

**Program and Budget Committee
Twenty-second Session
Geneva, September 1 to 5, 2014**

19.8.14

Response and Observations transmitted to the Joint Inspection Unit in respect of JIU/REP/2014/2
“Review of Management and Administration in the World Intellectual Property Organization (WIPO)”
on July 4, 2014



Mr. Cihan Terzi
Chairman
Joint Inspection Unit of the United
Nations System (JIU)
Room D-507
Palais des Nations
1211 Geneva 10

July 4, 2014

Dear Chairman Terzi,

I refer to your letter dated May 5, 2014, which enclosed the Joint Inspection Unit (JIU) report (JIU/REP/2014/2) entitled *Review of Management and Administration in the World Intellectual Property Organization (WIPO)*, and my response of May 8, 2014 acknowledging receipt of the said report.

I am pleased to inform you herewith of the following actions which have been undertaken in the interim period.

In accordance with your request under Article 11, paragraph 4 (b) of the JIU statutes, translation into Arabic, Chinese, French, Russian and Spanish of JIU/REP/2014/2 is underway and these language versions will be transmitted to you as soon as they are available.

We were pleased to inform the Member States of WIPO on May 9, 2014, via Note Verbale, that the report of the Management and Administration Review of WIPO (JIU/REP/2014/2) was available for their consultation on the JIU Website.

The Chair of the WIPO General Assembly and the Chair of the WIPO Coordination Committee, have also been informed of the Recommendations 1 and 6 contained within the Report, which are for the consideration of their respective entities.

An invitation has been extended to the JIU team responsible for the Management and Administration Review of WIPO, led by Inspector G. Tarasov, to participate in the Information Meeting for the WIPO Member States on the JIU Management and Administration Review, which has been convened for July 15, 2014, at 3 p.m., at WIPO Headquarters. Furthermore,

Mr. Cihan Terzi, Geneva – July 4, 2014

the JIU Review of Management and Administration in WIPO will be presented under Agenda Item nine to the Twenty-second session of the Program and Budget Committee, scheduled to be held on September 1 to 5, 2014, in Room A of WIPO Headquarters. In this connection, an invitation will also be extended, in due course, to Inspector Tarasov and his team to attend the discussions on Agenda Item nine.

./. My colleagues and I have carefully examined the contents of JIU/REP/2014/2 and we would wish to draw your attention to the documents in Annex which comprise (a) The recommendations resulting from the Review and the formal comments of the WIPO Secretariat thereon, including any action/decision which has been or will be taken in respect of these recommendations, in accordance with Article 11, paragraph 4 (f) of the JIU Statutes and (b) the Secretariat observations on the Report itself, in terms of amendments and further updated information for the consideration of the Inspectors.

May I take this opportunity to sincerely thank Inspector Tarasov and his team for their positive engagement and collaboration with all concerned during the Review of Management and Administration in WIPO.

With best wishes,

Yours sincerely,



Francis Gurry
Director General

Response from the WIPO Secretariat to Recommendations resulting from JIU/REP/2014/2

“Review of Management and Administration in the World Intellectual Property Organization”

JIU Recommendation	WIPO Secretariat Response
<p>Recommendation 1</p> <p>The WIPO General Assembly should review the WIPO governance framework as well as current practices with a view to strengthen the capacity of the governing bodies to guide and monitor the work of the organization. In doing so, Member States may wish to consider in their deliberations the options suggested in this report</p>	<p>A letter was sent on May 30, 2014, from the Director General of WIPO to the Chair of the WIPO General Assembly, drawing the Chair's attention to this recommendation</p>
<p>Recommendation 2</p> <p>The Director General should ensure that clear and updated terms of reference are made available for all WIPO organizational units and include them in relevant Office Instructions, in particular each time an internal re-organization is carried out</p>	<p>WIPO welcomes this recommendation. In order to ensure that mandates are clearly defined for each organizational unit, taking duly into account possible changes to the organizational structure following the appointment of the new Senior Management Team, this recommendation will be implemented in parallel to the commencement of the second term of the Director General in October 2014. It should in this context be noted that the practice of including unit mandate descriptions in Office Instructions concerning internal re-organizations commenced in November 2013 and will continue to remain standard practice.</p>
<p>Recommendation 3</p> <p>The Director General should issue comprehensive terms of reference for the management committees by the end of 2014 and circulate them to the relevant WIPO governing bodies.</p>	<p>WIPO welcomes this recommendation. Terms of Reference for the referenced Senior Management Team and the Management Meetings will be issued by the end of 2014.</p> <p>Comprehensive Terms of Reference for other internal management committees have already been provided to the JIU.</p>
<p>Recommendation 4</p> <p>The Director General should request the Internal Audit and Oversight Division to include in its workplan a series of evaluations of the Strategic Realignment Program (SRP) initiatives and their results to capture lessons learned, thus supporting WIPO management</p>	<p>This recommendation is already in progress as IAOD has reviewed a number of SRP initiatives. In early 2014, IAOD completed the audit of results-based management specifically undertaken as a review of an SRP initiative under the core value “Accountability for results”. Likewise, before the end of June 2014, IAOD will complete the evaluation of knowledge sharing in WIPO which considered closely another SRP core value, “Working as one” and one of its activities, “to</p>

JIU Recommendation	WIPO Secretariat Response
<p>during the next phases of the reform process of the organization.</p>	<p>strengthen internal communication". IAOD will incorporate any additional request by the Director General on its workplan.</p> <p>Other audits already undergone include, an audit of the VSP and an audit on data migration for the ERP. The External Auditors will be carrying out a performance audit of the ERP.</p>
<p>Recommendation 5</p> <p>The Director General should finalize, by the end of 2015, and regularly update the WIPO Risk Policy and all the elements of a comprehensive risk management framework.</p>	<p>This recommendation is in progress.</p> <p>In order to better assess and manage the risks that could endanger the achievement of WIPO's strategic goals and expected results, the guiding principles of ERM activities have been codified in WIPO's Risk Management Policy. This is currently under review by WIPO's Risk Management Group (RMG) and the Internal Audit and Oversight Division (IAOD), following which it will be socialized and communicated more broadly. It is expected to be promulgated in 2014.</p> <p>One of the initiatives pursued and implemented within the context of the Strategic Realignment Program (SRP), was to strengthen the risk management and internal control systems of WIPO. As part of the initiative, a number of important milestones were achieved, which have continued to carry the Organization forward on the path established under its risk management roadmap, and on the way to achieving its target of having Enterprise Risk Management (ERM) fully implemented by the end of the 2016/17 biennium. These milestones include the integration of risk management into the annual work planning cycle, the identification of risks and risk mitigation measures in the 2014/15 Program and Budget.</p> <p>The policy is based on the Committee of Sponsoring Organizations of the Treadway Commission's (COSO) Internal Control - Integrated Framework^[1], as it is applied within the INTOSAI guidelines for internal control standards for the public sector, and is structured along the lines of the integrated internal control framework components of (i) control environment; (ii) risk assessment; (iii) control activities; (iv) information and communication; and (v) monitoring activities. The policy presents definitions for risk, risk appetite, and risk tolerance, establishing the process for risk management, and defining the various roles involved in the process of risk management.</p>

^[1] Committee of Sponsoring Organizations of the Treadway Commission *Internal Control - Integrated Framework* (Jersey City, NJ : American Institute of Certified Public Accountants, 2013)

JIU Recommendation	WIPO Secretariat Response
<p>Recommendation 6</p> <p>The Coordination Committee should revisit the present principles concerning geographical distribution in order to ensure broader geographical diversity within the WIPO professional workforce.</p>	<p>A letter was sent on May 30, 2014, from the Director General of WIPO to the Chair of the WIPO Coordination Committee, drawing the Chair's attention to this recommendation</p>
<p>Recommendation 7</p> <p>Based on guidance provided by the Coordination Committee, the Director General should establish, by the end of 2015, a Plan of Action with specific measures and targets to broaden the geographical diversity within the professional workforce and report annually on its implementation.</p>	<p>A program of action will be established in consultation with Member States with a view to broadening the geographic diversity within the professional workforce. Outreach campaigns and increased interaction with Member States were initiated in October 2013 and will continue throughout 2014-2015 to increase the Organization's geographical diversity. HRMD reports progress on WIPO's geographical diversity twice per year to all Member States and annually to the WIPO Coordination Committee through its Annual Report on Human Resources.</p>
<p>Recommendation 8</p> <p>The Director General should finalize the WIPO Gender Policy by the end of 2014, ensuring that it contains specific measures and targets to improve gender balance, in particular at senior management level, and report annually on its implementation.</p>	<p>WIPO is currently in the process of developing a comprehensive Policy on Gender Equality and a related Action Plan. The policy will address both the mainstreaming of gender in the work of WIPO Programs and gender equality in the WIPO workplace with specific measures and targets for improving gender balance at all levels by 2020. The policy is expected to be issued in 2014. HRMD currently reports progress on gender balance biannually to member States and annually to the WIPO Coordination Committee through its Annual Report on Human Resources.</p>
<p>Recommendation 9</p> <p>The Director General should further formalize WIPO's Information and Communication Technology (ICT) Strategy and present it to the General Assembly by the end of 2014.</p>	<p>The WIPO Information and Communication Technology (ICT) Strategy has been provided as part of the documentation of the 54th Session of the Assemblies of the Member States of WIPO (September 22 to September 30, 2014).</p>
<p>Recommendation 10</p> <p>The Director General should finalize a comprehensive Knowledge Management Strategy and present it to the General Assembly by the end of 2015.</p>	<p>An independent evaluation on Knowledge Sharing at WIPO has been conducted by IAOD in the first half of this year. The report will be issued on July 8, 2014. One of the four recommendations of this evaluation is to "...bring together the various existing policies to develop a knowledge sharing policy incorporated into an overall knowledge management strategy as recommended in a</p>

JIU Recommendation	WIPO Secretariat Response
	<p>recent JIU report". The uptake, responsibilities and deadlines for implementing this and the other three recommendations (on assigning a senior level position to lead the establishment of a new information and knowledge strategy, on providing a platform for internal communications and on systematic structuring of information) is currently being discussed within WIPO Management and will result in an agreed management action plan to be issued by beginning of August 2014."</p>

Observations from the WIPO Secretariat on JIU/REP/2014/2

“Review of Management and Administration in the World Intellectual Property Organization”

Text as extracted from JIU/REP/2014/2	Observations from the WIPO Secretariat ¹
EXECUTIVE SUMMARY	
	No comment
I. INTRODUCTION	
<p><i>Para. 13:</i> “For nearly three decades, WIPO remained a technically-oriented organization, driven mainly by the interests of the key IP stakeholders. It has relied mostly on self-generated revenues and pursued a specific corporate culture, institutionalized by a number of management practices and procedures that contributed to the development of the organization, even if they were not in full alignment with the existing benchmarks in the United Nations system. . . .”</p> <p><i>Para. 14:</i> “The WIPO business model makes it a self-financed institution, based on the income generated by a variety of services provided in intellectual property areas (patent filings, trademarks, standards setting). WIPO operates in a competitive market environment which creates additional constraints for an organization that has to align itself with the common set of values and standards of the United Nations system framework. In this context, WIPO’s</p>	<p>The Secretariat maintains that WIPO's funding model has been and remains fully compatible with the UN System and is fully aligned to the common set of values of the UN system. The Secretariat points to the diversity of structures and funding arrangements of UN agencies and bodies.</p> <p>In addition, “universality” and maintaining its revenue are not mutually exclusive. Rather, a broadened base of countries – and filings originating from those countries – can enhance revenue.</p> <p>WIPO’s business model and financial structure is founded on treaties established by the Member States. In order to meet our treaty obligations and the service and quality expectations of the users of our services, we are required to pursue values that will enable our staff to be quality and service oriented in their interactions with the recipients of our services.</p>

¹ Including the formal Secretariat response to the Recommendations and, where appropriate, further information relating to each recommendation

Text as extracted from JIU/REP/2014/2	Observations from the WIPO Secretariat ¹
task is to ensure universality while maintaining favourable conditions for revenue based activities.”	
<i>Para. 15:</i> “. . . of those countries which provide most of its financial income . . .”	This phrase is not technically correct as it is companies and individuals using WIPO’s services which provide most of the Organization’s income, not governments of countries.
II. GOVERNANCE	
<p>A. Current governance framework</p> <p><i>Para. 19:</i> “The Conference is the second high-level body mandated to discuss matters of general interest in the field of intellectual property and it may adopt recommendations. The Conference is entrusted with the responsibility of amending the Convention. It is composed of all States parties to the Convention (186 members).”</p>	WIPO now has 187 members
<p><i>Para. 21 (bullet point 3):</i>The Committee on WIPO Standards (CWS), the Standing Committee on Copyright and Related Rights (SCCR), the Standing Committee on Information Technologies (SCIT), the Standing Committee on the Law of Patents (SCP) and the Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications (SCT) are committees of experts established by the GA to handle technical and practical issues concerning their related areas</p>	The SCIT no longer exists. The Committee on WIPO Standards has subsumed its responsibilities.
<p><i>Para. 25:</i> “The issue of the Assemblies of Member States and of the Unions may also need revisiting. The practice of the Assemblies annually brings together 20 legislative and executive bodies during the same session. Although this practice has some benefits in terms of cost-efficiency, it does raise questions with regard to the clarity of the decision-</p>	The legal competence of each Assembly and Union is different, hence the long-standing wording of “each as far as it is concerned” when taking common decisions at joint meetings. The Secretariat is not aware of any interest by Member States to revise WIPO’s institutional architecture, which has been applied in a satisfactory manner over many years and change to which would require treaty revision. Furthermore, the Secretariat points out that the ‘taking note’ of documents is a common practice throughout the UN system.

Text as extracted from JIU/REP/2014/2	Observations from the WIPO Secretariat ¹
<p>making process, given that those bodies only consider the issues "each as far as it is concerned".¹⁶ In addition, the format of adoption of some decisions may also raise questions. At times, Member States only "take note" of the Secretariat's reports which have to be read in conjunction with the (often divergent) comments made orally during the debates and cross-referenced with other background documentation. Although this practice is not an exception in the United Nations system, it may impact the oversight role and the adequate implementation of the Member States' decisions."</p>	
<p><i>Para. 30:</i> "With regard to the committees, the concerns often expressed by delegates related to: (a) the composition of regional groups, which is not fully aligned with the customary set-up of such entities in comparison to other United Nations system organizations; (b) the need to introduce rules ensuring increased predictability of the rotation of officers on the Committees among the regional groups; (c) the need to maintain a stable calendar of meetings, convened by a prior legislative decision, and to ensure that postponements or cancellations of meetings are approved by Member States; (d) the authority to convene, set the agenda, dates and determine documentation for the meetings, which should rest with Member States; (e) the need to revise some of the existing rules and procedures."</p>	<p>Re composition of regional groups, the Secretariat observes that there is no one template for regional groups across the UN System. In any event, the Regional Groups in WIPO are self-nominating by Member States themselves. The Secretariat has neither competence nor a role in this matter.</p> <p>Re. the rotation of officers of Committees, the Secretariat would emphasize that this is a matter which has been the subject of intense discussion among Member States and on which the Member States are yet to reach a consensus. This is not a matter for the Secretariat.</p> <p>Re the calendar of meetings, as noted in the Report, it was the current Administration which introduced and formalized a stable calendar of meetings in WIPO. Changes to the calendar are done in consultation with Member States. It should be noted that there is, necessarily, a role for the Secretariat in producing such a calendar bearing in mind the wishes of the Member States and the many internal considerations (i.e. availability of meeting rooms, other meetings at that time, the availability of chairs, the technical possibility of preparing and producing documents in time etc.).</p> <p>Re the authority to convene and set agendas etc., the Secretariat understands that the standard practice in the UN is that draft agendas are proposed by the Secretariat/ Executive Head, commented on by Member States, revised accordingly by the Secretariat, and approved (set) by Member States. The same procedure is followed in WIPO. According to the WIPO Rules of Procedure, adopted by Member States and abided by the Secretariat: "The opening <u>date</u> of each session, its duration and place shall be fixed by the Director General (...) The Director General shall send out <u>letters of convocation</u> (...) prepare the draft <u>agenda</u> (...) Each item (...) shall, as a rule, be the subject of a <u>report</u> by the Director General". Consequently, any change to this procedure would require the Member States to change the Rules of Procedure.</p>

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	<p>More generally, the Secretariat remains concerned that this paragraph of the Report leaves the impression that certain matters or actions which are beyond the competence of the Secretariat or which the Secretariat undertakes in conformity with established rules, are, rather, the responsibility of the Secretariat. As such, the paragraph is unclear and could be misleading in the absence of any additional explanation in the Report.</p>
<p><i>Para. 31:</i> “Insofar as the management of meetings is concerned, a number of the regional groups and individual delegates suggested that the large number of WIPO committees and similar bodies presented serious challenges for coordination, prioritization and preparation of proceedings. The meetings are often long and time-consuming, with the technical discussions interspersed with political debates. The Inspectors found that many of Member States lack adequate information on the cost implications to conduct these meetings.”</p>	<p>The Secretariat would stress that the frequency of meetings is dictated by the issues under discussion and based upon the wishes of the Member States. In terms of the length and ‘time consuming’ nature of meetings and any political debates therein, this is entirely a matter for Member States and the Secretariat has no competence or responsibility in this matter. The Report does not clearly delineate these responsibilities and as such, the Report remains ambiguous and possibly misleading.</p>
<p><i>Para. 32:</i> “Delegates also identified the excessive length and volume of documentation as a potential area for improvement. As confirmed by JIU research, the documents presented to WIPO governing bodies often contain a significant amount of detailed information, but sometimes lack clear recommendations to facilitate the discussions among Member States. Recognizing the secretariats’ increased efforts to submit documents on time, a number of Member States noted that some documents are presented at short notice, notwithstanding the agreed rule of two months in advance. Finally, some documents are issued as so-called “white papers” without proper symbols. Such practice results in an additional burden on Member States which affects both their level of preparedness on substantive issues and the decision-making capacity of WIPO governing bodies.</p>	<p>Re documents for the Governing bodies, the Secretariat would reiterate that the documents prepared by the Secretariat for the governing bodies provide background and information. Such documents are designed to facilitate discussion among Member States to aid Member States.</p> <p>Re the timeliness of documents, the Secretariat is focusing efforts to ensure that all documents are submitted to the governing bodies as soon as possible. The first documents are normally issued by the Secretariat six months before the meeting and, as a rule, no later than two months before the meeting. Only a limited number of documents are submitted beyond that deadline owing to an inability to issue them any earlier, for instance, the report of a Committee taking place within two months of the meeting, the list of participants, the final agenda and the list of documents.</p> <p>Re the use of ‘white papers’, the Secretariat notes that the use of informal papers and conference room documents are common practice in the UN system, especially among those bodies that conduct normative work.</p> <p>WIPO Office Instruction OI/32/2012 entitled “Translation of Official WIPO Documentation” requests Program Managers to ensure that the length of a working document does not exceed 10 standard UN pages i.e. 3,300 words.</p>

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<p><i>Para. 33:</i> “. . . . The Inspectors are, however, of the view that WIPO governing bodies and the Secretariat should take a closer look at the number of meetings and the volume of documentation with the aim of regularizing the situation in this area.”</p>	<p>The Secretariat would reiterate that the Report does not clearly delineate the respective responsibilities of the Secretariat and Member States and as such, the practical value of this recommendation is diminished.</p>
<p>B. Efforts to reform governance</p> <p><i>Para. 35:</i> “Over the past years, an increasing number of Member States have repeatedly voiced their dissatisfaction with regard to the current state of governance at WIPO and expressed their concern that the organization has mostly been Secretariat driven rather than membership driven. . . .”</p>	<p>The Secretariat cannot agree with the assertion that WIPO has been mostly Secretariat driven. Rather, the Secretariat is firmly of the view that it operates within the parameters set for it by the constitutional framework for WIPO. As such, WIPO remains, like all UN bodies, a Member States driven organization, whether from the approval of its Strategic Objectives, the setting of strategic priorities and the approval of the Program and Budget for the organization, or through the close scrutiny of its performance and financial status, to state a few prominent examples.</p>
<p><i>Para. 40:</i> “Although it is important to recognize that the WIPO Secretariat considers the implementation of the DA to be a significant part of its work, a number of Member States expressed their concerns that they do not have sufficiently effective means to properly monitor WIPO’s performance in this sphere. The External Review on WIPO Technical Assistance in the area of Cooperation for Development (2011)² revealed serious deficiencies in the organization’s technical assistance programs to developing countries. The Secretariat subsequently responded that many of the issues raised in the review have been addressed. The Secretariat has developed a number of reporting tools that provide an overview of the organization’s work in support of the DA implementation and the activities it has undertaken. Yet, the ongoing debates on the implementation of the Development Agenda are symptomatic of the underlying problems as</p>	<p>Contrary to the assertion in paragraph 3 of Section I <i>Objectives, Scope and Limitations</i>, the Secretariat finds that the review did in fact assess “the substantive dimension of the work carried out by WIPO in the field of Intellectual Property”. This paragraph under Section II on Governance does precisely that.</p>

² WIPO, CDIP/8/INF/1: An external review of WIPO technical assistance in the area of cooperation for development, (2011), Annex 1.

Text as extracted from JIU/REP/2014/2	Observations from the WIPO Secretariat ¹
<p>attempts to bridge the differences between Member States have until now eluded consensus.³ This stresses the need for Member States to reach an agreement to put in place an effective system for reporting, monitoring and evaluating the implementation of the DA recommendations.</p>	
<p>C. Reviewing governance</p> <p><i>Para. 48:</i> “Examples that WIPO could draw upon include the Advisory Committee on Administrative and Budgetary Questions (ACABQ), which provides recommendations to the Fifth Committee of the United Nations General Assembly; and the group of experts on financial and administrative matters, which provides technical advice to the Finance and Administrative Commission and the Executive Board of UNESCO. Such a body should include experts from Member States selected on the basis of adequate geographical representation, personal qualifications and experience. It could also use expertise from the private sector which generates most of WIPO’s revenues. As a first step, such a body may be set up on a trial basis.</p>	<p>This paragraph seems to contradict the statement made in paragraph 42 which states “Strengthening governance and oversight must be strategically orientated and should not turn into a micro-management.”</p>
<p>RECOMMENDATION 1</p> <p>THE WIPO GENERAL ASSEMBLY SHOULD REVIEW THE WIPO GOVERNANCE FRAMEWORK AS WELL AS CURRENT PRACTICES WITH A VIEW TO STRENGTHEN THE CAPACITY OF THE GOVERNING BODIES TO GUIDE AND MONITOR THE WORK OF THE ORGANIZATION. IN</p>	<p>A letter was sent on May 30, 2014, from the Director General of WIPO to the Chair of the WIPO General Assembly, drawing the Chair’s attention to this recommendation</p>

³ For example, the Inspectors note the difficulties in reaching an agreement on the definition of “development expenditure” at WIPO, which was finally adopted in September 2013. In contrast several other United Nations system organizations had previously developed relevant tools, for example, ILO Development Cooperation Dashboard, WMO Capacity Development and Resource Mobilization strategies, and WTO Doha Development Agenda Global Trust Fund.

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<p>DOING SO, MEMBER STATES MAY WISH TO CONSIDER IN THEIR DELIBERATIONS THE OPTIONS SUGGESTED IN THIS REPORT.</p>	
<p>III. MANAGEMENT</p>	
<p>A. WIPO Secretariat</p> <p><i>Para. 66.</i> “WIPO’s management style is based on a “top-down” communication model and management decisions are reportedly not always communicated properly. Whereas the SRP contributed to promoting better horizontal communication, some essential meetings and communication channels continue to work on a rather informal basis. One WIPO official stressed the existence of a number of mechanisms to overcome “misrepresentation or miscommunication”, but more explanation and transparency would probably secure better understanding and increased staff ownership. For example, the content analysis of Office Instructions (2008-2013) showed that many of them are general in nature and do not highlight the rationale for management decisions.”</p> <p><i>Para 67.</i> “In addition to the issuance of Office Instructions and other management documents, the main communication channels from management to staff are: (i) town hall meetings with staff members, four or five times a year; (ii) informal “tea meetings” that give staff an opportunity to meet with the Director General, with no pre-set agenda; (iii) various SRP communication initiatives (for example, What’s new programs, Question time sessions, intranet pages, etc.). Those mechanisms for internal coordination and communication were put in place in recent years at the initiative of the current executive management team. However, according to the comments received by the Inspectors, in practice, the first two channels are perceived</p>	<p>The Secretariat acknowledges that there needs to be a continuing focus on internal communication. There has been considerable attention on this aspect as acknowledged in the Report, through the institution of several avenues of communication at different levels. The Secretariat continues to encourage open and constructive communication and points to the cultural change in the Organization at all levels that it is seeking to promote.</p>

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<p>as a one-way flow of information, and staff are often reluctant to express their concerns. The 2012 annual report of the Ombudsperson mentioned systemic shortcomings with regard to communication and conflict management at the managerial level. The Ombudsperson mentioned a feeling of “malaise” expressed by the visitors to the Office about the organizational climate.⁴ Internal communication was also underlined as an area in need of improvement by the respondents to the JIU survey. The Inspectors believe that transparent communication is a key requirement in any change management process, as it directly impacts on the engagement of staff and their level of confidence in management.”</p>	
<p>RECOMMENDATION 2</p> <p>THE DIRECTOR GENERAL SHOULD ENSURE THAT CLEAR AND UPDATED TERMS OF REFERENCE ARE MADE AVAILABLE FOR ALL WIPO ORGANIZATIONAL UNITS AND INCLUDE THEM IN RELEVANT OFFICE INSTRUCTIONS, IN PARTICULAR EACH TIME AN INTERNAL RE-ORGANIZATION IS CARRIED OUT</p>	<p>WIPO welcomes this recommendation. In order to ensure that mandates are clearly defined for each organizational unit, taking duly into account possible changes to the organizational structure following the appointment of the new Senior Management Team, this recommendation will be implemented in parallel to the commencement of the second term of the Director General in October 2014. It should in this context be noted that the practice of including unit mandate descriptions in Office Instructions concerning internal re-organizations commenced in November 2013 and will continue to remain standard practice.</p>
<p>B. Executive management</p>	<p>No comment</p>
<p>RECOMMENDATION 3</p> <p>THE DIRECTOR GENERAL SHOULD ISSUE COMPREHENSIVE TERMS OF REFERENCE FOR THE MANAGEMENT COMMITTEES BY THE END OF 2014 AND CIRCULATE THEM TO THE RELEVANT WIPO GOVERNING BODIES.</p>	<p>WIPO welcomes this recommendation. Terms of Reference for the referenced Senior Management Team and the Management Meetings will be issued by the end of 2014.</p> <p>Comprehensive Terms of Reference for other internal management committees have already been provided to the JIU.</p>

⁴ WIPO Ombuds Office Statistics for 2012, final draft, 20 March 2013.

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<p>C. Strategic Realignment Program (SRP)</p>	<p>No comment</p>
<p>D. General management and administration</p> <p><i>Para 72.</i> "WIPO senior management is now facing the challenge of converting a four-year change management initiative into a continuous process of improvement of the WIPO corporate culture and working practices. To help achieve this objective, the Inspectors recommend a series of internal evaluation of the SRP, notably illustrating concrete examples of positive changes, good practices and lessons learned, in particular in the areas of risk management, ethics and business continuity,</p> <p>The following recommendation is expected to contribute to the dissemination of good practices within WIPO."</p> <div data-bbox="293 874 913 1187" style="border: 1px solid black; padding: 5px;"> <p>RECOMMENDATION 4</p> <p>THE DIRECTOR GENERAL SHOULD REQUEST THE INTERNAL AUDIT AND OVERSIGHT DIVISION TO INCLUDE IN ITS WORKPLAN A SERIES OF EVALUATIONS OF THE STRATEGIC REALIGNMENT PROGRAM (SRP) INITIATIVES AND THEIR RESULTS TO CAPTURE LESSONS LEARNED, THUS SUPPORTING WIPO MANAGEMENT DURING THE NEXT PHASES OF THE REFORM PROCESS OF THE ORGANIZATION.</p> </div>	<p>This recommendation is already in progress as IAOD has reviewed a number of SRP initiatives. In early 2014, IAOD completed the audit of results-based management specifically undertaken as a review of an SRP initiative under the core value "Accountability for results". Likewise, before the end of June 2014, IAOD will complete the evaluation of knowledge sharing in WIPO which considered closely another SRP core value, "Working as one" and one of its activities, "to strengthen internal communication". IAOD will incorporate any additional request by the Director General on its workplan.</p> <p>Other audits already undergone include, an audit of the VSP and an audit on data migration for the ERP. The External Auditors will be carrying out a performance audit of the ERP.</p>

Text as extracted from JIU/REP/2014/2	Observations from the WIPO Secretariat ¹																														
<p>Figure 3: Opinions of WIPO staff on the quality of operational support services (in per cent)</p> <table border="1" data-bbox="286 389 907 742"> <thead> <tr> <th colspan="5" data-bbox="286 389 907 480">I think the following operational support services are of good quality</th> </tr> <tr> <th data-bbox="286 480 501 531"></th> <th data-bbox="501 480 584 531">Yes</th> <th data-bbox="584 480 725 531">Somewhat</th> <th data-bbox="725 480 797 531">No</th> <th data-bbox="797 480 907 531">No opinion</th> </tr> </thead> <tbody> <tr> <td data-bbox="286 531 501 582">Travel</td> <td data-bbox="501 531 584 582">45.2</td> <td data-bbox="584 531 725 582">18.6</td> <td data-bbox="725 531 797 582">3.7</td> <td data-bbox="797 531 907 582">32.6</td> </tr> <tr> <td data-bbox="286 582 501 633">Conference services</td> <td data-bbox="501 582 584 633">51.3</td> <td data-bbox="584 582 725 633">12.1</td> <td data-bbox="725 582 797 633">1.3</td> <td data-bbox="797 582 907 633">35.2</td> </tr> <tr> <td data-bbox="286 633 501 684">Translation</td> <td data-bbox="501 633 584 684">53.9</td> <td data-bbox="584 633 725 684">14.7</td> <td data-bbox="725 633 797 684">3.3</td> <td data-bbox="797 633 907 684">29.0</td> </tr> <tr> <td data-bbox="286 684 501 742">Procurement*</td> <td data-bbox="501 684 584 742">30.5</td> <td data-bbox="584 684 725 742">23.5</td> <td data-bbox="725 684 797 742">6.4</td> <td data-bbox="797 684 907 742">39.6</td> </tr> </tbody> </table> <p data-bbox="271 772 613 799">Source: JIU survey, Question 24</p> <p data-bbox="271 826 822 906">*2012 WIPO survey collected 58 per cent of positive responses among the 200 staff/users responsible for procurement activities in the organization</p>	I think the following operational support services are of good quality						Yes	Somewhat	No	No opinion	Travel	45.2	18.6	3.7	32.6	Conference services	51.3	12.1	1.3	35.2	Translation	53.9	14.7	3.3	29.0	Procurement*	30.5	23.5	6.4	39.6	<p data-bbox="943 794 1953 847">With reference to the footnote in Figure 3, the 2012 WIPO survey collected 70 per cent of positive answers (57 per cent “good” and 13 per cent “very good”) and not 58 per cent as shown.</p>
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<p data-bbox="271 1023 913 1310"><i>Para. 78.</i> “WIPO has established a Contracts Review Committee (CRC), which has a clear and documented mandate to review procurement-related contracts and render written advice to the Deputy Director General, designated by the Director General as responsible for the procurement function at WIPO. The Committee is composed of high-level officials, primarily at the ADG and DDG levels.⁵ The Inspectors noted that the number of cases presented to the CRC has remained stable since 2009, despite a change of the threshold for its review (from CHF 100,000 over a period of three years to the same amount per</p>	<p data-bbox="943 1018 1630 1045">The composition of the CRC is currently at ADG and Director level.</p>																														

⁵ WIPO, OI 21/2006 Rev: Procurement and purchase: General principles, framework and procedures, OI 53/2009: Amendments to Office Instruction No 21/2006 Rev: Procurement and purchase general principles, framework and procedures.

Text as extracted from JIU/REP/2014/2	Observations from the WIPO Secretariat ¹
<p>year). In addition to reviewing compliance of high-value contracts with procurement rules and procedures, the CRC also advises the Deputy Director General when it is in the interest of the organization to use informal methods (waivers) of solicitation, instead of a competitive process.”</p>	
<p><i>Para 81:</i> “Travel costs represent a considerable budget line at WIPO, amounting to CHF 45.71 million during the biennium 2010-2011 (last consolidated data available at the time of finalization of this report). That amount represented 7 per cent of the total WIPO budget for that period. IAOD noted the increase in the total number of air tickets purchased (from 4,915 in 2009 to 6,709 in 2011), which resulted in travel costs exceeding the approved travel budget by approximately 17 per cent.⁶”</p>	<p>The approved budget for the biennium 2010/2011 was 35.515 million CHF, not 45.71 million. That amount represented 5.7% of the budget and not 7%. And the actual travel cost was <u>below</u> the approved budget by 13.5% not above by 17%.</p>
<p><i>Para. 82.</i> “The revised Policy on Travel and Related Expenses (2012) contained several measures to align WIPO’s travel standards with those of the United Nations system organizations, such as restricting business class travel to flights of more than nine hours, advance deadlines for purchasing air tickets (10 days), use of online bookings to reduce transaction costs.⁷ WIPO also took measures to reduce the number of staff attending the same professional or substantive events.⁸”</p>	<p>The Member States were informed separately of the Online Booking Tool Project. It is not referred to <i>per se</i> in the Office Instruction containing the Policy on Official Travel and Related Expenses.</p>
<p>E. Internal controls and risk management</p>	

⁶ WIPO, IA/03/2012: Internal Audit Report: Review of Travel and Mission Support.

⁷ WIPO, OI 16/2012: Official Travel and Related Expenses.

⁸ WO/PBC/21/19: Report on the Implementation of Cost Efficiency Measures.

Text as extracted from JIU/REP/2014/2	Observations from the WIPO Secretariat ¹
<p><i>Para. 84</i> "In 2012, the IAOC recommended that the reinforcement of corporate internal controls and risk management at WIPO be addressed as a matter of priority: "an internal controls system does exist at WIPO but certain practices remain informal, ad hoc and unsystematic. IAOC also found that the understanding and appreciation of these concepts vary across the organization".⁹ As part of SRP Initiative 15 (Strengthen Risk Management and Internal Controls), the Risk Management and Internal Controls Board was established to supervise the said initiative.¹⁰ The WIPO Secretariat contracted a company to assist in the development and implementation of internal controls within a corporate enterprise risk management framework. The objective was to increase confidence in the proper application and implementation of internal rules and procedures."</p> <p><i>Para. 85.</i> "In his statement to the Assemblies in September 2013, the Director General indicated that further work remains to be done on the initiatives concerning internal controls.¹¹ The WIPO Secretariat expects that the ERP functionalities will provide appropriate tools to ensure compliance with the Financial Regulations and Rules as well as the International Public Sector Accounting Standards (IPSAS). To support WIPO's work in this area, the Inspectors refer to the 2010 JIU report on Enterprise Risk Management as well as to the 2011 JIU report on Accountability Frameworks, which advocated the certification of internal controls by the executive heads as one of the main elements to be considered.¹² "</p>	<p>One of the initiatives pursued and implemented within the context of the Strategic Realignment Program (SRP), was to strengthen the risk management and internal control systems of WIPO. As part of the initiative, a number of important milestones were achieved, which have continued to carry the Organization forward on the path established under its risk management roadmap, and on the way to achieving its target of having Enterprise Risk Management (ERM) fully implemented by the end of the 2016/17 biennium. These milestones include the integration of risk management into the annual work planning cycle, the identification of risks and risk mitigation measures in the 2014/15 Program and Budget.</p> <p>In order to better assess and manage the risks that could endanger the achievement of WIPO's strategic goals and expected results, the guiding principles of ERM activities have been codified in WIPO's Risk Management Policy. This is currently under review by WIPO's Risk Management Group (RMG) and the Internal Audit and Oversight Division (IAOD), following which it will be socialized and communicated more broadly. It is expected to be promulgated in 2014.</p> <p>1. WIPO's Risk Management Policy is guided by three key principles, which are the following:</p> <ul style="list-style-type: none"> (i) (i) Risk management is an organization-wide process. All staff are responsible for managing risks and the ultimate accountability for risk management lies with the Senior Management Team. Strategic or organizational level risks are identified and reviewed by the Organization's risk management committee, the RMG. (ii) (ii) Risk management is a critical part of achieving the Organization's strategic goals and expected results, and is performed as an integral part of the Organization's results-based management cycle. <p>(iii) WIPO's risk management strategy is guided by the risk appetite set by its Member States in WIPO's Risk Appetite Statement. A Risk Appetite Statement has been prepared</p>

⁹ WO/PBC/19/10: Report of the WIPO Independent Advisory Oversight Committee.

¹⁰ WIPO, OI 37/2012: Establishment of a WIPO Risk Management and Internal Controls Board.

¹¹ WIPO, Report of the Director General to the WIPO Assemblies 2013.

¹² JIU/REP/2010/4: Review of enterprise risk management in the United Nations System: Benchmarking framework; and JIU/REP/2011/5: Accountability frameworks in the United Nations system.

Text as extracted from JIU/REP/2014/2	Observations from the WIPO Secretariat ¹
<p><i>Para 86:</i> "In the risk management area, the Inspectors noted a number of positive developments:</p> <ul style="list-style-type: none"> • The risk management portfolio now contains a number of key relevant documents, even though some are not yet finalized, including the Risk Management Roadmap, Risk Policy (2012 draft), Risk Manual, etc. • Progress has been made in integrating risk management into the annual workplans of the sectors with specific sections on risk identification and risk mitigation in the 2014-2015 Program and Budget. • The recruitment of a Risk and Controls Compliance Specialist to advise and facilitate the embedding of risk management and internal controls processes into the work of the organization, even if it is only a consultant position (Special Service Agreement) for a limited period of time. • Program managers, since 2009, have been asked to sign a representation letter for the preparation of the financial statements which enhances accountability. The WIPO Secretariat indicated that the scope and coverage of this self-certification process will continue to be expanded. • WIPO received the ISO 27001 certification (International Standard for Information Security Management) in November 2013, which is an important achievement given the relevance of IT security and IT management systems for the organization." <p><i>Para. 87:</i> "As emphasized in its terms of reference, the Risk Management and Internal Controls Board mainly acted as a "project board" to guide the SRP initiative and oversee the work of the consulting company at each phase</p> 	<p>for submission to the 2014 session of WIPO's Assemblies.</p> <p>2. The policy is based on the Committee of Sponsoring Organizations of the Treadway Commission's (COSO) Internal Control - Integrated Framework^[1], as it is applied within the INTOSAI guidelines for internal control standards for the public sector, and is structured along the lines of the integrated internal control framework components of (i) control environment; (ii) risk assessment; (iii) control activities; (iv) information and communication; and (v) monitoring activities. The policy presents definitions for risk, risk appetite, and risk tolerance, establishing the process for risk management, and defining the various roles involved in the process of risk management.</p>

^[1] Committee of Sponsoring Organizations of the Treadway Commission *Internal Control - Integrated Framework (Jersey City, NJ : American Institute of Certified Public Accountants, 2013)*

Text as extracted from JIU/REP/2014/2	Observations from the WIPO Secretariat ¹
<p>of the project. The analysis of the minutes of the Board (minutes of three meetings were provided to the Inspectors) did not enable the Inspectors to determine the type of strategic discussions held there on risk management. The Inspectors recommend enlarging the mandate of the Board to equip WIPO with a risk management committee, as mentioned in the draft Risk Policy that should be issued as soon as possible.</p> <p>The following recommendation is expected to enhance the effectiveness of risk management at WIPO.</p>	<p><u>Formal response to Recommendation 5</u></p> <p>This recommendation is in progress.</p> <p>In order to better assess and manage the risks that could endanger the achievement of WIPO's strategic goals and expected results, the guiding principles of ERM activities have been codified in WIPO's Risk Management Policy. This is currently under review by WIPO's Risk Management Group (RMG) and the Internal Audit and Oversight Division (IAOD), following which it will be socialized and communicated more broadly. It is expected to be promulgated in 2014.</p> <p>One of the initiatives pursued and implemented within the context of the Strategic Realignment Program (SRP), was to strengthen the risk management and internal control systems of WIPO. As part of the initiative, a number of important milestones were achieved, which have continued to carry the Organization forward on the path established under its risk management roadmap, and on the way to achieving its target of having Enterprise Risk Management (ERM) fully implemented by the end of the 2016/17 biennium. These milestones include the integration of risk management into the annual work planning cycle, the identification of risks and risk mitigation</p>
<p>RECOMMENDATION 5</p> <p>THE DIRECTOR GENERAL SHOULD FINALIZE, BY THE END OF 2015, AND REGULARLY UPDATE THE WIPO RISK POLICY AND ALL THE ELEMENTS OF A COMPREHENSIVE RISK MANAGEMENT FRAMEWORK.</p>	

Text as extracted from JIU/REP/2014/2	Observations from the WIPO Secretariat ¹
	<p>measures in the 2014/15 Program and Budget.</p> <p>The policy is based on the Committee of Sponsoring Organizations of the Treadway Commission's (COSO) Internal Control - Integrated Framework^[1], as it is applied within the INTOSAI guidelines for internal control standards for the public sector, and is structured along the lines of the integrated internal control framework components of (i) control environment; (ii) risk assessment; (iii) control activities; (iv) information and communication; and (v) monitoring activities. The policy presents definitions for risk, risk appetite, and risk tolerance, establishing the process for risk management, and defining the various roles involved in the process of risk management.</p>
<p>IV. RESOURCES, PLANNING AND BUDGETING</p>	
<p>A. Financial framework</p> <p>91. "Revenues are unevenly generated by the main types of services provided by WIPO. Figure 5 shows that, for 2014-2015, approximately 76.5 per cent of revenue corresponds to estimated income from fee-paid services provided through the Patent Cooperation Treaty (PCT), while the Madrid and Hague Systems generate 18.1 per cent of the resources. This income structure reveals a high dependence on the PCT system.¹³ It should also be noted that the Madrid system for registries is based on initial payment and revolving fees for maintenance, while the PCT operates a one-time filing fee only. This may represent a challenge in the medium and long-term. An additional risk is that WIPO predominantly relies on service fees that are set in nominal terms and are thus subject to the uncertainty of exchange rates. In order to diversify its financial resources, the Inspectors call on the WIPO Secretariat to finalize and</p>	<p>WIPO is currently in the process of reviewing and updating its policy framework as recommended by the Internal Audit and Oversight Division (IAOD). It may be noted that the Funds-in-Trust operations are currently administratively complex and that the agreements do not necessarily cover the costs incurred by the Secretariat and the foreign exchange exposures. These elements would need to be addressed under the policy currently being developed. Furthermore, WIPO sees opportunities for extra-budgetary resource mobilization strategies for specific projects and initiatives to include public private partnerships and private sector funding.</p> <p>Currently, extra-budgetary resources represent a small percentage of funding on an annual basis (see chart below):</p>

^[1] Committee of Sponsoring Organizations of the Treadway Commission *Internal Control - Integrated Framework* (Jersey City, NJ : American Institute of Certified Public Accountants, 2013)

¹³ WIPO, A/49/5: Program and Budget for the 2012/13 biennium.

<p>Text as extracted from JIU/REP/2014/2</p>	<p>Observations from the WIPO Secretariat¹</p>																												
<p>present to Member States the Resource Mobilization Strategy that has been under discussion since 2008, including the voluntary funds-in-trust arrangements with donor countries.”</p>	<table border="1"> <caption>Total Income WIPO and Funds in Trust (Millions of Swiss francs)</caption> <thead> <tr> <th>Year</th> <th>Assessed Contributions</th> <th>Fee and other income</th> <th>FIT Income</th> </tr> </thead> <tbody> <tr> <td>2008 Actuals</td> <td>~25</td> <td>~300</td> <td>~15</td> </tr> <tr> <td>2009 Actuals</td> <td>~25</td> <td>~280</td> <td>~15</td> </tr> <tr> <td>2010 Actuals</td> <td>~25</td> <td>~275</td> <td>~15</td> </tr> <tr> <td>2011 Actuals</td> <td>~25</td> <td>~285</td> <td>~15</td> </tr> <tr> <td>2012 Actuals</td> <td>~25</td> <td>~330</td> <td>~15</td> </tr> <tr> <td>2013 Preliminary, subject to audit</td> <td>~25</td> <td>~325</td> <td>~15</td> </tr> </tbody> </table>	Year	Assessed Contributions	Fee and other income	FIT Income	2008 Actuals	~25	~300	~15	2009 Actuals	~25	~280	~15	2010 Actuals	~25	~275	~15	2011 Actuals	~25	~285	~15	2012 Actuals	~25	~330	~15	2013 Preliminary, subject to audit	~25	~325	~15
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<p>Para 92: “The income generated by each registration system is spent on a range of programs and activities that are not always connected to the subject matters to which the fees relate. The analysis of the allocation of resources for 2014-2015 to WIPO’s respective strategic goals indicates that the programs of Strategic Goal II (Global IP Services) have the largest share (41 per cent), closely followed by programs under Strategic Goal IX (Administration), which consumes 31.5 per cent of WIPO’s total resources. The Inspectors note that, despite the implementation of the SRP, which aimed to increased organizational efficiency, management and administration still consume more resources than WIPO’s seven other substantive goals.”</p>	<p>With reference to the resources allocated to Strategic Goal IX (Administration) it should be noted that Central ICT costs, which are driven by infrastructural requirements and costs related to business continuity of WIPO’s registration systems as well as financial operations that are directly linked to the processing of fees for WIPO’s IP services are also allocated under Strategic Goal IX (Administration). It is therefore factually incorrect to make a simple percentage comparison and conclude “Management and Administration still consume more resources than WIPO’s seven other substantive goals”</p>																												
<p>Para 96: “The biennial Program and Budget is prepared one to two years in advance of its implementation.</p>	<p>Paragraph 96 does not correctly reflect the processes and controls in place, which have been</p>																												

Text as extracted from JIU/REP/2014/2	Observations from the WIPO Secretariat ¹
<p>WIPO's business model makes it necessary to adjust allocations according to actual income; therefore, such a committee would also be useful when prioritization of adjustments is necessary. The Inspectors believe that the Director General should consider the creation of a resource allocation committee to enhance transparency and the participation of different sectors in the resource allocation process."</p>	<p>explained previously.</p> <p>WIPO's Member States approve a Results Based Program and Budget that sets out the allocation of resources to its Programs. The Program and Budget also provides a Results view of the budget. In line with Results Based Management principles, allocations are made on the basis of annual workplans whose implementation is monitored by Program Managers throughout the implementation cycle to ensure progress towards the results changes to workplans requiring additional resources and reviewed along with the Program Managers and approved by the Director General.</p> <p>Please note (I) WIPO generates the majority of its income from fee paying services, and Member States establish the biennial spending authority on the basis of estimates for income; and (II) the biennial Program and Budget is prepared a year (for year 1) to two years (for year 2) in advance of its implementation.</p> <p>Accordingly, the Organization requires specific <u>controls and flexibilities</u> in the course of the biennium <u>to manage the implementation of the work program of the Organization and mitigate the risks</u> related to the uncertainties inherent in forecasting income and allocating spending authority 1-2 years in advance of implementation.</p> <p>These controls and flexibilities are codified in the Financial Regulations and Rules, as approved by Member States, and include the ability to <u>adjust the level</u> of (I) the spending authority provided to programs within the approved overall budget for the biennium (Financial regulation 5.9 (Rule 105.2) within the transfer rules (Financial Regulation 5.5) and (II) the overall approved budget, in accordance with the financial regulation 5.6 on flexibility adjustments.</p> <p>All adjustments made in accordance with the above are <u>fully and transparently disclosed to Member States</u> in the Program Performance Reports, the Financial Management Report, the Financial Statements and the Program and Budget proposal.</p>
<p>B. Strategic planning and results-based management</p> <p><i>Para 102</i> "The program performance criteria of each expected result are defined in the Program and Budget approved by the Assemblies which provides Member States with the selected indicators. In 2012, comments made by Member States that reviewed the Program Performance Report in the PBC resulted in intense discussions concerning the methodology, the indicators used and the factual</p>	<p>The indicators in the Program and Budget have considerably improved in the Program and Budgets 2012/13 and 2014/15 as compared to the Program and Budget 2010/11: For the first time, the Program and Budget 2012/13 included baselines and targets for all performance indicators (this was not the case in previous biennia).</p> <p>There has been a gradual enhancement of the outcome focus of the indicators in the Program and Budget 2012/13 and Program and Budget 2014/15. In the Program and Budget 2014/15, the number of outcome indicators as a percentage of total indicators per Strategic Goal are as</p>

Text as extracted from JIU/REP/2014/2	Observations from the WIPO Secretariat ¹
<p>information included in the PPR.¹⁴ The Inspectors invite Member States to further contribute, at the planning stage, to the definition of activities that would be most relevant for WIPO and to monitor their implementation."</p> <p><i>Para 103;</i> "The JIU study of the performance indicators revealed that their quality and relevance require further attention: some indicators are presented with vague or no baseline information, due to the lack of sufficient data from previous years; and others are general in nature, mostly at the level of activities or are reliant on subjective assessments. There are not enough outcome indicators that would provide better information on the impact achieved by WIPO's activities. The Inspectors also noted that the set of indicators for some programs were changed significantly for 2014-2015. This shows that the performance measure approach is being continuously developed, but it also raises some concerns about the relevance and robustness of the indicators that were previously used. The Inspectors encourage the WIPO Secretariat to continue to move the organization from primarily measuring activities and outputs to measuring outcome results. This idea was included in the IAOD Summary Annual Report 2012-2013, which stated that "WIPO could make more use of specific, measurable, achievable, relevant and time-bound (SMART) performance and outcome indicators to measure the effects of projects and activities"¹⁵."</p>	<p>follows:</p> <ul style="list-style-type: none"> a. Strategic Goal I: 20 outcome indicators / 20 indicators in total (100%) b. Strategic Goal II: 42 outcome indicators / 53 indicators in total (79%) c. Strategic Goal III: 40 outcome indicators / 46 indicators in total (87%) d. Strategic Goal IV: 30 outcome indicators / 34 indicators in total (88%) e. Strategic Goal V: 7 outcome indicators / 7 indicators in total (100%) f. Strategic Goal VI: 2 outcome indicators / 2 indicators in total (100%) g. Strategic Goal VII: 8 outcome indicators / 10 indicators in total (80%) h. Strategic Goal VIII: 20 outcome indicators / 26 indicators in total (77%) <p>It should be noted that, for some Strategic Goals (i.e. Strategic Goals II and IX), the performance indicators are intentionally efficiency and quality type output indicators which reflect the type of business performance which the organization must measure for its income generating services, i.e. the international registration systems (Strategic Goal II) and administration and management services (Strategic Goal IX).</p> <p>Since the Secretariat is constantly strengthening its results-based management approach, including its focus on measuring outcomes, indicators might by definition change from one biennium to the next. This is unavoidable and an indicator in itself of progress in implementing Results Based Management (RBM), in line with the RBM JIU benchmarks.</p>
<p>C. Enterprise Resource Planning (ERP) system</p>	<p>No Comment</p>
<p>D. Other financial issues</p> <p>110. <i>"Financial management.</i> The External Auditor issued an unqualified opinion on the financial statements for</p>	<p>WIPO has undertaken a comprehensive study of Treasury and Cash Management through an</p>

¹⁴ WO/PBC/20/2 Rev.: Program Performance Report for 2012.

¹⁵ WO/PBC/21/17: Summary Annual report of the Director of the Internal Audit and Oversight Division, para. 14.

Text as extracted from JIU/REP/2014/2	Observations from the WIPO Secretariat ¹
<p>the period ending 31 December 2012, considering that the financial position of WIPO and its financial performance during the period from 1 January 2012 to 31 December 2012 were fairly represented. However, noting that the WIPO Secretariat made a number of improvements in its financial statements and notes, the External Auditor flagged a number of difficulties and risks in terms of financial management and treasury activities, for example, the absence of a Treasury and Cash Management Policy. The Inspectors urge the WIPO Secretariat to take action to implement the recommendations on this matter."</p>	<p>external expert and the Secretariat is currently in the process of reviewing the draft Cash and Treasury Management policy that has been proposed by the expert.</p>
<p>V. HUMAN RESOURCES MANAGEMENT</p>	
<p>A. WIPO workforce</p>	<p>No comment</p>
<p>B. Overview of human resources</p>	<p>The Annual Report on Human Resources which will be presented to Member States in September 2014 will contain an update on the implementation of the HR strategy for 2013-2015. With regard to updating the HR strategy itself, this will be considered by the Director General and the new Senior Management Team (SMT) in early 2015.</p>
<p>C. Specific human resources issues</p> <p><u>Geographic diversity</u></p>	<p>The issues around geographic diversity have been brought to the attention of Member States during the 2013 Assemblies. A variety of views was expressed by Member States during the Assemblies with regard to replacing the 1975 system of Geographic Distribution. In the absence of a consensus, the Secretariat of WIPO undertook to address, over time, the overrepresentation</p>

Text as extracted from JIU/REP/2014/2	Observations from the WIPO Secretariat ¹
	<p>of the Western European region, while ensuring that selection of staff will strictly remain on the basis of merit. A progress report will be provided in the Annual Report on Human Resources to be issued in September 2014.</p> <p>Outreach initiatives to improve geographic diversity have been undertaken in 2013 and 2014. These were primarily aimed at obtaining applications from candidates from unrepresented Member States. Additional measures will be proposed to WIPO Member States in the Annual Report on Human Resources 2014.</p> <p>With regard to JIU/MAR Recommendation no. 6, a letter has been sent from the Director General of WIPO to the Chair of the Coordination Committee, on May 30, 2014, drawing his attention to this Recommendation. With reference to Recommendation 7, the Coordination Committee will be invited to consider this matter at the September 2014 meeting.</p>
<p>RECOMMENDATION 6</p> <p>THE COORDINATION COMMITTEE SHOULD REVISIT THE PRESENT PRINCIPLES CONCERNING GEOGRAPHICAL DISTRIBUTION IN ORDER TO ENSURE BROADER GEOGRAPHICAL DIVERSITY WITHIN THE WIPO PROFESSIONAL WORKFORCE.</p>	<p>A letter was sent on May 30, 2014, from the Director General of WIPO to the Chair of the WIPO Coordination Committee, drawing the Chair's attention to this recommendation</p>
<p>RECOMMENDATION 7</p> <p>BASED ON GUIDANCE PROVIDED BY THE COORDINATION COMMITTEE, THE DIRECTOR GENERAL SHOULD ESTABLISH, BY THE END OF 2015, A PLAN OF ACTION WITH SPECIFIC MEASURES AND TARGETS TO BROADEN THE GEOGRAPHICAL DIVERSITY WITHIN THE PROFESSIONAL WORKFORCE AND REPORT ANNUALLY ON ITS IMPLEMENTATION.</p>	<p>A program of action will be established in consultation with Member States with a view to broadening the geographic diversity within the professional workforce. Outreach campaigns and increased interaction with Member States were initiated in October 2013 and will continue throughout 2014-2015 to increase the Organization's geographical diversity. HRMD reports progress on WIPO's geographical diversity twice per year to all Member States and annually to the WIPO Coordination Committee through its Annual Report on Human Resources.</p>
<p><u>Gender balance</u></p>	<p>No comment</p>
<p>RECOMMENDATION 8</p> <p>THE DIRECTOR GENERAL SHOULD FINALIZE THE WIPO GENDER POLICY BY THE END OF 2014, ENSURING THAT IT CONTAINS SPECIFIC MEASURES</p>	<p>WIPO is currently in the process of developing a comprehensive Policy on Gender Equality and a related Action Plan. The policy will address both the mainstreaming of gender in the work of WIPO Programs and gender equality in the WIPO workplace with specific measures and targets for</p>

Text as extracted from JIU/REP/2014/2	Observations from the WIPO Secretariat ¹
AND TARGETS TO IMPROVE GENDER BALANCE, IN PARTICULAR AT SENIOR MANAGEMENT LEVEL, AND REPORT ANNUALLY ON ITS IMPLEMENTATION.	improving gender balance at all levels by 2020. The policy is expected to be issued in 2014. HRMD currently reports progress on gender balance biannually to member States and annually to the WIPO Coordination Committee through its Annual Report on Human Resources.
<u>Mobility</u>	WIPO is committed to staff mobility and considers it a positive and desirable element of career development. A mobility policy has yet to be developed. This will be accomplished in 2015. As far as inter-agency mobility within the UN system is concerned, WIPO applies the UN terms and benefits under the ICSC mobility system and the standard agreements between organizations to facilitate the movement of staff.
<u>Voluntary Separation Program</u>	No comment
<u>Recruitment</u>	Training of Interview Board members is a requirement and new members received training. WIPO will further follow up with additional training of Board members, as suggested by the JIU. Recruitment reports are laid out in a standardized format to ensure consistent reporting and transparency. It is agreed that the narrative section of reports containing assessment of individual candidates against competency requirements can be further improved.
<u>Performance appraisal</u>	The evaluation of the Rewards and Recognition pilot 2013 is currently underway by the Evaluation Division of IAOD. The results will be integrated in the further development of the policy on Rewards and Recognition.
<u>Training</u>	No comment
<u>Staff-Management relations (SMR)</u>	No comment
<u>Ethics Office</u>	The recommendation with respect to ethics training has been taken on board
<u>Internal Justice</u>	No comment

Text as extracted from JIU/REP/2014/2	Observations from the WIPO Secretariat ¹												
VI. OVERSIGHT													
<p>A. Oversight framework</p> <p><u>Internal Audit and Oversight Division (IAOD)</u></p> <p><i>Para. 164.</i> “The Internal Audit and Oversight Division (IAOD) carries out audits, evaluations and investigations and makes recommendations to improve program implementation and operations. Although IAOD was established in 2000, it only became fully functional since 2008, following the recruitment of professional staff with oversight competence and expertise. The Division is headed by a Director who reports administratively to the DG and supervises 11 staff members (including four on temporary appointments and two support staff). IAOD staffing resources and outputs are broken down per function in figure 17.”</p> <p>Figure 17: Resources and outputs of IAOD for 2012-2013</p> <table border="1" data-bbox="273 1059 909 1394"> <thead> <tr> <th>Resources</th> <th>Audit</th> <th>Evaluation</th> <th>Investigation</th> </tr> </thead> <tbody> <tr> <td>CHF 5,050,000</td> <td>Head of Section (P5), one Auditor (P4), two temporary staff</td> <td>Head of Section (P5), one Evaluation Officer (P4) on half time, and interns</td> <td>Head of Section (P5) (vacant), two investigators (P4)</td> </tr> <tr> <td colspan="4">Data from 1 July 2012 to 30 June 2013</td> </tr> </tbody> </table>	Resources	Audit	Evaluation	Investigation	CHF 5,050,000	Head of Section (P5), one Auditor (P4), two temporary staff	Head of Section (P5), one Evaluation Officer (P4) on half time, and interns	Head of Section (P5) (vacant), two investigators (P4)	Data from 1 July 2012 to 30 June 2013				<p>Please note that this information should now read “Head of Section (P5), one Auditor (P4), <u>one</u> (and not two) temporary staff”</p>
Resources	Audit	Evaluation	Investigation										
CHF 5,050,000	Head of Section (P5), one Auditor (P4), two temporary staff	Head of Section (P5), one Evaluation Officer (P4) on half time, and interns	Head of Section (P5) (vacant), two investigators (P4)										
Data from 1 July 2012 to 30 June 2013													

Text as extracted from JIU/REP/2014/2				Observations from the WIPO Secretariat ¹
	Number of audits: 5	Number of evaluations: 2	Number of investigation cases closed: 28	
<p>Source: Prepared on the basis of IAOD Summary Annual Report (WO/PBC/21/17) and the Program and Budget for 2012-2013 and 2014-2015, as well as information provided by the WIPO Secretariat.</p>				
<p><i>Para. 169.</i> “For years, WIPO lacked a formal investigation policy. The investigative work was guided by the IOC, the Investigation Procedures Manual (July 2010) and internationally recognized guidelines.¹⁶ Consultations on a draft investigation policy lasted for three years and involved a number of WIPO stakeholders (the Office of the Legal Counsel, the Human Resources Management Department, the Ethics Office, the Ombudsman, the Staff Council and the IAOC). The Inspectors were informed that the Investigation Policy (IAOD/IP/2014) was finally released in January 2014, after consultations with Member States as required by the IOC. The policy essentially follows the related internationally recognized standards. Nonetheless, the Inspectors advise that formal complaints of discrimination and/or harassment should be investigated by professional investigators, rather than submitted to the Director of HRMD, in accordance with JIU recommendations.¹⁷ The provisions concerning the procedures for investigations involving senior officials (para. 34 of the Policy) also need further clarification.”</p>				<p>The IAOC will submit to the next General Assembly a proposal for the revision of the Internal Oversight Charter which deals with investigation of allegations against IAOD staff and WIPO Senior officials.</p>

¹⁶ Such as the Uniform Principles and Guidelines for Investigations, endorsed by the Conference of International Investigators in 2009.

¹⁷ JIU/REP/2011/: The investigations function in the United Nations system, Recommendation 7.

Text as extracted from JIU/REP/2014/2	Observations from the WIPO Secretariat ¹
<p><i>Para. 180</i> “The Inspectors stress that it is a shared responsibility of all WIPO stakeholders to use the oversight recommendations to address deficiencies and take measures to improve areas that are pointed out by the respective bodies according to their responsibilities and mandates. To achieve that objective, the Inspectors believe that oversight products should be more widely disseminated both within WIPO management and among Member States. The reporting modalities on the follow-up to the recommendations should be expanded by providing information on acceptance and implementation measures.”</p>	<p>On report dissemination, in the proposal to revise the Internal Oversight Charter, which will be submitted to the General Assembly in September, there will be the following provision “The Director, IOD shall publish internal audit and evaluation reports on the WIPO website within 30 days of their issuance. In exceptional cases, if required to protect security, safety or privacy, the Director, IOD may, at his/her discretion, redact or withhold a report in its entirety”, which addresses the JIU’s concern. As regards reporting on the follow-up of recommendations to provide more details, IAOD will consider improving the section of its annual report on the follow-up of recommendations to include more information on acceptance and implementation. The annual report will however remain a short document so the information will need to remain concise.</p>
<p>VII. OTHER ISSUES</p>	
<p>A. Information and communication technology</p> <p><i>Para. 183:</i> “The role of the ICT Board is vital, as the organization has a complex ICT set-up combining centralized and decentralized components. The ICT Board and the Chief Information Officer (CIO) are responsible, at the corporate level, for driving coherence, standards and strategies related to the IT architecture and applications, information security and infrastructure management. At the same time, WIPO specific applications, for example, patent administration applications, and trade-mark management applications are often located in the respective substantive departments. Several IT systems have been built over time and spread throughout WIPO with increasing complexity. The Inspectors encourage further use of the ICT Board as a</p>	<p>The composition of the current ICT Board includes representatives from all the major business areas of the Organization (Brands and Design, Innovation and Technology, Administration and Management and Global Infrastructure).</p> <p>In early 2014, the ICT Board approved the Terms of Reference for the Project Validation Sub-Committee (PVSC) and the Technical Advisory Group (TAG). These two mechanisms are designed to better coordinate ICT initiatives throughout WIPO before these are considered by the ICT Board.</p>

Text as extracted from JIU/REP/2014/2	Observations from the WIPO Secretariat ¹
<p>tool for reinforcing a centralized IT approach that would trigger increased efficiency and contribute to the optimization of resource utilization. In this spirit, the composition of the ICT Board should be enlarged to ensure wider participation of managers from various parts of the organization to discuss their respective requirements and priorities, which is currently done mostly at the stage of the preparation of the Program and Budget.¹⁸ That would improve both coherence and ownership of IT infrastructure and processes.”</p>	
<p>RECOMMENDATION 9</p> <p>THE DIRECTOR GENERAL SHOULD FURTHER FORMALIZE WIPO’S INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) STRATEGY AND PRESENT IT TO THE GENERAL ASSEMBLY BY THE END OF 2014.</p>	<p>The WIPO Information and Communication Technology (ICT) Strategy has been provided as part of the documentation of the 54th Session of the Assemblies of the Member States of WIPO (September 22 to September 30, 2014).</p>
<p>B. External offices</p>	<p>No comment</p>
<p>C. Knowledge management</p>	<p>IAOD is completing an evaluation of knowledge sharing in the Organization and will follow up on any recommendation to improve knowledge management in the Organization.</p>
<p>RECOMMENDATION 10</p> <p>THE DIRECTOR GENERAL SHOULD FINALIZE A COMPREHENSIVE KNOWLEDGE MANAGEMENT STRATEGY AND PRESENT IT TO THE GENERAL</p>	<p>An independent evaluation on Knowledge Sharing at WIPO has been conducted by IAOD in the first half of this year. The report will be issued on July 8, 2014. One of the four recommendations of this evaluation is to “...bring together the various existing policies to develop a knowledge</p>

¹⁸ The current composition of the board is as follows: the Director General, the Assistant Director General, Administration and Management; the Assistant Director General, Global Infrastructure; the Chief Information Officer; the Director, PCT Operations Division, Innovation and Technology Sector; the Director, Resource Planning, Program Management and Performance Division, Administration and Management Sector; the Director, Functional Support Division, Brands and Designs Sector.

Text as extracted from JIU/REP/2014/2	Observations from the WIPO Secretariat ¹
ASSEMBLY BY THE END OF 2015.	sharing policy incorporated into an overall knowledge management strategy as recommended in a recent JIU report". The uptake, responsibilities and deadlines for implementing this and the other three recommendations (on assigning a senior level position to lead the establishment of a new information and knowledge strategy, on providing a platform for internal communications and on systematic structuring of information) is currently being discussed within WIPO Management and will result in an agreed management action plan to be issued by beginning of August 2014."
ANNEXES	
Annex I - WIPO governance framework	No comment
Annex II - WIPO organizational chart	No comment
Annex III - Summary of main results achieved for each SRP initiative	No comment
Annex IV - Geographical distribution of staff	No comment
Annex V - Gender balance	No comment
Annex VI - Oversight framework	<p>In Annex VI under the main functions for IAOD at the penultimate line, investigations should be added. The first sentence of the section should read The Director is recruited by an open, transparent international selection process provided by the Director General in consultation with the IAOC and <u>the Coordination Committee</u>.</p> <p>The IAOC will submit to the next General Assembly, a proposal for the revision of the Internal Oversight Charter which deals with investigation of allegations against IAOD staff and WIPO Senior Officials,.</p>
Annex VII - JIU survey highlights	No comment