance of focusing on marketing, cost control and efficiency measures. Referring to the Indicators of PCT Operations set out in Annex V to the document, the Delegation commended the International Bureau on the decrease in the average unit cost of processing a published PCT application. However, the Delegation questioned, in relation to the savings due to lower processing costs, what percentage of efficiency gains was flowing back to the PCT system to the benefit of users. The Delegation stated that it was widely recognized that the level of fees was one of the major obstacles to access the PCT system, in particular, for small and medium-sized enterprises. The International Bureau therefore needed to ensure “value for money” for all PCT users by delivering high quality services to PCT users while avoid rising costs. With reference to previous efforts to further look into the issues of PCT marketing and pricing policy for the PCT system as part of one of the Strategic Realignment Program initiatives, the Delegation expressed the hope that those efforts would bring about changes to policies and practices in delivering global IP services in a more user-oriented manner. In this context, the Delegation welcomed the ongoing discussions in the PCT Working Group on fee reductions for small and medium-sized enterprises. Secondly, with reference to the indicators for the productivity of formality examination set out in Annex V to the document, the Delegation requested the International Bureau to provide separate figures distinguishing between formality examination performed on applications where the International Bureau had acted as the receiving Office and formality examination performed on applications transmitted to the International Bureau by other receiving Offices. Third, the Delegation requested the International Bureau to provide further clarification as to the performance indicators “number of PCT applications originating from transition and developed countries (responsible program: Program 10)” and “% of PCT filings (responsible program: Program 20)” set out for Strategic Goal II on Expected Result II.1 “Increased use of the PCT route for filing international patent applications”. Given that Program 10 was concerned with cooperation with certain countries in Europe and Asia and that Program 20 was concerned with the work of WIPO External Offices, the Delegation wondered how the use of the PCT by applicants from the Republic of Korea was accounted for in assessing Result II.1, noting that the Republic of Korea had the fifth highest number of PCT filings by country of origin, with about 12,000 applications having been filed in 2012.

431. The Delegation of Brazil, referring to the performance indicator on the number of PCT applicants originating from transition and developed countries set out for Strategic Goal II under Expected Result II.1, stated that it would be more appropriate to include a performance indicator covering applicants from developing countries and requested the Secretariat to provide more information about the rationale behind this indicator and why there was no corresponding indicator for developing countries.

432. The Delegation of Algeria requested the Secretariat to provide an explanation as to the change in wording of Expected Result II.1. In the Program and Budget for 2012/13, this result had been worded as “Informed strategic use of the PCT by all innovators who could potentially benefit from it” whereas, in the draft Program and Budget for 2014/15, the wording had been changed to “Increased use of the PCT route for filing international patent applications”. The Delegation expressed the view that this change placed more focus on quantity at the expense of quality and suggested adding the term “informed” to the proposed definition so as to have both quality and quantity aspects reflected in Expected Result II.1.

433. The Delegation of Japan expressed the view that the focus on quality needed to be maintained and improved in the context of the WIPO budget structure and welcomed the proposed Program and Budget for Program 5, particularly the importance given to improving both the productivity and quality of services. However, resources were limited and it was important to pay attention to the issues of cost reductions and efficiency gains. Against that background, the Delegation requested to receive further information on the proposed increase in personnel costs in the 2014/15 draft budget for Program 5 of nearly 13.9 million Swiss francs.

434. In reply to the query by the Delegation of El Salvador as to the proposed budget for Expected Result II.2, the Secretariat stated that actual expenditures linked to Result II.2 in the current biennium had been less than originally envisaged. One of the main factors determining non-personnel expenditures for this result were the expenditures needed to finance the participation of certain Member States in sessions of the PCT Working Group, where the actual expenditures in the current biennium had been less than expected. The reduced figures for the 2014/15 biennium were therefore a more accurate picture of the resources required in this area. The Secretariat assured the Committee that there were sufficient funds in the 2014/15 Program and Budget to continue the good work carried out in recent years towards improvement of the PCT system.

435. In reply to the question by the Delegation of the Republic of Korea on the use of savings due to lower processing costs, the Secretariat referred to the generally accepted funding model for the Organization under which fees collected by the International Bureau from the PCT system were used to fund not only the operation of the PCT system but many of the other non-PCT related activities of WIPO. Through efficient delivery of services of the highest quality, the operation of the PCT system at the International Bureau ensured that the Organization met its overall budgetary goals. In terms of value for users and applicants, the International Bureau tried to approach this issue by understanding that applicants worldwide wanted a healthy and well-integrated intellectual property system working as well as possible in all respects. This was very difficult to measure as it extended beyond the PCT and had to take into account many other activities of WIPO which had a bearing on the value ultimately received by users of the PCT system. With regard to the issue of PCT marketing and pricing policy raised by the Delegation of the Republic of Korea, while some useful insights had been gained from an external study commissioned by the International Bureau, the ultimate decision on setting fees lay with Member States. In that context, discussions on the issue of possible PCT fee reductions had commenced in the PCT Working Group and were continuing at the Working Group's next session.

436. In response to the query by the Delegation of the Republic of Korea as to the indicators for the productivity of formality examination carried out by the International Bureau, the Secretariat clarified that the tasks were unique to the International Bureau and involved data capture and preparation for publication, rather than duplicating work performed by receiving Offices. While it was not possible at present to provide separate indicators for, on the one hand, the productivity of formality examination of applications transmitted by other receiving Offices and, on the other hand, the productivity of formality examinations for applications filed directly with the International Bureau as a receiving Office, the Secretariat was happy to further look into the issue with a view to determining whether it was possible to provide such separate indicators in the future. Moreover, the issue of developing metrics covering the performance of the entire PCT system, including the performance of the International Bureau, was an issue which was currently under discussion by the PCT Working Group; in the context of those discussions, efforts would also focus on developing better metrics in the area of formality examination.

437. In response to the request by the Delegation of the Republic of Korea to receive more information on the inclusion of the performance indicators "number of PCT applications originating from transition and developed countries" and "% of PCT filings", those indicators had been contributed by other Sectors and were specific to expected results to be achieved by those Sectors under Programs 10 and 20. Program 5 did not track these particular indicators for the purposes of making decisions on how it would provide services to PCT users. This notwithstanding, the Republic of Korea was of course one of the main sources of international applications and the International Bureau had regular contact with the Korean Intellectual Property Office as well as with the representatives of the Permanent Mission of the Republic of Korea in Geneva to ensure that the International Bureau was aware of concerns raised by the applicant community in the Republic of Korea and was addressing these concerns. Moreover, a Coordinator of a PCT Processing Team from the Republic of Korea had recently been

appointed. Finally, although the work of Program 5 did not involve monitoring filing figures from individual countries as a basis for day-to-day operational decisions, the International Bureau was of course aware of the PCT filing statistics from each country.

438. In response to the question from the Delegation of Brazil as to the rationale behind the inclusion of a performance indicator on the number of PCT applicants originating from transition and developed countries, the Secretariat explained that the table of all performance indicators for Strategic Goal II "Provision of Premier Global IP Services" was a compilation of all programs that contributed to the overall aims of the PCT, with the indicator relating to transition and developed countries being part of Program 10. A similar entry could have been added by the Regional Bureau for Latin America and the Caribbean if that Bureau had, as one of its objectives for 2014/15, the goal of increasing the number of filings from the region. Noting that the indicators for Program 5 on Expected Result II.1 were higher level indicators than those provided by other programs, the Secretariat indicated that it would be happy to further review all the indicators submitted by the various programs that contributed to the overall aims of the PCT with a view ensuring better consistency among those indicators.

439. In reply to the query from the Delegation of Algeria as to the difference in wording of Expected Result II.1 between the 2012/13 and the 2014/15 versions of the Program and Budget, the Secretariat explained that this change had resulted from discussions with colleagues in the Resource Planning, Program Management and Performance Division, who had pointed out that the quality element in the previous result was almost impossible to measure. The wording of the Expected Result had therefore been amended to ensure that achievement of the result could be measured and that it provided a proxy for quality. This did not, however, indicate that the International Bureau did not make efforts to ensure that the choices of customers were informed ones; such efforts were undertaken in a number of programs directed at developing strategies for use of the PCT system that would achieve this expected result.

440. In reply to the query by the Delegation of Japan as to the proposed increase in personnel costs in the 2014/15 draft budget for Program 5, the Controller explained that the average increase in personnel costs for the 2014/15 biennium was 8.8 per cent. There were several elements making up this increased cost, in particular, regularization, reclassification and After Service Health Insurance (ASHI). This average increase of 8.8 per cent varied between Sectors of the Organization, depending on factors such as the size of the sector and the age of staff, thereby explaining the main part of the 11.8 per cent increase expenditure on personnel resources for Program 5.

441. The Chair opened discussions on Program 6.

442. The Delegation of Japan stated its support for simplifying and streamlining the operations of the Madrid system. It believed that the WIPO Fellowship Program, between the International Bureau and national IP Offices, would contribute to a deeper understanding of both entities and improve the service of operations including reducing the number of irregularity listed as performance indicators. The Delegation hoped that resources were allocated in the proposed budget for this program. Furthermore, it pointed out that for Program 5 PCT, the WIPO Fellowship Program was placed in II.3, but under Program 6 it was based in II.6, and the expected result II.7 rather than II.6, corresponded to the expected result II.3 in Program 5. If the purpose of the Fellowship Program was the same in both programs, from the perspective of consistency, the Delegation would appreciate if the Program and Budget document could be more coherent and understandable.

443. The Delegation of Switzerland stressed the importance of the activities of the Madrid system. It wanted to ensure that sufficient funds and resources were made available, for IT and online services, like MGS, and for the development of the system, to ensure that the operations have sufficient and well-trained staff. It further stated that there have been comments from the

users referring to delays in the processing of some requests. The Delegation appreciated what has been done, and because of the development of Madrid system in the coming biennium, it would like to ensure that enough resources were available both in IT and in human resources, to ensure that the Madrid system continues to develop and to provide quality service to its users in the future.

444. The Delegation of Sweden supported the statement made by the Delegation of Switzerland. It stressed the importance of the Madrid system and that it was of the utmost importance that we continue to allocate resources for this.

445. The Delegation of the United States of America, while underlining that its country was not a Contracting Party to the Lisbon Agreement for the Protection of Appellations of Origin and their International Registration, but provided protection for appellations of origin through its trademark system, expressed its concern that the Lisbon Agreement, including its proposed revision, was not compatible with the trademark system. Ironically, the United States of America was now being asked to pay for the convening of a Diplomatic Conference, to which the United States of America would not be invited, in respect of a treaty which was operating in the red and which the United States of America had chosen not to join. The Delegation would provide more extensive comments on this program during the forthcoming session of the PBC in September 2013.

446. The Delegation of Chile referred to the observations made by the Delegation of Iran (Islamic Republic of) in the discussion of the Financial Overview in Chapter II of the draft Program and Budget, in relation to the budget proposed for Diplomatic Conferences in the next biennium. In its view, the goal of the Working Group on the Development of the Lisbon System was to make the Lisbon system more attractive for other members of WIPO who were currently not parties to the Lisbon Agreement. Chile was not a signatory, but had participated, as an observer, in the Working Group, on its own resources. The Delegation was concerned that WIPO funds, from which all WIPO Member States should benefit, were going to be used for a Diplomatic Conference in which, contrary to the goal of the Working Group, only a few WIPO Member States would actually participate. The Delegation would come back to this during the forthcoming session of the PBC in September 2013.

447. The Secretariat thanked all the delegates for their support to the Madrid system. Concerning the Fellowship Program as raised by the Delegation of Japan, the Secretariat stated that this program was a new initiative as far as the Madrid system and the Hague systems were concerned. It had been created for the purpose of increasing productivity, efficiency and improving the level of the services for the users. This Fellowship Program was the continuation of the current Exchange Examiners Program that had been in place in the Madrid system in the past three years to improve the coherence and cooperation between the Member States and the International Bureau in respect of effective operation of the Madrid system. The majority of the fellows would come from the national Offices. On the issue of quality raised by the Delegation of Switzerland, the Secretariat stated that it was clear that the International Bureau had challenges, as the Madrid system was growing very fast now, there were increased filings for two consecutive years and there were new Member States coming into the system. An increased number of Member States did not only mean more income and increased filings, but it also potentially meant increased complexity of these filings. On actions taken by the Secretariat in view of the challenges to be dealt with, three main points would need to be highlighted: (i) continue increasing the automation in the next biennium; (ii) simplify internal procedures, including the legal aspects; and (iii) identify further improvements to the system and increasing operational efficiency together with the Member States and national Offices. The Secretariat referred to the questions concerning the Lisbon system raised by the Delegations of the United States of America and Chile. In response to the Delegations of the United States of America and Chile, the Secretariat stressed that the proposed revision of the Lisbon Agreement resulted from a decision, four years ago, of the Lisbon Union Assembly to go for a full review of the Lisbon Agreement. Recently, this review had resulted in a recommendation from the Working

Group on the Development of the Lisbon System for a decision by the Lisbon Union Assembly that a Diplomatic Conference be convened in 2015. This recommendation was on the agenda of the forthcoming session of the Lisbon Union Assembly. The resources allocated for this purpose in the draft Program and Budget were based on the fact that the Diplomatic Conference would deal with a revision of the current treaty. The Secretariat pointed out that the Lisbon Agreement itself provided that a Diplomatic Conference for such a revision would be called by the Lisbon Union Assembly. The Secretariat said that the aim of the revision was to allow for an enlarged membership and that, consequently, the revision aimed at serving the purposes of the largest possible number of countries. The Secretariat finally referred, for comparison, to the revision exercise in respect of another WIPO-administered registration treaty, which had resulted, in 1999, in the conclusion of the Geneva Act of the Hague Agreement Concerning the International Registration of Industrial Designs. The Diplomatic Conference for that purpose had taken place, in Geneva, on the basis of Rules of Procedure which gave all WIPO Member States a right to vote. The Secretariat recalled, in this connection, that the Hague Union, at the time, had had about the same small membership as the Lisbon Union had today.

448. The Chair opened discussions on Program 7.

449. The Delegation of Algeria, on behalf of The African Group, asked what technical assistance or training could be provided to their countries, noting that states were increasingly using arbitration more than the legal and legislative approaches, and thus the Group would appreciate relevant capacity building and training to improve the ability of their experts to participate in arbitration.

450. The Secretariat stated that a key part of the work of the Center was outreach on the possibility of using alternative dispute resolution methods in IP disputes. The Secretariat further mentioned that requests received from Africa had mainly been in the area of Internet domain names. Such examples in recent years included the training of domain name panelists for the country code top-level domain of Morocco, and participation in a meeting of African country code top-level domain administrators. The Secretariat also noted that the Center would also be available to provide assistance to IP Offices in Africa. Referring to the text on Program 7, the Secretariat confirmed that the Center had started working with concerned IP Offices to help establish alternative procedures, such as mediation, that offered a voluntary alternative to administrative dispute resolution procedures maintained by these offices, such as in cases of trademark opposition. In this regard, the Secretariat stated that, so far, the Center had been working on such options with the IP Offices of Brazil, the Philippines, and Singapore, and that subject to the availability of resources, the Center would be pleased to undertake such types of outreach in Africa.

451. The Chair opened discussions on Program 8.

452. The Delegation of Japan, referring to paragraph 8.6 sought a detailed explanation as regards the increase in resources for the Program.

453. The Delegation of Brazil requested clarification on the budget allocation related to the activities and human resources and inquired as to why there was a reduction in the proposed budget for the Program of approximately 400,000 Swiss francs for the next biennium, how the Development Agenda could be a priority for WIPO if there was a weakened budget, and how one could reflect the priority and relevance of this Program in the budget. The Delegation stated that the process for the approval of resources for CDIP projects would be discussed later and was directly related with Program 8. The Delegation expressed the opinion whereby Member States should have an easier and more accessible tool to approve and implement projects with their respective budgets.

454. The Delegation of Egypt expressed support for the intervention made by Brazil with regard to the Expected Results. Referring to the mainstreaming of the DA principles and recommendations into WIPO's development work as mentioned in paragraph 8.3, the Delegation stated that the matter related to WIPO's work as a whole and not only to the development work and thus there was a need for a small amendment. On the results framework, the Delegation expressed interest to see more performance indicators to measure and to track WIPO's work. With reference to the decrease in the cost of contractual services due to a lower number of DA project evaluations foreseen in 2014/15, the Delegation reiterated its position, namely that it would like to see specific allocations for new projects that might be approved by the CDIP as well as for potential second phases of current projects.

455. The Delegation of Algeria understood that the issue of the funding of DA projects was part of a separate discussion as there was a separate document on the Budgetary Process Applied to Projects Proposed by the CDIP. The Delegation wished to confirm its understanding.

456. The Chair expressed the view that it would be better if the issue of the funding of the DA projects was also discussed at the same time as Program 8, as that program was the coordination program for the projects.

457. The Delegation of Algeria, while thanking the Chair for the clarification, stated that a way must be found to ensure that the expected results clearly referred to the DA projects. It had to be an expected result, as with only two performance indicators it would be difficult to assess the mainstreaming of the DA recommendations in the work of WIPO. It was necessary to find a means to provide clarity in the results framework of the program. The Delegation, on behalf of the African Group proposed that the budget for the DA projects should be included in the budget of Program 8. The information and all the elements that were in the Budgetary Process document should be included under Program 8. The Delegation wished to know how the Secretariat planned to allocate resources for future CDIP projects. Noting that the Secretariat had chosen three or four projects that would be brought into phase two; there were three projects which had not yet been adopted and, therefore, did not have resources allocated to them. The Delegation asked how much the allocation of resources for future DA projects was.

458. The Controller, in response to the question raised by Algeria with regard to personnel costs, stated that a comparison needed to be made between the after transfer amounts in 2012/13 rather than the adopted budget with the proposed budget in 2014/15. The reason why the budget after transfers was lower was that in that sector, there were several vacant posts during the 2012/13 biennium and therefore the real costs were lower than the budgeted costs.

459. The Secretariat, with reference to the mainstreaming of the DA in the work of WIPO stated that what appeared in 3.6, 3.7 and 3.8, had been subsumed within the larger umbrella of mainstreaming of DA recommendations in the work of WIPO. If delegations wished to have greater specificity, that would not be a problem and could be given by the indicators. The latter approach would make more sense.

460. The Delegation of Algeria stated that it wanted to avoid a situation where there were all the papers but one did not know exactly what was being done. So it really had to be an expected result. For example, having the DA principle further mainstreamed into the organizational activities as an expected result would call for a performance indicator to measure the achievement of that result. But if a performance indicator was given, it would not be clear what was to be done. So the Delegation requested that what was written in the document be better reflected in the expected results with performance indicators and a clear budget.

461. The Delegation of Egypt supported the position of the Delegation of Algeria and added that it did not want the development results to be subsumed; it wanted them to be clearly reflected and stated. Referring to paragraph 3.8, the Delegation stated that it was in relation to not only WIPO, but the Member States, governments, organizations, civil societies, and other

stakeholders. These groups were not reflected as a result of the mainstreaming of the recommendations pertaining to WIPO's work. The Delegation therefore supported the maintaining of the expected results and not subsuming them.

462. The Secretariat had taken note of these statements.

463. Another representative of the Secretariat stated that, in reducing the expected results, there was no loss of substance. Some of the previous expected results were at different levels. For example, under III.7 of the results framework for 2012/13, the implementation and reporting of the DA recommendations were given. If looked at carefully, it was really not a result that was given; it was a means to an end; it was an activity and not an outcome. What was needed was to take them up to a consistent result level. The Secretariat appreciated the concerns about specificities and the loss of substance and suggested that it was entirely possible to capture that in the indicators. It was the indicators that provided the detail, as was the case in other programs. One could make specific indicators within the objective of the mainstreaming of the Development Agenda. That was the Secretariat's suggestion.

464. The Delegation of Algeria reiterated its position that it should be an expected result and not an indicator.

465. The Delegation of Brazil reiterated its question as to why the budget had decreased from the last biennium to the next. There was a decrease of 400,000 Swiss francs. The Delegation as well as many other delegations had taken part in the process of giving input to the Secretariat regarding their expectations for the next Program and Budget. Developing countries had requested for a stronger implementation of the Development Agenda and the Delegation expected that this should be reflected in more human and financial resource allocation. The Delegation was puzzled as to why there was a smaller budget for such an important program. The Delegation was of the view that the CDIP activities should be included in Program 8 with enough resources so that countries could decide on how to implement programs.

466. The Delegation of Switzerland sought clarification if, following Algeria's request, the expected results would be redrafted or there would be a new formulation of the performance indicators. The Delegation was concerned that depending upon how that was drafted, it might complicate the document and make it less easy to read. The Delegation wished to retain the same level of detail across all programs so that they could be compared. The language for Program 1 seemed to be broad and acceptable as it included all the activities undertaken by the Committee.

467. The Secretariat, referring to the question asked by Brazil, stated that one of the reasons why there was an apparent reduction in the budget for the next biennium was that the international conference, which would be held during this biennium, would not be included and budgeted for during the next biennium. Addressing the points raised by the delegation of Switzerland, he stated the Secretariat was receiving conflicting views, making it difficult for it to decide what kinds of modifications should be made. There was therefore a need to have consensus on what modifications, if any, should be made.

468. The Chair invited the Delegation of Algeria to explain, for the benefit of the Delegation of Switzerland, the changes it wanted to be seen made.

469. The Delegation of Algeria informed that it had asked for the expected results for Program 8 to reflect the programs which were approved by CDIP. So a direct link was needed. Referring to the un-numbered document, the Delegation stated that, in the previous Program and Budget document, the results related to 3.6, 3.7, and 3.8. The basis was that such expected results had already been approved in the last session of the Committee and the Secretariat knew how to handle that since it had already done so in the past. The Delegation wanted to see the DA principle further mainstreamed into the Organization's program and

activities and effective planning and implementation, monitoring, and reporting on the DA recommendations as well as the adding of a better understanding of the DA by Member States, IGO's, civil society, and all the stakeholders to the expected results.

470. The Delegation of Switzerland stated that its concern would be that of how to deal with a particular program differently from others. It had understood the intention of the Secretariat in reducing the expected results to six, and to have a comparable level of detail, and was quite satisfied with that modification. That was an improvement compared to what had been done in the past and it was concerned that a specific program was going to be dealt with differently. It was a question of consistency and of coherence.

471. The Secretariat stated that the whole purpose was to ensure that there were higher quality expected results across the whole framework. As pointed out previously, some of the earlier expected results were not formulated in a manner which were results but rather activities or at the activity level. The Secretariat had tried to raise the bar when it came to the expected results. The Secretariat had lowered some of the earlier expected results which were probably not at the right level. One way of addressing the issues raised was to look at that one expected result, the mainstreaming of DA recommendations in the work of WIPO, and see how it could be reformulated to capture some of the ideas that Algeria wished to encapsulate, rather than going back to a weaker expected result. That was just a thought the Member States might like to consider.

472. Another member of the Secretariat added that another way would be to look at it as part of the indicators. So both approached could be considered.

473. The Delegation of Brazil expressed support for the views expressed by Algeria, stating that it did not see that there would be a different treatment for strategic goals. If one looked at the IPC services, there were nine expected results. While in strategic goal three, even if the past results were maintained, there were less than nine expected results. So actually, it would maintain the balance in the strategic framework.

474. The Secretariat expressed the hope that the Member States would not consider the quantity as an indicator of quality. The Organization had been trying to get good expected results and it was not whether there were three or eight or ten under a goal. If, for instance, there was an expected result which did not reflect something like what was brought up by the Delegation of Algeria, then it should be reformulated. The number of expected results did not make a strategic goal less important than others. The Committee should not look at quantity but at the quality of indicators and try to capture what was missing, in a similar way to how the delegate of Algeria had identified things which were in 3.6, 3.7, 3.8, and which needed to be reflected. The Secretariat offered to work with the interested delegations to strengthen the expected result.

475. The Delegation of Egypt stated that the existing expected results had been working for the past two years, in terms of the PPR reports, in terms of the work of WIPO, and that it was not convinced that there was a need to change them at this stage. Of course, all delegations were expected to propose additional results or new results in relation to different programs. The Delegation expressed its wish to maintain the current results which had been working in WIPO for the past two years. It stressed that those results were sufficiently high-level and could not be seen as performance indicators. For example, the result 3.8, "enhanced understanding of the DA recommendations", was a result. But the indicator would be how many workshops were to be organized to increase awareness, how participants were included in that understanding, how experts were involved to increase awareness. There was already a distinction between the results and the indicators. Such results were sufficiently high-level to become indicators.

476. The Delegation of Algeria stated that it appeared that the understanding of Switzerland was that Program 8 may be treated differently if such an amendment was made. But that was

not what the Delegation wanted. All it wanted was to capture the important ideas, contents and elements in the expected result. The Delegation could not go along with only one expected result that was so broad and wanted to have a clear expected result which could be evaluated in the next PPR in 2014/15. If there was only one expected result, "mainstreaming of the DA recommendation in the work of WIPO", it would be impossible for the Member States and for the African Group to really assess if what it had requested was being appropriately implemented by the Secretariat. The Delegation fully agreed with the Delegation of Egypt as regarded 3.6. When it came to the further mainstreaming of the DA principle, the indicator for that would be staff training and whether or not they had been trained in order to acquire the appropriate development orientation for the effective planning, implementation and monitoring of the DA recommendation. Here, the CDIP projects would be judged in terms of whether or not they were properly implemented and so on. For 3.8, it could be through seminars, through training. These elements could only be reflected through expected results, not indicators.

477. The Secretariat proposed to meet with the delegation of Algeria and interested delegations to agree on acceptable expected results.

478. The Chair requested the Secretariat to prepare a suggested language and distribute it for consideration by the delegations.

479. The Delegation of Belgium stated that Group B was comfortable with the expected result as it stood and expressed support for what was said by Switzerland.

480. The Chair stated that there was a proposal for amending the expected result and a draft would be distributed. He asked the Delegation of Belgium if it was willing to accept that approach.

481. The Delegation of Belgium replied that it would be willing to go along with this approach.

482. The Chair opened discussions on Program 9.

483. The Delegation of Guatemala raised two questions related to the resources allocated to the specific expected results (ER) under the Program. In the context of the great importance to Guatemala of national IP strategies, the question was raised as to whether the amount allocated to this ER (ER III.1) referred uniquely to human resource training. With respect to ER IV.2, which the Delegation emphasized involved extremely important programs and tools for the development of innovation and creativity, which users of the IP system in Guatemala were participating in, an explanation was requested as to why there was a decrease in the budget, from 1.045 million Swiss francs in the 2012/13 biennium to 994,000 Swiss francs.

484. The Delegation of El Salvador expressed satisfaction with the formulation of Program 9, ERs and Performance Indicators (PIs), which were identical with those of Program 10 on Cooperation with Certain Countries in Europe and Asia. Concerning Program 30 on SMEs, the Delegation agreed with the views expressed by other Delegations. The Delegation stressed that the program on SMEs was an extremely important program for developing countries like El Salvador and requested to know in greater detail how the arrangement under the proposed budget 2014/15 was going to work so that they could take an informed decision.

485. The Delegation of Egypt, in referring to the revised Results Framework, expressed the view that the current ERs III.4 and III.11 should be preserved. In addition, with respect to the ER on national IP strategies and the target for the Arab region, the Delegation suggested that the proposed target of three countries for the biennium (or a cumulated number of seven from a baseline of four countries) be increased to four or five countries.

486. The Delegation of the United States of America, referring to the previous day's extensive discussions on the subject of SMEs, reiterated its proposal to reinstate Program 30, including all the performance indicators and targets related to SMEs and innovation.

487. The Delegation of Italy reiterated its preference for the reinstatement of Program 30 and its performance indicators.

488. The Chair, citing the seeming consensus at the meeting for the retention of the program on SMEs and innovation, raised the question to the Secretariat as to the how this should be dealt with. The Secretariat replied that they would have to address it.

489. The Delegation of Algeria, on behalf of the African Group, noted that the results framework of Program 9 made no reference to technology transfer offices which was a program managed by the regional bureaus and asked whether this was now being handled somewhere else. The Delegation also asked for an explanation as to why the resources allocated to the Program had decreased.

490. The Delegation of Egypt requested that some specific results in relation to the better and wider use of the systems like The Hague or Madrid be included in the program results outcome of program 9 as they had been reflected in some other programs.

491. The Delegation of Mexico, referring to SMEs, noted that resources had been incorporated in the regional bureaus. Since the bureaus would have a coordinator responsible for SMEs and would undertake programs directed at them as part of their basic services, there was a need to have resources to support SMEs in developing countries. The Delegation stressed the need to build the capacity of SMEs to exploit IP for increased competitiveness and use the international IP system effectively. There was also a need to continue promoting innovation programs, previously under Program 30, including the creation of technology transfer offices and patent drafting assistance which had been extremely useful and of great benefit to countries in the Latin America and Caribbean region. The Delegation expressed the view that it would be appropriate to have a specific program for SMEs and, in this way, to have a better oversight of the resources allocated to SMEs.

492. The Secretariat, in response to the questions raised by the Delegations of Guatemala and Algeria relating to resources assigned to the Program, replied that the decrease in resources took place in the context of the Organization's cost efficiency measures. The allocations in the resources by result included both personnel and non-personnel costs which covered human resource training too. Concerning the question raised by the Delegation of El Salvador as to how the SMEs program was proposed to be addressed within the Development Sector, the Secretariat explained that what was envisaged was to have an SME focal point in each regional bureau to undertake and monitor activities with respect to SMEs in the various regions. They would coordinate the implementation of activities as well as undertake oversight and the preparation of guidelines and policies related to SMEs in the various regions. With respect to the proposal of the Delegation of Egypt, the Secretariat replied that, in principle, this was something that could be accommodated. It also noted the points raised by the Delegations of the United States of America, Italy and Mexico. With respect to the question raised by Algeria, as this was a subject matter dealt with by the innovation and SMEs division, the proposed transfer of resources to the regional bureaus implied a transfer of the activities and any ongoing projects. The Secretariat indicated that it would be possible to be more specific about the matter of technology transfer offices under the PIs of the program. On the question asked by the Delegation of Egypt, the Secretariat explained that since the regional bureaus primarily acted as coordinators and facilitators of Madrid, The Hague and PCT, the expected results with respect to the wider use of these systems were dealt with by those who were directly engaged in promoting a greater use of the systems. The role of the regional bureaus was slightly removed from the question of the greater use of the systems, but was also considered within the general mainstreaming of work and the notion of working as one. The Secretariat concluded that it may not be necessary to reflect an expected result in all the different sectors.

493. The Delegation of Egypt referred to Program 10 which included the wider and better use of The Hague and Lisbon systems in its ERs and suggested that the same ER be applied to countries in Africa and other developing countries.

494. The Secretariat replied that this would be possible to the extent that there was no duplication and that these were expected results which the regional bureaus could validly engage with. If the Member States felt that it should be an ER, then the Secretariat could make the necessary modifications.

495. The Chair opened discussions on Program 10 and Small and Medium sized Enterprises (SMEs).

496. The Delegation of Poland, on behalf the CEBS Group, took note of the content of Program 10 and endorsed it "as it is". The Delegation thanked the Secretariat for understanding and clearly representing the priorities of the region and added that the CEBS fully shared the Secretariat's views about the main challenges for Program 10. The Delegation considered that the two main topics important for the CEBS region, innovation and SMEs, were very well presented but stressed that it was of the utmost important that assistance granted by the program be adapted to the specific needs of the countries concerned. The Delegation added that due to the economic and financial crisis, many countries in the CEBS region considered the role of innovation and IP as important for their recovery, which explained the demand for developing national IP strategies and the growth foreseen for plans during the upcoming biennium. The Delegation spoke of how SMEs were an essential part of the region's national innovation system and although the CEBS group understood the reasons underlying the proposal to mainstream the work for the SMEs in regional bureaus, the Group expressed its desire to see the Secretariat elaborate more on the restructuring of the program in the forthcoming budget and the provision of an outline on how it envisaged running the programs for the CEBS region, including those related to SMEs. The Delegation added that answers to a number of questions had been requested by the group. First, the CEBS group desired to know more about what the financial consequences of the re-establishment of Program 30 for SMEs within the planned budget would be and if it would affect resources for Program 10 in any way. The Group was concerned about the wording in "Major Risks and Mitigation Strategies" table for Program 10, specifically the reference to "countries' economic and political instability". The Group pointed out that the region was highly diversified and that it was quite hard to qualify the whole region in these terms, even though it may be applicable to some of the countries.

497. The Delegation of Belarus, on behalf of Group of Central Asian, Caucasus and Eastern European Countries (CACEEC), supported Program 10 in the budget for the strengthening of national systems on IP and their use for economic, social and the cultural development of these countries and expressed its satisfaction with the work of the Organization and the division on countries in economic transition as well as their support for the CEBS Governments in the area of IP. With regard to Program 10 and the budget on SMEs and Innovation, the CACEEC stated that the department had quite a lot of experience in this area and expressed its hope for a greater representation of WIPO in their region.

498. The Delegation of the Republic of Korea, referring to program indicators, mentioned that there were four indicators related to the number of users for PCT, the Hague and activities related to the Arbitration and Mediation Center. The Delegation thought the indicators were very good and challenging and underlined that these indicators only depended on external factors such as the economic situation or particular IP activities in industries. The Delegation wondered what the current trend in the concerned regions was, giving the example of a possible later increase in the number of users, and asked how the goal of a 2 per cent increase in activity had been reached.

499. The Delegation of the United States of America reiterated its position with respect to SMEs and innovation saying that the functions previously under Program 30, program indicators

and targets, should be reestablished in a new or revised Program 30 in an amended budget. The Delegation did not believe that decentralizing the functions of SMEs and innovation would benefit any of the regional bureaus or Member States and requested that the position on SMEs remain common and centralized. It considered that the innovation division, the SMEs section or sector, could perfectly well take into account the fact that different countries had different needs with respect to SMEs but that a central repository of expertise was required in order to deliver quality technical assistance.

500. The Delegation of Italy wished to reiterate its position expressed the previous day, namely saying that it preferred a centralized system on a number of questions. The Delegation was very concerned about the quality of assistance provided, pointing out that a focal point was simply an organizer of events, training or seminars, who tracked the quality of the seminars themselves. The Delegation wondered how the system of focal points would actually ensure that enough expertise was kept by the Organization, how it would keep track of what the function of each focal point was and how these would interrelate in order to ensure that what was provided would really be a suitable form of assistance for SMEs. The Delegation also wondered how concrete activities currently carried out by the SME division, such as the publication of materials and studies, could fit into the new proposed system. It underlined that these kinds of activities concerned all SMEs. The Delegation wondered how the issue of the size of SMEs in Africa and Europe would be tackled and how the quality of the program would be ensured.

501. The Delegation of the Russian Federation supported the statement made by Belarus concerning support activities under Program 10 on the development of SMEs underlining the usefulness, for WIPO, to have SMEs and innovation as part of its program to ensure a better and more effective use of systems and innovation. The Delegation said it much appreciated the work of WIPO since it allowed the specificities of countries to be taken into account and work to be carried out with specialists holding a developed level of economic understanding of the region concerned, particularly with regard to the CEBS countries. The Delegation felt that, under Program 10, it would be very useful to create technology transfer offices to help with IP training in universities and other institutions. The Delegation therefore supported Program 10 and the indicators under it adding, however, that there was no reflection, under Program 10, of the link between national IP systems and the TTOs in terms of an exchange of information.

502. The Delegation of Turkey thanked the Secretariat for preparing the document and expressed its appreciation for the cooperation in certain countries in Europe and Asia which allowed many activities to be completed. In line with comments previously made by the delegates of South Korea regarding the increased use of PCT rules for filing international patent applications, the Delegation considered that it would be more appropriate to base estimates on the number of applications rather than the number of applicants, mentioning that it seemed challenging to reverse the previous trend and to change the focus from applications to applicants since this approach reflected less well the reality of PCT transactions in terms of the number of applications versus the number of applicants. Concerning the expected result of enhanced human resource capacity (under 3.2) the Delegation, referring to the second paragraph, namely the recommendation made for a performance indicator person to have trained IP officials using upgraded skills, expressed its difficulty in understanding what the figures given relating to a 40 per cent baseline and a 50 per cent target really referred to.

503. The Delegation of Egypt supported the statements made by the delegations of the United States and Italy, recognizing the importance of having a specific program for SMEs with tailored activities and targets for the needs and requirements at both the national and regional levels and calling for the reinstatement of the program.

504. The Delegation of India supported the position expressed by the Delegations of the United States, Italy and Egypt for the reinstatement of Program 30 on SMEs and, referring specifically to the intervention made by the Delegation of Italy, shared the concerns expressed pertaining to

quality, saying that tailored services were needed to fit the requirements of each country in order to cater for targeted feedback which would allow continual improvements to be made.

505. The Delegation of Italy stressed the importance of having a division from industrial countries for strengthening and promoting the use of the WIPO global IP system.

506. The Secretariat thanked the delegations for their interventions and interesting questions and considered that, after having listened to these statements, it was necessary to expose a particular experience with SMEs and innovation activities in Central Europe in the Baltic States, in the Balkans, in the caucuses, in central Asia and in some of the Mediterranean countries. Referring to comments made in 2008, the Secretariat recognized that the present discussion should possibly have intervened earlier. It recalled that initially, the so-called group of countries of the Czech Republic, Slovakia, Hungary and Poland, initiated the need and expressed also some critical and constructive remarks concerning the WIPO. The needs and the expectations were formulated to address specific needs in areas which were already very important and urgent for the countries in Central Europe, in the form of a more specific approach as opposed to the general approach that was available at the time. Later on, strategic planning meetings of heads of IP offices from Central Europe, from the Balkans, from the Baltic States, from the caucuses, from Israel, from central Asia and Eastern Europe in Moscow were held, and these requirements were confirmed. The challenges involving WIPO were issues related to capacity building and it emerged that a more specific approach through the assessment and definition of needs and by the provision of relevant guidance and rules for this region was required to address the specific needs of countries in transition. Consequently, the relevant needs assessment was launched with a view to elaborating a series of guidance strategies. The first of these was a strategy related to the development of IP which was customized and developed for this region, allowing the transfer of technology and innovation to follow. Having finalized this exercise, WIPO came to the conclusion that this guidance was also relevant for Central European and Baltic states and so the relevant material was immediately translated into English. The demand continued, with universities and academic research centers coming up with the same requirements and, as a result, the specific guidance and methodology was elaborated to suit their specific requirements in these regions. This experience illustrated the fact that the Secretariat started dealing with the issues mentioned already in 2008. Experts from these countries also constituted experimental groups, allowing the facilitation of the WIPO's needs assessment. They defined the first appropriate tools, guidance and objectives and elaborated the programs for the capacity building activities, showing a high level of commitment. Concerning the question of knowing how the quality of these activities was monitored, the quality was not only monitored by WIPO but also by the authors since they came from the concerned region which enabled monitoring and evaluation to be more direct. In practical terms, there were several experimental groups for the topics related to technology transfer, to innovation, to the SMEs division and so on. While these experts identified and specified needs, they also provided answers. WIPO played a facilitating role in this type of exercise. From a technical viewpoint, the Secretariat expressed its conviction that this was the right approach, paving the way for long term capacity building. On the question of the financial consequences, the Secretariat invited members to note, first of all, that the development of all these programs and activities had begun using the resources attributed to Program 10. If there were to be a decision to have a Program 10, discussions would be initiated on what resources should be allocated to it because the money had been reassigned. Regarding the other question asked about the CEBS groups' comment about political instability, the Secretariat thanked the coordinator for having drawn attention to this issue. There was also the question of the restructuring of the former division for certain countries in Europe and Asia and the creation of the department for transition and developed countries. The Secretariat wished to emphasize two points. On the one hand, it believed that the creation of a sector to deal with the coordination of activities with the developed countries was a positive move although additional financial resources for this purpose were not really envisaged. The Secretariat believed that the coordination of efforts with developed countries would allow joint efforts to be made and the identification of capacity building areas which could be conducted together. The Secretariat

added that the objective of the creation of this section within this Department was to serve as promoters for all types of services WIPO was providing worldwide. The Secretariat underlined that these capacity building activities would continue to be financed as they had been previously. It reiterated its desire to make efforts to strengthen national systems for Intellectual Property, adding that the development of specific approaches and norms for particular areas helped develop the system by providing specific and efficient support systems which the Secretariat wished to see continue. In response to the question raised by the CEBS group regarding geographical representation of the countries of caucous Central Asia and Eastern Europe, namely that the group was dissatisfied that the number of representatives from those countries was not greater within WIPO, the Secretariat pointed out that the number of staff members from this region had increased, from 27 in 2008 to 36 at present. The Secretariat agreed however that this number could be increased and said it was something that WIPO needed, and would, look at carefully. Speaking of the point made by Korea regarding how WIPO intended make improvements for users of the PCT, Hague and Madrid systems, the Secretariat specified that the concerned department was looking to improving the interaction between its sector and the other sectors within the Organization by identifying potential new users and taking linguistic requirements into account. The Secretariat underlined the facilitating role of the department in assisting the delivery of capacity building activities carried out by colleagues working in areas related to PCT, Madrid and the Hague. On the question of performance indicators pertaining to the number of PCT applicants and the question of whether it should not be PCT applications, the Secretariat said it actually thought it would be better to use PCT applications for the performance indicator and added that the necessary modification would be made. Concerning the question from the Delegation of Turkey about IP and officials using upgraded skills in their work and the related baselines and targets, the Secretariat explained that, for the measurement of the results of capacity building activities in the proposed Program and Budget, there were two types of indicators. One was an indicator which measured the level of satisfaction with the capacity building provided and another type of indicator then went beyond measuring satisfaction and measured the actual use of the skills when the trainees returned in the context of their daily working environment. The Secretariat explained that this required a different type of measurement and a different type of survey and that, depending on the maturity of the measurement of the results of the various programs, the Secretariat was trying to reflect this more since it was the best way of measuring the outcome of capacity building activities. The Secretariat added that it was moving much more towards measuring actual outcomes and that this was the reason for the difference that could be seen in other types of indicators in terms of baselines and targets. The Secretariat mentioned that another means of evaluation of the quality and impact was to have an evaluation after a given event, i.e. it would go back to a few selected events that were conducted two or three years earlier and ask the beneficiaries how this capacity building event helped them in their everyday activities.

507. The Republic of Korea requested the Secretariat to share, maybe by the end of the next biennium, some concrete methodology or some lessons learned once the concrete result obtained.

508. The Delegation of Italy, whilst agreeing that specialized regional requirements were important, asked what the role of focal points acting as regional experts would be. It further asked that, if there were to be a centralized system, how the sustainability of this system would be ensured and how the coordination with regional groups would be guaranteed in the case of a reverse movement back to a decentralized system.

509. The Chair said there were several options open to the Member States: either to continue the debate, although the Chair expressed his reluctance to do so given the limited time available, or to vote on the item which he did not consider as a very positive option either. Another option would be to find a compromise solution which would allow the Committee to move on. The Chair added that the rationale or the logic of changing the system was that many of the programs in SME Program 30 were not on track and suggested maintaining the program as it was for the current biennium, i.e. having a department of SMEs working for 2014/15. The

Chair explained that this option would allow the tracking of the results of the strategy adopted in a midterm appraisal after one or two years. Should the outcome be positive, this would make way for a positive relay. If, however, there were still problems and the results were still not on track, the Secretariat would revisit the proposal in view of taking another decision. The Chair opened the floor for any possible reactions to this proposal.

510. The Delegation of India thanked the Chair for these proposals and, with respect to the first of these, asked what the Secretariat would foresee doing in the 2014/15 biennium to strengthen or to bring the SME program implementation on track emphasizing that if, after two years, the proposal did not work well, another plan would have to intervene and the present proposal would have been a failure.

511. The Chair reassured that the Secretariat would shed light on the steps that would be taken along with the approval of the proposal to make it successful.

512. The Delegation of Hungary thanked the Chair for his proposal and for striving to reach a compromise but said it considered, from the program performance report, that program 30 was not on track and suggested reversing the proposal, i.e. having a specific approach that would serve the regions who would have ownership and then only afterwards create a new program if this option did not work.

513. The Delegation of Switzerland supported the proposal made by the Delegation of Hungary, stressing the need for change and for not maintaining the current situation.

514. The Delegation of Egypt believed more resources should be allocated to the program in order to make it successful stressing that one of the reasons given for the fact that the program was not on track was a lack of funding and that WIPO could not secure external funding, hence the proposal to secure financial and human resources to strengthen the program and to make it possible for it to achieve its objectives.

515. The Delegation of Poland expressed its support for the positions adopted by the delegations of Hungary and Switzerland.

516. The Delegation of the United States of America, in support for the proposal made by the Chair, expressed its opinion whereby the maintaining of the status quo was the best option. It added that the division itself that carried out the work of the program had only been in existence since October and that the SME section within the division had probably not been adequately funded and staffed. The delegation was in support of maintaining a status quo for the time being and providing the division with additional funds together with the necessary resources in terms of personnel. In support of the prior intervention made by the Secretariat, the Delegation was of the opinion that there was some merit in terms of having expertise within the bureaus but that this could also be accomplished by maintaining a good synergy and a good relationship between the bureaus and the innovation division carrying out a lot of this work. This would mean still possibly having a focal point in the bureaus who would regularly meet with the innovation division and the SME section.

517. The Delegation of Italy expressed its support for the status quo position and the additional staffing of the sector having heard that the SME problem was linked not only to financing issues but also to inadequate staffing. It expressed no particular preference as to the exact form the SME sector should have, although it said it would prefer maintaining program 30, and emphasized the importance of achieving a positive result.

518. The Delegation of Algeria was in favor of having a focal point in the regional office. It supported the declarations made by the delegations of Italy, the United States, India and Egypt, namely that the problem was first and foremost a problem of financing, a problem of human resources and specifically of coordination amongst all the WIPO divisions. The Delegation

concluded by saying that the best solution was thus to maintain program 30 as it stood and to try to work internally to improve coordination.

519. The Delegation of the Republic of Korea supported proposals made by the United States and Algeria. Given the importance of SMEs for stakeholders and IP, it believed that Program 30 should be maintained in the 2014/15 Program and Budget.

520. The Delegation of Bangladesh was in favor of maintaining the status quo and increasing the resources and information provided in respect of Program 30 so as to ensure a better performance of the program.

521. The Delegation of the United Kingdom was in favor of maintaining Program 30 and having a centralized program that would develop WIPO strategies on SMEs, sharing coordination and quality assurance. Program 30, it said, would act as a central program dealing with issues and activities in other areas including programs such as programs 9 and 10 and perhaps Program 20.

522. The Delegation of Trinidad and Tobago expressed its support for positions adopted by the delegation of India and others for the maintaining and strengthening of SMEs and other programs.

523. The Delegation of Belarus was in favor of leaving the program as it was at present and addressing matters of concern for further discussion in the future.

524. The Delegation of the Russian Federation considered that Program 30 was not effective and expressed its doubts about maintaining it in the 2014/15 budget.

525. The Delegation of South Africa supported the Chair's proposal and also the interventions made by the Delegations of India and Algeria.

526. The Delegation of Cameroun supported the statement made by the Delegation of Algeria.

527. The Chair's made a first compromise proposal ("Option A"), as follows: For the 2014/15 biennium, Program 30 would be maintained as it is in the current biennium. An appraisal would be performed in the middle and at the end of the biennium to judge performance, and if the Program is performing well, it will be maintained; if not, the Secretariat's current proposal would be reconsidered for the following biennium.

528. The Delegation of Poland, speaking on behalf of the CEBS, wished to refer the issue to the next session in September in order to have more time to discuss it.

529. The Delegation of Hungary expressed doubts about the merit of continuing with Program 30 and said it was unable to agree with the Chair's proposal, that it would need more information and a new proposal in the budget to see if the maintaining of Program 30 were justified.

530. The Delegation of the Russian Federation supported the interventions made by the Delegations of Poland and Hungary, namely saying that more information on Program 30 was needed in order to make a decision on its inclusion, or not, in the program for the 2014/15 budget.

531. The Delegation of Italy underlined the importance of knowing more about the quality of the assistance provided if additional information were to be given by the Secretariat and how best practices would be shared in a centralized way.

532. In support of the declarations made by the delegations of Hungary and Italy, the Delegation of India stressed the importance of knowing what kind of information the Secretariat

could give about the situation in order to understand how it envisaged the elaboration of a roadmap for the strengthening of the existing program in terms of financial, staffing or other requirements in preparation for a better assessment of the subject by the Member States at the September session.

533. The Delegation of Poland asked how the issue of evaluation would affect Programs 9 and 10 in terms of personnel, program activities and budget.

534. The Delegation of the Republic of Korea expressed its support for the intervention made by the Delegation of India and asked if any change would be introduced in the September Program and Budget proposal for Program 30

535. The Delegation of Italy wished to clarify its position saying that it was not in favor of the decentralized model but that it wished to highlight key issues that needed to be addressed, whatever the model used, and that it considered that such issues would better addressed in a centralized model.

536. The Chair expressed his doubts about the possibility of solving the issues under review and said he would prefer to remove the item from the September agenda. The Chair wished however to make another proposal. Accordingly, the Chair mentioned that Option A was the option discussed before the break and proceeded to make a second proposal ("Option B"), as followed: For the 2014-2015 biennium, Program 30 would be maintained essentially as it was, but Program 10 would be enhanced by the Secretariat along the lines of the draft Program and Budget, with non-personnel resources apportioned accordingly. This "hybrid" system would be appraised during the next biennium to compare the merits of a centralized versus a decentralized approach, to inform the decision of the Member States for the following biennium.

537. The Delegation of Switzerland thanked the Chair for his efforts to find a solution on this very important issue of SME activities and, in respect of the proposal referred to as "option B", said there was an issue related to the overall consistency of the budget. The Delegation said it would be difficult to make a decision of principle without seeing an overall proposal which would take into account all the different parameters. The Delegation said it was unclear what the decision really involved since there was no Program 30 for the time being. The Delegation requested that the Secretariat revert, in the September session, with a more complete proposal regarding the activities associated with the former Program 30 so that Member States would be in a position to judge, with more information on the program at hand, and knowing better how activities in respect of SME would develop.

538. The Delegation of the Russian Federation asked what was meant when it was said that Program 10 would be maintained: would it be maintained as it was, as it stood, with all the resources provided for and would there be a transfer of resources? The Delegation pointed out that they did not know what resources would be available for program 30 and that, in order to make a decision, it would need to have information on the financial resources allocated to this program.

539. The Secretariat explained that the overall budget would remain the same and that the SME portion in Program 9 would be taken out and grouped together as 30. Program 10 would remain unchanged.

540. The Delegation of Algeria expressed its preference for Option A previously outlined by the Chair which it considered as more clear. The delegation added that it was clear to them that the Secretariat would revert in September with a new Program 30, stressing the importance of using the September session to achieve a result on this question.

541. The Delegation of the United States of America expressed its preference for the first option given, expressing its wish to fully staff and fund Program 30.

542. The Delegation of Spain supported the position given by the Delegation of Switzerland and said it was in favor of looking at the overall figures in September, that this would be a more responsible approach in terms of budget management.

543. The Delegation of India expressed its support for the Delegation of the United States' position.

544. The Delegation of the Republic of Korea was in favor of maintaining Program 30 indefinitely but said it could accept the first proposal made.

545. The Delegation of Australia said it did not have a strong view on which structural solution for the SMEs program was preferable. It considered that both solutions had advantages and disadvantages and said that the best solution may be something that would maintain the visibility of the program with some centralized coordination but one which would also allow delivery through regional bureaus. The Delegation agreed with the point made by the Delegation of the United States in that it was not convinced that the hybrid approach was optimal, suggesting that the Secretariat work on all of the concerns raised in order to revert to the PBC with more information in answer to the questions raised, or even that it consider revising the proposal and that it come back in September with a fresh proposal that members could consider.

546. The Delegation of Poland, speaking on behalf of the CEBS group, supported the motion presented by the Delegations of Switzerland, Spain and Australia, suggesting that the Secretariat prepare the additional material that was spoken about for the consideration of the overall question in September.

547. The Delegation of Belarus, in its capacity as group coordinator, agreed that the matter should be studied in the September session.

548. After having listened to the various positions expressed, that Delegation of Mexico agreed that it would be better to receive more information which could be analyzed for consideration at the September session.

549. The Delegation of the Russian Federation also said it would prefer to obtain more information on program 30 for consideration at the September session.

550. The Delegation of Turkey expressed its support of the proposal made by the Australian Delegation.

551. The Delegation of Italy said that, in cooperation with colleagues from the Delegation of the United States, it had drafted a proposal that could be a starting point. The Delegation thanked the Delegation of Australia for outlining the need to have something centralized and something that could also be decentralized and suggested reading out the proposal, noting that it was not final but that it was a starting point: "Program 30 and the Innovation Division would remain intact as the center of expertise for the SMEs and innovation. There could be focal points in all regional bureaus serving, as the name denotes, the liaison between the national IP offices and SMEs and the innovation divisions. The regional bureaus, Program 9 and 10, and the Innovation Division, could share the performance indicators and targets which, in turn, facilitate better cooperation in the delivery of high quality products. This would leave Program 30 intact, fully funded and fully staffed. Regional bureaus would be in charge of coordinating the delivery of capacity building and customizing the work developed by the innovation division to fit the particular needs of regions, but nonetheless working in close collaboration with the innovation division. The focal point should be adequately funded but the programmatic funding should remain in Program 30."

552. The Chair relayed the Secretariat's request that the Delegations of Italy and the United States provide the Secretariat with the proposal in writing.

553. The Delegation of Hungary wished to make a point of order saying that, while it had all due respect for the proposal made by the two delegations, there had been a clear message from many members for more information. The Delegation suggested moving on to the next point on the agenda and allowing the Secretariat to gather the information requested by these delegations.

554. The Chair pointed out that the proposal made by the delegations of Italy and the United States, which had been reflected in the statement made by the Delegation of Australia, was indeed a proposal and that there was no request for its adoption at this stage. The Chair said he was going to suggest listening to the proposal but not taking action on it and leaving the door open to having three options in September that would be backed by relevant information pertaining to the facts and figures that would be provided by the Secretariat. The Chair suggested that the Secretariat briefly read and explain the third proposal so that a decision on the way forward could be made.

555. The Secretariat read the proposal on the table as follows: "Program 30 and the Innovation Division remain intact as the center of expertise for the SMEs and innovation. There could be focal points in all regional bureaus serving, as the name denotes, the liaison between the national IP offices and SMEs and the innovation divisions. The regional bureaus, programs 9 and 10 and the Innovation Division could share the performance indicators and targets which in turn facilitate better cooperation in the delivery of high quality products. This would leave program 30 intact, fully funded and fully staffed. Regional bureaus would be in charge of coordinating the delivery of capacity building and customizing the work developed by the innovation division to fit the particular needs of regions, but nonetheless working in close collaboration with the innovation division. The focal point should be adequately funded but the programmatic funding should remain in program 30." The Secretariat wished to make an initial reaction, i.e. that as was specified earlier, the Secretariat intended to keep the overall level of funding, or the budget, level at it was. The Secretariat added that the implications of the proposal would have to be looked at as part of its work since there were issues related to focal points in the bureaus which seemed to be additions to what they were doing today which was not the model the Secretariat had on the table, meaning that some slight adjustments to their resources between what would become the reinstated program 30 and the mandate of the bureau may be required in this coordination function. The Secretariat said that the notion of fully funded and fully resourced may require consideration in the aforementioned context and that it would study this question for the September session.

556. The Delegation of Slovakia, in support of the declarations made by the Delegations of Switzerland and Spain, said it would welcome additional information from Secretariat in order to have a more complete picture of the options available in view of making a decision on the matter.

557. The Chair asked the Delegation of Slovakia if it was requesting the inclusion of the third option.

558. The Delegation of Slovakia replied that it would welcome the inclusion of this option in the information provided, along with additional figures and any other useful information to be in a position to take a decision in September.

559. The Chair confirmed that the Secretariat would provide information on all three options for the September session.

560. The Delegation of Australia wished to clarify its intervention by saying that it had not suggested looking at these three options again in September as it did not believe this would help move the process forward. The Delegation said that it had suggested that the Secretariat consider all of the concerns and interests that had been raised, that information in relation to the

questions that had been asked be given with a view to presenting a revised proposal which may include one or several options.

561. The Delegation of Switzerland supported the declaration made by the Delegation of Australia in terms of what the Secretariat needed to provide for September, saying that, in its opinion, this was the best way forward.

562. The Delegation of the United States of America wished to clarify the fact that discussions so far had focused on the SME function but that, in fact, innovation policy and innovation structures should also be taken account. The Delegation considered that there were indicators and targets in program 10 and probably elsewhere and expressed its wish to retain these in Program 30, thus allowing the innovation division to remain intact. The Delegation underlined that this would allow the division to carry on its work and not to cut its activities off between the present time and September.

563. The Chair summarized the situation by saying that the issue would be looked at and reappraised in September and that, in the meantime, the Secretariat would look at the various requests made by delegations. The Chair added that it would be necessary to hold the debate again in September.

564. The Delegation of the United States of America suggested that the Program Managers of programs 9 and 10 work with the Program Manager of Program 30 to see if the proposal made jointly by Italy and the United States was feasible or if the second proposal worked or whatever may be the case as it considered this dialogue as being very important in the process.

565. The Chair clarified the situation by saying that there would be a total assessment of the Secretariat in taking into account what had been said to make sure that everything said by the different members was taken into consideration and that it would revert in September with clear options and statements on the subject in accordance with what was requested by the Member States.

566. The Chair opened discussions on Program 11.

567. The Delegation of El Salvador thanked the Secretariat for the information meetings that it had organized the week before the Program and Budget Committee (PBC) on proposed Program 11 ("The WIPO Training Center"). Several issues of interest to the Delegation had been clarified by these information meetings and the Delegation was in the process of analyzing the explanations provided by the Secretariat therein. The Delegation looked forward to receiving further clarifications on the coordination mechanisms that the Secretariat envisaged to establish in the 2014/5 biennium between the WIPO Training Center and the Bureau for Cooperation with Latin America and the Caribbean. It was understood from the Executive Director of the WIPO Academy that the definition of such a mechanism was work in progress. Nevertheless, the Delegation remained keen to receive information on the matter.

568. The Delegation of Algeria, speaking on behalf of the African Group, emphasized the importance attached by African countries for the establishment of national academies on IP and enquired as to the reason why the performance indicator relating to the establishment of Start-Up Academies in 2012 (document WO/PBC/2012, page 72) appeared as being "not on track". The Delegation also asked to the Secretariat how it intended to respond to future requests for the establishment of IP academies in the African continent.

569. The Delegation of Turkey stated that it attached great importance to IP-related education. It was a priority area for enhancing IP awareness and ultimately to enable effective use and enforcement of IP rights and the Government of Turkey had engaged already with several universities and research centers to foster such IP related education. Also, cooperation with WIPO had started two years back with a view to establishing a new graduate program on IP in Turkey. The Turkish authorities had identified the most suitable Turkish university for such

endeavor following a complex evaluation process. Regrettably, the WIPO Academy had not followed up on the planned visit of a WIPO expert to conduct a feasibility study on such initiative. Finally, the Delegation expressed its appreciation for the success of the Distance Learning (DL) Program of the WIPO Academy and asked clarifications on the difference between the following two performance indicators: (i) “completion rate of DL courses” (which seemed to be “on track”); and (ii) percentage of DL course participants having passed the exam (which seemed to be “not on track”).

570. With respect to the issue of the performance indicator relating to the start-up academies, the Secretariat stated that there had been a misunderstanding between, on the one hand, the colleagues who had drafted the performance indicator (“number of start-up academies established (DA projects)”) and those who had established the related 2012/13 baseline (“two”) and target (“six”). If the indicator was interpreted as meaning “number of start-up academies projects started”, then the baseline “two” and target “six” made sense (because at the time of drafting the 2012/13 Program and Budget (PB) two such projects had indeed been started). If, however, the said indicator was interpreted as meaning “number of start-up academies delivered”, then the baseline “two” made no sense because indeed at the time of drafting the 2012/13 no start-up academies had been delivered. At the same time, considering that Phase II of the Start-Up Academies Project coincided with the 2012/13 biennium, it was normal that the six projects would not be fully deployed by the end of 2012, but only by the end of 2013. Furthermore, start-up academy projects did not necessarily have a linear spending pattern and due to a number of reasons the deployment of project activities tended to be intensified in the final phase. Also, the pilot phase had shown that, on average, the deployment of project activities took longer than initially estimated at the time of designing the project. The Secretariat remained confident that by the end of 2013 the performance indicator related to the start-up academies project would be “on track”. Referring to the question by the Delegation of Turkey, the Secretariat explained that the existence of two different indicators for the DL Program was due to the fact that while advanced DL courses required passing a final exam, certain introductory courses did not and at the end of the course students would be awarded a certificate of completion without having to pass an exam. At the same time, it was important for the Program Manager to monitor the rate of enrolled students who completed any given course.

571. The Chair opened discussions on Program 12.

572. The Delegation of Mexico, on the issue of the annual publication of the Nice Classification (see paragraph 12.5), indicated that it was fundamental to include Spanish in the documents used in experts' meeting, experts who are responsible for the classification and standards. The Delegation proposed that the Secretariat, in the second stage of modernization referred to in Paragraph 12.5, took into account the possible translation, into Spanish, of the Classification on an annual basis.

573. The Delegation of Spain supported the statement made by the Delegation of Mexico.

574. On the issue of Major Risks and Mitigation Strategies, the Delegation of Algeria, on behalf of the African Group, commented that the use of the term “politicization of discussions in technical committees” as a major risk in a Program and Budget document was unacceptable.

575. The Delegation of Brazil, on behalf of the DAG, agreed with the comments expressed by the Algerian Delegation and further commented that the major risks and strategies as a whole in the document should be revised.

576. The Delegation of Belgium reminded of what happened during the last session of the Committee on WIPO Standards (CWS). The technical experts were working on the one hand and, on the other hand, parallel negotiations, political negotiations, took place. The Delegation commented that this term of politicization was really quite an adequate one for the discussion.

577. The Delegation of India supported the views expressed on behalf of the DAG.
578. The Delegation of Egypt requested that the program report its contribution to implement the DA recommendations, in line with other programs, and for consistency.
579. The Delegation of Iran (Islamic Republic of) agreed with the Delegations of Algeria, Brazil, India and Egypt.
580. The Delegation of Monaco shared the views expressed by the Delegation of Belgium and recalled that more than three days were spent in the CWS to discuss the title of an agenda item. If that's not politicization it is certainly not technical.
581. The Delegation of Spain shared the concern expressed regarding what happened in the CWS and the difficulty in making progress but also understood why some delegations were uncomfortable with the current draft of this risk. The Delegation proposed to remove the first part of the first phrase from politicization to committees. There was indeed a risk for the development of technical progress within the Committee. The risk was nevertheless expressed.
582. The Delegation of Sweden supported the above proposal made by the Delegation of Spain.
583. The Delegation of Algeria supported the proposal made by the Delegation of Spain in order to achieve consensus. Algeria suggested that this proposal should also be applied to the drafting of the mitigation plan.
584. The Delegation of Brazil seconded the statement made by the Egypt regarding inclusions of the mention of the Development Agenda in Program 12. On the other hand, Brazil agreed with the proposal just made by the Delegate of Spain and indicated that an improvement of the mitigation plan was needed.
585. The Delegation of the United Kingdom indicated that it did not have strong feelings in regards to risk and mitigation as they stood. What was currently in the document actually reflected properly what was going on during the CWS. The United Kingdom expressed its concern with current tendency prevailing over the technical aspects of the work, and indicated that this Committee should remain a technical committee.
586. The Delegation of Mexico agreed with the compromise proposal of the Delegation of Spain.
587. The Delegation of Switzerland agreed with the indication of the risk represented by the politicization of discussions. If the word "politicization" caused a problem to some delegations, Switzerland suggested that we could say "divergent views on nontechnical issues" and then continue exacerbating the differences between groups of countries. This would be a way of covering the fact that there were concerns about issues other than technical ones arising during discussions within that technical Committee.
588. The Delegation of India recalled that the formal work of the Committee was not hampered during the last session. An informal consultation took place simultaneously so that the formal work could continue. India would not even support the exacerbating of differences. Concerning the mitigation plan, something that strengthened the technical discussion within the Committees and anything discussed outside could be considered acceptable.
589. The Delegation of Spain noticed that any reference to political issues should also be removed from the mitigation plan.
590. The Delegation of Monaco expressed its concern that the PBC was drawing a veil over what had happened in that committee and avoiding calling a spade a spade. And if the PBC

wanted to avoid spending too much time on it, then the Swiss proposal, without using the word "politicization" reflected pretty well exactly what happened.

591. The Secretariat reiterated the Swiss proposal to remove the controversial word "politicization" and to start with divergent views caused by nontechnical discussion resulting in the limitation of technical development of standards and classifications. This would be the revised wording of the risk and consequently, the mitigation plans should be slightly amended by removing the word "political issues". The final wording of the Mitigation plans should therefore become "Discuss and resolve issues outside of the Committees, strengthen the technical discussion within the Committees. Monitor the implementation of long term plans".

592. The Delegation of Algeria expressed its concerns with the use of the term "nontechnical discussion". The CWS spent three days trying to make a link between the norms that were being established by this Committee and the recommendation of the Development Agenda. It was very technical. It was differently technical. But it was technical. So there is a need to find a description which would not use the term politicization because the Development Agenda recommendations were not about politicization. And to find another wording that did not indicate what was technical, and what was not technical.

593. The Delegation of Brazil indicated that it would prefer a more general wording that would imply other kinds of facts that perhaps could be major risks for the CWS and suggested the language "the risk of limitation of technical development standards and classification." Brazil could not support the suggestion made by the Delegation of Switzerland. The inclusion of major risks and mitigation strategies might be a good tool for planning, but in the way they were implemented in this draft budget, they should be revised in every program to make them effective. The Secretariat, this Organization, could not be allowed to say the discussion among Member States was a danger, a major risk, for the Organization.

594. The Delegation of the United States of America indicated that those consultations or meetings for three days were anything but technical. Talking about standards and classifications was talking about how to develop standards and classifications, not whether the Development Agenda or certain Development Agenda recommendation lined up to the work of the CWS. In order to reach some kind of compromise, under the risk paragraph, instead of using a reference to political differences, the United States proposed to say "issues are being raised other than technical development of standards and classifications." In the mitigation paragraph, it was proposed to indicate "Discuss and resolve these issues outside of the Committee."

595. The Chair considered that the Spanish proposal was the one which had gathered the most support in the room and that its adoption could be a way forward, since there was no opposition to that. The Secretariat was invited to put the same balance in the mitigation paragraph.

596. The Chair's proposal was adopted.

597. The Chair opened discussions on Program 13.

598. The Delegation of Turkey noted an increase of more than 100 per cent on the next biennium of the amount of data to be included in the global database and asked whether the proposed resources should be enough to undertake activities for the expansion of the Global Brand Database and the creation of industrial designs database. The Delegation also stated that the industrial design databases would require technologies to present image data with user interfaces in multiple languages in response to an expected increase in the accession to the Hague Agreement during the next biennium. In this regard, the Delegation requested more information about the resources and technologies required.

599. The Secretariat reassured the Delegation that the proposed resources would be appropriate to undertake the planned activities because the development of the design database should start with a prototype which would be created on the basis of the Global Brand Database. The Secretariat further stated that it should be able to benefit from the experience and knowledge gained from the development of Global Brand Database to use technologies for presenting image data.

600. The Chair opened discussions on Program 14.

601. The Delegation of El Salvador asked about the sustainability of the TSCs Project and requested further assurance for WIPO's assistance in creating self-sustaining centers over the long period, with access to ARDi and ASPI. The Delegation also asked for additional information on the plan of deployment of TSCs in the Latin America and the Caribbean.

602. The Secretariat referred to paragraphs 14.7 and 14.8 which outlined the strategy for the sustainability and elaborated the long-term sustainability of the TSCs by emphasizing three important elements. The first one was the enhancement of knowledge transfer and training of officials working at the TSCs by utilizing effective on-line training material including the distance learning courses of WIPO and e-tutorial of the TSCs. The second element concerned networking of TISCs at a national level. This had been already the case in several countries, for example, in the Russian Federation, there were 37 TSCs Centers within the country. National centers creating the network should be able to help each other in a parent/child manner. The networking at a national level would also enhance the sharing of knowledge and experience. This networking should take place in all participating office countries of the TSCs, including El Salvador. The third element was the creation of a global networking of TSCs and to this end we will make the best use of eTISC, which was launched in April to enable officials of TISC to exchange information on a web-based social network. Since the launch, statistics showed that it is being used actively by more than 300 users of eTISC. They also benefited from expert advice from five experts WIPO appointed to answer questions from TISCs. The Secretariat considered that the three elements should enhance the sustainability of TISCs. Concerning targets indicating an increase from four to six TISCs in Latin America and the Caribbean region, the Secretariat stated that there was no specific name of countries at this stage for new TISCs and the implementation plan would depend on the degree of preparedness of countries which had requested assistance.

603. The Chair opened discussions on Program 15.

604. The Delegation of Poland, speaking on behalf of the CEBS group, thanked the Secretariat for the program and stated that the group was of the view that this program had played and should continue to play an active role in strengthening the business processes of IP offices through the provision of tools and services that enable them to participate effectively in the global IP system. Since the demand from IP offices for technical assistance was increasing, the group supported the increase in budget for this program. The CEBS group noted the possible Diplomatic Conference on the Design Treaty in the 2014/15 biennium, most likely in 2014, and looked forward to a positive decision on this matter during the WIPO Assemblies of 2013. To work towards that goal and to facilitate the implementation of the new treaty on designs, the Group asked the Secretariat to prioritise, in the next biennium's work program for program 15, the development of new tools for processing design applications, including electronic filing and related software packages, and to work closely with program 2 in this regard.

605. The Delegation of Iran (Islamic Republic of), speaking on behalf of the Asian Group, referred to the implementation strategies in paragraph 15.7 under the title of Integration of IP Offices into Global Networks and Global Databases, and noted that there was a reference to work sharing arrangements. These arrangements had not been mandated by the SCP or the PCT Working Group. The Delegation was of the opinion that it was premature to have program activities supported by a budget in the absence of such a mandate from Member States and

suggested that the paragraph should be removed until such time as there was a mandate from the SCP or the PCT Working Group. Regarding the strategy in paragraph 15.8, (Collective Management Organizations,) the Delegation was also of the opinion that there had been no approval on the part of Member States and proposed that the strategy and its associated performance indicator should be removed.

606. The Delegation of Chile thanked the Secretariat for the support given to its IP Office for the implementation of the IPAS system for trademarks and patents. The system had been running successfully for more than one year. The Delegation commented that IP Offices needed to be autonomous once the IPAS system was up and running and the implementation phase was completed. Therefore, the budget needed to focus not only on the implementation phase of the projects, but also provided sufficient resources for monitoring, follow-up and customer service. The Delegation stated that its IP office still needed more support from the Secretariat in order to become autonomous in the operation of IPAS but had not yet received the necessary support and knowledge transfer. The Delegation requested more information on how IP Offices could become autonomous. The Delegation suggested that the Secretariat needed an integrated development plan spanning implementation and post-implementation support with a commitment to IP Offices to implement such a plan. The Delegation questioned the last performance indicator for Strategic Goal IV (last indicator under IV.4) which should be broader and should recognise that there was a broad range of offices that implement the IPAS system and that an indicator for only one office would be too narrow a focus and so indicators should be representative of the entire spectrum of IP Offices that implemented the system.

607. The Delegation of Brazil referred to the implementation strategies for WIPO CASE and Global Dossier and stressed that the Global Dossier, in particular, was under discussion in the PCT Working Group and therefore it should be either omitted from the present program or noted as currently under discussion. The Delegation also referred to the WIPO CASE project which had been developed on the initiative of some countries, but for which the benefits could be further analysed. The Delegation also asked how much of the increase in the budget for Program 15 was attributable to WIPO CASE. The Delegation similarly questioned the mandate for allocating resources to supporting Collective Management Organizations and asked for more information on the budget allocation.

608. The Delegation of India aligned itself with the statements made by the Delegations of Iran and Brazil and questioned the allocation for WIPO CASE which had not received support during the PCT Working Group, particularly from developing countries.

609. The Delegation of El Salvador requested more information regarding cooperation with external partners and asked if cooperation with WTO or UNCTAD had been considered.

610. The Delegation of Japan highlighted that a strategic goal of WIPO was to enable IP Offices to develop IP infrastructure and that the allocation of resources to the present program was therefore appreciated. The Delegation explained its understanding that WIPO CASE was a system that was already in existence and that the proposed budget was for upgrades and improvements which did not require a specific mandate from the SCP or PCT Working Group. The initiative was part of Strategic Goal IV.

611. The Delegation of Mexico questioned the implementation strategy related to external offices and was of the opinion that more information and analysis were required about the role and functioning of the external offices before the strategies could be determined.

612. The Delegation of Algeria, speaking on behalf of the Africa Group, aligned itself with the statements made by the Delegations of Brazil and Iran and asked for more information about the proposed increase in budget from 7 million to 12 million Swiss francs.

613. The Delegation of Turkey asked for information about contract management policies for IT projects given that the majority of IT development work was outsourced by the Secretariat and that this had been identified as a risk and the budget for external services had increased by 136.6 per cent.

614. The Delegation of Switzerland expressed appreciation for the activities related to Collective Management Organizations and supported the statements made by the Delegation of Japan regarding the WIPO CASE project. The Delegation was also of the opinion that it was premature to have implementation strategies that depended on external offices when the debate on external offices had not yet been concluded.

615. The Delegation of the Republic of Korea endorsed the statement made by the Delegation of Japan regarding WIPO CASE and asked how offices could contribute to the project.

616. The Secretariat provided responses to the questions raised. On the subject of software for Industrial Designs, the IPAS system already provided support for Designs and the Secretariat was therefore already in a position to respond to requests from offices for support with Design registration systems. The Secretariat noted the interventions relating to WIPO CASE and explained that the system was developed under the approved budget for the 2012/13 biennium and that the proposed budget was for improvements to the system, which was a component of Strategic Goal IV. The project had been started with three IP offices in a pilot phase and had received support and interest from a number of other countries. More detailed information was available on request. The WIPO CASE project was not directly related to the discussions on a Global Dossier and was therefore independent of discussions in the PCT Working Group. The Secretariat explained the implementation strategies related to providing better support and knowledge transfer to IP Offices using the IPAS system. A new model was being trialled to provide software support using a service provider or helpdesk model so that responses could be more reliable. A new model for knowledge transfer was also under development and a new format of technical training had been designed and tested. The Secretariat proposed to remove the last performance indicator for Strategic Goal IV (last indicator under IV.4). The Secretariat agreed to revise the implementation strategy on external offices following the debate on external offices. The Secretariat explained that there was a global ICT contract management framework in place, following industry best practices and following standard contract management policies.

617. The Delegation of Brazil proposed to keep the implementation strategy on external offices, which were potentially an important strategy, pending the discussion on external offices. The Delegation requested further information on the proposed increase in budget, particularly the allocation to the WIPO CASE project. Brazil and other Latin American countries were observing the project with interest, but it was premature to create a linkage with the Global Dossier initiative which was still under discussion. The Delegation also requested information on the proposed budget allocation for Collective Management Organizations.

618. The Delegation of India noted the response of the Secretariat on the WIPO CASE project and asked for more information on the potential advantages and disadvantages of the project, particularly for developing countries.

619. The Delegation of Iran (Islamic Republic of) supported the proposal by the Delegation of Switzerland regarding the implementation strategy on external offices. The Delegation was also of the opinion that budget should not be allocated to the WIPO CASE project until the conclusion of the relevant discussions in the SCP or PCT Working Group .

620. The Delegation of Chile proposed to keep the implementation strategy related to external offices but thought that it could be further enhanced after the discussion on external offices.

621. The Secretariat proposed to keep the text on implementation strategies for external offices, pending the later discussion on external offices. The Secretariat gave further information on the proposed increase in budget which was in the order of an additional four million Swiss francs for the biennium. An additional two million Swiss francs were allocated to personnel resources which would partly be used to provide better support to IP Offices. Personnel resources had also increased because of a re-allocation of resources from program 25 to rationalise activities. An additional two million Swiss francs were allocated to the project for Collective Management Organizations. The mandate for this activity was from program 3, and the proposed budget for program 15 was for technical support to Program 3. The Secretariat also clarified that the WIPO CASE project had been developing using the approved budget of the 2013/14 biennium and that relatively little budget was allocated to this activity for support and enhancements and that the costs of extending the project to more offices were being mostly met by the offices themselves.

622. There were no comments on Program 16.

623. The Chair opened discussions on Program 17.

624. The Delegation of Iran (Islamic Republic of) noted concern regarding the increase in the budget of Program 17 in comparison to other Programs of importance. The Delegation indicated that Strategic Goal VI was to be guided by Recommendation 45 of the Development Agenda, requiring enforcement to take into account social interests and development concerns, and to focus on the root causes and issues such as affordability, availability and excessive IP protection. The Delegation considered that this interpretation was not reflected in the activities of the Program. Lastly, the Delegation commented that some issues being considered by the Advisory Committee on Enforcement (ACE), such as alternative dispute resolution (ADR), had not been agreed upon and finalized by the Committee. Further, the Delegation found that references were made to vague terms with no agreed definition, like the digital environment. The Delegation concluded that it was premature to determine the activities as agreed upon and to fund them at this stage.

625. The Delegation of Algeria referred to the third Performance Indicator for Expected Result III.2, “% of targeted audience who have demonstrated a basic knowledge of IP rights further to WIPO activities”, and stated that, to the extent that all the IP systems were being dealt with, one should not only measure the knowledge in the IP rights, but should also include the use of flexibility as well. In addition, the Delegation requested that “transparency” be added to Expected Result VI. 2, so that the activities were more transparent and invited the Secretariat to provide further information about the activities undertaken in coordination with other UN agencies.

626. The Delegation of Brazil requested clarification on the increased budget for Expected Result VI.2, which covered activities such as the Global Congress on Combating Counterfeiting and Piracy, and workshops developed in partnership with the United Nations Development Programme (UNDP). The Delegation inquired about the reasons for the increase of more than 400,000 Swiss francs in the budget for activities under this Expected Result.

627. The Secretariat clarified that, as stated in Paragraph 17.8, the increase in the budget was primarily accounted for by the transfer of two persons, who were specialists in IP outreach and awareness, from the Communications Division to the Building Respect for IP Division. This transfer was to better respond to requests from a broad range of countries, seeking advice on how to run awareness-raising campaigns. The non-personnel resources had only been increased slightly in order to cover some of these activities, including the Awards Program, which had also been moved from the Communications Division to the Building Respect for IP Division. In relation to the comments on ADR in the work program of the ACE, the Secretariat recalled that at the last session of the ACE, held in December 2012, two items were agreed upon by the Committee: ADR and preventive actions, measures or successful experiences to

complement ongoing enforcement measures with a view to reducing the size of the market for counterfeit or pirated goods. As to the comments on whether the activities of the Program were actually guided by the Development Agenda, the Secretariat affirmed that they indeed were and highlighted the efforts undertaken by the Secretariat to ensure that relevant issues, in particular as provided in Recommendation 45 of the Development Agenda, were included in the training programs organized by the Secretariat. These activities were set out in detail in the document WIPO/ACE/8/2, including information on the linkage with Recommendation 45. Each activity covered issues coming from the ACE, with a full, comprehensive presentation on Strategic Goal VI, understanding the minds of the consumers, methodologies, and destruction of IP infringing goods. Furthermore, any legislative assistance provided includes advice on all the flexibilities and policy options available to the concerned country with regard to the issues of enforcement. In relation to the proposals made by the Delegation of Algeria regarding the Performance Indicator under Expected Result III.2, the Secretariat explained that this Indicator was intended to address basic IP awareness in school children. It added that “basic knowledge of IP rights” would include flexibilities, and therefore the Secretariat would be pleased to have this clarified in the text. Likewise, the Secretariat agreed to the inclusion of “transparency” in Expected Result VI.2.

628. The Delegation of Brazil thanked the Secretariat for the clarifications and stated that it questioned the trend in lowering the resources for the Expected Result VI.1 “Progress in the international policy dialogue”, which the Delegation considered as being one of the main objectives of this Organization, and increasing the resources for “Systematic and effective cooperation and coordination” which prioritized the dialogue between WIPO and other organizations. The Delegation supported the suggestion made by the Delegation of Algeria in relation to the inclusion of “transparency” in this Expected Result.

629. The Delegation of the United States of America thanked the Secretariat for the explanation, especially in relation to Expected Result III.2. Noting that the concerned Performance Indicator was tied to the activities for school age children and young people, and recalling that the flexibility in the enforcement area probably refers to Article 61 of the TRIPS Agreement, the Delegation questioned the value in teaching to the target audience the difference between a counterfeit trademark and a confusingly similar trademark or a pirated copyright versus a substantially similar copyright violation.

630. The Delegation of Algeria considered that the Expected Results were drafted very generally and that the focused audience was not clear. The Delegation stated that the Secretariat should enjoy the latitude to determine how training on flexibilities should be implemented, noting this as relevant in trainings at the governmental level or for university students, but difficult for activities for school children. Nevertheless, it believed that flexibilities should be included in the Performance Indicator, with the understanding that the Secretariat should have latitude in implementation.

631. The Delegation of Sweden welcomed the fact that adequate resources had been allocated to this very important area of WIPO's work, and supported the statement made by the Delegation of the United States of America, questioning any added value in this framework to talk about exceptions and limitations.

632. In response to the comments from the Delegation of Brazil, the Secretariat explained that the budget needed for Expected Result on “International policy dialogue” in 2012/13 was basically at the same level as the proposed budget for 2014/15. A lower budget was required than that originally budgeted as cost saving measures were introduced, substantially reducing some of the travel expenses involved. Accordingly, the Secretariat did not deprioritize this Expected Result and the work for the ACE, but rather brought the budget in line with the experience gained so far.

633. The Delegation of Switzerland recalled the comments it made previously for a different Program regarding the drafting of performance indicators and expected results, and highlighted the importance of using performance indicators which were at the same level of detail for comparison between programs. The Delegation underscored the need for consistency and coherency in the drafting of performance indicators and stated that, if more information were to be provided, in this case about awareness raising courses for young children, it may be done in the narrative part of the Program, avoiding changes in the Performance Indicator. The Delegation was of the view that it was important for the Secretariat to continue engaging in awareness-raising activities, and understood that awareness-raising was not the same as training dispensed for government officials. Therefore, the Delegation did not find any need for a specific reference to flexibility in awareness-raising activities for school children.

634. The Secretariat agreed with the intervention made by the Delegation of Switzerland on the need for consistency across Programs, and stated that the Secretariat was not only trying to improve the performance indicators generally, but also to achieve consistency. The Secretariat proposed to revert with suggestions on the concerned Performance Indicator to address all the concerns raised.

635. The Chair opened discussions on Program 18.

636. The Delegation of France said it was good to have some continuity in Program 18. What was striking looking at global concerns and different organizations, was that not much about WIPO's expertise and the use thereof was heard about. In the description of the expected results, there was not much reference to what could be contributed. What could be done between now and September, but there had to be a focus on the competence. It was not WIPO providing the development in global issues. Other stakeholders had that expertise, for example the WMO. When one looked at WIPO, there was not any reference made to climatological services. But a number of delegations knew what was at stake when looking at WMO. So if there were technological solutions and one could also put across clearly the contribution of IP, then this should be possible. A lot could be found. In the first paragraph, it was the DA. That had to be found elsewhere, as well, to be consistent, because it should be elsewhere. In 18.10, regarding strengthening cooperation with UN agencies, that should be in the indicators, as well, and in the objectives. But it was not there. Only mention appeared in the part accompanying development. But that was not really the heart the expertise. These were just examples the Delegation provided. There might be more. It was as if WIPO worked in isolation from the rest of the system when it came to working, looking at globally all-embracing objectives. Under 7.2 there were WIPO initiatives, WIPO platforms. It was hard to understand when it came to rising to global objectives or challenges that this was for the system. Each organization was there to contribute something. How did this all fit together? When it comes to evaluating WIPO GREEN, there were no indicators that would help move forward. In a nutshell, what had to be done was to focus on the existing initiatives, better highlight the expertise of what IP could provide when it came to regional banks, worldwide banks and specialists in development and the skills that were put forward. The technical contribution and better understanding of IP had not really been portrayed properly. It was along these lines that one could actually analyze what could be done in the program in the future. The same should be done in WIPO as that done in other organizations.

637. The Delegation of Germany stated that, after having listened to the Delegation of France, it saw value in this program at WIPO, being the central global organization for IP. It seemed consistent to have a program on IP and Global Challenges.

638. The Delegation of Brazil, on behalf of the DAG, stated that the Global Challenges Program was a point for discussion of IP policy and its relation with global challenges. This was in line with the implementation of the DA and directly related to the DA. For this reason, the Group did not understand why this discussion could not take place in committees where Member States could have an overview of this program. In this regard, the Delegation recalled

that, in its general statement, it suggested that this program be presented periodically either in the SCP or the CDIP. These two fora were the adequate fora for the discussion or at least for the reporting of the activities. Right now meager information was available on the planning and the work in this program for the next biennium. For example, in IP and competition policy, the Group requested more information on implementation strategies. In 18.17, there was mention of a new work on competence, on competition, especially focused on developing emerging economies. The Delegation requested more information on that from the Secretariat and requested that performance indicators on the accountability of this program be included in the results framework.

639. The Delegation of Egypt requested that, in addition to the comments by the Delegation of Brazil and the DAG, result 7.3 be retained as currently stated in the current biennium in the Program and Budget for this program.

640. The Delegation of El Salvador shared the view expressed by the Delegation of Germany, particularly regarding the importance of this program, particularly for developing countries.

641. The Delegation of Switzerland expressed its support and satisfaction with the program as currently formulated. The DAG's request was frequently heard during the PBC meetings and had been resolved and had been clearly explained on the basis of the decision made that it was within the PBC that Program 18 is to be discussed. If delegations had observations and questions, the managers were here. This was where the debate should be held. It had also been stated that, at each PBC meeting, there would be a report in addition to the briefing. The Delegation did not understand this request for discussions. There were frequent meetings on work and health, for example. If this was to be discussed, it should be discussed at the PBC.

642. The Delegation of Algeria, on behalf of the African Group, supported Program 18. It was very important that WIPO was engaged in discussions and activities on global challenges. However, the Group supported what had been said by the DAG and Egypt definitely saw that discussion about global challenges should be part of the work of WIPO and some committees in WIPO. It was quite obvious why such important issue could not be discussed in the PBC because the PBC could only discuss what was related to the Program and Budget, to resources, to activities, but could not have a general discussion. It was clear, on the basis of what the Delegation of France had said that this was needed. There was a need to give a clear mandate to the Secretariat on what to do in this program. It was quite obvious that discussion on Program 18 should be held in a substantive manner in another forum than the PBC. The Group would like to see in the risks to the program achieving its results. That this was a request from Member States, that this program should be handled by another forum. This was a sort of risk for this program and for WIPO. This was always requested. It had to be captured somehow that this part of the discussion was completely lacking the right forum. Whether it was the CDIP or another committee in WIPO, there was a clear failure from Member States to agree on what to discuss in global challenges. That was a risk, it should be highlighted under risks and the Secretariat had to take some measure to try to mitigate it.

643. The Delegation of Spain stated that it had noted in the general statement that it gave great importance to the UN principle of delivering as one. It believed that the coordination between the various UN agencies was essential, was a goal, and indeed a requirement apart from the potential for efficiencies without compromising results. The Delegation wanted to see these efforts, which were undoubtedly being undertaken by the Organization in coordination with other international bodies, and see whether those efforts could be reflected in the indicators.

644. The Delegation of Belgium, in its national capacity, stated that it liked the program as it stood. On the other hand, it understood that the program was quite flexible. It contained some components that were still in an exploratory phase. It could benefit from further refinement of added value of the program. The Delegation did not think that the content of the program should be linked to a specific committee. This was a program that focused on the nexus

between IP and other issues. It was not a program that focused on the nexus between copyright, trademarks or whatever with those issues.

645. The Delegation of Brazil seconded the statement made by the Delegate of Algeria. It understood that there was no possibility of having substantive discussion on the content of IP in the context of PBC. It understood this was not the correct forum for having the discussion. Member States needed to approve a mandate for this work. At this moment, there was not such mechanism. Regarding accountability, the Delegation understood that in the results framework it could be suggested that regular presentations on the work of the Program could be given to Member States. One could not rely only on the PBC and have a very short written report like in the present session. There was only one session next year and two sessions in the following year, which was inadequate for providing a systematic oversight over this program. The Delegation requested to insert an indicator to have a seminar, at least twice a year, and to have a presentation, prior to PBC, on what had been done and what would be. Alternatively, this discussion could take place in the CDIP or the SCP too.

646. The Delegation of Monaco recalled, like the Delegation of Switzerland, that, in fact, the matter of whether this program should be discussed in the various committees had already been discussed. An agreement had been reached that the program should be discussed within the PBC and that there was an oral report from the Secretariat at each session of the committee in addition to any discussions on the implementation reports. There were also the Program and Budget meetings, which gave a number of occasions to discuss the substance of this program. The Delegation failed to see why it needed to be discussed again, a number of times a year, in various committees, particularly since those committees had extremely heavy agendas.

647. The Delegation of Italy saw this as a recurring issue and thought that at the last session an agreement had been found. However, this program was very important for the Delegation. The PBC was the best forum to discuss and exercise oversight over it. If moved out from the PBC, then it would move towards an area of micromanaging, beyond the oversight and reporting, which was something different and where the Delegation would not like to go.

648. The Secretariat stated that it was not for the Secretariat to decide whether it reported to a committee or not. This was for the Member States to decide. The Secretariat was happy either way: whether it reported to this committee, or, it would then also report to a specific committee, which would be a bit of an exception. However, as said earlier, the Secretariat could already commit to providing a broader PPR entry, more written information. Member States could contact the Secretariat if there were questions or attend information sessions which had been organized around the meetings of the SCP and CDIP. The information sessions had been organized three times in the last ten months and basically explained everything about the projects and how Member States could cooperate, how the Secretariat cooperated with other international organizations and how it felt that it related to the mandate. Concerning the issues raised by the Delegation of France, the Secretariat would appreciate receiving more specific suggestions how it could bring that out in the text of the draft Program and Budget since the Delegation was not happy with the way it was currently presented. The Secretariat explained what it was doing in these projects. They were actually not at all about silos, since the Delegation had referred to silo mentality on the part of the Secretariat. WIPO focused on what could be done at WIPO. But all projects were about collaboration and the key areas where WIPO could contribute, i.e., how to use the information, the IP system, to facilitate and boost innovation, on the one hand, but also to facilitate technology transfer and how to use patent information in order to determine, for instance, the freedom to operate. *WIPO Re:Search* was a multi-stakeholder platform which was operating in the wide range of national and international private and public organizations and in which WHO participated as a technical adviser. Therefore WIPO had used its knowledge and contents in order to build a system that made proprietary information, IP in the widest sense, available free of charge to boost innovation in areas that had been neglected by the market, neglected tropical diseases, in the way to address a market failure here. But IP mechanisms, i.e., licensing, were used in order to create a safe

environment for IP owners to share this information. It definitely was multi stakeholder. WIPO GREEN was about technology transfer, as a pilot. It had not formally been launched. It would be launched in November. It was supported by UNFCCC. The Executive Secretary of the UNFCCC had agreed to participate in the launch. It was about market transparency but also focused the existing WIPO services, existing support services to support technology transfer negotiations, to support dispute resolution in specific areas. That created synergies with other institutions, both public as well as private, including financing solutions that had been mentioned. WIPO was working with the Asian Development Bank to establish something. WIPO had been in touch with InfoDev and other World Bank related institutions in order to make sure that it also pulled in financing solutions in order to facilitate or at least make its contribution to facilitating technology transfer in this area. On the issue of cooperation with other international organizations, the Secretariat fully agreed that this was very important. The Secretariat had tried to capture that more under Program 20 because Program 18 worked very closely with Program 20, which was external relations in charge of managing the institutional relationships with other intergovernmental organizations. The expected result 8.5 appeared on page 146. WIPO effectively interacted and partnered with the UN and other IGO processes and negotiations with three performance indicators. There, this element was captured. In the end, these programs all worked together to capture the determination of WIPO to be part of the UN system also in making contributions to this policy process that addressed these specific areas here.

649. The Delegation of Brazil, on behalf of the DAG, requested more information concerning the implementation strategies of the subprogram on IP and Competition, in particular as regards the mention made in item 18.17 on new work especially focused on developing and emerging economies. The DAG also wished to see the performance indicators of accountability of subprogram 18.3 in the results framework.

650. The Secretariat informed that as far as subprogram 18.3 was concerned, there was an expected result, which was reflected in VII.3. The two corresponding performance indicators tried to capture the accountability of that subprogram. He emphasized that 18.3 was a rather small program, meant to build, first of all, some capacity within the Organization in order to address competently the interface between Intellectual Property and Competition Policy, which was also one of the deliverables under the DA. The strategy followed by that subprogram was to facilitate the exchange of experiences, rather than establishing guidelines or good practices. Indeed, the thrust of subprogram 18.3 was far away from that. A significant exchange of experiences had already been achieved between a significant number of Member States, and in that extent the relevant Division had been closely cooperating with institutions like INPI, CADE and IPEA, of Brazil, and the CGPDTM and the CCI, of India. In 2012 a study elaborated by IPEA, on sham litigation, had been commissioned by the Organization. Another avenue of work was the analysis and discussion on concrete issues that typically arose at the interface of IP with Competition, particularly in the context of cooperation.

651. The Delegation of Brazil said that its understanding was that subprogram 18.3 aimed mainly at the sharing of experiences on the defense of competition and intellectual property among institutions of various countries. That being the case, it was not clear how Member States could have their interests reflected in the drafting of the program. The Delegation suggested that, prior to the PBC, a seminar could be held so as to inform Member States of what the plans were regarding those specific activities.

652. The Secretariat confirmed that the understanding of the representative of Brazil was correct, and that the key purpose of the subprogram on IP and Competition policy was to facilitate the acquisition of a better understanding of that interface and the sharing of experiences north-south, south-south and south-north, in any direction. He also said that the Secretariat would be happy to provide for a specific briefing on subprogram 18.3 prior to the Program and Budget Committee, as it had already been done in the context of other Committees, if that was what delegations wanted.

653. The Chair opened discussions on Program 19.

654. The Delegation of Algeria sought clarification regarding the references under Program 19 to the proposed organization of “one or two high visibility events” and to the promulgation of a “Customer Service Charter”. The Delegation also recalled its previous cross-cutting comments regarding service-oriented culture.

655. The Secretariat explained that high visibility events would include, for example, the opening of the new WIPO Conference Center, which could be combined with an Open Day event. Other high visibility events would potentially include headquarters-based events around World IP Day. On the Customer Service Charter, the Secretariat clarified that this was a high-level internal document, intended to provide guidance to staff who had contact with WIPO’s customers and service-users. It included guidelines to ensure, for example, that staff handle telephone calls promptly and had a service-oriented mind-set when responding to enquiries.

656. The Chair opened discussions on Program 20.

657. The Chair invited comments and questions on the first part of Program 20 which was the external relations and partnerships. No comments were made.

658. The Chair proposed moving on to the issue of external offices and recalled that many remarks had been made in informal sessions prior to the meeting of the PBC, and that he had proposed a choice between a Member-driven process or a Secretariat-driven process. He also recalled that the Director General had stated to the Committee that it was not the Secretariat but certain Member States that demanded new external offices. The Chair then invited comments on external offices from the Delegations speaking on behalf of Groups.

659. The Delegation of Belgium, speaking on behalf of Group B, commented that they had concerns in terms of process, principle and substance. With regard to process the Group B recalled having stated that they were not in a position to decide here and now on the potential extension of external offices and that they would like to request three items. Firstly, the preparation of a new Program and Budget document with no reference to new external offices, secondly further consultations which would be better organized after the PBC and thirdly to make comments on the white paper. With regard to principle, Group B noted that the Director General and the white paper mentioned reasons for the potential opening of new strategically-placed and geographically-representative offices, but that the group saw this as limited justification and failed to see what the exact mandate was. With regard to substance, Group B had some comments on the white paper. The Group referred to paragraph 2 of the white paper and agreed that new external offices should not duplicate work, that there should be an analysis of the work performed at the external offices or at WIPO and that this would require a clear cost-benefit analysis of the potential further work. On paragraph 4, the Group wondered whether those five functions were cumulative or alternative, since it was not very clear from the paper. On paragraph 5, the Group requested clarification on what was meant by local support services, and whether or not they included training. On paragraph 7, the Group considered it important to make very detailed argumentation for why new external offices should be established or could be established based on the number of telephone calls. In this regard, the Group requested a breakdown of incoming telephone calls to WIPO compared to external offices. On paragraph 8, Group B requested further information about the experience in providing support for WIPO’s general customer response network and how it had worked so far. On paragraph 9, the Group pointed out the threat of attack on the ICT system and requested more information about how WIPO could safeguard the vulnerability of ICT systems at the various places where external offices were located. Having learned about FITs of Brazil from discussions on the previous day, the Group requested information about further details of Brazil FITs including objectives and budgetary details, and on how exactly Brazil and WIPO worked on the structure of the WIPO Brazil Office. On paragraph 14, the Group stated that, while indicating the right direction, this paragraph was too weak to justify the needs for creating

external offices and requested a better justification to discuss the principles for external offices. Group B further commented that it felt the justification for new external offices was too general and that no detailed budgetary proposals had been given and no information had been provided either on what would happen in the short-term and what the long-term implications would be. The Group referred to the proposed external offices in Africa and their involvement in capacity-building. In the light of the principle of one UN whereby efforts should be made to use the existing offices of the UN to undertake capacity-building activities, the Group requested information on how WIPO could match this principle of one UN with proposed external offices. The Group finally suggested that WIPO should have criteria for closing down existing external offices to contain budgetary implications if further external offices were to be created, and in this regard, the Group requested further information as to whether there should be any limits as to how many external offices could be created.

660. The Delegation of Algeria, speaking on behalf of the Africa group, stated that the African Group supported the proposal to open new external offices and recalled WIPO's role in the promotion of innovation and creativity for social and cultural development of all countries through an international system of Intellectual Property. The Delegation requested WIPO to assist Africa in developing the sociocultural aspect of the group. The Delegation commented on the Group's desire for assistance from WIPO to help African countries develop capacities with regard to Intellectual Property, adding that the establishment of a regional office in Africa would serve many advantages: strengthening the infrastructures entrusted with Intellectual Property in the region, sensitizing with regard to Intellectual Property, promotion of innovation, creativity and competition to accelerate economic, social and cultural development within Africa, using culture and traditional knowledge to reinforce the economic development of the African population, reducing the digital divide to enable the region to contribute more to the world economy, and strengthening technical capacities for Africa to develop innovative solutions to public challenges in food security, and science and technology.

661. The Delegation of Poland, speaking on behalf of the CEBS, thanked the Secretariat for providing additional information on external offices, but commented that many questions remained open including the process itself. The Delegation wished to repeat that the CEBS Group was surprised at the interpretation that was given to the non-conclusive consultations with Geneva missions on the usefulness and cost efficiency of establishing new external offices at a time when staff and administrative costs kept increasing, when the Organization was targeting treating more demands online, investing heavily in ICTs and promoting a unified UN approach. The Delegation further stated that this was all the more surprising following the conclusions of the 2012 PBC and added that CEBS would appreciate receiving a more in-depth analysis with regard to the current functions of the existing offices and the added value and cost benefits of creating new offices.

662. The Delegation of Trinidad and Tobago, speaking on behalf of GRULAC, referred to its general statement made earlier, and reiterated that this issue was of great concern to the Group. The Delegation was of the view that this issue should be treated in a more inclusive and transparent manner, and for this reason, the Delegation requested that the Secretariat provide answers to questions posed by GRULAC and other members in a formal document to be submitted to Member States for their consideration at least four weeks before the PBC in September. The Delegation further requested that any proposal should not undermine the budgetary limits currently allocated to regional offices.

663. The Chair invited individual countries to comment.

664. The Delegation of Panama was in agreement with the Secretariat's statement that this was the beginning of a consultation process but stated that the process was far from over as there had been two meetings with interested Member States with an exchange of opinions but no agreement had been reached in terms of the procedure for establishing new external offices and a meeting planned for December 2011 on June 17, 2011, was never held despite the

requests made by the Delegation to the Secretariat. The Delegation stated that the white paper circulated by the Secretariat was not a serious document presenting a consensus among Member States. The Delegation requested clarification of the definition and difference between an external office and a regional office as presented in document WO/CC/62/4. The Delegation also requested more formal consultations to establish any criteria with regards to the financing of each of these types of offices and the definition of a limited global network of external offices.

665. The Delegation of El Salvador thanked the Secretariat for the white paper as a basis for consultations, supported the statement made by GRULAC and stated that the Delegation was concerned by the situation from a national standpoint and did not see a clear process for making requests for new offices, but that now was a window of opportunity to address the issues. The Delegation supported the statement of Panama with regard to the lack of understanding of the differences between external and regional offices and the need to look at the financial consequences of the offices due to open. It added and when the Member States would be ready to take a decision, this should not be to the financial detriment of offices within the Latin American and Caribbean region in terms of finance and human resources.

666. The Delegation of Chile supported the statements of Trinidad and Tobago on behalf of GRULAC and of Panama, and wished to clarify why delegations from other GRULAC countries and from Chile had requested an office in the region to inform the discussion on this point for other delegations. The Delegation stated that there was, presently, an external office of WIPO in the region, located in a Latin American country and established in accordance with the statement provided in paragraph 20.14 of the current PBC document, with cooperation agreements between the host country, in this case, Brazil and WIPO, carrying out functions within Brazil and other activities such as the South-South cooperation. The Office carried out the majority of its activities with countries situated in other parts of the world, notwithstanding a limited number of participants from the region. There was no existing external office of WIPO primarily dedicated to the needs of Latin America and the Caribbean. Having clarified the matter the Delegation stated that the establishment of a second external office in the Latin American and Caribbean region should be treated on an equal footing with the other five offices proposed. The Delegation wished to reject the content of paragraph 28 of the white paper with regard to a new office in Latin America depending on the current budgets. The decision should be a sovereign decision of the Member States of WIPO and not a decision of the Secretariat.

667. The Delegation of Venezuela (Bolivarian Republic of) stated that as a member of GRULAC it was not possible to accept the declaration made by the Delegation of Belgium on behalf of Group B with regard to a revision of the office in Brazil and that a review, if made, should be done so in respect of all offices. The Delegation stated that it was not clear what a national office of WIPO was, nor why the previous offices were created. The Delegation further stated that it was impossible to discuss the creation of new offices without discussing the role of the present offices and that, if all offices were considered, perhaps the problem would become clearer.

668. The Delegation of Japan associated itself with the statement made by the Delegation of Belgium, speaking on behalf of Group B, in terms of the need for further information. The Delegation expressed views on the necessity to continue to provide high quality services by WIPO and to promote their use. The Delegation stated that direct contact with the users was important and, in this context, the Delegation believed that WIPO external offices had a very important role to play in promoting WIPO's global IP services. The Delegation stated that the WIPO Japan office had played an important role in promoting PCT activities and establishing the IP Advantage database. The Delegation informed that the performance of the office had been strong whilst respecting budgetary requirements, and that the figures of applications filed under PCT and the Madrid system in Japan in 2012 showed 12 per cent and 37 per cent growth, respectively, due to vigorous campaigning by the office. The Delegation was of the view that external offices should be established based upon guidelines and, in this context,

thanked the Secretariat for the White Paper and would appreciate a detailed explanation of the added value, the budget implications and cost-effectiveness of new external offices.

669. The Delegation of Mexico stated that the process under discussion was unfortunate and recalled the discussion on external offices at the last assembly and, in particular, the last session of the PBC at which the Secretariat underlined that the process for the establishment of external offices was a complex process involving consultations with Member States. The Secretariat undertook to provide information on such discussions and not to take a decision on this topic without the guidance and advice of Member States. The Delegation expected to be informed, in writing, of informal consultations held with the Director General. A request was made last year for information on the added value, long-term forecasts and other factors shedding light on the coordination of work between offices. The Delegation expressed difficulty in taking a reasoned decision in view of the lack of this information. The Delegation, in concert with other delegations, rejected the content of paragraph 28 of the white paper which proposed that the Latin America region could only have offices after the five new offices proposed within the framework of the budget under review. The Delegation supported the statements of the Delegations of Panama and El Salvador in this regard and stated that it was not in opposition with the opening of external offices but that it required global and justified information in this regard.

670. The Delegation of Egypt supported the statement made by the Delegation of Algeria on behalf of the African Group and stated that there were three dimensions to the problem. Firstly, the background issues, secondly, the function of the proposed new offices and thirdly, the cost of the new offices. Firstly, the issue had been discussed at the 2010 Assemblies and there had been a clear direction for WIPO to develop recommendations for new offices, followed by high-level consultations on the location and function of new offices and WIPO received many requests for the establishment of new offices with references and citations from the assembly on this issue. The Delegation recalled that, throughout the years, there had been several consultation meetings at the highest level to explain this issue and to discuss and to see what would be the best locations and functions for these new offices, thus the issue was not new. Secondly, with regard to function, the Delegation considered that the white paper provided by the Secretariat gave sufficient details and also provided criteria for the selection of locations, the first one being to provide local support services for WIPO global IP systems. The Delegation referred to five functions described in the white paper and specifically discussed the expected functions of African offices. The Delegation stated that there was clear mention that Africa was not a beneficiary of any assistance in terms of capacity-building and that there was a clear need for capacity building in the use of, and participation in, the IP system. Thirdly, with regard to cost, WIPO had stated that it would provide 300,000 Swiss Francs for non-personnel costs per office. The Delegation reiterated that the required information had been provided, the issue was not new and that decisions may now be made. The Delegation stated that no opposition to the establishment of any of the new offices had been heard and that there was a clear recognition of the need for these offices. There were, however, legitimate requests for more offices in more locations. In particular, the white paper referred to the GRULAC countries, to a Spanish-speaking office and to India. As there was no opposition to the five proposed offices, the Delegation suggested their establishment in the next biennium. Further requests would subsequently be considered in the future in order for everybody to feel accounted for and so that all countries could have a legitimate request for offices promoting innovation activity in their region. In this manner, no country or region would be deprived of aspirations to promote capacity-building for economic, social and cultural development.

671. The Delegation of the Republic of Korea expressed its position that policy guidelines should be compiled for the establishment of specific external offices. In this regard, firstly, all Member States should be provided with specific and detailed information, for example, reports on the activities, finances and human resources of current external offices and, secondly, as mentioned by the Director General, there were varied reasons for hosting external offices which could be summed up in two categories: Member State-oriented or service-oriented. The

Delegation expressed the view that the two categories could be dealt with in different manners and, in conclusion, said that not enough information was available to consider this matter.

672. The Delegation of Brazil stated that it understood the importance of external offices and would clarify the activities of the WIPO Brazil Office. In 2012 alone, the office carried out the establishment of the South-South cooperation agreement and organization of the conference, the International Conference on the strategic use of IP in the sports industry, as well as regional meetings on cooperation in IP system infrastructure, on IP in competition and on a regional project to share work for patent examination. Recently, the Office had organized the second interregional forum for heads of IP offices in South American and Arabic countries with the League of Arab States in Rio de Janeiro in June, in cooperation with the Brazilian National IP Office and WIPO through the WBO. Representatives from this Office were able to define a set of priorities for cooperation such as an infrastructure report, global information technology, and the need for the training of examiners and the creation of academies or training centres. The Delegation concluded by stating that Brazil understood that external offices were important and that they required adequate financial and human resources.

673. The Delegation of Germany supported the statement made by the Delegation of Belgium on behalf of Group B and asked a further legal question with reference to document WO/CC/67/1 as follows: This document referred to the introduction to Article 12 paragraph 4 of the Convention Establishing WIPO as the legal basis for approval. According to this article, agreements should be concluded and signed after approval by the Coordination Committee. The Delegation understood that, in the case of Russian Federation and China, agreements had been signed on April 10 and April 25, 2013, respectively, and the Delegation requested further clarification on this matter from the Secretariat.

674. The Delegation of Spain endorsed the statement made by the Delegation of Belgium on behalf of Group B, and concluded that there were two elements creating doubt for Member States. One was the process and the other was the information provided by the Secretariat. It added a further element which was that the draft budget submitted by the Secretariat had already included the countries which were candidates wishing to host the proposed external offices. This would enliven the already lively discussion with individual reflections and understandable legitimate national interests for requesting an external office for a given country or region. The achievement of these individual objectives might have undesired consequences and may have long-term consequences for the Organization and for the budget itself. The Delegation underlined the need for prudence. The Delegation concluded with two things to work on: the process should be made as inclusive as possible before the next PBC meeting and the information provided by the Secretariat should be more detailed, specifically regarding the issues of objectives, of the functioning of the office and the financial and budgetary aspects. The Delegation said it was important that the document be made official, as requested by GRULAC. Finally, as requested by Group B, the Delegation wished to insist on the fact that it would be desirable to have a revised budget to show the effect of not including the new external offices due to doubts raised by many delegations.

675. The Delegation of Belgium, speaking on behalf of Group B, thanked the Delegation of Brazil for the clarification concerning the activities of the Office.

676. The Delegation of Italy supported the statement by the Delegation of Belgium on behalf of Group B and stated that it was not in a position to take a decision until a proper strategy document was developed. It further supported the request by the Delegation of Spain for a formal document providing detailed information on the implications of the opening of external offices, in particular concerning short- and long-term costs.

677. The Delegation of France thanked all the delegations for the information submitted, supported the statement by the Delegation of Belgium on behalf of Group B, and expressed the feeling that the session was the opening of a consultation on many things that had not been

said before or not expressed so clearly and that these discussions marked the beginning of something that had been asked for from the beginning, as planned in 2010 at the WIPO Assembly, and requested by the last PBC in preparation for this meeting. The Delegation expressed its view that it was better late than never and welcomed the interventions, in particular those made by the Delegations of Chile and Mexico, in which many useful facts were heard. The Delegation recalled the discussions of the PBC in September 2012 and, in particular, paragraph 366 of the report wherein "this would require extensive consultations with Member States." The Delegation had heard the following: "any consultation on a one-to-one basis and not at the stage of drafting any documents" "Member States and some guidance from them" and "that it would get back to members on the next steps that it intended to take" and that this had been agreed upon. The Delegation continued with the second issue of reflection on the presence of WIPO in these countries which was a legitimate issue with a positive discussion. On the subject of the strategic substantive paper to be prepared by the Secretariat, the Delegation stated that there was the question of what was planned by the UN for the configuration of country offices. What were the technical problems that other organizations had been faced with? With regard to the protection of data and confidentiality which was something well known, the Delegation wished to better understand the issues. The Delegation was surprised not to see references to national offices and requested more explanation about national offices which should be clearly reflected in the Program and Budget, as they had worked very well with the UN in the case of the UPU or the ITU or WMO. Requests for assistance as heard today were often well dealt with by the strengthening of national offices. The Delegation failed to see the origin of the choice to separate these issues and would like to see some engagement regarding this point. A further point was to understand the reasoning behind the Secretariat's articulation of online services, which was completely missing from the arguments put forward and essentially contradictory, since it was not possible to promote online services by creating physical offices. The Delegation noted that there was some reasoning behind this which would be good to understand and also the reason behind putting money into online services. The Delegation expressed uneasiness at the urgency that appeared a few weeks back on this issue that was not present in September and asked why the membership was suddenly faced with an urgent situation and said that future decisions should be anticipated, as seen in other programs, and that the need for resources should not come as a surprise when discussing the program. The particular characteristic of the planned discussions was a solid consultation process which had not taken place and which was a bit special in the Program and Budget, as human and financial resources were being committed with limited information on these resources on an arbitrary basis, in particular in view of one country and not another. The Delegation agreed that this was not a Secretariat-driven process but that members should decide (as the Director General reminded the Delegations) that it should be a Member State-driven process and hence it was not possible to begin with a draft Program and Budget which affected resources with unclear criteria on some aspects but not on others. The Delegation specifically requested more information with proposals facilitated by the Secretariat on how resources were allocated, both staffing and financial resources, and that resources allocated arbitrarily should not be taken as a basis. The Delegation expressed surprise as the Committee was dealing with multilateral issues without having had prior consultations and no indications from Member States on the allocation of resources. The usual feature would be a neutral budget that talked about proposals on where to put resources. If agreement could be reached in September then that would be good, but there was a consultation phase to be planned and provided for. Another specific issue was an in-depth comprehensive study on how to respond to Member State requests. One thing the Secretariat should inform the Committee of was which States were interested in hosting an external office, since the Delegation believed that there were not just the twenty interested countries present in the room. The Delegation considered that it was altogether a different thing if one had a more specific study on how to respond to requests put forward. The Delegation had heard the African Group and GRULAC express requirements, these were not exactly the same people and it was not a one-size-fits-all approach. The issue was how to best respond to these requests by including the strategy in the more general framework of the UN and presence in the field. The third specific point was that

the Delegation expected increased transparency from the Secretariat, bearing in mind the conclusion from last September, as members would not want to find themselves faced with an uncomfortable situation and with projects not well articulated and with consultations which did not take place. Hence prudence was required. The Delegation added that the present discussion was useful. The Delegation expressed the opinion that the presence of WIPO in countries should be promoted not just in the form of external offices, as the Delegation felt that the terms of this specific form of presence were a bit pre-determined and that these terms were not currently ones used by the UN.

678. The Delegation of Sweden aligned itself with previous statements, in particular that of the Delegation of France. The Delegation expressed concern about the process, the lack of transparency and consultations with Member States on this issue, and expressed a desire to see a clear cost-benefit analysis when opening and closing external offices, as well as specific criteria determining the opening and closing of offices. Finally, the Delegation expressed its interest with regard to the question posed by the Delegation of Germany.

679. The Delegation of Switzerland endorsed the declarations and comments by their Group. The Delegation was not in a position to adopt a stand on the opening of new offices, needing more information on the global strategy for the timeliness of the opening of these offices. As stated previously, the Delegation considered that it would be useful to have an official and comprehensive document introducing the strategies and benefits of such an initiative. With this document, the Delegation hoped to be in a position to pronounce itself on a specific proposal at the next meeting, but more principles and more budgetary information was needed in order for the Delegation to adopt such a position.

680. The Delegation of Canada aligned itself with the statement made by the Delegation of Belgium on behalf of Group B, and with some of the previous speakers in terms of the concerns expressed with regard to the process for the opening of new external offices and the determination of their location. The Delegation wished to see a clear cost benefit analysis. It said that it failed to see the direct link between the opening of the offices and the results framework. The Delegation stated that, in this regard, the costs would be greatly influenced by the choice of the city within a country, that no two locations would provide the same contribution to WIPO's results, and that it followed that the location should be carefully selected based on the desired contribution, which entailed the setting of clear performance targets in order to make a choice.

681. The Delegation of Monaco fully endorsed the statement of the Delegation of Belgium on behalf of Group B and made comments on the substance and the form. On the substance, Delegation considered that it was impossible to make a decision on the proposal put forward by the Secretariat to open external offices given that all the necessary facts were not available to make the decision, that the white paper prepared by the Secretariat proposed many ideas which were not reflected in the budget and also due to a number of other elements. The Delegation expressed its desire to see matters dealt with in a more cost-effective manner at Headquarters and emphasized a need for a cost-benefit analysis, as the current proposal from the Secretariat was insufficiently documented and it was impossible to take a decision. As other delegations had said, in particular the Delegation of France, it appeared that the last PBC was not complied with. A collective reflection on the added value of external offices and a necessary definition of a clear-cut policy in this regard were essential conditions to any initiative put forward by the Secretariat and this had been agreed on. However, this reflection never took place. With regard to legal issues, the Delegation believed that the issues raised by the Delegation of Germany should be clarified and that it was obvious, in view of everything that had preceded, that the cart was put before the horse, hence the surprise at finding the proposal of the Secretariat on Program 20.

682. The Delegation of India stated that hundreds of questions and some reasons in favour of the proposed five new external offices had been given and the members of GRULAC had

reasoned that paragraph 28 of the white paper was subject to response on the current proposal and that, as far as they could gather, the question of the process being Member-driven had been put to the Director General on the first day and he had said it would be a Member-driven process. With regard to process, transparency and other concerns, the Delegation fully understood and endorsed the concerns raised and was of the view that there should be a high-level or fully-fledged discussion before proceeding further with five, six or seven, or even one or two external offices in this biennium. Further, the Delegation considered that the objectives in terms of the need or advantages for the Organization and specific different regions concerned as well as the role and functions of such external offices should be set for five or ten years. This strategy would be defined in many ways and justification would be given for any country or any place, as all members understood. The Delegation mentioned that India was referred to in paragraph 28. It agreed with the statement made by GRULAC and made clear that there should be a collective decision before proceeding further so that the same exercise need not be undertaken before the next biennium's budget and that targets could be set for the next five to six years.

683. The Delegation of Greece fully supported the statement made by Belgium on behalf of Group B and was reluctant to approve the opening of new external offices without a strategic analysis of the matter. It agreed with the opinions expressed by these Delegations, in particular the Delegation of France, who stated there was a missing step in the consultation process between the conclusions of the previous PBC and the current one and that further clarification of the situation was required, for example, in respect of the number of suggested offices, the countries concerned, the cost analysis, the reason for the selection and the added value such offices would bring. This would give a clear image of the situation.

684. The Delegation of Iran (Islamic Republic of) referred to the statement made when the Director General was present and carefully listened to the statements made by the other Delegations, which showed how premature discussion on new proposed offices was as the very divergent views proved that it was too early to have discussions on specific proposals. The Delegation asked the Secretariat what the process involving the Member States in the establishment of the three existing offices had been, how their legal status was mandated, their accountability towards the Organization and the role of the Member States in establishing and defining them from a legal standpoint. In this regard, the Delegation supported the proposal of the Delegation of Venezuela for a review of function, mandate and everything related to existing offices. With regard to the proposed offices the Delegation thanked the Secretariat for the white paper but stated that, in its opinion, the process was starting backwards, from the final phase, which was the allocation of a budget for the proposed offices and which should be the final step taken by Member States. Paragraph 14 of the white paper mentioned that demand for external offices came from Member States and that over 20 States had made applications to the Director General for such offices. The Delegation asked the Secretariat to provide the names of these 20 countries and asked whether any process involving asking these Member States of their willingness to host such offices had been carried out and how the 20 requests had been processed. Returning to the white paper, five functions were mentioned, the first four supported Members' concerns with the changing of the Organization, shifting it from a Member-driven Organization to a service-providing Organization and treating the Member States as IP owners. The Delegation was of the view, based on the Convention Establishing WIPO and more specifically in Article 9 paragraph 4(c) reading "the Director General shall report to and conform to the instructions of the General Assembly as to the internal and external affairs of the Organization", that all WIPO's contributions and activities as an intergovernmental organization should be approved by the General Assembly and Member States. The Delegation considered, in view of the request of the Chair for specific solutions, that the starting point for discussion was the General Assembly itself. At a first glance, the PBC was not a competent body for the discussion of this matter and thus the Delegation supported interventions made in line with this. The General Assembly could subsequently decide itself to discuss this issue or to delegate the issue to the relevant committees. It pointed out that paragraph 14 of the white paper stated that the demand for new external offices was not coming from the Secretariat but the Member

States, which was not highlighted by the Director General when he had spoken. The Delegation stated that basic principles had not been respected throughout the process and not followed by the Secretariat. At the final stage in the process, specific new offices were proposed and Member States had been called for consultation. There were criteria in the paper and given by the Director General which were relevant and pertinent and more criteria could be added but, at the same time, these criteria were subjective and subject to discussion and there was no agreed definition of them. The Delegation highlighted that it was premature to decide on new proposed offices and the point should be taken out of the Program and Budget. In this respect the Delegation supported the proposal by the Delegation of France for an in-depth study which it understood should be requested by the General Assembly, with no hasty decision.

685. The Delegation of Venezuela (Bolivarian Republic of) thanked the Delegation of Iran for the clarifications provided in their statement and added that there had been many interventions and pointed out that the exact content of the interventions made should be respected. The Delegation wished to highlight that the only interventions from GRULAC that should be understood as a regional statement were those made by the Delegation of Trinidad and Tobago as made over the last six months. People had been heard to say that "GRULAC said this or that" but were not in fact the statements made by Trinidad and Tobago.

686. The Secretariat stated that Delegations had responded to the Chair's question of whether it should be a Member State-driven or Secretariat-driven process. There were also some Delegations which preferred to wait for more information. If the process was Member State-driven then maybe the role of the Secretariat would have to be limited and the Secretariat should only provide factual information in response to the questions posed. The Secretariat said that it would be pleased to provide an update on the white paper or informal document and, if the delegations were not happy with the informal document anymore, then the Secretariat should formalize that document adding more information in order to provide answers to the questions addressed by the delegations. In response to the questions from the Delegation of Belgium (on behalf of Group B), the Secretariat stated that additional questions would be taken into account when revising the white paper and additional information would be made available. The revised paper should address, for example, on paragraphs four and five discussing the functions of external offices, the question of whether the office's role and functions should be cumulative or alternative and the definition of local support. These answers would not be provided during the current session due to time constraints but should be provided in the revised paper. Some questions were answered by the delegations of the countries hosting existing external offices who may also wish to provide further information. With regard to the definition of external offices as referred to by the Delegation of Panama when questioning the difference between regional offices and external offices the Secretariat used, throughout the proposed Program and Budget, the terminology "external office" to avoid implying that certain external offices were functioning as regional offices, or that offices were representing that particular region in order to provide services to that region. There was not necessarily a linkage between the region and the existence of certain external offices and hence the neutral terminology of "external office" was adopted. For clarification, external offices in the Program and Budget document referred to the three offices: Singapore, Tokyo and Rio de Janeiro, and not the WIPO UN liaison bureau in New York. The Secretariat returned to the questions posed by Group B and stated that statistics on, e.g. incoming telephone calls from users received by external offices, should be provided. However, the number of activities and calls in proposed offices would be difficult to predict and would be subject to further discussions with the host countries of proposed locations. Referring to paragraph 8 of the white paper and to the function of local support and whether the support also included training, which had been partially answered by the Delegation of Japan, the Secretariat would be happy to provide more information and anecdotal episodes of this function. Referring to paragraph 9, a question was raised in connection with IT security and integrity at external offices, and the Secretariat would make additional information available and expand on this question in the next version. With regard to budgetary implications, the Secretariat thanked the Delegation of Egypt for referring to the question and answering some of the questions. An informal document provided by the

Secretariat prior to the present meeting contained a rough estimate of the budgetary implications and resources for each external office which was about 300,000 Swiss francs and also the breakdown and further details of budgetary resources allocated to the existing offices in this, and in the next, biennium. The Secretariat clarified that the figure of 300,000 Swiss francs was based on an average figure calculated on the basis of the existing three offices, and that this did not prejudge the future allocation. Should Delegations require more specific budgetary implications, the Secretariat would have to go back and decide on specific locations which had not yet been agreed on. Many delegations pointed out that each external office, whether it was an existing or future office, would have different functions, and different functions meant that a one-size-fits-all solution, as postulated by the Delegation of France, did not exist. Each office required customized budgetary resources depending on the offer of the host country and the costs in the selected location. Noting that human resources were the major cost, as indicated by the Director General, the Secretariat reminded that the external offices arising from creating new external offices would not generate an additional headcount in the Organization. The Organization's headcount would remain unchanged due to the use of existing headcounts to staff the external offices. The human resource costs would also have to be looked at in conjunction with the specific locations of each external office. Regarding the questions from Group B and the Delegation of Iran on more information regarding applications or requests from Member States, the Secretariat would be pleased to provide further information with respect to such applications. Additionally, with respect to paragraph 15 of the white paper, which Group B described as too general and not sufficiently detailed, the Secretariat would be happy to strengthen it in the next version. With regard to the Group B question on paragraph 26 (repeated by the Delegation of France), related to existing UN facilities, the Secretariat noted that the real situation should be considered in light of requests from host countries. With regard to the question of prudence when creating a new entity, as advised by Group B, the Secretariat pointed out that the Organization was currently very Geneva-centric, the total headcount was foreseen to increase and, rather than creating additional entities, the Organization would be stretching itself to reach out to those Member States who indicated willingness to assist the Organization in hosting external offices and hence there would not be any long-term liabilities. The Secretariat referred to the statements by the Delegation of Algeria (speaking on behalf of the African Group) about the justification for creating new offices. The Secretariat believed this had been more or less covered in the white paper but would expand on these points in a more comprehensive white paper. On questions raised by the Delegation of Poland on behalf of CEBS, about clarity of process, the Secretariat explained that this was a question of whether it should be a Member state-driven or Secretariat-driven process. If the Member state-driven approach was to be adopted, the role of the Secretariat would be to provide factual information in order to facilitate consultations. The Secretariat would be more than happy to answer the question from CEBS concerning the current functions and activities undertaken by existing offices. These would be incorporated into the next version of the white paper. This document would also add and explain budgetary resources as well as the human resources and activities, priorities, regional or the specific country priorities to be adopted by each external office. With regard to questions raised by the Delegation of Trinidad and Tobago (on behalf of GRULAC) on budgetary information, the Secretariat stated that this question had been dealt with, as had the question of definition from the Delegation of Panama. Regarding a question on networking as mentioned in the white paper (also raised by the Delegation of France), the Secretariat stated that with institutional networking the existing external offices and the Headquarters were regularly helping each other and that the existing three external offices were networked. For instance, they exchanged information on how to reach out to the local users of WIPO services and they met virtually, as there were video links between the external offices and regular video conferences were organized among the external offices and WIPO headquarters. The networking required IT hardware and IT networks. The Secretariat was in the process of enhancing the Internet connection between external offices and Headquarters in order to make sure that communications were efficient and secure and also to ensure that WIPO would benefit from internet links to be able to participate virtually in certain meetings. This did not mean that physical presence was not needed. On the contrary, a good combination of physical presence

and virtual presence was very necessary. IT connectivity and the information network systems should be complimentary and supplementary to the physical presence of external offices. In doing so, cost effectiveness and added value would be optimized. The questions from the Delegation of El Salvador regarding financial consequences had been answered. For the Delegation of Chile and of Venezuela the Secretariat noted the problems of process as mentioned by a number of Latin American countries. The Secretariat planned to introduce a better process for further consultation. The Delegation of Japan shared its experience of the WIPO Japan office. The Secretariat explained that a convincing example was that PCT and Madrid applications had significantly increased and although a causal link between the existence of an external office and the increase in applications could not be proven, the Secretariat saw at least some correlation there. On the questions and comments made by the Delegation of Mexico, the Secretariat noted them and should there be any questions unanswered or possible discrepancies or insufficient information, the Secretariat would improve the white paper. The Delegation of the Republic of Korea asked for specific information on the legal basis, similarly to the question asked by the Delegation of Germany on the legal basis for the establishment of external offices. The Secretariat turned to the Legal Counsel to address this question. The Secretariat thanked the Delegation of Brazil for its support of the WIPO Brazil Office and for the information provided by the Delegation such as the organization of a number of meetings financed by Funds-in-Trust. The Secretariat stated that questions from the Delegations of Spain and Italy had been dealt with, as had those from Sweden, Switzerland and Canada. The Secretariat thanked the Delegation of France for the analysis of the issues and duly took note of the concerns and suggestions made, including the question of IT issues which had been answered, and stated that the in-depth study provided by the next edition of the white paper would have more information so that the Delegation would be able to understand and analyze the activities undertaken so far by existing offices. The Secretariat acknowledged the contribution of the Delegation of India and remarked that the Secretariat had engaged on a long-term planning process at the highest level at the previous Ambassador-level meeting. The remarks of the Delegation of Greece had been noted, as had those of the Delegation of the Islamic Republic of Iran. The Secretariat concluded by saying that it was happy to furnish more information, dealing with activities and budgetary implications of external offices but that it was not able to provide more specific information without a decision on specific locations. With regard to criteria, a lot of information was provided in the white paper. Regarding demands, the Secretariat examined the requests made by Member States in certain regions and considered the important question of how to respond to those demands and if these demands met in a cost-effective strategic manner by external offices in such a way as to add value to WIPO's activities and to contribute to its strategic goals within the results framework, which the Secretariat considered as minimal criteria.

687. The Legal Counsel said that it appeared that the Delegation of Germany wished to understand the extent to which the two Agreements signed by WIPO with the People's Republic of China and the Russian Federation complied with Article 12 of the WIPO Convention. The Legal Counsel recalled that Article 12(3) of the WIPO Convention provided that the Organization could conclude bilateral or multilateral agreements with other Member States with a view to obtaining such privileges and immunities as the Organization and its Officials may need for the fulfillment of their objectives and for the exercise of their functions. Article 12(4) also stipulated that any such agreement must first be approved by the Coordination Committee, after which it could be signed. The Legal Counsel further explained that in respect of the Agreements with the People's Republic of China and the Russian Federation, the Secretariat had done exactly what it always did in the past, as was the case, for example, with the Agreements signed with the Governments of Singapore and Brazil. In other words, those Agreements were first signed, but they contained provisions to the effect that they would only enter into force after approval by the Coordination Committee. In respect of the Agreements with the People's Republic of China and the Russian Federation, they contained provisions referring to the internal procedures within WIPO. So the Agreements would only enter into force after the Coordination Committee has approved them in September. That was in order to ensure that the Secretariat did not violate the technical terms and the spirit behind the provision

in Article 12(4) of the Convention, which required conclusion and signature after the approval of the Coordination Committee. In short, the Agreements had been signed before, but were expressly subject to the approval of the Coordination Committee. This was exactly what had been done in respect of the Brazilian and Singaporean Agreements, and that was what had been done in respect of other agreements that were subsequently approved by the Coordination Committee.

688. The Delegation of Iran (Islamic Republic of) recalled that it had asked a question regarding the existing external offices, and that was whether there had been any legal basis for that engaging all Member States. In respect of what the Legal Counsel had just stated, the Delegation considered that the WIPO Convention's Article 12 must be read in conjunction with Article 9(4)(c), regarding external offices, which was for the General Assembly to decide. The Delegation agreed with the Legal Counsel's explanation that the Coordination Committee must first give its approval for the signing of Agreements for the Establishment of External Offices, but Article 9 also made clear that the General Assembly's approval would be required.

689. The Legal Counsel agreed with the Delegation of the Islamic Republic of Iran. It also recalled that the WIPO Convention gave the General Assembly competence in respect of budgetary issues, but that when it came to issues relating to privileges and immunities (which was what was entailed in establishing external offices), it was the Coordination Committee which had the competence to approve the Agreements. In respect of issues relating to Program and Budget, where the inclusion of external offices was concerned, it was the General Assembly, and not the Coordination Committee, whose approval was required. So the General Assembly was competent under Article 9, and the Coordination Committee was competent under Article 12.

690. The Delegation of Germany thanked the Secretariat for its explanation. In the Delegation's view, Article 8 stipulated that the Agreement would enter into force on the date of the last notification where either party notifies the other of the completion of its internal procedures. The Delegation, however, requested that the Secretariat explain where, in the Agreement, a reference had been made to the Coordination Committee's prior approval.

691. The Delegation of Spain thanked the Legal Counsel for its participation in the meeting and for helping clear up doubts in the minds of Delegations. In the Delegation's view, the Agreements did not contain any express reference to prior approval by the Coordination Committee. To the contrary, the Agreements were already being provisionally applied, thus entailing rights and obligations, even before the approval of the Coordination Committee had been obtained.

692. The Delegation of India and the Delegation of Monaco raised the same question as the Delegation of Spain.

693. The Legal Counsel responded to the Delegation of Germany's question and stated that it was not aware that the Agreements with the People's Republic of China and the Russian Federation came into effect before the PBC. As the Legal Counsel understood it, those Agreements were being sent to the Coordination Committee, not to the PBC. Therefore, they were not the subject of discussion in the PBC, but would be discussed in September by the Coordination Committee. In any event, the Agreements which had been sent to the Coordination Committee for its approval did include express language to indicate that they would only enter into force after the requisite internal procedures of the People's Republic of China, the Russian Federation, and WIPO had been completed. WIPO's internal procedures clearly refer to the Coordination Committee, which is the only Governing Body that has always given its approval for the entry into force of such Agreements. With respect to the question raised by the Delegation of Spain, the Legal Counsel confirmed that Article 12(4) of the WIPO Convention used language referring to the conclusion and signature after the approval of the Coordination Committee. That was not what was done in respect of the Agreements relating to

the People's Republic of China and the Russian Federation. That was not what was done in respect of the earlier Agreements with the Governments of Singapore and Brazil. That was not what was done in respect of several other Agreements that were concluded with other entities and were subsequently approved by the Coordination Committee. The Secretariat had always, given the fact that the Coordination Committee only meets once a year, gone ahead and signed Agreements but the signature had always been subject to the subsequent approval of the Coordination Committee. So the Delegation of Spain's reading of the WIPO Convention would be accurate if that Delegation sought to suggest that the long-standing practice in the Secretariat, which had always been approved by the Member States through the Coordination Committee, was at variance with the terms of the WIPO Convention. The Legal Counsel concluded that this was not an argument that it would be able to dispute. With respect to the question raised by the Delegation of India, the Legal Counsel confirmed that, in its view, it was the Coordination Committee that had to approve the signing of the external office agreements. The General Assembly was not required to approve those agreements, but was required to approve the Program and Budget, which included those external offices. So there would ultimately be approval by the Coordination Committee in respect of the Agreements establishing the offices, and by the General Assembly in respect of the Program and Budget including those offices.

694. The Chair thanked the Legal Counsel for its honesty that a violation had taken place and proposed to go forward and stated that he had heard many questions from Delegations regarding the past, for example, "Why was this not transparent?" and some people had said that members had agreed on something which had not been done. The Chair was aware that there were concerns about the past but members should now move forward. The Chair stated that there seemed to be a prevalent view that there should be a study or a strategic document, an analysis, information, cost-benefit study, transparency, link to the UN offices etc. The Chair proposed a two-stage approach in view of having heard that the delegations wished the process to be Member-driven. First, the Secretariat would be commissioned to finish the study in the form of a document that responded to the needs of Member States as put forward in the present session. The Secretariat informed the Chair that this study would take two months to deliver to the Member States. If possible, the Chair requested the Secretariat to deliver this earlier. Subsequently, Member States would have three or four weeks' time to respond to it. Once the Member States had studied the report in their capitals, stage two would begin. The second stage was a consultative stage, but this consultation would not be done by the Secretariat, it would be done by Member States and presided by a Chair. The Chair would listen to the members after they had had a chance to have four weeks to take it to their capital. He would conduct consultations over a certain period of time and would present his recommendations to the next PBC prior to submitting them to the General Assembly for the decision-making phase. Obviously, there was no time for this process before September. As the Chair understood from the Secretariat, it would have to be next year. So it would be done in two months, then given four weeks, after which the Chair would carry out consultations (one, two or three times), would make recommendations and would present these to the PBC as recommendations from the Chair resulting from consultations with Member States. If the PBC agreed, then the recommendations in question would be submitted to the General Assembly for adoption. This was the mechanism. At the last PBC, there was agreement on a process but there was no mechanism and that was where the gap arose. The Chair asked the Delegations if they were in agreement with the process of a two-month period for the Secretariat to produce a study, four weeks for it to be studied by capitals, three rounds of consultations by the Chair, the submission of the outcome of the said consultations and recommendations to the PBC for their subsequent presentation for adoption by the General Assembly.

695. The Delegation of India stated that it had no problem with the strategy of the Chair, but requested clarification on what the Secretariat was going to study: would it be five or seven new external offices or what number of new external offices.

696. The Chair responded that the Secretariat had heard all the questions and they could now create a paper on the questions that were raised. The Secretariat could show it to members with all the questions answered. The Secretariat could help members by preparing the paper as soon as possible and giving it to Member States who might want to ask for more detail.

697. The Delegation of Chile thanked the Chair and aligned itself with the question from the Delegation of India. The Delegation requested specific clarification regarding whether the proposed study would include just the five external offices proposed in the current budget or be a general study regarding all the requests for all the offices which could be created.

698. The Chair stated that the study would be comprehensive, containing anything that Member States wished to include. Any requirement would be noted by the Secretariat and included.

699. The Delegation of France thanked the Chair and stated that there were indeed detailed responses on Program 20, but that the question went beyond the issue of the management of the Program. The Delegation agreed that it should go beyond that. The discussions/debates were on the question that was a little broader than as compared to the Chair's proposal. The Delegation stated that they had no objection as to the principle, just to find the best means of going forward. It was important to have a clean draft budget. The Delegation failed to see how members could have a discussion on one if they had a draft budget which was made up of choices, applied guidelines, given sources. The Delegation stated that members had to expurgate the budget and see in September what proposals could be made in addition to the budget. The Delegation could not see how the Committee could have a discussion, which was pre-oriented with the issue of resources allocated, when members had not had the required guidance and the study as mentioned by the Chair. The Delegation opined that the Secretariat thought that this would be a regular budget discussion and members could always discuss things afterwards, and did not see the urgency. The Delegation continued by saying that the essential point was the issue of the process. Members were involved in a process where there were States as requesters and others who were interested on a more regional level, or from a linguistic point of view, or from a benefits point of view and then there were States who were not requesters. Therefore it would be very difficult to find a precedent. The Delegation stated there were individuals of high quality facing a very thorny issue. It wondered how a neutral point of view could be found. The Secretariat had a point of view. The Member States had a point of view. The Delegation continued by stating that the Secretariat was involved, and although there had been a problem over the last year and a half, it was the Secretariat which was neutral, who had the most guaranteed neutrality in a process of this sort. The Delegation suggested members could have the Regional Coordinators lead some kind of a collegiate process where members would have to ask themselves the question in such a way as to be serene during the process and so that headway could be made next year.

700. The Delegation of Switzerland thanked the Chair addressed a question to the Secretariat. The Delegation asked if it would it be possible to imagine that the document could be available for the next PBC. That would enable members to have a more specific idea of what was behind this proposal and then decide the process which would be necessary as regards future consultations. If this document were to be available by September, then members could already have a clear vision as to how to continue with this discussion. The Delegation aligned itself with the comments of the Delegation of France regarding the role that the Secretariat continued to play in this discussion, being neutral, as the Secretariat should be able to hold this discussion with all the necessary information. The Delegation proposed to accelerate the preparation of the document and to decide on the process in December.

701. The Chair thanked the Delegation of Switzerland and asked the Secretariat whether the study, with all the questions in it, could it be done in less than two months and be ready for August 9.

702. The Secretariat replied that they were in the hands of the Delegations. If asked to do it in three or four weeks, the Secretariat would do it, but the Secretariat reminded the Delegations that they had to have it translated. If the French version, the Spanish version, Russian version, Chinese versions and so on were being asked for, this could not be done in a few weeks.

703. The Delegation of Venezuela (Bolivarian Republic of) considered it a marvelous proposal, but the problem was not for July. It would have been good if members had had it in January, as according to what the Chair said it would seem that Program 20 would drop out of the 2014/15 budget as there were already problems with regard to the neutrality, then imagine where members would get to without the current Chair. If this program did come out of the 2014/15 budget, there would be a very long debate which might not be possible.

704. The Delegation of Iran (Islamic Republic of) stated that their understanding was that members were going to have a very gradual and detailed study to be submitted to the 22nd session of the PBC, but that things should not be done hastily. Secondly, the study should not be confined to issues which are relevant to the PBC but also to the other committees. As it had mentioned, the Coordination Committee had some role to play, the PBC too and the General Assembly had the final decision-making role in this process. With that in mind, the Delegation did not know what would be the content of the in-depth study. Would it be to consider these existing offices again with some proposal for one or two? Or would it be to consider the 20 applicants, or could it be a chance for any Delegation to make further applications? The Delegation asserted that the point of departure should not be focused on the specific proposed countries for these offices. The first study should focus on the criteria on the necessity, on the mandate and on the process, regardless of who proposed. If such a study could be submitted to the PBC then it could go along with that. But if that study were going to refer to the specific external offices, then the Delegation considered it very hasty to ramp up on that issue, as the Chair had mentioned. The Delegation opined that the Secretariat would not be in a position to begin the study "for tomorrow". It would take some time for the Secretariat to initiate that study, for some consultations with the Member States, informal or formal in nature. Subsequently, the Secretariat could come up with a report or in-depth study as regards the necessity of the issue. And with that study, without proposing any offices for any specific countries, members could go ahead with the next PBC. But if it were to decide on what offices, how many offices were going to be proposed and for which countries, then it should take time first before any consideration on this issue, the General Assembly should decide on it.

705. The Delegation of the United States of America commented on the study, on the first phase of the Chair's proposal, wherein they had heard a lot about a cost benefit analysis of opening offices and that some Delegations wanted the study to look at all the offices. The Delegation added that they were not sure if other Delegations had raised this issue but a risk assessment should be made and by risk assessment, the Delegation meant IT systems and the vulnerability to WIPO as a whole. The Delegation stated a need to be very sensitive about what was being asked of the Secretariat. The Delegation did not want to, as the Delegation of Iran had said, hastily move forward in something like this because it would give rise to an incomplete study. There was not much time left but nevertheless this matter should not be rushed into in order to ensure that the study undertaken was of good quality.

706. The Delegation of Monaco stated that it was going to be difficult, or even impossible, to take a rapid decision on this issue. Therefore, as the Delegation of France had said, Program 20 would need to be removed from the Program and Budget for September, because on the basis of the evidence, members would not have made any progress between now and then, so they would not be able to make a decision on the proposal. Furthermore, on the basis of what the Secretariat had said, the Delegation aligned itself with the Delegation of Iran in saying that one should not put the cart before the horse. Members first needed to do what they ought to have done i.e., have a general framework for policy, cost benefits, risks, without going into specific cases with regard to external offices and decide what to ask the Secretariat to do and what the procedure should be. The Delegation stated that it was too early to do that.

Members needed to start with consultations. As progress was made, they could decide on what steps needed to be followed, but that a decision at the next session of the PBC would not be possible. It was not known how many consultations and how much time would be needed before members reached a decision. Now was not the time to decide on all the various steps that might be necessary in the process.

707. The Delegation of Mexico wished, in a constructive spirit, to support the process of the document bringing together all the concerns and information from the Secretariat. It pointed out that any study normally had annexes. Annexes were documents which already existed and the Delegation referred to memoranda of understanding, annual reports from the regional offices and other reports in the Secretariat's possession. These were documents which did not actually need to be analyzed. They included previous Coordination Committee reports, existing conventions. All of this information could be provided. Member States could already start looking at those while the Secretariat was drawing up this study. That would enable members to have time to examine the question, whilst simultaneously the Secretariat carried out the analysis on their side.

708. The Delegation of Switzerland thanked the Secretariat for the action on the proposal and stated that the idea was to see whether information could be made available prior to the September session and maybe, if some of the information was already available, members could have access to it in order to speed the process up. The Delegation would like to see a full, high quality document and understood the time necessary to actually produce a document of that sort.

709. The Delegation of India reflected that the Secretariat was going to provide replies, maybe within a day or two, based upon the questions raised. The Delegation proposed that regional groups meet through the Chair, because it might not have been possible for all Delegations to share their concerns on the proposed external offices. Subsequently the Secretariat could make a fuller analysis and then provide some input immediately if it were required. As for the study, the Delegation fully supported the idea of an in-depth study, which should not be done hastily. With regard to other aspects as the Delegation of Iran had highlighted, it was not only the PBC who was concerned in establishing new external offices as it involved the Coordination Committee and the General Assembly's decision and all those aspects should be fully reflected from all angles in the study. With regard to the regional concerns, for the new or prospective external offices, this study should not include the names of those proposed external offices, but retain the reasoning for all the regions. Also, it should keep in mind WIPO's administrative and financial constraints and how these could be taken into account in a balanced way in the study provided to all the Member States in the next PBC or later.

710. The Chair thanked the Delegation of India for the contribution and stated that there was now some clarity. The Secretariat would prepare the scope of the study, hopefully over lunchtime, and then a paper would be given to the Member States. Since the study could contain everything in the world, the Secretariat would prepare the scope of the study, which also had to be reasonable. The Chair stated that some Delegations agreed to this, which was the first stage. Regarding the road map, some delegations said no, they wanted to cancel external offices without agreeing to a way forward. The Chair had to be fair to all the groups and was sure that the groups who were in favor of the Secretariat's proposal did not want to cancel it without seeing a way forward. The proposition had been made to take Program 20 out of the budget under review but, in return, a way forward could be given as proposed, i.e., a study followed by Member State-driven consultations, with a Chair, the results of which would be presented to the next year's September PBC and then to the General Assembly. That was the roadmap. The Chair asked whether delegations agreed to the roadmap and considered the request to take Program 20 off the budget.

711. The Delegation of Algeria, speaking on behalf of the African Group, stated that it had heard the concerns of other Delegations. The prevalent theme was that it was too soon to

actually make a statement on such a long process or indeed if a process were to be initiated, something more reasonable was needed. The Delegation believed that the proposal of the Secretariat was within the Program and Budget and the Secretariat could come back to Member States with all the information that was requested. Delegations could discuss it more at the September session as the majority of Delegations were not opposed to offices. They just did not have enough information, did not know why the offices were needed, how much they were going to cost and did not know what they were going to give in terms of added value. These were the information elements that the Secretariat would clarify. The Delegation believed there had been a mixture of issues. The Secretariat was talking about five offices and there was not enough information about that. There was the procedure, as described by the Secretariat, and there had been serious omissions in terms of procedure. But those were two completely different issues, neither of which had to do with the PBC. The PBC needed to adopt a budget and had until September to do so. There was a need for information regarding external offices. The Secretariat could provide this information. In September, the PBC could see whether or not to approve external offices. However with regards to transparency and procedures, that was something that the Coordination Committee and the General Assembly needed to discuss.

712. The Delegation of Belgium, speaking on behalf of Group B, recalled that the Group had said it wanted Program 20 on external offices out of the budget for the September session and believed there was some agreement in the room on this and a general agreement that members needed to have a high quality study. However, an artificial separation between first agreeing on the roadmap and then having another discussion on the scope was not possible. The two were linked. The first thing was to see what exactly was being prepared before being in a position to agree on the further roadmap.

713. The Delegation of China agreed with the proposals of many Delegations, i.e., that there should be studies to prepare a fuller document providing relevant information to the Member States. The Delegation, however, believed that the Secretariat should already have relevant data and information and that the Secretariat could, within a very reasonable time limit, provide this report so as not to delay the process of establishing new offices. The Delegation believed that the strategic analysis and the studies by WIPO on the establishment of any new offices, as well as the relevant budget work, could be carried out in parallel. The Delegation was against the idea of taking Program 20 off the budget. It should be discussed further in the September PBC.

714. The Delegation of the Russian Federation shared the opinion that, under the Chair, the work would be successfully concluded and wished to make two comments. Firstly, the Delegation did not support the proposal to take program 20 off the budget and asked for it to be maintained. In parallel, there could be a considered discussion of proposals, including that of the Chair, which the Delegation felt had good prospects and was interesting. Secondly, on the nature of the discussion, the Delegate believed that nobody had any doubts now that the process was required to be transparent and that the Member States had the possibility within the framework of the committee to discuss all issues and to ask all possible questions. Some delegations had been able to discuss a document which was not even within the dossier provided for the committee. The Delegation expected the Secretariat to be able to prepare information for interested Member States as soon as possible which would help move forward with consideration and to reach a decision on this issue.

715. The Delegation of France was pleased to speak after the Delegations of China and the Russian Federation as they wanted very much to hear their inputs and had also heard the proposal made by Algeria. The Delegation supported the statement made on behalf of Group B, but wished to come back to the Program and Budget as that was the concrete issue supposed to be discussed. The Delegation further stated that the proposed Program and Budget as presented to the Committee was the outcome of a process which in itself had been problematic. The Delegation believed the proposal was not to remove Program 20 altogether, but just a reference to financing, the financial commitments during the present biennium. A

clean version was what was wanted. One step had been missed out in this process. Therefore, members needed to step back. With regard to the requests that had been made, the Secretariat should come back with a new document, adding in the references. The Delegation wanted to be clear about what the Secretariat was proposing, but without prejudging the result, and without prejudging the decision which would be overstepping the marks. The Delegation asked if it would be possible to have a document, for instance along the lines of what the Secretariat was proposing, in terms of both content and the finances. The Delegation did not think it possible to start with a version which really reflected just the way things had malfunctioned since the last PBC for which there was agreement that that had been the case. The Delegation opined that that should not necessarily be included in the documents, so that in September a decision could be made as to whether to integrate these elements or not and, if so, how. A clean budget was what was needed and the most effective way of seeing progress if the proposals concretely changed on paper.

716. The Delegation for Egypt stressed the need for a fair and balanced solution to this issue and stated that it was not fair and balanced to delete this proposal from the budget. There was no commitment or any clarity on the process for the agreement on the establishment of these offices. The proposal for these offices reflected a genuine need and interest and it was simply not appropriate to say that those regions did not have the right to have access to knowledge and the right of access to more development services and capacity building. It was very important when discussing this that, first of all, the need for offices was recognized. The needs of those Delegations wanting to have more information should be met and provided for. The Secretariat had proposed five locations or five regions. There was need now to hear from Member States if they would like to have additional proposals. These elements were crucial in the package to be captured in the budget and so that the needs of those regions be addressed by WIPO.

717. The Delegation of the Republic of Korea seconded the position of the Delegation of Iran and stated that the discussion would be around the choice between a Service-oriented organization and a Member State-oriented organization. The Delegation asked if there were any performance indicators available to evaluate the current external offices. If so, it may be wise to estimate the current external offices when considering these matters, which might take some time, although there was no need for haste.

718. The Delegation of Spain associated itself with the statement of Group B and remarked there were many interests and different requests. The Delegation proposed, with regard to a new version of the budget which would open up different options, taking into account the proposals that had been made. One option was the proposal for the opening up the offices and the budget implications that that would have. Another option was to see what the budget would be without those new external offices and an option reflecting the discussions of the previous day with the budget as it would be if reserve funds were not used. The Delegation believed that this topic was still pending with no clarity on whether there was actually consensus on using the reserve funds. There would thus be those different options and the Delegation would not prejudge the result of agreed proposed consultations, which would also give the Secretariat a possibility to provide, by the next PBC, a high quality document which the Delegation would like to have adequately ahead of time in order to look at it and study it in Spanish.

719. The Delegation of Australia thanked the Delegation of Spain for the proposal and suggested that the discussion was about whether Program 20 was included or not included in the next budget. The Delegation suggested it be made clear in the budget what the implications were of having the offices and what the implications were of not having the offices if this proposal were not approved. With respect to the process, the Delegation believed it was clear that members wanted and needed a lot more information and suggested that the Secretariat, between now and the next session, focus on providing that information, which might or might not be enough for approval of the proposal at the next session. If not, then the next session could be used to decide on what the forward process should be.

720. The Delegation of Brazil considered the document on the table to be a draft Program and Budget as a whole. It could not be slashed in parts or one specific program not approved. The Delegation of Belgium stated, on the first day of this meeting, that the document was viewed as a whole. Other programs were approved as part of one document. The Delegation could not support the suggestion of not discussing Program 20 in the next PBC and understood that there were urgent issues, with interests of Member States from countries supported by the external offices that had already been approved by the General Assembly and by the Coordination Committee and the regions where countries contemplated having new external offices. The Delegation concluded by reiterating the importance of this issue and its desire to see it approved at the next session.

721. The Chair stated that, as far as he was aware, no one was suggesting deleting the Program 20, just the new external offices in Program 20. In discussions, some Delegations did not want to move it from the budget. At the same time, other Delegations did not approve it. The Chair suggested leaving the issue until September. No deletion and no approval, whereupon members would have the right to approve it or not to. The status quo remained. But the added value in the discussion could go forward in two ways. The Chair heard that two things were needed. A short-term study, available as fast as possible, giving some more information from now until September. At the same time, the long-term study that was requested should be prepared. The two processes could be launched hand-in-hand. Then, in the September PBC, the short-term study would be looked at. If the short-term study was satisfactory and added some ideas, this would be better. The membership would not be satisfied in September, there would be the long-term study, taking two months and translated into other languages, the scope of which would be presented after lunch. The process could move forward this way. The Secretariat would prepare a short-term study with as much information as possible. In September, the issue would be readdressed in light of the new information. The Chair had heard Delegations who said they wanted a Member-driven process and others who said they did not want a Member-driven process. If it were a Member-driven process, consultations would be carried out after the study. The Chair offered Delegations the choice to approve now or to postpone until September, but felt there was consensus for short-term information and a long-term study and looking at the budget in September.

722. The Committee had no objection to the Chair's proposal. The Chair concluded discussion on Program 20.

723. The Chair opened discussions on Program 21.

724. The Delegation of Mexico asked, in light of the main risks, strategies, budget forecasts and expected results, what resources were allocated to the Ethics Office, what staff the Office had and what the major challenges facing the Office were.

725. The Chief Ethics Officer responded by saying that the expected result under which the Ethics Office operated was an enabling environment supported by an effective regulatory framework and appropriate channels to address staff concerns. He noted that the regulatory framework of the Organization encompassed matters both within and outside the mandate of the Ethics Office, and the question of the regulatory framework lay principally with the Human Resources Management Department whilst the establishment of a values-based ethics and integrity system lay with the Ethics Office. As to resources, he reported that the funds proposed to be available within the overall Program 21 budget for the Ethics Office in the 2014/15 biennium were 40,000 Swiss francs. The staffing of the Ethics Office was comprised of one professional, the Chief Ethics Officer. In terms of challenges, the Chief Ethics Officer noted the importance of ensuring buy-in to ethics principles and in this regard, he pointed to the considerable progress achieved by the training program launched in 2012 which trained over 96 per cent of staff. As to the channels for addressing staff concerns, the Chief Ethics Officer reported that the internal justice system was currently under review, involving a review of chapters VIII, X and XI of the WIPO Staff Regulations and Rules. The review was expected to

lead to changes concerning the handling of disputes internally and conflict resolution within the framework of the Staff Regulations and Rules. It was expected that these would be proposed to the Member States, with an increased emphasis on informal dispute resolution. With respect to addressing claims of retaliation by whistleblowers, the Chief ethics Officer reported that the Organization had issued a Whistleblower Protection Policy.

726. The Delegation of Mexico indicated that it appeared that the budget assigned to the Ethics Office was limited not only in terms of financial resources, but also in terms of staff, given that the Organization had 1,200 employees and that there were a whole series of awareness-raising, promotion and assessment activities that were supposed to be carried out. The Delegation of Mexico requested that the Secretariat think about whether there was some way to strengthen the Ethics Office.

727. The Chair opened discussions on Program 22.

728. The Delegation of Germany requested information on the 47 per cent rise as compared to the previous budget.

729. The Delegation of Spain wondered about the reasons for the increase of 2,106 per cent in other contractual services, particularly in comparison to what had been approved in the previous budget. It also requested clarification on paragraph 21.10 and the resources allocated to Result IX.3 and the review and maintenance of the financial regulatory framework.

730. The Secretariat explained that the main reason for the increase was the change in the way the ERP projects and services were being delivered. The ERP projects portfolio had been approved by Member States in 2010, but there was also a support unit that provided maintenance and support for the existing ERP modules. The ERP support unit had moved from Program 25 (ICT Program) into Program 22. That was the main reason for the big increase.

731. The Controller responded to the query on paragraph 22.10 and explained that the paragraph talked about transfer of funds. Some contributions from WIPO, which financed UN activities, had now been put under this Program. Therefore, it was a transfer from program to program.

732. The Delegation of Spain replied that, indeed, in paragraph 22.10 there were two matters, one which referred to the participation in the UN program, and a separate one which talked about the allocated cost of personnel for the review and maintenance of the Organization's financial regulatory framework. There seemed to be two different things. The Delegation specified that it inquired about the first part while the Controller explained the second part.

733. The Controller specified that the first part referred to actuarial estimations, which the Secretariat had to carry out. The sentence referred to the consultants for the IPSAS actuaries.

734. The Delegation of Brazil, referring to the language used, commented that it was more private sector-oriented language than that of an international organization. The Delegation asked about the meaning of internal clients and external stakeholders in Result IX.1 (effective, efficient customer-oriented support services, both to internal clients and to external stakeholders). The Delegation also pointed to the language in Resources by Result table, Result 9.1, which spoke of customer-oriented support services, and wished to see more adequate language for an international organization.

735. The Secretariat replied that under the SRP, the Secretariat had been trying to inculcate the value of service among the staff. WIPO had a universe of external stakeholders - actually, many different universes of stakeholders that it delivered services to outside the Organization. However, for programs such as Program 22, the customers/clients that the services were provided to were internal Program Managers. For example, this Program serviced the PCT sector in the management of resources and the planning of its programs. The Program was

trying to inculcate a sense of service, an attitude of service amongst the staff and to recognize that there was a concept of service, even inside the Organization, not just outside it. This was the spirit under which this language was used and it was a challenge. Customer service training or service orientation training for all staff was underway. It was very important to maintain the messaging and the language so that everybody understood what the Secretariat was trying to do i.e., incorporate an attitude and a value, which did not in any way reflect any changes in the working of the Organization or its mandate.

736. The Chair opened discussions on Program 23.

737. The Delegation of Iran (Islamic Republic of) thanked the Secretariat for sharing information on its current geographic diversity and noted that more than 50 per cent of Professional staff were from one geographic region, a shortcoming which needed to be addressed urgently. The Delegation said that a more equitable geographic balance was required, in line with the United Nations system, and added that this matter should be included as a major risk in the results framework together with an appropriate mitigation strategy. In addition, the Delegation asked that information be provided on recent trends with regard to geographic balance and that an indicator be included in the results framework.

738. The Delegation of Poland, speaking on behalf of the CEBS, raised similar concerns, adding that the CEB Group represented only three per cent of the staff of the Secretariat and that this was not adequate. The Delegation added that the first and foremost criterion for hiring should be merit and capacity to contribute to the work of the Organization, reflected in qualifications and competences. At the same time, the issue of fair and geographic balance was important and indeed a requirement under WIPO's Staff Regulation 4.2(a). The Delegation asked that Member States be regularly informed of progress in this regard.

739. The Delegation of Spain asked that an indicator on absenteeism be re-introduced in the results framework. The Delegation further requested an indicator on staff costs.

740. The Delegation of Mexico suggested an indicator to monitor the regional geographic balance and gender balance.

741. The Delegation of Egypt, seconding the comments of the Delegations of Poland and Mexico, added that reference to equitable geographic representation should be a fundamental principle of the system.

742. The Delegation of Algeria seconded the comments of the Delegations of Poland, Mexico and Egypt, adding that, as an African Group member, the Delegation was of the view that a lot needed to be done in this area.

743. The Delegation of Brazil expressed support and seconded the comments of the Delegation of Mexico regarding the importance of geographic representation.

744. The Delegation of El Salvador echoed the comments of the Delegations of Mexico and Brazil.

745. The Delegation of the Republic of Korea made reference to the comments of the Delegations of Mexico and Iran (Islamic Republic of) regarding indicators on geographic distribution, expressing doubt that such indicators should be applied to some specific posts such as Examiners.

746. The Secretariat thanked the delegations for the comments and acknowledged the serious concerns expressed by the Delegations on the issue of geographic representation. The Secretariat shared the concerns and noted that this imbalance had existed over a period of time. In order to address the issue, the Secretariat had hired a gender and diversity expert in July 2013. The Secretariat noted that, as a first measure, the geographic diversity of job

applications would be improved. The Secretariat confirmed that there was no system of linking posts to geographic regions. Given the low staff turnover, the Secretariat cautioned that progress would not be rapid, noting that only few staff members were due to retire in the coming years. Furthermore, the Secretariat stated that the implementation of contract reform and the integration of the long-serving short-term employees had added to the geographic imbalance in recent years, noting that more than half of the staff who were hired as part of this Member-State-mandated reform were nationals of the over-represented region. Despite all these constraints, the Secretariat assured Member States that very serious efforts would be made to improve geographic diversity. Results would be reported at regular intervals. The Secretariat also confirmed that the indicator on absenteeism would be re-introduced into the results framework. The Secretariat furthermore agreed to include an indicator on staff costs, but under the financial review, not under Program 23.

747. The Chair opened discussions on Program 24.

748. In response to a question raised by Delegations on the occasion of their general statements, as well as a question raised by the Delegation of Spain, the Secretariat confirmed that the reason why interest payments for the New Building had been moved from Program 29 to Program 24 for the coming biennium was because the New Building had become an existing building, and was therefore treated as such, as were the other existing buildings. Program 29 would remain for construction projects, covering at this point only the new conference hall and only until such time as it was managed as a project. The New Conference Hall would, in future biennia beyond 2014/15, be managed as an existing building and would also be reflected only under Program 24.

749. The Chair opened discussions on Program 25.

750. The Delegation of France commented on the importance of investment in IT development as of all organizations that needed to perform technologically, WIPO was one, both internally and within service activities. The Delegation also welcomed the increase in online services, flexible services, which truly responded to the needs of Member States. In reality they responded to the needs of national offices. There were more national officers than regular contributions. There were requirements and important needs. The Delegation said that the online service focus should bear in mind or entail all activities.

751. The Chair opened discussions on Program 26.

752. The Delegation of Italy asked the Director of the IAOD if he thought that the resources at his disposal were sufficient to perform the function of the division properly, if he was satisfied with the staff he had.

753. The Director, IAOD, responded that in 20 years of experience in the profession, he had never heard a simple answer to a question on the sufficiency of resources to carry out an oversight mission. His only comment was that the budget submitted for IAOD was a budget that was stable compared to 2012/2013 but in substantial expansion since 2010/11. Significant resources were allocated to this division over the past two biennia. The Director of IAOD outlined that this stability would allow seeing how the division would carry out its mission. The Director of IAOD explained that with these resources, the budget of the division represented 0.75 per cent of the total budget and 0.9 per cent of the human resources staff. So the Division was just in the high average of the United Nations system, in line with the evaluation made by the JIU in its 2006 report on the Oversight Lacunae and the subsequent ones on audit and investigation. The Director of IAOD outlined that the results reached by the 2012 program had already been discussed at the beginning of the week. He mentioned that IAOD was just one of the elements of internal control. Program Managers were the first responsible for internal control. On internal control, there were also other assurance providers, such as external auditors or the JIU. The Director of IAOD therefore concluded that the resources allocated to

this division also had to take into account the progress made by internal controls, which were improving significantly in the Organization and also by the work done by the JIU and the external auditors.

754. The Delegation of Mexico observed that paragraph 26.6 mentioned the importance of cooperation and coordination with external auditors, the ombudsman and the Ethics Office. However the Delegation added that, within the architecture of oversight at WIPO, the cooperation with the Independent Advisory Oversight Services was a point worth mentioning. The Delegation apologized for the question it was about to ask because it was not familiar with the case of WIPO although was familiar with other international organizations in which it was customary that the oversight plan for Audit and Evaluation to be included as an annex to the budget. The question asked was to know if it was possible to see it or to be informed of the procedure to be provided with the plan, since among the references of performance indicators it was mentioned that there would be three audits and five evaluations.

755. The Delegation of France marked its support to the role and function of this structure. The Delegation noted that there had been a qualitative jump in terms of the resources available and therefore that one of the points that had to be checked in this division was vacancies and potential vacancy rate because it had an immediate impact. So it was something to look into and to be vigilant about. As a second remark, the Delegation put emphasis on the equilibrium of internal controls, as mentioned by the Director of IOAD. A reflection should be engaged in how to have the greatest accountability of control. What would enable the traceability of performance of control and monitoring as a whole? The Delegation said that, at this stage, nothing really existed and that each organization had its own model. It would therefore be interesting to see what could be done. The Delegation wondered if there was any programmed discussion in Geneva about the investigative functions which were the most expensive, to see if something could be done jointly amongst the Geneva organizations, because the activity was time consuming and took up many resources. The Delegation concluded that other organizations had an investigation network and wondered if it would be envisaged for the 2016/17 biennium to have an indicator on this issue.

756. The Director of IAOD thanked the Delegations of Mexico and France for their very good questions. The Director of IAOD explained that talking about coordination with the other control oversight bodies, particularly the ombudsman, the Ethic's office and the External Auditor, formed part of the mission that had been allocated to the Division by the internal oversight charter. The External Auditor and IAOD did participate in providing guarantees about the mechanisms which were set up within the Organization. The Director of IAOD continued by saying that now, with the IAOC, there was ongoing coordination, but that the role of the IAOC was a bit different because it was a subsidiary body of the General Assembly and of this Committee. Therefore, its role was more that of a guide by reviewing IAOD's work rather than a coordination role. The Director of IAOD added that the IAOC was quite careful not to make recommendations itself and not to carry out oversight tasks by itself, adding that it corresponded to a good use of internal control. Regarding the work plan of the division, the Director of IAOD mentioned that the work plan of the division was shared with the Member States during a consultation, which took place at the end of 2012 and beginning of the present year. The 2013 work plan was shared and the final plan was conveyed to the different Regional Coordinators, but it was available on request if needed. In addition, the Director of IAOD specified that, for the 2014/15 plan, the IAOD would proceed each year to an evaluation of the risks, the topics which were important for the Organization. IAOD consulted with the managers. IAOD consulted the Member States at the beginning and the end of the year. IAOD established the plan for the forthcoming year and Member States would be consulted. The Director of IAOD emphasized that, with regard to vacancies, it was an essential point that IAOD was not suffering from any post vacancies for the time being and that people continued to want to stay and work in IAOD. With regards to internal controls, the Director of IAOD differentiated different possible models. Substantive work had been done with the SRP. There had been different stages, at some point a declaration of conformity on internal controls might be feasible. But that was an ulterior stage

which would accompany the accounts. The Director of IAOD continued by saying that in respect of the coordination with other international organizations, particularly as far as investigation was concerned, this year was a special year, since for the audit functions and evaluation functions, there were networks established which meet regularly, but this did not exist for investigations. However this year, a coordination network of investigation within the UN had been created, especially in view of the recommendation made by the JIU. The Director of IAOD said that the discussion was at an embryonic stage, adding that there would be a possibility to exchange investigation resources or to pool them only at a later stage. The Conference of International Investigators was due to meet in September. It was an opportunity for the newly created specific UN network to meet and define a work plan. The Director of IAOD concluded that IAOD would look into how to make coordination more effective.

757. The Chair opened discussions on Program 27.

758. The Delegation of Spain stated that there was an indicator which established the percentage of documents used for the General Assemblies and that had been published two months in advance, in order to ensure that Delegations had sufficient time to study them in detail. The Delegation suggested that the Secretariat should extend the said indicator to cover the other Standing Committees, given that, at times, the two-month rule had not been complied with. However, the Delegation was aware that the issue was a complicated one and was not expecting compliance to be achieved at all times. An indicator would make it possible to identify and promote potential improvements to the internal organization of WIPO.

759. The Delegation of Japan reiterated that verbatim reports were important. However, there was a need to consider seriously the budgetary implications of the translation of verbatim reports and the Delegation requested the Secretariat to provide clear figures for the next session concerning potential savings as a result of the abolition of such reports. Translations, such as the English-language translation, as proposed at the May session of the Patent Cooperation Treaty (PCT) Working Group, and other written documents, would also facilitate preparations for the next session.

760. The Delegation of El Salvador thanked the Conference and Language Services, as well as Mr. Sundaram and his team, for their efforts.

761. The Delegation of Belgium expressed the desire to refer to its previous statements.

762. The Delegation of Brazil stated that verbatim reports were extremely important in terms of transparency and should be maintained. The Delegation of the United States had previously put forward a proposal concerning translation and the Delegation of Brazil wished to know whether that suggestion was going to be pursued further and whether more time would be set aside to discuss the issue of translation.

763. The Secretariat stated that note had been taken of the suggestion of the Delegation of Spain and that efforts would be made to prepare an appropriate performance indicator in time for the September session of the PBC. As suggested by the Delegation of Japan, information on potential savings resulting from the doing away of verbatim reports could be included in the paper on the implementation of the Language Policy over the past two years. As to possible alternatives to verbatim reports, the Secretariat said that the information could be provided during the discussion on the Language Policy in the September session of the PBC. At that point, a decision could be taken on how best to proceed in the future.

764. The Chair requested the Secretariat to take note of the comments made and to revise the indicators, as appropriate.

765. The Chair opened discussions on Program 28.

766. The Delegation of Spain inquired about contractual services for security guards. The Delegation was under the impression that there were no fixed contracts for security personnel.

767. The Secretariat assured the Delegation that contracts for security guards were included in the Program's budget under non-personnel, in premises and maintenance.

768. The Delegation of Spain replied that it would perhaps be more logical to have included these contracts under contracted services.

769. The Chair opened discussions on Program 29.

770. The Delegation of Switzerland thanked the Secretariat for the monthly briefings on the construction projects organized by the Secretariat, in accordance with the recommendation of the PBC and the decision of the Assemblies in 2012. Since few Delegations were able to come to these briefings, the Delegation proposed, for the consideration of the PBC, which had initiated the idea of the briefings, to discontinue the oral briefings while maintaining only the posting of the information in writing on the WIPO Internet site each month, particularly in view of the extent to which information had been made available so far.

771. The Secretariat appreciated the suggestion in view of the general context of seeking efficiencies and being more effective, noting that the attendance at any briefing had ranged from two to six Delegations while those briefings were all organized with interpretation provided in three languages. The Secretariat would be happy to either continue the oral briefings in addition to providing written reports, or to continue only with the written reports while being prepared to organize an occasional oral briefing on a specific request.

772. The Delegation of France supported the intervention by the Delegation of Switzerland and invited the Delegations not to hesitate to make suggestions regarding the needs and demands for reports and meetings since, in the Delegation's view, Delegations should take their own responsibilities. In the case at hand, the PBC could decide at this session to proceed differently on what it had requested at the previous session. The Delegation also suggested that an email notification be sent to the Permanent Missions each time an update became available on the WIPO Internet site, on a monthly or bi-monthly basis.

773. The Delegation of Belgium, speaking on behalf of Group B, expressed support for the proposal made by the Delegation of Switzerland.

774. The Delegation of Mexico noted that, just as Member States expected the Secretariat to carry out efficiency and saving measures, Member States should also recognize when certain activities did not meet expectations. In particular, the Delegation remarked that it had been one of the two Delegations present in the briefing held on July 11, 2013, and that was not the first time it had happened. The Secretariat was correct in saying that it was useful to hold these briefings, but written reports could be sufficient. This would not in any case prevent, if necessary, holding a briefing on a specific topic, at the request of the Member States. In terms of efficiency, it would be rather reasonable to suspend these briefings for the time being because the participation of the Member States was too low.

775. The Delegation of Spain thanked the Secretariat for having organized these briefings since last year. As one of the Delegations that participated in almost all these briefings, the Delegation asked for an update on the status of the report that was to be provided by the Secretariat on the causes that had led to the amicable termination of the contract between WIPO and the former General Contractor.

776. The Delegation of El Salvador, while noting that, similarly to other Delegations, it did not dedicate itself to just one organization, wanted to highlight the importance and the relevance of the content of the briefings for Member States. The Delegation asked the Secretariat to leave

open the possibility for a regional group to request an information meeting for a specific matter, in which case the group members present could brief the other members.

777. In response to the Delegation of Spain, the Secretariat confirmed that a status report on the projects would be presented at the September session of the PBC. In response to the Delegation of El Salvador, the Secretariat confirmed its readiness to respond to any requests from Member States if clarifications were sought.

778. The Delegation of France emphasized that the updates on the constructions projects available on the WIPO Internet site did not need to be “formalized reports” and that fact sheets focusing on the periodical updates would be sufficient.

779. The Secretariat noted that the approach it had taken for the oral briefings and written presentations had been, so far, to emphasize updates from one briefing to the next. It had already been agreed with Delegations present at the May briefing that there would be no briefing in August due to the Summer holidays, neither in September due to the PBC and Assemblies sessions. The written presentations would continue to be available on the WIPO Internet site, on the dedicated page accessible to delegates under the Observatory on financial data. Finally, the Secretariat confirmed that an email would be sent every time to announce that an updated written presentation was posted.

780. The Delegation of Mexico suggested that the Secretariat inform the Member States of the decision made of the PBC at this session and direct them to the WIPO Internet site for updated information.

781. The Secretariat confirmed that it would proceed accordingly.

782. The Delegation of France inquired as to how the Secretariat envisaged to make the future conference hall facilities available to other organizations in the United Nations system, for conferences such as those of the ILO, WHO, The Human Rights Commission, noting that WIPO would not need a conference room for almost one thousand participants on a daily basis. It was understood that rental arrangements, perhaps not at prices applicable to commercial leases, could be made to demonstrate the multilateral commitment of this Organization towards its sister organizations.

783. The Secretariat indicated that the matter was already reflected in the draft Program Budget, under indicator 9.1, in the second part, noting in particular that the proposed baseline, starting in 2015, provided for at least two requests per year made by Member States or other international organizations or entities for meetings other than the WIPO meetings. As for the Program and Budget for 2016/17, the Secretariat would update the target on the occasion of this discussion. The Secretariat mentioned that regular meetings were being held with other UN agencies (the UNOG, ILO, WHO, WTO and ITU) including one such meeting hosted at WIPO a month ago, where sharing facilities and premises were on the agenda. The possibility that the future WIPO conference room and adjacent facilities could be made available to other organizations was specifically discussed on several occasions. However, the Secretariat wished to caution the PBC that it had to be prudent and reserve enough time to test the new facilities in the first year so as to feel comfortable with the new space for the Member States as well as the Secretariat, and only envisage rental to others later on.

784. The Delegation of France suggested that the Program and Budget could be more aggressive. While understanding the need to be cautious at the beginning, it felt strongly that strengthening links with other organizations in Geneva in order to host intergovernmental meetings was essential.

785. The Secretariat proposed to consider words along the lines of “promote the use of” the conference hall.

786. The Secretariat introduced the text of the draft decision reading as follows: “(1) having reviewed the draft proposed Program and Budget for 2014/15 biennium, the Program and Budget Committee requests the Secretariat to: (i) reflect the changes arising from the discussions in the course of the PBC session to Programs 1, 2, 23, 4, 8, 9, 10, 11, 15, 17, 18, 20, 23, and 27. (ii) consider all of the concerns and issues raised by Member States and respective SMEs and innovation and provide additional information in relation to the alternatives proposed by Member States. (iii) in accordance with the above, submit a revised proposed Program and Budget 2014/15 for the PBC's consideration at its 21st session. This revised proposal will include a summary table providing an overview of the Capital Master Plan and its relationship to the Program and Budget. (2) The PBC further requested the Secretariat to prepare the following documents regarding the matter of external offices, emphasizing the Member-driven nature of this process: (i) an information paper, to be circulated prior to the next session of the PBC, in response to questions and requests for further information made by Delegations at the present session. (ii) an in-depth study to address, in a comprehensive manner, all the issues related to this matter, including those that were raised by Delegations at the present session.”

787. The Delegation of the United States of America considered that, in paragraph 1 (ii), “consider all the concerns raised by Member States in respect to Program 30”, it would be more accurate to refer to SMEs. It also stressed that Program 30 be re-introduced into the budget proposal. The Delegation emphasized that the Innovation Division should remain fully intact and Program 30 operational at least through the end of the year, and beyond that through these revisions.

788. The Delegation of Italy, in line with the statement by the United States, expected and assumed that the Secretariat would provide a new proposal based on concerns and issues raised by Member States (point 1(iii)). The Delegation also reminded other Delegations that, at present, Program 30 did not exist as such. One of the alternatives would be to put it back in, and that was exactly what the alternative was. It recalled that there were three alternatives put on the table. The Delegation emphasized that it wished to see the alternative that included the implementation of Program 30 in the revised document.

789. The Delegation of Poland reiterated that CEBS Group wished to have the text as it stood (as read out by the Secretariat).

790. The Delegation of the Russian Federation, referring to point (i), did not understand what the changes arising from the discussions were and preferred the initial version of the text. It asked clarification regarding references to Program 20.

791. The Chair asked what was meant by “initial version”.

792. The Delegation of Poland responded that it was the version that the Secretariat had submitted and Program 20 as it had been submitted and presented by the Secretariat.

793. The Secretariat clarified that the list of programs in the decision text was meant to reflect whether there were discussions, editorial changes and/or changes to some of the indicators. It noted that, in Program 20, it had to go and look at one paragraph. However, the mention of program 20 could be taken out if the Delegations so wished.

794. The Delegation of Switzerland requested clarification on point two and on SMEs. The Secretariat would be looking at two elements. First of all to encapsulate the entire discussion, not just provide additional information on the three options. However, the Delegation thought it was broader than that, that the engagement would be broader and there would also be additional information. The Delegation wished to be sure of that.

795. The Delegation of Egypt wished to add Program 12 to the list and to capture the discussions and proposal for the results framework as well, as it had made suggestions in relation to the results framework.

796. The Delegation of Australia supported the comments made by the Delegation of Switzerland and would have some suggested changes to the wording of paragraph two to more accurately reflect the situation. After the words "additional information," it suggested the inclusion of "and proposals." Then delete the words "in relation to," and replace those with "taking into account." After the word "proposed" in the last line, include the words "and comments made." The text would read: "Consider all of the concerns and issues raised by Member States in respect of SMEs and Innovation and provide additional information and proposals, taking into account the alternatives proposed and comments made by Member States."

797. The Delegation of Hungary welcomed the language on the issue of the SMEs proposed in 1(ii), but also agreed with Switzerland's suggestions, and supported the language proposed by the Delegation of Australia.

798. The Delegation of the Republic of Korea was uncomfortable with the language in point 2(ii). The Delegation still wished the process of establishing the new offices to be split into two phases, namely the approval of guidelines and the selection process. In this regard, the Delegation thought that the in-depth study should not include any indication of candidate countries before approving the guidelines which were applied to the selection process.

799. The Secretariat commented on the proposal made by the Delegation of Australia and hoped that the Delegation was not expecting the Secretariat to provide multiple proposals or copies of the revised Program and Budget document since the word "proposals" was put in the text. To say: "provide additional information taking into account the alternatives" might be feasible.

800. The Delegation of Australia understood the point made by the Secretariat and was ready to revise the language to "and a proposal", or even to make it clearer, "a revised proposal."

801. The Delegation of the United States of America found the text of point (iii) confusing in the way it was currently drafted and proposed to change it to: "this revised proposal will also include a summary."

802. The Secretariat responded to the intervention of the Delegation of Egypt and proposed to add, at the end of the sentence, "as well as resulting changing to the results overview", as the changes in the programs would then trigger changes in the results overview.

803. The Delegation of Spain, referring to its proposed point (iii), said that the inclusion of the Capital Master Plan would focus membership's attention more clearly not only on improvements to the investment plan and links to programs, but also to the implications in terms of the budget itself. It wished to see this reflected in the text.

804. The Chair summarized by saying that the revised proposal would include a summary table, providing an overview of the Capital Master Plan and its relationship and implications on the Program and Budget.

805. The Delegation of Poland understood that there were three proposals on SMEs and wished to know which would be chosen for the budget.

806. The Delegation of Brazil requested the insertion of another item under point one regarding the changes that were requested by Member States that referred to all documents, or cross-cutting concerns. For example, the language and the major risks and mitigation were raised in many of the items, and they did not refer specifically to one program but also to the

financial overview, even the foreword by the Director General. The Delegation requested the Secretariat to assess these and to provide improved language reflecting the improved mitigation of risks in mitigation boxes for every program, even those that were not related.

807. The Secretariat reminded Delegations that since the present session was a formal session, everything being said would be recorded, a report would be produced, which, in turn, would be carefully analyzed in order to reflect all the changes requested by Delegations. However, should the Delegations wish, the detailed listing could be reflected in the decision text. In response to the question from Poland, the Secretariat confirmed that it would produce a proposal reflecting the debate on the floor basically because the meaning of the debate was centralized versus decentralized, and the Secretariat had received some very helpful comments. Obviously, there were three alternatives put forward, but the Secretariat was going to look at all the comments on record carefully and come up with a revised proposal.

808. The Delegation of Algeria inquired about the comments on Program 20 in the list.

809. The Delegation of India referred to one paragraph in Program 20 which was going to be dealt upon regarding external offices. It sought confirmation as to its understanding that the list in the decision text (i) generally indicated the programs where changes would be made. If that was so, then Program 20 should be added.

810. The Delegation of the Russian Federation suggested changing the wording. Instead of saying "reflect the changes," say something else, because otherwise the text did not apply to Program 20.

811. The Delegation of France supported the suggestion made by the Russian Federation. There were a number of elements involved there. Certain sets of programs were going to change and the rest would remain unchanged, but a formulation of a more general nature could be found e.g., "reflect changes arising from the discussion in the course of the PBC sessions to the current draft Program and Budget" or something along those lines. The Delegation thought that to list the 12 programs for which there was a request for a change, and not have a reference to Program 30 would not be to the Delegations' liking, as it gave the impression that members had the same in-depth discussion on all the programs, which was not the case. The text should be more general in nature without making life more complicated than necessary.

812. The Delegation of Mexico stressed that the information paper to be provided on the external offices should contain background information, which was a documentation that already existed. However, the Delegation did not mean memoranda of understanding or annual reports or agreements. It meant the necessary documents that members needed as background information.

813. The Chair summarized the discussion. In paragraph one, in order to avoid duplication of discussion when members reconvened in September, only the programs where changes had been requested were listed. By elimination, the programs that were not mentioned had no changes to be made to them. Therefore, when the PBC met in September it would know what had been changed.

814. The Secretariat clarified that there would be some small changes elsewhere but only those of a very general cross-cutting nature, which had been part of the general comments.

815. The Chair opined that, in such a case, the language was not correct and the Delegation of France was right. If it said "reflect the changes arising," then one had to say that there were changes in the other programs and then it would get very confusing.

816. The Delegation of Switzerland found the wording suggested by France acceptable, but recalled that it had originally suggested "including" before the enumeration of the programs. Adding the word "including" meant the list was not complete.

817. The Chair commented that the language was confusing language. It should either be very specific or very general but not both.

818. The Secretariat suggested taking France's suggestion on board and saying "reflect the changes arising from the discussions in the course of the Program and Budget Committee session to the draft Program and Budget." The Secretariat re-read the entire text for Delegations' convenience: "Having reviewed the draft proposed Program and Budget for the 2014/15 biennium, the Program and Budget Committee (PBC), requested the Secretariat: (1) to reflect the changes arising from the discussions during the course of the PBC session on the draft Program and Budget; (ii) consider all the concerns and issues raised by Member States in respect of SMEs and innovation and provide additional information and a revised proposal, taking into account the alternatives proposed and comments made by Member States; (iii) in accordance with the above, submit a revised Proposed Program and Budget 2014/15 for the PBC's consideration at its 21st Session. This revised proposal will also include a summary table providing an overview of the Capital Master Plan and its relationship and implications in terms of the Program and Budget. (2) The PBC further requested the Secretariat to prepare the following documents regarding the matter of external offices, emphasizing the member-driven nature of the process: (i) an information paper to be circulated prior to the negotiation session of the PBC in response to questions and requests for further information made by Delegations at the present session; and (ii) an in-depth study to address, in a comprehensive manner, all the issues related to this matter, including those that were raised by Delegations at the present session."

819. The Delegation of Poland, on the last part of point 1(ii), referred to the alternatives proposed by Member States. One of the proposals, one of the three, had been proposed by the Chair. The Delegation asked if that proposal was also included. This was the second proposal, an important proposal but it was not a Member States' proposal.

820. The Chair responded that his proposal was agreed by Member States so there were three alternatives.

821. The Delegation of Poland referred to the word "proposed" in the text. It should say "alternatives proposed by the Chair and Member States" or "by the Member States and the Chair". That would be the correct reflection of that what had happened.

822. The Chair suggested: "All the alternatives proposed by the Committee".

823. The Delegation of Australia did not believe the text reflected the exact discussion. Perhaps it could say "during discussions" or "proposed in the committee".

824. The Delegation of the Republic of Korea suggested adding the phrase, "without any indication of candidate countries before the Member States approve the guidelines which will be applied to the selection of the countries for hosting." after the last word "at the present session".

825. The Chair commented that in the present text there was nothing in the study that committed to any Member State. The language said "information paper" in response to the requests for further information made by the delegations of the present session. The second, an in-depth study to address, in a comprehensive manner, all the issues related to this matter, including those that had been raised by delegations at the present session. The Chair said that he would be more comfortable leaving the language "as is" rather than opening another big debate on this issue.

826. The Delegation of China supported the Chair's comments. The Delegation felt that paragraph 2(ii) mentioned all issues in a comprehensive manner. That wording had already included the comments made by the Korean Delegation and their statements. The Delegation suggested not engaging in a new debate because the existing wording was already very comprehensive.

827. The Delegation of the Russian Federation fully shared the Chair's viewpoint and felt that point (ii) should remain as it was.

828. The Delegation of Chile, in reference to point 2(i) and the idea of having factual information, wished to know if this was going to be contemplated in the answer that Members were going to get from the Secretariat.

829. The Secretariat responded that it would appear in the cross-reference. It would be footnoted and the material would be made available.

830. The Delegation of Mexico suggested adding "an information paper, including background documentation" to point 2(i). Members did not want footnotes but the original documents. This would not be time consuming for the Secretariat because it already had the documents that could be annexed.

831. The Delegation of Iran (Islamic Republic of) expressed its appreciation to the Chair for his able leadership and thanked the Secretariat for their tireless efforts to come up with the proposed language. With regard to paragraph two, the Delegation supported the position of the Delegations of China and Russia i.e., to keep the language as it was and not to prejudge any inclusion or exclusion.

832. The Delegation of the Republic of Korea stated that it was very flexible on the language of that paragraph. However, the Delegation wished to ensure that the processes would be split into two processes: approval of the guidelines by Member States, then the follow-up activities including the suggestion for the candidate countries which should come later. If that was the approach to be taken, the Delegation had no special preference for the language used to express it.

833. The Secretariat clarified that the text of paragraph two was about providing information. It did not provide the process, which Member States were at liberty to discuss once they were provided with the information. Members would be discussing the process when they came back to the PBC. The Secretariat would be providing information, emphasizing the member-driven nature of the process.

834. Concluding the discussion on the decision text, the Chair thanked the Delegation of the Republic of Korea for its flexibility.

835. The following decision text was adopted:

(1.) Having reviewed the draft proposed Program and Budget for 2014/15, program by program, the Program and Budget Committee (PBC) requested the Secretariat to:

(i) reflect the changes arising from the discussions in the course of the PBC session to the draft of the Program and Budget 2014/15;

(ii) consider all of the concerns and issues raised by Member States in respect of SMEs and innovation, and provide additional information and a revised proposal, taking into account the alternatives proposed and comments arising from the discussion in the course of the PBC session; and

(iii) in accordance with the above, submit a revised proposed Program and Budget 2014/15 for the PBC's consideration at its twenty-first session. This revised proposal will also include a summary table, providing an overview of the Capital Master Plan and its relationship to, and implications for, the Program and Budget.

(2.) The PBC further requested the Secretariat to prepare the following documents regarding the matter of external offices, emphasizing the Member driven nature of this process:

(i) an information paper, including background documentation, to be circulated prior to the next session of the PBC, in response to questions and requests for further information made by Delegations at the present session; and

(ii) an in-depth study to address, in a comprehensive manner, all the issues related to this matter including those that were raised by Delegations at the present session.

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

836. Discussions were based on document WO/PBC/20/4.

837. The Delegation of Algeria (on behalf of the African Group) noted that it was among the groups which had asked for an examination of the budgetary process for the financing of projects of the CDIP. Its comments on this document were, firstly, that the budgetary procedure seemed not to be very future-oriented because, as seen quite clearly when the projects were proposed in the CDIP, they were not budgeted ahead of time. As a result, money was brought in from the reserves, from amounts for other projects or for other Committees, and the Delegation wished to avoid such procedures in the next biennium. Instead, it noted that it wanted to have an amount allocated for future projects right from the start, since the mechanism as it was did not foresee financing for future projects. In the Delegation's view this was a significant gap in the budgetary mechanism, which should be future-oriented, and should have an amount allocated to future projects. If there were no such projects, such amounts could be rolled forward to the next biennium. Secondly, the Delegation took note that, within the current mechanism, there was already the establishment of resources for projects which were only in their first phase of implementation, assuming that there would be a second phase. However, the Delegation wanted the mechanism to apply to projects which were already within the CDIP, because there were a lot of projects within the CDIP which were only in their first phase. The second phase of these projects would happen pending the agreement amongst Member States, but the Secretariat had not foreseen allocations to the South-South Cooperation or the Technology Transfer projects, which were only in their first phase. These would probably have a second phase, but the Secretariat did not seem to have foreseen any budgeting for those projects. Thirdly, the Delegation noted that paragraph nine of the document under review only invited the Committee to take note of its contents. The Delegation was of the view that there were lessons to be learned on the basis of the current budget and that there should be a recommendation for allocating resources to projects in the future. It further noted that it did not consider that the door could be closed to other projects which may be presented for the 2014/15 biennium. Accordingly, the Delegation considered that the PBC should recommend that these resources be established.

838. The Delegation of Switzerland pointed out that it was satisfied with document WO/PBC/20/4 and was satisfied to take note and recommend that the procedure decided in 2010 for the financing of the DA projects related to CDIP would continue to be applied. In the Delegation's view, the procedure was discussed at length in 2010 and a compromise had been

found, which, contrary to what had been said, took the future needs fully into account. The procedure was flexible and took note of projects which would be decided on and which would have financial implications during the biennium. The Delegation did not see why money needed to be blocked ahead of time, when it was not known if it would be needed to be spent. In the past, money had been set aside and blocked, which had created difficulties because that money could not be used for other activities, which was regrettable. The Delegation noted that the process which had been developed was fully aligned with the mainstreaming of the DA within WIPO's activities, and fully integrated into WIPO's budget rather than some kind of separate budget for the development agenda which was, of course, contrary to the philosophy of it being integral. The Delegation felt that the current budget mechanism was satisfactory, as it enabled the recognition of the budget and the results, and it did not see any need for allocating something in a separate way.

839. The Delegation of Belgium stated that it was in favor of conservative and prudent budgeting, as it had stated in its opening statement, and it was of the view that the document under discussion achieved this. It did not see the need to change the parameters for the amounts or the decisional paragraph.

840. The Delegation of Brazil (on behalf of DAG) associated itself with and supported the statement of the Delegation of Algeria on this particular issue. In its view, it was indeed absolutely necessary to grant predictability to the projects within the CDIP and it was necessary to include them clearly in the budget. It considered that planning for the second phase of the CDIP projects was essential and should be resolved.

841. The Chair gave the floor to the Secretariat to respond to the questions asked.

842. The Secretariat drew the attention of Delegations to the original document from 2010, document WO/PBC/15 Rev., which made it clear that the budgetary mechanism was forward-looking as well, because the document stated that for those projects which could not be foreseen at time the budget was prepared, and which were approved by the CDIP during the biennium, the necessary funding would be identified in accordance with Financial Regulation 5.5 on transfers. The Secretariat was of the view that the mechanism was forward-looking. The mechanism was put in place firstly in order integrate the development agenda projects into the regular work of the Organization, secondly, in terms of planning, monitoring and evaluation, in order to link these projects up to the expected results of the Organization, and thirdly, also from a budgetary point of view, to make sure that the funding would be there. Due to the time lag between the discussion and approval of the development agenda project in the CDIP and the approval of the Program and Budget, the mechanism did foresee the making available of funds should such projects be approved, after the approval or during the implementation of an approved Program and Budget. The Secretariat highlighted that, in the current biennium, this was exactly what had been done. Two projects were not foreseen at the time the Program and Budget for 2012/13 had been approved – these were the Burkina Faso and the South-South Cooperation projects, which had been discussed and approved by the CDIP during 2012/13. Accordingly, after the approval of the Program and Budget, and in line with the mechanism, the funding had been made fully available for these projects and their implementation had started immediately after approval, therefore limiting the time lag between approval and implementation.

843. The Delegation of Egypt thanked the Secretariat for preparing the document under consideration. The Delegation was of the view that the budgetary mechanism should be enhanced and improved to allocate resources for future phases of current CDIP projects, as well as to allocate resources for new projects. The Delegation stated that the PBC should recommend to the General Assembly the improvement of such a mechanism.

844. The Delegation of Algeria (on behalf of the African Group) noted that paragraph seven of the document stated that, for the Burkina Faso project, which was adopted after the approval of

the 2012/13 budget, financing was achieved through savings made in the development projects. The Delegation stated that it wanted to avoid the Secretariat having to make savings on some projects in order to finance other projects. It also stated that it wanted to avoid getting into budgeting issues during the CDIP. The Delegation noted that, in the CDIP, every time a project was discussed, the Committee was told that there was no budget. It was of the view that there should be resources foreseen for future projects. There should be no need to count on savings to be transferred from here and there from one project to another.

845. The Delegation of Monaco noted that the same questions were being raised in this PBC which had already been raised several years ago. The questions related to how the projects that would be adopted could be foreseen ahead of time so that the appropriate resources could be determined and provided in advance, and how these resources would be provided under the budget, and what would happen if the level of these resources were too low or too high. At the time this was discussed, the agreed solution was the mechanism, introduced to enable the allocation of resources when projects were adopted. The Delegation indicated that it was satisfied with the current procedure and the document from the Secretariat.

846. The Delegation of France supported the statements of the Delegation of Monaco and Switzerland. It noted that Delegations had a tendency to open discussions on many items, which it considered regrettable. It considered that a compromise had been reached and there was no need to change the mechanism that was agreed. It further considered that in order to keep things simple, there should not be different approaches and criteria should be set for the different projects.

847. The Delegation of Iran (Islamic Republic of) supported the statements of the Delegation of Algeria on behalf of the African group and the Delegation of Egypt and the DAG.

848. The Chair requested the Secretariat to respond, noting that there were some Groups which were not satisfied with the mechanism, while others felt it was satisfactory and working well. The Chair questioned whether there would be a way to enhance the mechanism in order to come to a compromise.

849. The Secretariat provided clarification in respect of the question from the Delegation of Algeria, and confirmed that the document did indeed make reference to resources having been identified from savings generated from completed DA projects. This statement had been included in the document in order to be fully transparent as to the source of funding for the projects. However, had there not been any savings from the current DA projects, the Secretariat stated that the funds would have been identified within the budget, in accordance with the mechanism approved by Member States in 2010, and in line with Regulation 5.5 on transfers.

850. The Delegation of Brazil thanked the Secretariat for the valuable information provided. It noted that those Delegations that wanted projects to be developed within the CDIP were placed in a position of having to go through a discussion as to whether or not there were funds available for such projects. The Delegation noted that this was a fact, and that it was faced with this situation all the time, because there were funds in the budget identified specifically for those projects beforehand. It acknowledged that there was a mechanism in place and that it had been adopted, but stated that there remained a problem, as every time a project proposal was put forward, the Delegation had to go through a lengthy discussion once again. The Delegation wanted to know how to address this problem. Furthermore, it noted that it was also necessary to talk about the second phase of projects as well. It questioned why specific provisions could not be made for the second phase of projects. If such a second phase would not be adopted, for example because it was considered that the first phase had been a failure, then the money set aside could be transferred to other projects or to other things. The Delegation questioned why this could not be done, for example. It stated that the important point that had been raised

was that there was a fundamental problem in the workings of the CDIP and that was what the Delegation wanted to see addressed.

851. The Delegation of Switzerland stated that the way to move forward on this issue was to follow what was proposed, and to recommend to the Assembly to take note of the document. The process had been implemented during the biennium in a satisfactory manner, and it has enabled the financing of projects which were decided on by the CDIP. The Delegation noted that it had not heard that any project had been refused because of a lack of funding. If projects were refused, this was because delegations did not agree on them in substance, and where clarifications were needed, some projects had been revised. In the Delegation's view the mechanism, as it existed, had enabled the CDIP to launch and implement projects. The Delegation stated that it needed to be understood that money did not fall out of the sky into WIPO's lap. The Organization had limited funds and the Delegation had heard members talking about wanting to create external offices. If Delegations wanted to allocate money for that purpose, they would not be able to finance all the things in the Organization. The Delegation stated that it was artificial to mobilize money when there was not anything foreseen to use it for. The Delegation recalled that, in the past, money had been set aside, money had been blocked and members had seen the difficulties that this had created because that money could not be used for other activities, which was a shame. The process in place was fully in line with the goal to fully integrate DA within WIPO activities and its budget. To have separate budgeting for DA would be contrary to the philosophy of being integral. The Delegation felt that the mechanism enabled Member States to recognize the budget and the results and saw no need to allocate funds in a separate way because the current budgeting mechanism was satisfactory.

852. The Delegation of Sweden thanked the Secretariat for the document and the constructive approach and indicated that the way forward in its view was very much along the lines of what had been stated by the Delegation of Switzerland. It noted that there was nothing that said that there would be no funding for good projects, and it was probably even good for the quality, the process and the transparency of the new potential projects, if there was a process where the project was first presented in substance. Then, in the second stage, Delegations would decide whether it was a good project and then identify the funding for it. The Delegation stated that it fully supported the document on the table and the way forward, as presented by the Secretariat.

853. The Delegation of Brazil (on behalf of the DAG) took note of the comments made by other Delegations, but reiterated that it could not agree that the workings of the budget in terms of the CDIP were satisfactory. It could not agree with that. It also again stressed the possibility of exploring specific budgeting for the second phase of projects already approved.

854. The Delegation of Egypt reiterated its support for the statement made by the Delegation of Brazil on behalf of the DAG and the Delegation of Algeria on behalf of the African Group. It hoped that things were going well. The Delegation stated that this was a request to address a need that existed in reality. The problem with the mechanism was that it was a mechanism to integrate CDIP approved projects into the budget and not a mechanism to plan and allocate resources in advance for projects that might be approved by CDIP. This was the basic dilemma being faced. It stated that, in the current biennium, the Secretariat had explained, in the document, that it had planned ahead for the second phases of current projects under implementation, subject to approval by the CDIP. However, the Delegation noted that it did not see this aspect reflected in the proposed budget for the next biennium. It noted that the Secretariat, with all good intentions, had managed to find resources for additional projects that had been approved. It was of the view, however, that at this stage, when the planning was done, Delegations could be more prudent and wiser, and could plan ahead rather than be subject to ad hoc preparation or arrangements like transfers between programs or the identification of savings to finance the project. In the Delegation's view, this problem needed to be fixed. It wished to suggest that the PBC recommend to the General Assembly to improve and enhance the mechanism in order to make provision for planning ahead for the second phases of projects or for additional projects that would be approved by the CDIP, and that the

budget itself would include additional resources for the second phases of projects. If no such second phases were to materialize, the money would be transferred to other activities and programs, in accordance with the financial rules and regulations.

855. The Delegation of Monaco remarked that one should not try to fix what was not broken. In its view, there was nothing wrong with the current process. It wished to hear somebody explain what exactly was not working with the current procedure, if there was any adopted project for which funding had not been found. If that had been the case, then the Delegation would have understood members saying that the mechanism did not work. The Delegation pointed out that the mechanism actually aimed at identifying funding for projects adopted by the CDIP during the biennium. If the Secretariat could identify specific projects that could not have been funded, only then would the Delegation understand the drive to “fix it”. Otherwise, the Delegation did not see any reason behind the desire to change the mechanism.

856. The Delegation of Japan thanked the Secretariat for a good document which described the current situation well, and showed that the mechanism worked well. The Delegation stated that it considered it difficult to find a legitimate reason to change the mechanism which had worked well.

857. The Secretariat indicated, in its response, that as far as the mechanism was concerned, the approval process was the same regardless of whether it was the second phase of a project or a new project. The only difference was that for a second phase project there was an evaluation of the first phase which was then discussed by the CDIP, and only then would the CDIP subsequently consider a second phase for approval. In respect of the question as to whether there had been any projects which were approved by the CDIP in 2012 and were not funded through the mechanism, the Secretariat called the Delegations’ attention to paragraph six of the document under discussion, the second sub-paragraph of which noted that the two projects discussed but not approved by the CDIP in 2011 were subsequently approved by the Committee in 2012, and their implementation started immediately after approval.

858. The Delegation of Senegal supported the intervention made by the Delegation of Algeria on behalf the African Group, and hoped that the mechanism would enable the making of provisions for projects that would be adopted by CDIP.

859. The Delegation of Switzerland wished to pose a question to those Delegations which had asked to have provisions set aside. Where did they wish to obtain the money for such provisions? The Delegation wished to know in order to have a more specific idea of where the discussion was heading.

860. The Delegation of Morocco supported the proposal put forward by the Delegation of Algeria on behalf of the African Group, as well as that of the Delegation of Brazil. The Delegation was of the view that it was a good thing to ensure the financing for the mechanism and further noted that it was a good thing to enable the developing countries to take advantage of the projects decided on by the CDIP.

861. The Delegation of Spain stated that, as in previous discussions, it wished to know the possible budgetary implications of any decisions that were proposed to be made. This information should be made available before the decision was made.

862. The Delegation of Sweden also stated that it wished to know whether there were any budgetary implications. It further noted its belief that all Delegations would agree that it was desirable to have quality projects – this was applicable to all projects agreed upon in WIPO. The question was how to achieve that. How to ensure the maximum quality when it came to different projects – was it done by giving a bag of money to certain Committees, telling them to do something with the money? Or was it rather by asking Member States to develop projects

and to motivate them and then ask for the specific funding for specific projects? How would higher quality be assured?

863. The Secretariat proposed the following revised language for the PBC's consideration in respect of the decision paragraph, in an attempt to reassure everyone and address the concerns expressed about the funding of the projects. The revised proposed text was read out as "The PBC recommends to the Assemblies of the Member States of WIPO to take note of the contents of this document" and then add the following sentence "and note that development agenda projects approved by the CDIP will continue to be fully funded in accordance with the mechanism approved by Member States in 2010".

864. The Delegation of Brazil thanked the Secretariat for their explanations and for the proposed language. It stated that it would attempt to be clearer on what seemed to be the problem from the Delegation's perspective. It assured the Secretariat that it was not the problem. The Delegation considered that the Delegation of Algeria formulated the point quite eloquently in stating that attendance at a CDIP meeting often looked like a PBC meeting. In the Delegation's view this was a problem, because at the CDIP, Delegations wished to move the development agenda and to implement projects. However, the Delegation considered that it was at a disadvantage at the CDIP meetings, because it had to go through lengthy discussions on the budgetary impact of projects. In its view, this should not be necessary. It wished to see, for example as proposed by the Delegation of Egypt, that provisions were made for the second phase of projects. If the second phase of an approved project was not undertaken for any reason, then that funding could be re-directed to other activities. The Delegation was of the view that this would add predictability to the workings of the CDIP, and the Delegation would have one less battle to fight. The Delegation concluded by thanking the Secretariat for explaining how things worked and for making sure that they would remain committed in terms of making every effort so that approved projects could be implemented. The Delegation hoped, however, that it had made it clear that its concern was of a different nature, and that was why it wanted to see that projects within the CDIP were specifically integrated into the WIPO budget.

865. The Delegation of France indicated that it continued to be surprised by the discussion. It had not previously heard about the disadvantageous positions some Delegations felt they were in at the CDIP. The Delegation took note of this as well as of all the positions expressed in the PBC. However, the Delegation was delighted to know that prior to the approval of a project, both the budgetary implications and the merit of the project were considered. In its view this was a positive thing. The Delegation noted that, as the Delegation of Monaco and other Delegations had said previously, if there had been a significant problem regarding the financing of a project that was a priority for Member States, then of course this would have to be discussed. However, the Delegation did not have the impression that this was the case. The Organization had to make choices, as the available funding was limited, and should be used to finance good projects. The Delegation found it difficult to understand what change should be made to the mechanism. It felt that the discussion should be brought to an end, as positions expressed were quite clear, and it felt that the language in the decision paragraph reassured Delegations as far as the integrity of the procedure was concerned.

866. The Delegation of Monaco stated that it was, as the Delegation of France had said, it was important to look at the budgetary implications when adopting a project. It expressed its hope that the budgetary implications of the projects would continue to be looked at when the projects were adopted. The Delegation underlined that it would never let a project be adopted without looking at its financial and budgetary details. It did not consider that this point could be questioned, because whatever the budgetary procedures might be when projects were reviewed, Delegations looked at the contents and activities and, of course, also at the budgetary implications.

867. The Secretariat proposed the following revised language for the PBC's consideration in respect of the decision paragraph in order to try to address the concerns about subsequent

phases of ongoing projects and to make that explicit in the decision paragraph. “The PBC recommends to the Assemblies of the Member States of WIPO to take note of the contents of this document” and add the following revised sentence: “and note that DA projects, including subsequent phases of ongoing projects approved by the CDIP, will continue to be fully funded in accordance with the mechanism approved by Member States in 2010”.

868. The Delegation of Egypt thanked the Secretariat for the very interesting addition and language they had introduced. It had only one suggestion, to replace “note that development agenda project including (...)” with “ensure that development agenda projects, including (...) will continue to be fully funded”.

869. The Secretariat read out the final version of the paragraph decision.

870. The Program and Budget Committee:

(i) recommended to the Assemblies of the Member States of WIPO, to take note of the contents of document WO/PBC/20/4; and

(ii) requested the Secretariat to ensure that Development Agenda projects, including subsequent phases of ongoing projects, approved by the CDIP, will continue to be fully funded in accordance with the mechanism contained in document A/48/5 Rev. approved by Member States in 2010.

CAPITAL MASTER PLAN 2014-2019

871. Discussions were based on document WO/PBC/20/5.

872. The Vice-Chair invited the Secretariat to introduce the document.

873. The Secretariat noted that, within the context of the continued pursuit of the further improvement of financial management and controls, and building upon the results of the initiatives for strengthening management and financial resources launched under the SRP, the first view of a detailed and sustainable Capital Master Plan (CMP) had been drawn up for the Organization covering the following three biennia, from 2014 to 2019. The CMP provided the basis for a rolling six-year plan, covering the Organization’s capital expenditure needs with the purpose of (i) making capital investments in order to ensure that WIPO remains fit for purpose; (ii) reducing the need for reactive and emergency repairs; and (iii) eliminating or mitigating environmental security, health, and/or safety risks. The CMP would be reviewed and updated regularly to make sure it remained relevant. The Secretariat indicated that, in accordance with the principles and approval mechanism for the use of reserves approved by Member States at their forty-eighth series of meetings in September 2010, it proposed seven projects for funding from available reserves for a total estimated cost of approximately 11.2 million Swiss francs (out of the total 43.2 million CMP). The details of each project were presented in the Annex of the document, with (i) project objectives, (ii) a statement regarding the contribution of the project to the achievement of the appropriate biennial Expected Result of the Organization, (iii) clear timelines and budgets, and (iv) the proposed reporting mechanism to be followed. As a result of the implementation of these projects, additional recurring costs of 3.97 million Swiss francs had been identified as requiring funding from the regular budget over the next three biennia. For those projects where there were recurring costs in the 2014/15 biennium, these had been included in the 2014/15 Program and Budget proposals. As of the end of 2012, the Secretariat estimated that up to 20 million Swiss francs would be available above the target level, after funding of all previously approved and continuing reserve projects, which was not foreseen to be eroded over the coming biennium. Accordingly, the PBC was invited to (i) endorse the principles under which projects had been and would be included in the Organization’s CMP, as set out in the document WO/PBC/20/5; and (ii) recommend to the Assemblies of the Member

States of WIPO to approve the funding of the projects presented in the Annex to document WO/PBC/20/5, for a total estimated amount of 11.2 million Swiss francs, subject to the availability of reserves for this purpose.

874. The Delegation of Belgium, on behalf of Group B, thanked the Secretariat for the document, noting that it needed to be viewed together with other documents and figures to provide a full picture. It also expressed appreciation for the various briefings and updates that had been provided to Member States at the request of certain Delegations, following concerns expressed on the oversight and budgeting of issues related to the renovation of buildings and the new conference hall. In this context, Group B agreed that UN system buildings and facilities must be seen as systemic issues, requiring the best possible use of existing and renovated facilities in all locations, although this was not consistently clear in all documentation and presentations received. It further noted that presenting buildings, safety and security, and ICT projects in a single category might be practical, but that there was a risk of blurring the dynamics. In its view, these areas must always be carefully distinguished when analyzing costs. The Delegation called for clarification on the distinction between capital expenditure and investments, noting that in theory, only capital expenditure could have an impact on assets and liabilities. It further requested clarification as to the justification of the use of the reserves. The Delegation noted that costs must be contained as much as possible in the long run, in order to provide the best value for money in an otherwise very constrained budgetary environment. Investment in ICT was key to better online services delivery to all regions and countries, and was at the heart of what WIPO did and must do. Group B expected this to be properly reflected in the short- and long-term strategy of the Organization. The Delegation noted that reserves were once again systematically called upon, based on a rather flexible interpretation of what constituted exceptional circumstances and extraordinary administrative costs. Group B stated that, as it had noted in the past, it considered that there should be a stricter interpretation of what was defined as an extraordinary investment in order to avoid the use of the reserves as a parallel budget to finance what appeared to be rather ordinary and logical administrative costs for an agency like WIPO i.e., maintenance for software upgrades and security and policy issues.

875. The Delegation of Mexico thanked the Secretariat for the efforts undertaken to provide the basic requirements for ensuring the optimal functioning of WIPO, and took note of the need to address information communication technologies, buildings and projects related to safety and security. It also thanked the Secretariat for the realistic approach taken, recognizing the size of the problem and the financial situation, which meant that, in the medium term, not everything could be covered. Therefore, the Delegation supported the three priority levels established for the projects adding that funding would be provided only for those identified as high priority. The Delegation noted the importance of understanding the options for financing these projects, as well as the measures taken to prevent the increase in costs allocated to these. It reiterated the call for the Secretariat to undertake efficiency savings beyond the one per cent reduction of the budget, so that more could be done in the long-term without using up all the reserves. It further reiterated that the reserves should only be used for extraordinary, urgent measures, and should not be considered as an alternative budget of the Organization. The current presentation of the regular budget and reserve funds gave the impression that there were not any regular increases in the budget of the Organization when, in fact, there were. The Delegation indicated that, in its view, the Organization needed to make efforts to reduce foreseeable costs. Despite the foregoing, the Delegation took note of the proposed financing being along the lines of decisions made for the use of the Organization's reserves, but considered that there was a need to use the income to top up the reserves, and there should be flexibility with regard to the Secretariat's proposal. In concrete terms, the Delegation wished to propose that this financing be approved, but only as a provisional measure for the 2014/15 biennium, which would enable the Secretariat to start as soon as possible on the issues labeled as urgent, while using the regular budget for other issues. In its view, the only way that the proposal as a whole could be agreed upon would be if it was presented by the Secretariat as an integrated financial strategy for the CMP with three possible sources: the regular budget, the budget from efficiency gains in the biennium and any surplus, and also the use of the reserves. The reserves should only be used in

exceptional and urgent cases. These efforts and the efficiency gains should enable a significant reduction in the required external financing for the plan, and would also ensure that the main objective of ensuring the optimal functioning of the office and sustainability of resources could be achieved.

876. The Delegation of Spain also thanked the Secretariat for the submission of the document and the exercise that it had performed in order to classify and prioritize the requirements, as well as to present these requirements over the timeframe of successive biennia. It noted that it shared many of the concerns expressed by the Delegation of Mexico and aligned itself with the statement of Group B. The Delegation indicated that, in its view, the Organization's reserve policies were very extensive, enabling the funding of multiannual projects, however important they might be. However, the Delegation was of the view that in the current times of uncertainty, which was also at a time when WIPO expected to have a significant increase in income, the use of the reserves for multi-annual costs may require particular vigilance and prudence. It further indicated that, before approving this request, it wished to see how the regular budget would shape up if the reserves were not used. Accordingly, the Delegation suggested waiting until September, once this information would be available, to review the situation in the light of this data and also in light of the current situation with the reserves, which it would like to have included in this document as well.

877. The Delegation of the United Kingdom was pleased to see the CMP and congratulated the Secretariat for producing a very good document. The Delegation supported the use of reserves for priority A projects identified, but pointed out that the plan over the next six years was ambitious and entailed a large expenditure of 43.2 million Swiss francs. In the Delegation's view, in order to deliver such an ambitious program, the quality of reporting would need to be of a high quality, and it looked forward to progress reports by the Secretariat, noting its hope that these would be both clear and of sufficient quality to allow for easy interpretation by the Member States. The Delegation further noted that the category B and C projects due to be undertaken in 2015/16 were predominantly building-related, and that it would expect to receive further information on these before any agreement to the plan was made. With regard to the specific projects proposed, the Delegation had questions for the Secretariat, specifically with regard to the project to cool the building using water from the lake. As these were environmentally-related issues, the Delegation would take these questions up outside the meeting with the Secretariat, as it was of their opinion that the PBC should remain the forum for discussing the budgetary implications of the projects.

878. The Delegation of Canada thanked the Secretariat for the presentation of this first CMP, noting that this kind of document reflected an essential spirit of transparency, which was indispensable in this Organization. The Delegation supported the statement made by Group B and wished to endorse several of the comments made by the Delegations speaking before on the subject of the use of the reserves. On the substance, the Delegation was surprised to note that the CMP would provide for an almost systematic use of the reserves, and that most of the proposed projects under the plan were of a general nature for the Organization, rather than of an extraordinary nature, which would then justify resorting to reserves. The Delegation considered that this was a very generous interpretation of the use of the reserves. The Delegation noted that to justify the extraordinary nature of expenditure proposed here, the CMP only submitted a brief evaluation, with little boxes which had been crossed, and it did not enable the Member States to conclude independently whether these expenditures were of an extraordinary nature or not. The Delegation also wondered whether the fact that a specific project complied with the principles set out for the use of the reserves should automatically lead to using or resorting to these reserves. In the Delegation's view, the first resort and reaction should be to resort to the regular budget. The Delegation noted that it expected the Capital Master Plan to be more transparent, and that expenditure for equipment would be budgeted elsewhere in the Program and Budget for the 2014/15 biennium, rather from the reserves. The Delegation wished to avoid the CMP becoming a parallel program budget, which would institutionalize the use of the reserves, because by its very nature, reserves should be used

parsimoniously for extraordinary expenditure and to be able to deal with unforeseen circumstances. The Delegation noted that the Member States had to be consulted before any use of the reserves, and therefore the use of the reserves should not be budgeted for, as this would go against their very nature, and the expenditure in question might become regular rather than extraordinary, and therefore, attributable to the regular budget.

879. The Delegation of Germany thanked the Secretariat for the very informative document and aligned itself with the statement made by Group B, noting that it was looking forward to receiving further information on the current level of free reserves in September. The Delegation further noted that it would be grateful if information could also be included on the future development of reserves, if this was a multiannual plan. Finally, the Delegation sought clarification about the relationship between the regular budget and the Capital Master Plan. It requested clarification as to whether the current costs were integrated into the budget for 2014/15, and confirmation that neither the expenses nor the reserves were budgeted for.

880. The Delegation of France supported the intervention made by Group B, as well as by other Delegations, which, in its views, demonstrated a great interest in this subject, together with the level of concern and implications it had for Member States. Accordingly, the Delegation had no objection to talk about the CMP at this point, but it expressed its surprise at the reason which was used for the postponement of the discussion of the previous topic. In the Delegation's view, there were many delegates who took great pains to be at the meeting on the night, for some at great personal cost, which the Delegation wished to stress. With respect to the reserves, the Delegation requested clarification with respect to the difference between reserves and net assets, which was something other organizations did not have, and which had many implications or repercussions for the current discussion. If reserves were the net assets of the Organization, this implied that the figure would change in the course of time, as a function of the evolution of assets and liabilities, and therefore there was no specific sum that could be discussed. The discussion was rather about an abstract concept, which presented a complication for the discussion. The Delegation further noted that, having reviewed the document, it considered that the definition of the criteria for funding from the reserves was rather vague, and that was rather striking. This was the reason why France intervened regularly to ask for an interpretation of what justified resorting to reserves. While the Delegation considered that everyone had room to operate to fulfill his or her individual responsibilities, the text was very vague, and therefore anything could be justified. In the Delegation's view, the Organization needed to avoid, as others also stated, the budget B syndrome, specifically concerning maintenance, investment, and ICT issues, since these were all ordinary expenditures, particularly if looking at the reference text. The Delegation stated that it was important for Member States to be assured that everything funded from the reserves was done so because something really special had occurred or something was extremely exceptional. But if it was just to reinforce the computer facilities of the Organization, the Delegation considered that that should be seen more as a normal expenditure and should be part of the regular budget.

881. The Delegation of Italy echoed the points previously made, particularly with respect to the view that the criteria for reverting to the use of the reserves should be interpreted strictly. The CMP, which envisaged a regular use of the reserves, would appear to conflict somewhat with the idea of expenditure having an exceptional nature. The Delegation thanked the Secretariat for the Plan, the information provided, the effort to try and anticipate what would happen, and what could be needed. It noted that the document did not consider appropriately the possibility of using savings to fund the CMP, and had the reserves intervening as a second best alternative. In its view, this approach would be important because the more savings the Organization had, the more assurance Member States could have that the reserves would be above the target level. Given that these expenditures would cover many periods, more emphasis on that would be welcome. With respect to the reporting, the Delegation agreed with the statement of the Delegation of Germany; in parallel with reporting on works, Member States needed to have reporting on the level of the reserves, and particularly on the level that was

above the target that was envisaged to be used. The Delegation also requested clarification on the notion of recurring costs and why they were in the budget.

882. The Secretariat reiterated that, as it had said in its introduction of this item, its motivation for presenting this proposal for the CMP was that: firstly, it wished to move away from presenting proposals to Member States in a piecemeal fashion. In past years the Secretariat had presented projects individually to Member States; the ERP proposal was presented as one project, then an IT project was presented separately. This was very piecemeal, and of course, it did not actually show that the Secretariat was thinking and planning ahead. So one of the motivations was to take stock and assess what the Organization needed at present as well as in the future. Secondly, many of these had been multiannual and cut across biennia. It was not feasible to approve them in one biennium and then hope that the portion which was left in the following biennium would be completed subject to an approval of a biennial budget. A sustainable financing mechanism needed to be established, especially for those projects which cut across multiple biennia or multiple years. In response to the Delegation of Germany (and why the CMP was discussed under this agenda item), the Secretariat responded that it was because the implementation of the projects would have implications on the regular budget in respect of the recurring costs identified. While the reserves were not part of the Program and Budget, the Secretariat wished to clearly show the portion of the project related expenditure which were the recurring costs moving forward, in order to disclose the impact on the operational budget going forward.

883. The Secretariat referred to the point raised by the Delegation of Spain, regarding the economic climate, and emphasized that, in accordance with the reserve policy, the proposals for funding were only in respect of the reserve amount available above the target level. The anticipated level of reserves available above the target was approximately 20 million Swiss francs, which would be presented in detail in September, within the context of the document on the utilization of the reserves. The Secretariat further noted that it would, of course, report back to Member States every year on the progress on these projects.

884. The Controller noted that a few years ago, the Organization decided to work as follows: the regular budget financed the normal operational expenditure of the Organization, while exceptional expenditure would be covered by the reserves. The reserves were in two parts: one part was maintained for difficult times, and currently that part was about 120 million Swiss francs; the second part was used for exceptional expenditure. Over the past years, Member States had approved several such projects, and at the end of 2013, it was estimated that the level of reserves available above the target would be 20 million Swiss francs. There were 120 million Swiss francs in the reserves which were not used; this was for difficult times, the lean years. There were 20 million Swiss francs above this level which could be used for exceptional expenditure. That was what had been agreed to in the past and what the Member States had approved. The projects proposed under the CMP were projects such as the other projects previously financed in this way. At the end of 2012, the reserves amounted to 178 million Swiss francs, which was 58 million above the target level, of which about 36 million had been used for projects. These amounts were foreseen to be maintained for the end of 2013, with a difference of approximately one or two million Swiss francs. Approximately 20 million would be available at the end of the biennium. Out of this 20 million available, the Secretariat proposed to finance projects for 11 million Swiss francs. This was very careful and prudent. As regarded the exceptional nature of these projects, the Secretariat was in the hands of Member States who would decide whether these projects were of an exceptional nature or not. In respect of these projects, the Secretariat would specifically highlight that there was an investment which was heavy in the first year, and then there were recurrent or operational costs that would be financed by the regular budget. The heavy investments were investments such as the renovation of facades and the cooling system of AB and PCT buildings. This project was going to cost six million Swiss francs, which could not be financed from the regular budget. Therefore, the Secretariat proposed to use the reserves for this project which was, by its very nature, exceptional. Cooling systems were not set up every year. It was done once and for all,

and once it was installed, it would keep being used. The recurring costs, on the other hand, came from the budget. That was the principle and the way in which the Secretariat had worked up until now. The Controller continued by noting that there was nothing new here. The only new thing was that instead of submitting the projects to Member States every year on a case-by-case basis, the Secretariat had presented a vision for the future years, and selected some projects which it considered deserved priority, which were subsequently presented as a CMP. That was the only thing that was different. The Controller noted that this was a further improvement and more transparent way to view long-term things, to finance projects once and for all, and then fund the recurring costs from the budget. He further noted that, if Member States wished to finance all these projects through the regular budget, this would change the principles completely. The Secretariat was working in accordance with the approval given by Member States in previous years, and the principles accepted in the past. The Controller stated that he did not see any risks, but only benefits resulting from this plan. He noted that if the Member States did not agree with the priority given to the proposed projects and considered that they should rather be financed by the regular budget, then this could of course be discussed. However, it was a great surprise to hear Member States raise the question of reviewing the principle, a principle which had repeatedly been approved in the Financial Rules, approved in the policy on the use of the reserves, and approved every time the Secretariat submitted projects for financing from the reserves.

885. The Secretariat recalled that there was regular and quite extensive reporting on the use of reserves, which had been introduced around 2008. Since then, every September PBC the Secretariat provided a very detailed overview of what the reserves were used for. All of the figures in the reports were reconciled with the financial statements. Furthermore, when the PBC met, the Secretariat ensured that sufficient information was provided in respect of the financial situation as at the end of the previous year with respect to income, expenditure or operating surplus/deficit, and the reserves. Table 2 of document WO/PBC/20/INF.1 provided the figures quoted by the Controller with respect to the available balances of the Organization's reserves. The Secretariat confirmed that it had taken careful note of the comments and excellent suggestions made by Delegations, and welcomed these as it continued its efforts to improve the reporting. It noted that the suggestions, where possible, would be included in the reserve utilization paper produced for the September PBC, as well as for future reports provided on the implementation of the projects funded from the reserves. The Secretariat noted that it would continue to strive to avoid overloading the reports with figures, and provide Member States with the appropriate context and analysis.

886. The Delegation of Spain thanked the Secretariat for all the explanations. It acknowledged that the exercise that the Secretariat had carried out in forward planning was very good, very well received and a very clear-cut example of transparency. Furthermore, if the suggestion of providing more information on the projects would be included, perhaps additional information could also be included on the status of the reserves, although it also acknowledged that this might be a bit complicated. Firstly, the Delegation explained that the doubts that it had, which some other Delegations also shared, were related to what was understood by an exceptional project. It was true that these projects were multiannual, but the interpretation that many Delegations had for the use of the reserves was more focused on the exceptional nature and not purely on the multiannual concept. Secondly, the Delegation questioned whether this was the appropriate time to use the reserves. In the previous biennium, there was a 4.6 per cent increase in the budget. This forthcoming biennium a 3.8 per cent increase was proposed and sustained in part by an increase in income. Now that there was a surplus under this budget, if the Organization did not contain the use of the reserves to the minimum possible, what would happen in the future, when the income might be reduced and the reserve levels went down? The Delegation noted that for the time being, the reserves were quite high, particularly compared to other international organizations. This was not being questioned. However, the level of reserves could change very quickly if income were to go down. The future obligations regarding after service health insurance were very high and were going to increase in the forthcoming years as was described in the document submitted under the following agenda

item. It was also clear that the potential liabilities with the pension fund for the time being were not included. Most of the Organization's assets were related to the value of the buildings, which could also vary in the future and which did not give much liquidity. The Delegation emphasized that as a result of all of these elements, the message needed to be to be prudent and to take advantage of good times and good income and to resort as little as possible to the use of the reserves.

887. The Vice-Chair thanked the Delegation of Spain for its intervention, and noted that it was unlikely that the Committee would be able to get to the point of endorsing the principles of the CMP or recommending the approval of the projects to the Assemblies. The Secretariat had taken due note of the concerns expressed by Delegations and would work on the proposal between now and September, and bring back a revised version of the CMP for the Committee's consideration and discussion at the September session.

888. The Vice-Chair read out the proposed decision paragraph on this agenda.

889. The Program and Budget Committee, having reviewed the proposed Capital Master Plan and the seven projects proposed for funding from the Organization's reserves, requested the Secretariat to submit a revised version of document WO/PBC/20/5 for the PBC's 21st session, taking due consideration of the comments made.

ITEM 6 FINANCING OF AFTER-SERVICE EMPLOYEE BENEFITS

890. Discussions were based on document WO/PBC/20/6.

891. The Secretariat introduced document WO/PBC/20/6 which provided an update on the issue of financing long-term employee benefits at WIPO, as had been requested by Member States during the 19th Session of the PBC in September 2012. During the discussion in September 2012, several Member States had asked that WIPO monitor the actions of the UN organizations, and notably those of the UN itself, with regard to the issue of financing long-term employee benefits. The Secretariat explained that WIPO had reviewed developments regarding the various ASHI schemes and their associated financing solutions or proposals throughout the UN system over the last year. Many organizations had begun to finance these long-term liabilities. In response to the observations of several Member States that the financing options proposed by the WIPO Secretariat in 2012 had been overly complex, WIPO was now proposing a simple preliminary step towards the financing of its long-term employee benefits liability. The Secretariat explained that a separate bank account was to be established, which would have the same status of existing accounts held by the Organization. The account would be maintained within WIPO's accounting system and its balance would, therefore, be included within the amount shown for cash and cash equivalents on the statement of financial position. The intention was to credit the account with an amount equivalent to 50 per cent of the total long-term employee benefits liability as of 31st December 2013. The Secretariat stated that the cash amount was projected to be approximately 82 million Swiss francs and that the full liability was forecast to be 163.7 million Swiss francs as of 31st December 2013. The Secretariat concluded that the account would be credited with any interest it would earn from deposits. Furthermore, any amounts remaining from the six per cent charge to payroll which had been proposed in the budget for 2012-15 would be credited to the account once cash payments and respective long-term liabilities had been met.

892. The Delegation of the United Kingdom thanked the Chair and stated that it was very pleased to see the Secretariat addressing the issue of long-term liabilities, as it was very easy to ignore long-term liabilities such as this and postpone agreement of a plan. It noted that the issue was being handled in a proactive and sensible manner, and that this would reduce

WIPO's liabilities in the long-term. It welcomed the ring fencing of 82 million Swiss francs and added that this first step should be taken as soon as possible. The Delegation remarked however that, by simply depositing this amount within a different bank account for anything other than a short-term would be a lost opportunity. It explained that the Secretariat had pointed out that current interest rates being received were 0.37 per cent, and that in real terms, taking into account inflation, the amount invested would be eroded whereas demands for services and associated costs were actually increasing. Therefore, the Delegation recommended that, with respect to the lump sum transfer of 82 million Swiss francs, at the earliest opportunity, longer-term cash flow forecasting for WIPO's operating performance be undertaken to determine if the opportunity to transfer a further lump sum could arise in the future. It added that long-term cash flow forecasting, along with actuarial review from the WIPO perspective of the ASHI liability, should be undertaken to determine what proportion of the 82 million Swiss francs would be available for longer-term investment to meet different levels of overall funding of the scheme, for example: 100 per cent funded, 90 per cent funded, 80 per cent funded, etc. The Delegation wanted to take into consideration the type of investment within which this core longer-term sum would be held. While it recognized the caveats and limitations within the current investment policy, it preferred a balanced portfolio approach to investment vehicles, to include but not be limited to bonds, gilts and commercial property. It added that WIPO had an existing commercial investment precedent set and this was currently returning a healthy three per cent. The Delegation advised that the cost of the scheme administration be reviewed, along with the providers within the scheme who provided the services to members. It wondered if these offered the best value for money and whether others in the competitive market could provide a more cost-effective service. It added that to tackle the issue of the liability which would continue to grow without intervention, it would recommend some far-reaching reviews and considerations. Although it appreciated that some might be unpalatable, times were challenging, and there was no question that the current scheme, in its current format, was not viable in the medium or long term. The Delegation suggested two options. The first one was to consider a revised scheme for new employees. Existing employees would stay under the current scheme but all new staff who joined would have either a reduced benefits scheme or one with a higher personal contribution. It considered that this was in line with changes under way in pension provisions where new entrants would have a retirement age of 65 against the current staff who were able to retire at 60. The second option proposed by the Delegation was to consider whether the current level of WIPO contribution to the scheme of 6 per cent of payroll costs was adequate. It added that this was around the midpoint of similar organization's contributions to similar schemes but that this should fall in line with the recommendations of the actuarial review it had already recommended. The Delegation very much welcomed the recognition by the Secretariat that action had to be taken to tackle both the current liability and its ongoing increase. It concluded that the ring fencing of 82 million Swiss francs was an essential first step to this process, to be followed by a detailed review of options with a clear roadmap and plan to follow.

893. The Delegation of Spain wished to thank the Secretariat for the document which explained in a brief but clear manner the issue in terms of these obligations. It said that in future documents concerning health insurance, it would like to have more details of what these medical services were and of how much both the employees and the Organization had to contribute. It thought that this would help to better understand the issue. The issue of long-term service was a fundamental discussion point, and the Delegation felt the Secretariat was doing a good job in foreseeing its implications. Yet, it felt concerned by the trend of these obligations that continued to increase, as highlighted in the document. Six per cent was a positive measure, and perhaps the Organization ought to place a cap on medical cover if it was observed that costs were continuing to increase. It added that the Organization ought to think about plans for containing the increase in these obligations and about how to finance the liability with its own resources. It added that this was fundamental, as it felt that WIPO had an income model which enabled it to plan for these costs.

894. The Delegation of France expressed its interest in the statements made by previous speakers. It added that it considered WIPO to be a pioneer in this area, that it had made a lot of progress, and that WIPO ought to be looked at closely by other organizations. The Delegation said it wished to have more numerical information in order to assess how the liability was changing. Taking into consideration the payments for 2014/15 when compared to the six per cent provision, it wished to know what the gap was in other organizations that were trying to ensure that they had adequate funds available. The Delegation reiterated that it would like to have such figures made available. It further added that, with regard to the comment made by the Delegation of the United Kingdom, all factors needed to be studied. This could lead to a decrease in commitments in the long-term, and there were perhaps a couple of things that could be considered and which could be immediately useful: the external auditors' opinion, factors that could contribute to decreasing the long-term liabilities in this area, what other organizations were doing, for instance the Universal Postal Union, which was a small organization and had a lot of retired persons, and finally what others were doing. The Delegation did not think that WIPO should be a prisoner of what was happening in New York or indeed, of what was happening in the UN because there were some people who were on contracts and some who were not. WIPO could look at what other organizations were doing and give itself a margin to maneuver.

895. The Delegation of Mexico stated that it had very little to add, as most of what it wished to say had already been expressed by previous speakers. Over the last few years, long-term employee benefits had been an issue of financing and many different options had been considered. It considered that there were other components that needed to be analyzed and so the Delegation supported Spain, France and the United Kingdom concerning the type of medical insurance and its costs, the mechanisms that could be used to reduce the overall cost and the percentage share of the contributions made by the employees and by the Organization. The Delegation further added that the subject should be addressed in an overall way and not just at the financing level. It thanked the Secretariat for its proactive approach in monitoring the evolution of this discussion within the United Nations system. The previous day, within an ECOSOC meeting, the ongoing discussions within the working group of the High-Level Committee on Management within the United Nations had been mentioned. There would be a general overview of the current situation throughout the United Nations system by the end of the year, and this study would be very interesting to read. However, it thought that a more proactive approach by the Organization was needed. The Delegation further added that New York had not yet taken a decision with regard to ASHI because the UN had not yet adopted IPSAS.

896. The Delegation of Switzerland thanked the Secretariat for the document and asked it to continue thinking in the future about this. It added that thinking about the future should not stop the Organization from working this year to make the funds available in order to address the issue.

897. The Chair proposed reading out the decision paragraph for this agenda item, to include the Delegation of the United Kingdom's proposal to ring fence the 82 million Swiss francs, as well as to explore other options in the future. The Chair then asked the Delegation of the United Kingdom if it had something to clarify.

898. The Delegation of the United Kingdom asked whether the clarification related to the ring fencing of the 82 million Swiss francs. If so, the decision paragraph was correctly worded.

899. The Delegation of Spain asked if there would be any addition to the decision paragraph to make it clear that additional options should be considered.

900. The Chair proposed the following wording: "The Program and Budget Committee is invited to recommend to the Assemblies of the WIPO Member States to take note of the contents of this document which relates to the ring fencing of 82 million Swiss francs towards financing the ASHI liability of WIPO". The Secretariat pointed out that the current document

was proposing to put the 82 million Swiss francs in a separate bank account. The bank account would stay on WIPO's balance sheet and bank signatories would be the same as for all other WIPO's bank accounts. The Chair asked if everybody was happy with the wording, given the contents of the document, or whether further details of what was meant by "ring fencing" was required.

901. The Delegation of the United Kingdom clarified that it did not mean to go beyond the proposal contained in the document.

902. The Chair proposed the alternative wording: "The Program and Budget Committee is invited to recommend to the Assemblies of the WIPO Member States to take note of the content of this document which relates to the establishing of a separate bank account to hold funds allocated for the future financing of the ASHI liabilities". The Chair asked if this was acceptable.

903. The Delegation of the United Kingdom said that this was perfectly acceptable to them.

904. The Delegation of Spain added that, on the basis of what the Delegation of the United Kingdom had said, a statement with which it was in agreement, the Secretariat should not only look at measures of financing in the future, but also at options to cap the increase in the amount of these obligations. The Delegation thought such a proposal should be included within the decision paragraph.

905. The Chair thanked the Delegation and said that a second paragraph would be added to the decision.

906. The Delegation of Mexico stated that it shared the concerns of the Delegation of Spain, and that there were many other components that had been discussed which needed to be taken into account in the discussion on ASHI. Another element was the findings to come out of the group created by the committee of heads of United Nations organizations, as this would affect what would happen in the system as a whole. Furthermore, these findings could actually be helpful for the Secretariat in containing costs and in presenting alternatives, changes of health insurance, etc. There would be a number of different measures that could be discussed in the future, and this needed to be reflected in the decision paragraph too.

907. The Delegation of France said it wished to raise one very precise point. The wording which it wished to see was a reflection of all the possible means of reducing the long-term liability. These should include not just capping. Some parameters could be reduced, and others could be limited.

908. The Program and Budget Committee (PBC) recommended to the WIPO General Assembly to:

- (i) Take positive note of the contents of this document which relate to the establishment of a separate bank account to hold funds to allocate to the future financing of the long term employee liabilities of the Organization;
- (ii) Explore the opportunities to contain the growth of long-term liabilities for future employees taking into consideration the developments on this issue within the United Nations system.

ITEM 7 GOVERNANCE AT WIPO

909. Discussions were based on document WO/PBC/19/26 and WO/PBC/19/28.

910. The Chair said that he was making the oral report further to discussions of governance which took place at WIPO at the 19th session of the PBC. He recalled that during the 18th Session of the PBC, a request was made to the Independent Advisory Oversight Committee (IAOC) to review the issue of WIPO governance and to present to the Member States a report containing the recommendations of the IAOC. A request was also made to the Chair of the General Assembly to convene informal consultations with the Regional Groups, Regional Coordinators, and three delegates from each region to discuss the IAOC report and make specific recommendations. He said that he now had the recommendations to the 19th Session of the PBC. The Chair presented document WO/PBC/19/26 and reported to the 19th session of the PBC on the results of the meeting with the regional groups. After a presentation by the Chair of the IAOC, which focused on the main points of the above-mentioned report, the Chair of the General Assembly proposed that the PBC take note of his report and decide on any further action on this matter. Consequently, the options before the Member State Delegations were: (1) that the PBC examine the report of the Chair of the General Assembly and take note of it; (2) go further and commission the IAOC to make a full study on the issue; and (3) if members did not wish to go through the full study because of cost considerations, the PBC would request a pre-study to a full study by the IAOC, an independent expert to the external auditor.

911. The Chair recalled that differing opinions were expressed on the need for a comprehensive study. On the one hand, some recognized that partly due to Member States exercising greater governance through effective communications, the current structure appeared to be functioning more effectively than previously. However, they also felt that there was still a lot of room for improvement and that there was a great need to further strengthen the roles of the PBC and the Coordination Committee in order that they function more effectively and efficiently and so that they could fulfill the executive duties and their mandate. On the other hand, some Delegations felt there was no need to review the in-depth structure of WIPO and considered that the oversight and audit bodies of the Organization did not need any major overhauling. Following extensive discussions, both within the regional groups and in larger fora, the Chair concluded that there was no consensus on the large study. He noted that there seemed to be limited support for the pre-study, and there was no acceptance for the launch of a formal working group or to request the Joint Inspection Unit (JIU) to review the issue. He said that there was, however, acceptance to keep any agreed review process on governance informal and to discuss the outcome from the informal process in a structured format. He said that further to extensive consultation between regional groups they came to the text which was now before the PBC. He also recalled that they had discussed the issue of governance for a long time, and that it took them almost one day to reach a compromise in the language used, which was being discussed under Item seven. The Chair explained that this language was not adopted because two Delegations thought it was not ambitious enough for them. He recalled that it was South Africa and Zimbabwe wanting to have more ambitious language on this compromise language that had been discussed by all of the Groups.

912. The Chair read out the text which was as follows: (1) takes note of the report of the Chair of the General Assembly, the IAOC report, and Member States remarks expressed on it in document WO/PBC/19/26; (2) having reviewed the issue of governance, decided to continue its consideration of this issue, including an informal open-ended consultation led by a chair. This process will review Member States' proposals on governance, starting from existing Member States submissions, including but not limited to documents WO/PBC/18/20 and WO/GA/38/2. The outcome of this process is intended to identify, by consensus, issues of

common interest and possible improvements relating to WIPO governance system and recommend them to the next PBC in a structured format for consideration, including but not limited to the following categories: (1) governance structure, including but not limited to roles, responsibilities, and enhancing effectiveness of current governing bodies in WIPO; and (2) efficiency and management issues. Three meetings would be held, interpretation services into French and Spanish would be provided. This process was without prejudice to the right of Member States to advance the proposals; and (3) decided that the issue of WIPO governance would be an agenda item for the 20th session of the PBC. He said that the second part was the one on the language that they had had. However, as some members had raised objections to the text of the second paragraph, it was deleted from the decision, and so Member States now had two options before them. The first was to begin this whole governance discussion again. He personally did not recommend this option, but it was up to the Member States to decide. Secondly, he pointed out that the current language was reached almost by consensus. It was debated and discussed, and the only reason it was not adopted was because two Delegations wanted it to be more ambitious and wanted to delete the element of consensus there. The outcome of this process was intended to identify, by consensus, issues of common interest. The Chair said that to his recollection that was the issue. So he asked if the language in item 7.2, which was the “almost consensus” language of last time, was acceptable, and hastened to add that he believed they could go on with this process and avoid entering into a big debate again on governance, which he would highly recommend avoiding.

913. The Delegation of Belgium said that after the intense and heated discussion of the day, it was of the view that the PBC could find a good compromise around a third possible option, which was the option to have no further debate on governance. Firstly, the Delegation said that it wished to recall that governance was not usually a topic as such in the PBC. Nevertheless, the interactions on budget documents already did constitute an integral part of governance of the Organization. Secondly, they had started the broad debate on governance a long time ago at the 18th session of the PBC, as just outlined by the Chair. Since then, however, WIPO had made considerable changes and improvements to its governance structures. Thirdly, Group B and other Groups had engaged in an interesting but inconclusive debate on governance at the 19th session of the PBC, and therefore, the Delegation did not see the need to repeat these debates. In conclusion, the Delegation said that it still failed to understand why PBC should engage further in general debates rather than focus its attention on the documents at hand, which encompassed all the key aspects of governance, the program and budgets, financial performance, annual reports, audit, oversight reports, internal control measures, cost containments, efficiency, administrative matters, and Capital Master Plan, as discussed by the PBC the previous evening.

914. The Delegation of Brazil, speaking on behalf of DAG, said that in the last session, the Delegation had heard that it was some members of the DAG that wanted some more improvements in the language of the document that was before the session. Therefore, in this session, DAG understood that they had reached a good compromise. All groups, regional groups and other groups, had engaged in discussion, and so it suggested the PBC could approve the document or should keep it as an agenda item for the September session.

915. The Delegation of Spain suggested that perhaps the PBC could wait for the JIU report. It was of the view that the PBC should wait for the inspection body to complete its report, and once they had the results of that report, the PBC could then resume discussion at that time. Especially looking at the present themes, the Delegation thought that the PBC would be looking at governance and also matters of efficiency and administration management. In response to the question from the Chair, the Delegation said that it was referring to inspection that was being carried out by the JIU, which was underway, and the outcome would be published at the end of the year.

916. In reaction to this information, the Chair said that now he knew why the JIU wanted to interview him, and asked when exactly the report would be published, to which the Secretariat said that it believed this would be by the end of 2013.

917. The Chair recalled that the PBC was having this discussion as a result of a whole process, and the IAOC had been asked to review it. They had made the report, and there were consultations thereafter. He advised that although the Delegations did not want to discuss the matter, at least they should look at it. He said it was not an issue of the Chair or a Group. As the Committee knew, a request had been made to the IAOC on the issue of governance, on which it had made a report. The report had been given to the Chair of the General Assembly, who in turn had prepared and presented a document to Member States for discussion. He reminded the meeting that there was a lot of effort and a lot of energy that was put into the issue of WIPO governance.

918. The Delegation of Egypt believed that this issue had its own background in the recommendations that were given by the IAOC, giving a specific recommendation for Member States to consider. So if the meeting just deleted the issue from the discussion and agenda, then it would not be fulfilling its duties as Member States which was to review the recommendations by the Committee. It said that this was a loophole that it would encourage everybody in the room to avoid. The Delegation said that Member States had several options before them. The first option was that they start discussing the issue, starting from the recommendation by the IAOC, or they could start by discussing the proposals that each Member State presented, and then see the proposal and discuss the issue of the study that was recommended by the IAOC, and at that time, there was the issue of funding the study, which may not be available. At this time, Member States could request the Secretariat to look at the study. The Delegation stated that the Member States had many options, and it would be in their hands as to which option to take. It said that it stood ready to reopen the debate again on this issue.

919. The Delegation of Belgium reiterated that its first option would be the third option, which would be not to have the debate at all. It recalled that it had repeated the same arguments but then again, if there was really a push to go further with this, the Delegation was always in favor of having informed decisions and decisions based on all reports and material available, and it was of the opinion that it was more than fair that Member States needed to wait for the input and outcome of the very interesting and well-written JIU reports.

920. The Delegation of France wished to bring things back down to a simpler level. It stated that as the Chair had said, Member States had had a longer discussion, a good discussion at the last session of the PBC. It recalled that apart from two Delegations that needed or wanted to see more in the compromise, all the other Delegations had been in agreement. The Delegation wondered if this could not just be simplified by asking if there was any Delegation that was against the adoption, so that the Committee could conclude the document. As to the questions in the document, the Delegation noted that these were questions that Member States could address to themselves all the time. It reiterated that the Committee would be talking about governance, and that it was not by adopting a document which was a compromise that Member States could have adopted in September that would put an end to the debate. The Delegation requested the Chair to ask the PBC if there was any Delegation against it. It advised that they adopt something specific which represented a compromise in September, even if it was just symbolic. It did not think it would be a good thing to leave everything open. After all, Member States were going to reopen the discussion when they received the JIU report and when they had something that came from a Member State. Responding to the request for clarification from the Chair, the Delegation of France said it was in agreement with the Chair's observation that apart from the two Delegations, there had been consensus, and in order to put an end to the "beating around the bush" on the issue, it wondered if the meeting could not just adopt the compromise and if there was any objection to postponing the issue. It encouraged the Chair to put the question to the Committee in order to put an end to the issue.

921. The Chair agreed that the Committee wanted to avoid this discussion, and so asked the Delegations to adopt the language as proposed in the text he had read.

922. The Delegation of Switzerland said it was not quite ready to accept this. It said that it did not see the usefulness of having a process initiated. Member States had had an in-depth discussion, and so they did not think there was a need for this. It stated that keeping this on the agenda was maintaining the same discussion. Perhaps once there was the JIU report, there would be something more specific. The Delegation felt that the IAOC report was satisfactory. It wondered why the whole process should be started when there seemed to be no need for it. The Delegation asked why the Committee needed to come back to a compromise. This was something that dated back to last year, and there was a new year in the meantime, and so it was of the view that this was not really needed.

923. In reaction to the statement made by the Delegation of Switzerland, the Chair said that there was nothing on governance that was going to be adopted. He said that there was only a process that would look at Member States' proposals on governance, and the outcome was to identify these by consensus. He observed that the issue of governance – he hoped Member States would agree with him – was a never-ending issue, just as was improvement. He added that there was no such thing as perfection. He was aware that Member States had said that WIPO had modified some of its practices and improved them, but the issue of governance was a continuous process. He therefore clarified that no one was asking to adopt a certain issue on governance here, but all that was being said was that the proposals that had been put by the different Groups would be presented, and then the issue that took about six hours to discuss last time was the idea of consensus. The outcome would be intended to identify, by consensus, issues of common interest and possible improvements related to WIPO governance. He stated that if all the Groups could find a way to improve WIPO governance, that would be good, even if Member States did not define what it was, which was another issue. The Chair therefore explained that the expectation here was to begin a process, listen to people and only bring results by consensus. For example, if everyone agreed that the meeting should start on time or save money, or there is something that is more cost efficient, then they should put it forward. There was nothing asked more than that. Then these consultations in themselves would take place taking Member States' ideas into account for the improvement of governance. He said that for the Member States to say no to governance today might seem logical, but how about if there was a big problem in the Organization tomorrow. He stated that he did not want to ignore the issue even from the perspective of an Organization which deals with innovation. To say that the PBC refused to discuss the improvement of governance in WIPO was not a statement that people would want to hear. The Chair explained that the idea here was that there was no concrete proposal on governance. All it said was that the PBC received, and if there was consensus on something, on management, on roles, et cetera, to look at it. He was of the view that an organization liked to have governance, liked to improve things. Much as he understood the frustration that there had been a lot of discussions previously, he could not fathom the idea of saying that the Committee did not want the issue of governance. He clarified that this was not an agenda between Groups, nor had it anything to do with the DAG and Africa versus Group B. He said that no Delegation had suggested, for example, cancelling the PBC or the WIPO Coordination Committee. He observed that there was now a split as some Delegations wanted to address it, and others did not.

924. The Delegation of Algeria, speaking on behalf of the African Group, said that it subscribed entirely to what the Chair had just said. Governance was an important point from a general point of view, and for WIPO more and more so. It noted that it was not the first time at WIPO that Member States were going to keep a point on the agenda, even though there was no real agreement. It gave an example of an item that had been on the agenda for years where geographical indications were concerned, and nothing had moved forward. The Delegation said that in this case, the Committee should consider this as the first time they were doing this and did not see the usefulness of keeping a point on the agenda even though there was no real discussion. It pointed out that it was even the same Delegation that was raising this issue now

that had kept the other point on the agenda all the time, but added that because of the importance of the point it had to be kept on the agenda.

925. The Delegation of France said that it wanted to correct its earlier position on the issue, as it had probably misunderstood the whole issue because it had been looking at a wrong paragraph. It noted that a number of Delegations had pinpointed this. The Delegation apologized and withdrew what it had said earlier in reaction to the Chair's statement that there had been two Delegations that had objected, as this was on a completely different discussion. The Delegation stressed the importance of the subjects that were mentioned, and thought that the whole purpose of the PBC was to discuss them when it had the documents. The Delegation reiterated that the PBC had the possibility of discussing all these issues, to raise them whenever it was appropriate. So it was of the view that all the issues could be dealt with in the PBC, as it had looked at many of them during the course of the week.

926. The Delegation of Belgium, speaking on behalf of Group B, assured all Delegations that its Group was always open to discuss these issues. It noted that, during the CDIP, Member States had had a long debate about the value of "informal informals", and recalled that even the distinguished colleague from Egypt had made a comment on the value of "informal informals". In this respect, the Group stood open to having "informal informals" outside the room. The Delegation made a second point with regard to good governance, as highlighted by earlier interventions, and said that this was really a big concept. The Delegation recommended that as Member States were dealing with two issues, they could just take advantage of the experience that had been gained in the report.

927. Reacting to the question by the Chair, the Delegation of Spain confirmed that its proposal was to put this as an item on the PBC agenda next year, after having seen the report of the JIU. It added that its Delegation had no problem with this arrangement, as it was a question of putting forward a recommendation, which was that this could be discussed next year.

928. The Delegation of Brazil observed that Friday night was not the right time to discuss governance. It said that Member States would like to have the documents for discussion in the next session, and perhaps earlier, perhaps on Monday morning and not on a Friday night. The Delegation recognized that the suggestion made by the distinguished Delegate of Spain was a suggestion that the Committee should consider: having the JIU report analyzed under this agenda item. But since the PBC had come to no agreement in this session, the Delegation believed that, with the understanding that they could have this discussion in the next session, it could be left at that. Then PBC would decide at its next session when it had the JIU document, but for the next session in September it would keep the item on the agenda and the documents on the table.

929. The Delegation of Egypt said it was open to the proposal made by the Delegation of Spain, which agreed to carry on with the language, and also this process in the future, taking into consideration the report of the JIU. Given the time and the hour, the Delegation said there could be flexibility to have the issue on the agenda of the next PBC session in September, and have the two documents on the agenda as well. The Delegation hoped that next time, the Secretariat would give the Committee a little bit more time to allow the Member States to seriously address the issue, to avoid having to discuss it at such a late hour.

930. The Delegation of Switzerland said that if this was going to be kept on the agenda of the PBC, it was a little bit artificial because there were no specific issues that needed to be addressed. It stated that as the Delegation of Spain had suggested, and as the JIU report was not going to be available until the end of the year, this could be put on the agenda of the 22nd session of the PBC, as the Committee already had a full agenda in September and might end up having to take an additional point. It observed that if the Committee was going to have to wait for a report, the item might as well wait for the next PBC meeting.

931. In reaction to this statement, the Chair said that as he understood it, there was no agreement to delete this from the agenda, and there was no agreement to adopt it. He noted that Member States wished to discuss it. The proposal by the Delegation of Spain, which many Delegations agreed with, seemed a very logical proposal, but the PBC would want to take the decision on the said proposal in September, after having reviewed the documents that were available. The Chair recommended that, given the late hour, in the September session Member States come and review the documents and address the issue, as well as the proposal by the Delegation of Spain, which was to address the issue and put it on the agenda of the next PBC when the JIU report was published. In this case the decision was that Member States did not want to act on it now, but in September, given the late hour.

932. The Delegation of the United States expressed its support for the point made by the Delegation of Switzerland, i.e. to move it to the 22nd session of the PBC, taking into account that the JIU report would not be ready until the end of the year. The Delegation also expressed its wish not to discuss the issue of governance in September, as that would cut into the Committee's time.

933. The Delegation of Hungary agreed with what had been mentioned by the Delegations of Switzerland and the United States. It was of the view that they would hold exactly the same debate the next time because there were not going to be any new elements on the table except the JIU report. It recommended that the Committee wait for that, and push this discussion to the 22nd session of the PBC. It said that it did not think the Committee was going to get any further at the next session.

934. The Delegation of Italy also agreed with the three previous interventions, and noted that the Committee was going to have the same debate. The Committee would lose time, and it would be better to have this discussion when members would have issues to feed the discussion properly because most of the issues had really been exhausted, and improvements had been made.

935. The Delegation of Brazil noted that the Committee would have one paper from one report that would feed the discussions. It said that it did not believe that in the following session of the PBC, members would have much more time than they would have in the next session, as it was really a very busy time. Nonetheless, it noted that governance was a pressing issue, and advised that it should not be deleted from the agenda. It recalled the statement made by the United States that the Committee would review governance because many of the issues that were raised in the discussion of the draft budget were related to governance. The Delegation observed that this did not mean that any other countries could not raise elements on this item in the next session. It also echoed the idea of having "informal informals" until September, and in September, they would have to discuss this in a new light and have a very short discussion. The Delegation suggested that the Committee could have the agenda item approved, and then could carry on the debate in other PBC sessions.

936. The Delegation of Iran (Islamic Republic of) said that if it had understood correctly, there was a proposal from Spain to consider the JIU report as well, and there had not been a decision on the part of the PBC to include the JIU report, and so this was just a new proposal. It noted that members would not have sufficient time during the 21st session to consider, study, and review the document submitted. The Delegation stated that if the Committee had sufficient time for the 21st session of the PBC and was confident that the Secretariat would allocate appropriate time to consider the existing documents, then this would provide for the possibility of having a closer look at the document that was going to be submitted by the JIU at the end of 2013.

937. Asked by the Chair to clarify, the Delegation of the Iran (Islamic Republic of) said if it had understood correctly, there were two positions. One was to discuss already existing documents. There were some documents which had been referred to in the Chair's explanatory note. Then the 21st session of the PBC would look at the document that the PBC had not had

sufficient time to look at. It said that this did not mean that the Committee was going to decide on this issue in the 21st session. The proposal was just to look at, and consider the relevant existing documents, but the Committee would continue its consideration in the 21st session in 2014 with the JIU report, and then come up with a conclusion.

938. The Delegation of Cameroon said that what the distinguished Delegate of the Islamic Republic of Iran had proposed was possible because it was a compromise between the two.

939. On this note, the proposal was adopted.

940. The Delegation of Belgium stated that the proposal sounded interesting, but again, it had to reiterate that it did not see the value of repeating over and over the same discussions. It said that Member States still had the document, but did not have the JIU documents, and still did not know what would be inside. It suggested that it might be better to completely pass through on this discussion and then see again once they had further information on the exact content of the JIU documents.

941. The Chair reiterated that they had to reach a compromise. He was aware that different Groups had different positions. One wanted to keep this issue, and the other one was for postponing it. He suggested to take a break and to allow Member States to discuss it if they so wished, as he did not see any road forward. Given the late hour, he asked the Secretariat to explain what would happen in case no agreement was reached.

942. In response to the question, the Legal Counsel said that if the issue was not settled, it would be for the Member States to decide on whether to revisit the issue in September or in the subsequent session of the PBC.

943. The Secretariat noted that the PBC decided to defer further discussion on the issue of governance to the 21st session of the PBC to be held in September 2013.

944. The Legal Counsel asked for the floor to make clarifications on his response to the question raised by the Delegation of Germany while debating the item on external offices, as he had been approached by some Delegations seeking clarification on what he had said. He informed the Committee that it turned out that at least one Delegation had understood him to have said that the fact that WIPO had signed office agreements with the Russian Federation and with the People's Republic of China before submitting them to the Coordination Committee was a violation of Article 12.4 of the WIPO Convention. He said that what he specifically had said was that the Secretariat had signed an agreement with the People's Republic of China, and an agreement with the Russian Federation, and that both agreements were being submitted to the Coordination Committee in September for its approval, consistent with past practice. Both agreements mentioned that they would only enter into force after approval by the Coordination Committee. That was exactly what was done in respect of the agreement with the Government of Brazil, and also in respect of the agreement with the Government of Singapore. That was exactly what the Secretariat did with other agreements, not necessarily dealing with establishment of WIPO offices. The Legal Counsel reiterated that it was an established practice, as consistently confirmed by the Coordination Committee, that the Secretariat tended to sign agreements before the Coordination Committee had formally approved them.

945. The Chair thanked the Legal Counsel and said that the question that Spain put to the Legal Counsel was that, indeed, this was an established practice, but that the established practice was in violation of the language, to which the Legal Counsel had responded that it was still established practice. Therefore, the Chair concluded, although this was the practice, it was in violation of the letter. The Chair stated that the explanation of the Legal Counsel would be included in the record.

946. The Delegation of Turkey, noting that this was a formal session, said that it was speaking in its personal capacity, but also as a legal person, and that this had not been its understanding

after listening to the Legal Counsel earlier in the morning. It reiterated that its understanding was, regardless if they agreed or not, the Legal Counsel was trying to explain that the established practice had always been approved by the Coordination Committee.

947. The Program and Budget Committee (PBC) decided to defer discussion on this agenda item to the 21st session of the PBC to be held in September 2013.

ITEM 8 ADOPTION OF THE SUMMARY OF DECISIONS AND RECOMMENDATIONS

948. Discussions were based on document WO/PBC/20/7 Prov.

949. The Chair read out the text of decisions and recommendation made at the current session appearing in document WO/PBC/20/7 Prov.

950. The Program and Budget Committee adopted the contents of document WO/PBC/20/7.

ITEM 9 CLOSING OF THE SESSION

951. The session was closed.

[Annex follows]