

## **Program and Budget Committee**

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

REPORT

*adopted by the Program and Budget Committee*

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1. The 23<sup>rd</sup> session of the WIPO Program and Budget Committee (PBC) was held at the Headquarters of WIPO from July 13 to 17, 2015.
2. The Committee is composed of the following Member States: Algeria, Argentina, Azerbaijan, Bangladesh, Belarus, Benin, Botswana, Brazil, Cameroon, Canada, Chile, China, Colombia, Croatia, Czech Republic, Ecuador, El Salvador, Ethiopia, France, Gabon, Georgia, Germany, Greece, Guatemala, Guinea, Hungary, India, Indonesia, Iran (Islamic Republic of), Italy, Japan, Kenya, Kyrgyzstan, Mexico, Morocco, Pakistan, Paraguay, Poland, Republic of Korea, Romania, Russian Federation, Singapore, Slovakia, Slovenia, South Africa, Spain, Sri Lanka, Sweden, Switzerland (*ex officio*), Turkey, United Kingdom, United States of America, Viet Nam (53).
3. Members of the Committee represented at this session were: Algeria, Argentina, Belarus, Brazil, Cameroon, Canada, Chile, China, Colombia, Czech Republic, Ecuador, Ethiopia, France, Germany, Greece, Guatemala, Hungary, India, Indonesia, Iran (Islamic Republic of), Italy, Japan, Mexico, Pakistan, Paraguay, Poland, Republic of Korea, Romania, Russian Federation, Singapore, Slovenia, South Africa, Spain, Sweden, Switzerland (*ex officio*), Turkey, United Kingdom, United States of America, Viet Nam (39). In addition, the following States, members of WIPO but not members of the Committee, were represented as observers: Albania, Australia, Barbados, Honduras, Ireland, Israel, Liberia, Luxembourg, Monaco, Myanmar, Nepal, New Zealand, Nigeria, Panama, Portugal, Republic of Moldova, Saudi Arabia, Tajikistan, Thailand, Trinidad and Tobago, Ukraine, Yemen, Zimbabwe (23). The list of participants appears in the Annex to this document.

## **ITEM 1 OPENING OF THE SESSION**

4. The Chair of the PBC opened the session and invited the Director General to deliver his opening remarks.
5. The Director General wished Delegates a good morning and expressed his pleasure at seeing Ambassador Duque in the Chair once again. He thanked Ambassador Duque for his attention, engagement and the extraordinary work that he had done as Chair in coming to terms with the draft Program and Budget. The Director General commented at the outset on the various items on the agenda. He noted that the first item that Member States would consider would be the Program Performance and Financial Reviews. He pointed out that three-quarters of the current biennium had passed and he emphasized the significant progress made towards the achievement of the results that the Member States had set out for the Secretariat and for the Organization in this current biennium. The Director General noted that the financial picture was very sound. He pointed out that the Organization finished 2014, the first year in the biennium, on a very positive note with a surplus of 37 million Swiss francs. This brought the Organization's reserves or net assets to the level of 246 million Swiss francs which provided a very good basis for planning for the next biennium. The Director General underlined that these results continued the record of sound financial management which had occurred over the course of the last six years despite the very uncertain economic environment according to which there had been very little visibility in terms of forward planning. He added that throughout this period, productivity in the Organization had increased significantly. WIPO had been operating with the same staff numbers throughout this period while experiencing a significantly increased workload. He also noted that at the same time, the fees for the Organization's global systems had been kept constant. The Director General summed up that a positive basis for planning the Program and Budget for the next biennium had been created in the context of an uncertain and rather fragile situation in the global economy. The Director General then turned his attention to the Program and Budget 2016/17, noting that he would make remarks in three categories. First, he would refer to the overall financial picture for 2016 and 2017. Second, he would mention certain program items that were the subject of continuing divergence in approaches amongst some of the Member States. Third, he would briefly deal with some of the financial

management questions which would arise for decision or for a recommendation by this PBC to the Assemblies. Turning to the first set of issues, namely the overall financial picture for 2016 and 2017, the Director General stated that on the income side, there was a projected 6 per cent increase in the revenue of the Organization over the course of the biennium which would bring revenue to approximately 756 million Swiss francs. He emphasized that this was not a request for funds from the Member States and he added that contributions from Member States would marginally decline and constitute only about 5 per cent of the overall income of the Organization. The Director General stated that the revenue projection was, rather, an estimate of what the Secretariat considered, on the basis of the Chief Economist's projections, would be the revenue of the global systems in the course of the next two years. It was an estimate based on past performance and on an analysis of the external factors affecting the global systems in the world economy. The Director General then considered the expenditure side and in this regard noted that the Secretariat was proposing an expenditure increase of 4.9 per cent, which came to 707 million Swiss francs. He emphasized that this was less than the projected income. This included around 456 million for staff and personnel costs which represented an increase of 2.1 per cent. Again, the Director General stressed that this was significantly lower than the projected increase in income and lower by about half than the proposed increase in overall expenditure. This proposed expenditure level also contained an increase in non-personnel expenses of 10 per cent, so that such expenses would amount to 250 million Swiss francs. To sum up, the Director General underscored that there would be a greater increase in non-staff costs than staff costs and the increase in staff costs would be significantly lower than the projected increase in income. The Director General pointed out that following adjustments that would be necessary and which were projected for IPSAS, the Secretariat was proposing that there be a surplus at the end of the biennium of about 20 million Swiss francs. He stressed that it was of great importance that the Organization continue to budget for a small operating surplus for several reasons. First, this was necessary due to the uncertain environment in which the Organization continued to operate. The Director General also emphasized that since the Organization was dependent on services rendered to the enterprise sector, it had to remain vigilant in this regard and monitor its operating environment extremely closely. Second, the Director General pointed to the large expenditure items that lay on the horizon for the Organization. The Organization would have to be very conscious of the amount of expenditure it was likely to face in the information technology area. The Director General underlined that all of the services WIPO provided were dependent on IT delivery systems. This meant that a very large part of all of the Organization's income came from services delivered over IT platforms. As such, the Director General underscored that it was extremely important that WIPO maintain the appropriate level of investment in those IT platforms, which had been very successful and which had enabled productivity gains and the containment of staff costs. However, he added, there were other items in the IT environment that were also important. He referred to the need to be conscious of the IT security environment and the vulnerability of IT systems and this would require increasing investment in the coming years. The Director General stated that such investment was foreseen in the draft Program and Budget. He also noted that similar considerations applied in the case of business continuity. If the Organization's systems went down, there would be no income. As such, he stressed that business continuity was related to security, while also being a separate consideration as disruptions to business could happen for reasons other than IT security ones. The Director General then provided some general comments on some of those areas lying within the purview of the Member States. He noted that there were a number of contentious issues that remained in the Organization concerning which Member States had been unable to reach consensus. The Director General stated that the PBC may not be the place where Member States were going to be able to solve these continuing issues of some difference and disagreement. That said, he noted that Member States would, as the PBC, be providing guidance to the Organization in respect of some of these very important issues. However, he added that he was not sure that the PBC could resolve issues that Standing Committees were unable to resolve, composed as they were of experts in different subject matter areas. The Director General expressed the view that it was a question for the PBC to find a balance between giving guidance while allowing the deliberations

of experts to progress in particular subject matter areas. Having said this, the Director General then outlined what these issues were. First, he pointed to the normative issues in the Organization concerning which processes were underway. In particular, he noted the Intergovernmental Committee on Intellectual Property and Genetic Resources, Traditional Knowledge and Folklore (IGC) and noted that, as delegations knew, there was a process underway under the guidance, among others, of the Chair of the PBC. The Director General expressed the hope that this process would lead to a solution going forward over the course of the next biennium. The Director General then referred to the issues that have been considered very recently by the Standing Committee on Copyright and Related Rights (SCCR), namely, broadcasting and exceptions and limitations. The Director General stated that, again, there was a Standing Committee that had been dealing with these issues and it was a question of balance between the Standing Committee and the Program and Budget Committee. Next, the Director General referred to the Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications (SCT) and noted that some delegations had raised with the Secretariat in the preliminary discussions the allowances that should be made for the number of diplomatic conferences in the next biennium. The Director General stated that the number proposed simply represented the best estimate of the behavior of Member States in respect of these issues. Concerning Patent Cooperation Treaty (PCT) applications, for example, the Director General pointed to the scientific method underpinning estimates of demand by looking at previous years, external factors affecting the global economy and technology and the general trend towards an increased involvement of knowledge-based and technology intensive industries. He continued that should Member States want allowance for three or four diplomatic conferences, then that would, of course, be reflected in the Program and Budget. The Director General underscored that the Secretariat had no agenda in this respect but was simply trying to make a best estimate of what was likely in terms of results which had to be budgeted for. He reiterated that the number of diplomatic conferences was entirely for the Member States to decide or for them to verify the estimate of the Secretariat. The Director General then referred to the revision of the Lisbon Agreement that took place at a diplomatic conference that was held earlier in 2015. He stated that it was known from the questions which had been raised that there were differences of approach with respect to the question of financing the operation of the Lisbon Union amongst the Member States. The Director General emphasized that, again, this was not something that the Secretariat could solve. He noted that the Secretariat was trying to make provision for a reasonable program in this respect in the next two years and it was trying to deal with questions which it knew were controversial with respect to the financial sustainability of the Lisbon Union. He stressed that the Secretariat looked to Member States to provide solutions in respect of this very difficult issue. The Director General then referred to the question of External Offices, noting that this issue continued to be unresolved amongst the Member States. The Director General stated that the Secretariat had presented in the draft budget a neutral position in relation to this, given that the Member States had not yet reached any agreement about how they wished to proceed and go forward on this particular item. The budget-neutral position reflected what the Secretariat had proposed in the last Program and Budget and this seemed to be the most neutral way in which the Secretariat could deal with this issue. The Director General commented that great progress had been made with respect to the Organization's existing External Offices and he added that this progress would be reported to Member States both prior to and during the forthcoming Assemblies. He stated that there had been some extremely positive results from existing External Offices in terms of the work that had been done in the last year, in particular. The Director General then noted that in this general area, there was the question of the New York office and the proposal that the Secretariat had made in relation to that office. The Director General emphasized that the New York office was not a bilateral office or a country office. It was a liaison bureau to the United Nations and that was its function and purpose. The Director General explained that a reason the proposal had been made to close this office by the end of the biennium was in deference to the concerns expressed by Member States regarding the expenses of External Offices generally. A second consideration concerned the relations of WIPO to the rest of the UN family and what WIPO was doing in this respect. In this regard, the Director General pointed to the UN

itself and to relations with the Chief Executives Board (CEB) in which the Director General participated, which was convened by the UN Secretary General and which met twice a year. The Director General noted that these matters were handled from Geneva. He then pointed to the subsidiary Committees of the CEB, namely the High Level Committee on Management and the High Level Committee on Programs. The Director General noted, again, that WIPO participated fully in these bodies and did so from Geneva. He then referred to the various networks under, in particular, the High Level Committee on Management, such as the HR Network, the IT Network, the Procurement Network and so on. The Director General stressed that WIPO also participated in all of these drawing on line departments in Geneva. Beyond these matters, the Director General acknowledged the major processes that were ongoing within the UN system, such as the SDGs process, the process on climate change, financing for development and so forth. Concerning these, he noted once again that WIPO's participation and involvement was managed from Geneva. He then referenced the significant number of relationships WIPO had with Specialized Agencies, notably the World Health Organization (WHO), the World Trade Organization (WTO), the International Telecommunication Union (ITU), the United Nations Educational, Scientific and Cultural Organization (UNESCO) and the Food and Agricultural Organization (FAO). He emphasized that these were all based outside of New York, in Geneva, Rome or Paris. The Director General stated that the Secretariat did not have any strong views, but considered that its proposed course of action was the reasonable way to proceed in this regard. The Director General then referred to other issues in the general area of program items where there was not yet agreement amongst the Member States. There was the question of development expenditure methodology which was very much a PBC question. He stated that the Secretariat hoped very much that Member States would reach agreement on this matter. He also referred to questions relating to governance, noting that there was a proposal on the table in this respect. The Director General stated that, with the leave of the proponents, this proposal related to the management of Committees and meetings and he committed the Secretariat to doing its best to satisfy whatever position Member States reached on this. The Director General underlined that if a meeting extended past 6 p.m. on a Friday, it was not because the Secretariat wanted it to do so. It was because Member States in the relevant Committee were not reaching agreement and were deciding to take it beyond 6 p.m. Consequently, the Secretariat welcomed the measures that had been proposed and looked forward to some solution concerning these matters. The Director General, in closing, referred to the important category of financial management questions which very much lie within the purview of the PBC. He recalled, once again, the uncertain environment in which the Organization was operating. First, he noted that the Secretariat had made various proposals with respect to reserves, in particular, the level of reserves, the composition of reserves and with respect to gradually raising liquidity in the reserves. The Director General stated that this proposal represented sound financial management in the current environment and expressed the hope that Member States would respond in a positive manner to these proposals. He then referred to the Investment Policy which was an issue which would arise in any case given the importance of the finances of the Organization, but which was also arising for decision due to the change in policy on the part of the Swiss Department of Federal Finances with respect to acting, as it were, as banker for various agencies in Geneva. In this regard, the Director General underlined that the Secretariat was very grateful to the Swiss authorities for their stewardship in the past. Pointing to the changing environment, in particular in the context of the Swiss franc, the Director General noted that the Organization was facing negative interest rates. Given this situation, he stressed that the responsible approach was to professionalize the investment policy of the Organization and he underscored that he very much hoped that Member States would respond positively to this proposal. The Director General thanked the Chair for this opportunity to say a few words about the agenda and wished all delegations very positive deliberations.

## ITEM 2 ADOPTION OF THE AGENDA

6. Discussions were based on document WO/PBC/23/1 Prov.

7. In introducing the draft agenda the Chair commented that, as had previously been the case, in order to facilitate the Committee's discussions the agenda had been structured in accordance with five high level groupings: Program Performance and Financial Review, Planning and Budgeting, Audit and Oversight, Proposals, and Items Referred to the PBC by the 2014 Assemblies of WIPO Member States. The Chair requested that the timetable for discussions be distributed and added that it had been prepared with the goal of allowing the most judicious possible allocation of time to each agenda item. The timetable followed the order of the items on the draft agenda, with one small change, i.e., agenda item 6 would be discussed just before agenda item 10 as the two items were related in that they referred to governance issues. The Chair noted that the timetable indicated the latest time that an item was expected to be taken up and called on delegations to try to confine discussions to the time allocated to them. If discussions on a particular topic were not concluded in its allocated time, discussion on next item on the agenda would follow, with the outstanding discussions taken up at a later stage. The Chair added that should an item be completed ahead of schedule, next item on the agenda would be brought forward. The Chair announced that in line with the proposed timetable the entire first day of the meeting would be devoted to discussion of the Program Performance Report. Item 5 would be taken up on Tuesday through Wednesday morning. Wednesday afternoon would be devoted to items 7 and 8, both of which related to important and substantial issues. As the Director General had said in his opening statement, very important decisions had to be taken by the Committee at the present session, including the one on item 8 (i), which must be taken during the present week for it to be feasible to implement. The Chair indicated that agenda items 6 and 10 would be discussed on Thursday afternoon. The Chair invited comments from delegations on the proposed agenda and the timetable.

8. The Delegation of Japan expressed its support for the proposed agenda and the timetable and inquired whether time would be allocated for making general statements before opening agenda item 3.

9. The Chair responded that this was his intention.

10. There were no further comments regarding the proposed agenda, which was adopted.

11. The Program and Budget Committee adopted the agenda (document WO/PBC/23/1).

12. The Chair pointed to the opportunity before the membership to ensure that all delegations engage constructively so that discussions progress effectively. The Chair recalled that all Regional Groups had recently participated in the informal meetings organized by the Secretariat. To that end, the Chair announced that the first version of the questions and answers (Q&A) paper on the proposed 2016/17 Program and Budget, resulting from those meetings and bilateral consultations, was available and encouraged delegations to consult it. The Q&A paper would help avoid raising questions for which answers had already been provided, which would contribute to higher efficiency and timeliness of the Committee's work. The Chair recalled that, as in the previous session, each morning session would start at 10 a.m. sharp, go on until 1 p.m. and resume at 3 p.m. for the afternoon discussions. The Chair said that the Committee should collectively endeavor to avoid night sessions, and added that several members had strong reservations on the value and the productivity of such sessions. Regarding general statements, the Chair believed that the Committee would greatly benefit from listening to them. However, the Chair requested delegations to bear in mind that the agenda was very heavy and that delegations would have an opportunity to contribute to every item when it was brought up. Therefore, he encouraged the Groups and the Member States wishing

to make general statements to share the essence of those statements briefly at this stage and provide a full statement in writing to the Secretariat for reflection in the *verbatim* report. The Chair opened the floor for general statements.

13. The Delegation of Japan, speaking on behalf of Group B, congratulated the Chair on his continuous dedication to the PBC, adding that the Chair's guidance was essential for the membership, particularly in the present budget year, to help move discussions forward in the right direction. Group B thanked the Secretariat for its hard work in the preparations for the session, especially the preparation of the draft Program and Budget 2016/17 and added that information meetings held with the regional groups had been very useful. The October Assemblies should adopt the proposed Program and Budget as the appropriate basis of operations for the coming biennium and the PBC must fulfil its role towards that goal. In that regard, Group B was ready to engage in the discussion on the Program and Budget proposal to achieve that goal, based on the good basis provided by the Secretariat. Group B would make detailed comments when the specific agenda items were brought up. Furthermore, Group B wished to draw the Member States' attention to another critical item to be tackled at the present session, that being revisions to the policy on investments, prepared in response to the introduction of a new policy by the Swiss authorities. In the current economic environment and prevailing interest rates, Group B was concerned that WIPO faced the prospect of incurring negative interest rate on its deposits. Group B was also concerned that the new Swiss policy prevented even the Swiss-based UN agencies from avoiding the erosion of their deposits. Group B understood the reasons behind that new Swiss policy, and added that WIPO and other UN agencies kept their monies in Switzerland to finance their everyday activities. Group B understood the urgency to adopt the proposal contained in document WO/PBC/23/6 as well as further proposals presented in document WO/PBC/23/7, so that the revised policy might be adopted at the September session, in order to minimize the impact of negative interest rates on the finances of the Organization. Therefore, collective effort had to be made to pursue a timely solution at the session. In that regard, Group B wished that enough time was allocated to the discussion of the matter and called on Members to proceed with caution in the discussions. In that context, Group B wished to comment on the PBC meetings format whereas there were two formal PBC sessions in the budget year. Group B recalled that Member States had moved to that format (from the one of an informal and a formal session) in order to avoid repetition of the same arguments at the formal session. Therefore, the Committee should use the two formal sessions respecting the spirit of efficiency which had brought about the adoption of the current format. The discussion on the items and the programs on which all Member States agreed at the present session should be closed and, at the September session, the Committee should focus on the remaining issues. Lastly, appropriate policy related to reserve was an essential tool for the diverse population of the organization, taking account of the behavior of industries. In that regard, Group B appreciated the proposal by the Secretariat to strengthen the financial basis of the organization.

14. The Delegation of Pakistan, speaking on behalf of Asia and the Pacific Group, expressed its satisfaction with the Chair presiding over the meeting. It commended the Secretariat for the preparations for the meeting, including the informative and beneficial information briefings for regional groups. The Asian Group had carefully considered the various documents prepared for the meeting. It appreciated the continued progress made in 2014, but was concerned with the relative slowing of the pace of progress on several outstanding issues in various standing committees, as indicated in the PPR. It added that the numeric indication of achieved targets was important but needed to be backed by the work in the standing committees. There were new ratifications of the Beijing and the Marrakesh Treaties but more was required to bring the treaties in force. The Asian Group hoped to see that target achieved in the current biennium. Similarly, the Asian Group appreciated the positive mood characterizing the negotiations at the SCCR but was concerned at the lack of recommendations by the SCCR at its last session. The Asian Group also hoped to see expedited consensus and resolution of all items related to the IGC with the view to fulfill its mandates. As highlighted at the 15<sup>th</sup> session of the CDIP, the Asian Group stressed the need to evaluate the progress achieved in various projects where



supplementary work was needed to continue work on the recommendations addressed. The Asian Group wished to reiterate its request made at CDIP 15, for the Secretariat to propose potential new activities for consideration by Member States. The Asian Group also reiterated its principal position on External Offices, wishing to have guidance in an inclusive, transparent and need-based manner to objectively decide on the number of offices in accordance with the approved principles. Regarding the proposed Program and Budget 2016/17, the Group's members would make detailed comments when the item came up for discussion. In view of the new financial regulations of the Swiss authorities, the Asian Group considered the revised investment policy to be an area of priority requiring careful consideration and deliberation. It also wished to highlight the importance of the proposed definition of the development expenditure – an issue which had been lingering for a long time and needed to be resolved for better efficiency and optimal utilization of resources. The Asian Group stressed the importance of the JIU recommendation regarding the review of WIPO's governance framework with a view to expanding the capacity of the governing bodies in guiding and monitoring the work of the Organization. The Asian Group hoped to see the PBC and the GA give serious consideration to that long pending matter and hoped for its speedy resolution. As the JIU had made specific recommendations regarding geographic distribution and gender equality, the Asian Group was concerned at the slow progress in that area and hoped that efforts to remedy the situation would be expedited as a priority. In view of the heavy agenda for the session, the Asian Group affirmed it was committed to participating in the work of the Committee with the spirit of constructive engagement, and hoped for a productive session under the Chair's able guidance.

15. The Delegation of Romania, speaking on behalf of the Group of Central European and Baltic States (CEBS), opened by thanking the Chair and vice-Chairs, and expressed support for the efforts in collaborating to guiding the Organization towards a successful outcome. The CEBS thanked the Secretariat for providing comprehensive and qualitative documents which facilitated the analysis of the key topics at hand, namely the design of the programs, the allocation of resources, and the management of WIPO's funds and reserves. The CEBS Group was pleased to see that the Organization continued to enjoy a sound financial situation, based on the expansion of the global IP systems and under careful management. The CEBS was conscious of the fact that the increasing demand under the PCT system might not continue at the same levels in the years to come, but supported a prudent and responsible approach which would include building the reserves to a more secure level. The CEBS expressed appreciation that the draft program and budget for the next biennium strengthened the risk management, allowing for a more realistic methodology to be implemented. With respect to the new situation resulting from the notification by the Swiss federal finance administration that from December 1, 2015 WIPO would no longer be able to continue holding deposit accounts with this institution, the CEBS believed that it would be sensible for Member States to decide on a revised so-called investment policy, with a view of avoiding or minimizing any possible negative consequences which would derive from the loss of such a benefit. Regarding other factors, such as the negative interest rates which created an unprecedented difficult context, the CEBS felt that during the PBC session priorities should be given to guiding the Secretariat on the concrete demands it should undertake in the forthcoming period, in order to address that particular question. The CEBS Group stated that it was essential for the committee to work in a constructive manner and be able to take decisions already during that session, so as to avoid repetition of discussions, as well as an overloaded agenda during the PBC session in September. While each program and budget document might present specific issues, the CEBS believed that a constant challenge was how to deliver the best possible results while making efficient and effective use of the resources that were available. The CEBS emphasized that such a principle should be prejudicial to the Secretariat's ability to cope with the existing demand and the outside world. Before concluding, the CEBS thanked the Secretariat for the briefing offered to its regional group prior to the current session, and encouraged the Secretariat to continue such practices.

16. The Delegation of Nigeria, speaking on behalf of the African Group, welcomed the Chair and Vice-Chairs and expressed confidence in their leadership and expertise in continuing to

steer the work of the committee. The African Group also expressed appreciation to the Director General for his efforts towards addressing the differing interests of WIPO Member States. The African Group thanked the Secretariat for its hard work in programming the draft Program and Budget for the 2016/17 biennium, which it felt determined the programmatic activities of WIPO and the enabling budgetary framework. The African Group thought that the draft framework on budget for 2016/17 should seek to WIPO's budget and creativity for the economic, social and cultural development of all countries through a balanced and effective international intellectual property system. Highlighting its priorities, the African Group recalled the 2013 proposal by the Secretariat (contained in document A/51/INF/6) for the establishment of the five WIPO External Offices: one in China, the Russian Federation, the United States of America and two in Africa. Since then two of the offices in that proposal have been established. While the African Group had constructively engaged in negotiations for External Offices, it believed not adopting the guiding principles, numbers and location of offices as a package, including the pause in consultations, did not serve the interest of Africa. Consequently the African Group wished to make a specific request for the establishment of two External Offices in Africa within the next biennium. In spite of the strategic and mutually beneficial partnership, the African Group felt that Africa remained an under represented region in WIPO's external network. Such offices would serve for promoting and protecting intellectual property. The African Group looked forward to engaging with Member States and the Secretariat to sufficiently address this request and adopt the 2016/17 Program and Budget. The African Group also believed that the draft program and budget for the next biennium was not very ambitious; that it would substantially progress in WIPO's normative agenda, facilitating the use of IP for activities such as development and IP and global challenges. The Group imagined that the achievements in this area appeared limited and that a clear roadmap of initiatives that effectively address the challenges was needed. In line with the foregoing, the African Group carefully evaluated the state of IGC normative process and put forward to the PBC and to the 2015 General Assembly a proposal for the conversion of the IGC into the standing committee of WIPO. IGC was predicated on the owners of natural resources and knowledge, seeking a fair share and recognition in the exploitation and the commercialization of these resources. Therefore the African Group looked forward to engaging with Member States on its proposal without prejudice, and to the continued discussion on the IGC normative process. The African Group also supported funding for the indigenous and local communities as their participations in the negotiations were not only crucial in reaching but more importantly they added perspective to the discussion. The African Group welcomed the steps taken by WIPO to address the recommendations of the Joint Inspection Unit made to the legislative and governing bodies of the UN in its Management and Administration Review in WIPO. The Africa Group felt that some of these had been longstanding, including WIPO governance and development expenditure. The African Group hoped that these issues would be resolved in good faith to enable the PBC to make recommendations to the 2015 General Assembly. In the same vein, the African Group iterated the glaring under-representation or non-representation of developing and Least Developed Countries in WIPO's workforce over the past years, and also commented on the absence of a roadmap for main streaming the South South Corporation to project into WIPO program and budget, including the establishment of a dedicated coordination mechanism and a budgetary allocation. The African Group sought clarity on budget provisions for private sector initiatives that had not been formally discussed in WIPO, such as the tag for excellence project which already proposed to undertake pilot implementation in five African countries. Therefore, the African Group wanted to see a roadmap for main streaming South South Corporation in WIPO and for a discussion on the TAG for excellence project before its inclusion in the program and budget. The Group wanted to see a follow-up mechanism for WIPO's engagement with SMEs and the phase 2 of the WIPO Academy, and how enforcement related activities as opposed to reduced share in IP and global challenges would be beneficial for the developing and the Least Developed Countries. Finally, the African Group welcomed funds allocated for six Development Agenda (DA) projects for the next biennium. The African Group took the opportunity to reaffirm the significance of WIPO's treatment of the DA Recommendations as an enduring process and not as project based exercise undertaken by WIPO. In that regard, the

African Group remained concerned about the reporting mechanisms of DA coordination and mainstreaming in WIPO's programming and management activities. The African Group requested that due care be taken as Member States considered the budget, which would stimulate the economic growth of the Organization, the IP development and the dissemination of information to WIPO Member States, and also encouraged the latter to demonstrate the requisite flexibility to facilitate progress on the issues and to make definitive recommendations to the 2015 General Assembly.

17. The Delegation of Brazil, speaking on behalf of the Group of Latin American Countries and the Caribbean (GRULAC), thanked the Secretariat for preparing the documents that would be discussed in the meeting, a week where views and ideas on implementation of the 2014/15 Program and Budget would be exchanged, as well as input for planning of WIPO activities in the short, medium and long term would be presented. GRULAC recognized that there was a very busy agenda in front of the PBC, one filled with complex, technical and political issues, but was confident that under the able leadership of the Chair, the Committee would achieve good results by the end of the week. GRULAC recognized the important role of Member States in discussions to be held during the week, which aimed to collectively agree on results. GRULAC desired the Organization to achieve for the next biennium. It took good note of the message conveyed by the Director General in the foreword to the draft proposed Program and Budget. GRULAC heard the call from the Director General to initiate a discussion about WIPO normative agenda. To that extent, GRULAC saw Recommendation 15 of the DA as providing the necessary starting point. The Recommendation stated that norm-setting activities should be inclusive and member-driven, taking into account different levels of development, the balance between the costs and the benefits; it should be a participatory process that took into consideration the interests and the priorities of all WIPO Member States and the viewpoints of other stakeholders, including accredited intergovernmental organizations and NGOs. It should also be in line with the principle of the neutrality of the WIPO Secretariat. GRULAC supported the advancement of all issues on the normative work agenda that would be based on the multilateral spirit and the political will to achieve outcomes benefitting all Member States. In that regard, resources should be envisioned for the possible 1979 inventions model law or discussions on exceptions on Patent Law and the PCT reductions for universities, governmental and research institutions. By the same token, Member States should avoid including subjects not yet considered in the respective committees, such as discussions on confidential information taking place under the SCP. Regarding copyright activities, GRULAC considered it important to increase initiatives such as regional seminar, as a way forward that could contribute to the consensus on the normative agenda. As for the topic of activities related to the project TAG and collective management societies, the Group considered that national copyright offices must be effectively consulted on the drafting standards in an inclusive and member-driven process. As GRULAC attached great importance to the work of the IGC, it requested assurances that the Program and Budget 2016/17 envisaged adequate resources for the IGC mandate. On South South cooperation, GRULAC felt it was important to secure the necessary funding for the continuation of cooperation activities in the IP area, which included the exchange of experiences and the development of complementary skills between developing countries. In this respect, the Group was also eager to receive information from the Secretariat on the implementation of the Joint Inspection Unit (JIU) recommendations. GRULAC highlighted the importance of the TISC program on the IP infrastructure, to train human resources, strengthen the capacities and provide information on the management of knowledge systems. Regarding the IP infrastructure, GRULAC voiced its consistent and continued interest in the improvement of IPAS for national IP offices and the improvement of the quality of IP statistics produced in the region, the development of new country and case studies, as well as generating economic analysis by the Office of the Chief Economist. GRULAC congratulated the latter for the work done so far and acknowledged that there was still much to be done. The Delegation stated that further discussions were needed on Program 18 to clearly understand what the role of WIPO could be in addressing issues such as climate change and neglected diseases. It expressed support to conducting trilateral studies in partnership with the WHO and WTO. That could be an analysis to identify ways in which WIPO supported Member States in meeting the post-2015

goals. The External Offices was an important topic for GRULAC. In order to reach an agreement on External Offices, it was imperative that guiding principles were adopted. In that context, GRULAC reiterated its interest in hosting a second External Office in the region. With respect to human resources policy, GRULAC attached great importance to a wide and balanced regional and gender representation of all WIPO members in the Organizations' workforce, especially at the P and D levels, and was greatly concerned that no progress had been reached to that end, in accordance with the JIU MAR recommendations. However, GRULAC was confident that the new human resources strategies would take those recommendations into account. GRULAC attached great importance to the implementation of a language policy at WIPO for the translation of documents, and interpretation in the committees and main bodies of WIPO. In Program 30, the Group recognized the importance of small and medium-sized enterprise for innovation supported WIPO's activities directed at improving that synergy. GRULAC was also prepared to discuss the progress report and the implementation of joint inspection report recommendations, as well as the performance and the financial reporting. GRULAC stated that, at the present session, the Committee would begin the exchange of information with the Secretariat on a series of very important proposals regarding the revision of WIPO's policy for investments. The discussions were deserving of careful consideration as a good investment policy could provide the Organization with the guidelines on ensuring sustainability of WIPO's reserves. The Group was also ready to contribute to discussions on an indicator for the definition of development expenditure, and felt a precise definition had the potential to increase transparency and accountability, allowing for continued improvement of resources. GRULAC could not support inclusion of PCT fees reduction as development expenditure, since that would defeat the purpose of the indicator. Regarding agenda item 10, on governance, GRULAC was ready to engage constructively in a results-oriented discussion towards a more efficient Organization. GRULAC extended its support to the work of the Vice-Chairs, which it felt would greatly contribute to the outcome of discussions on governance and development expenditure.

18. The Delegation of China welcomed the Chair and the Vice-Chairs, acknowledging their excellent performance presiding over the previous PBC session and anticipating the expected results under their continued leadership. The Delegation thanked the Secretariat for providing working documents in six languages. These were greatly helpful in allowing participation in the Organization's affairs. The Delegation felt that, during the present biennium, WIPO had made great progress in achieving the nine Strategic Goals, including promoting norm setting and treaty accession, providing global IP data and information services and providing facilitation to developing and least developed countries, as well as mainstreaming development into the work of the Organization. The Delegation appreciated the progress made so far, and hoped that WIPO would achieve the stated targets by the end of the biennium. The Delegation stated that the present PBC session was very important, the core being to discuss and adopt draft proposed Program Budget 2016/17. The approval of that draft proposed Program and Budget was to guarantee the smooth operation of WIPO over the next two years. The Delegation hoped that the Program and Budget would be approved, and committed to actively participating in the discussion of the draft. Regarding the future work of WIPO, the Delegation hoped that WIPO would make greater progress in the norm setting and treaty promotion. China expressed its hope that WIPO would continue to pay great attention to development, promote all development-related work processes and provide support. The Delegation called on WIPO to provide sufficient resources to the newly set up bodies such as External Offices, so that they could play a greater role. The Delegation supported WIPO's effort in enhancing governance and encouraged the Organization to improve efficiency of its bodies. The Delegation recognized that governance at WIPO was a complicated process, which could not be done resolved overnight. It required realistic and prudent reflection and action, a step by step progress. Since 2014, China had made donations to WIPO (in two successive years) and would continue in the future to support the work of the Organization in the same manner, within its means. The Delegation expected to work together with all delegations and would participate in a positive and open manner in the discussions of all items so that the meeting would achieve constructive results.

19. The Delegation of Belarus, speaking on behalf of Central Asian, Caucuses and Eastern European Countries (CACEEC), expressed readiness to participate constructively in the work of the session so as to ensure that the PBC achieved positive results. CACEEC thanked the Secretariat for the work it had done in preparing the session and its documents, and added that it was overall very satisfied with the work of the Organization and with what it was doing to help countries of Eastern Europe and the Caucuses. The Program and Budget reflected many ideas which were put forward by the Member States but, there was always a certain amount of reservation as it was felt some things could be further improved. CACEEC supported the program and the budget to increase and strengthen national intellectual property systems and their use in international social, economic, and cultural development in the countries of the region. Regarding Program 10, CACEEC felt the Committee should take into account the specific need of the countries concerned, bearing in mind that they were at different levels of economic and social development, and that they had differing needs when it came to intellectual property. CACEEC would make specific proposals on the programs within the budget as they would be discussed. Lastly, CACEEC voiced appreciation for the fact that the presentations and proposals made by the Group had been taken into account in that the budget allocations to its region had been increased. Nevertheless, it was felt that the increases did not fully meet the needs of the region. CACEEC wanted safeguards that there was a balanced regional representation in the WIPO Secretariat, particularly for the divisions bearing responsibility for the work done on a regional basis.

20. The Delegation of Greece congratulated the Chair and Vice-Chairs for their efficient and wise guidance of the Committee. The Delegation also extended its thanks to the Secretariat for the preparation of the documents. The Delegation fully aligned itself on the statement made by Group B, and felt that the work undertaken in the PBC was the backbone of the Organization in terms of transparency, accountability as well as inclusiveness, and core values of every UN organization. The Delegation felt that in a world where norms were changing daily, discussions within the Committee sought the ability of the Organization to adapt in a coherent but most importantly quick manner, so that it would not stay behind if not react in a timely manner to future needs. In that regard, The Delegation expressed its satisfaction with the content of the Program Performance Report for 2014, which reflected balanced management of the various fields in respect of the Strategic Goals of the Organization. The Delegation expressed satisfaction that 71 per cent of performance indicators were on track, and welcomed a more detailed presentation by the Secretariat of performance indicators that were not on track. Regarding investment policy, the Delegation supported the idea expressed by its group coordinator that it should be evaluated as a trade policy, rather than an investment one. Additionally, the Delegation felt that congruent guidelines should be provided to the Secretariat during the PBC session in order to revise its proposal and present it to the Committee for adoption at the September session. The Delegation believed it was crucial that the discussions were conducted in an open spirit and in good faith for the benefit of all, and that positive stance leading to the approval of the 2016/17 Program and Budget would ensure the Organization's ability to continue performing its functions. The Delegation considered that this would lead to a positive PPR 2014/15 to be presented at the PBC following next year, while it would also provide a solid basis for exploring ways to find mutually acceptable solutions with regard to Strategic Goal I.

21. The Delegation of the United States of America supported the statement made by the delegate of Japan, on behalf of Group B. The Delegation was pleased to see the Chair once again presiding over the PBC and also welcomed back the Vice-Chairs. The United States was confident that, under such leadership, the discussions during the meeting would be productive. The Delegation welcomed the draft Program and Budget and appreciated the efforts of the International Bureau in preparing the proposal. However, the United States could not support the proposed draft Program and Budget for 2016/17 in its current format. The United States placed the utmost importance on the principles of transparency, accountability, and good governance in the UN organizations, including WIPO, and could not support a WIPO budget that did not treat the Lisbon System in the same manner as the other three WIPO registration

systems, namely the PCT, the Madrid and Hague Systems. By combining the Madrid and the Lisbon Systems, neither system's budget or performance was clearly and transparently reflected. The United States asked, once again, that the Lisbon System be separated out as its own program, in that Program 6 was separated into two programs: one for Madrid and another one for Lisbon. On that issue, the Delegation had several essential points. First, Lisbon data should be reported separately as was the case for the other registration systems in terms of income, expenditure and results. Transparency of expenditures should include personnel resources and non-personnel resources such as internships and fellowships, travel, training, and grants, contractual services, finance costs, operating expenses and equipment and supplies. Second, the Lisbon System's use of and contribution to WIPO services must be accurately reflected, including implementation of DA initiatives, direct and indirect expenses should also be reflected. Third, the Lisbon budget must be balanced, as provided in the Lisbon Agreement, including its Geneva Act, where fees and other Lisbon income was not sufficient to cover expenses, including the establishment of a working capital fund, contributions from Lisbon Contracting Parties and advances by the host government must make up the deficit as required by the agreement. The Lisbon System had operated in continuous deficit for decades and that had to end now. While the sums involved might have been a relatively small magnitude, the principles involved were extremely important to the United States, namely financial transparency, legal accountability and good governance. Fourth, the International Bureau should conduct a study of the Lisbon study to provide transparency and path to future sustainability in the absence of Contracting Party or host government contributions. There should be historical data and projections for the future. While the draft Program and Budget for 2016/17 biennium indicated a deficit of over 1.5 million Swiss francs, these must be accounted for and dealt with appropriately. Fifth, while not specific to the Lisbon program, the United States insisted that any provision for a diplomatic conference in the 2016/17 biennium as envisioned in paragraph 20 on page 15 of WO/PBC/23/3 must be conditioned on full participation and that this was the model for future diplomatic conferences. The Delegation said that, as stated by the United States ambassador at the conclusion of the Lisbon diplomatic conference, the existing Lisbon System ran a chronic deficit, despite the obligation to make contributions to the system, an obligation they had never fulfilled. The United States continued to be highly concerned by the confirmation that week that the deficit was financed by fee income from the PCT and the Madrid Agreement filing systems. All the more troubling was the fact that the overwhelming majority of PCT and Madrid applicants came from WIPO countries that were denied meaningful participation rights in that diplomatic conference and who would be unable to join the Geneva Act as the Lisbon members refused to make it compatible with trademark systems. It was mentioned at the 20th session of the PBC that Lisbon would be open to all, on the same footing as was the case with the Geneva Act of the Hague diplomatic conference, (paragraph 448 of WO/PBC/20/8.) That explanation had then been given in response to concerns raised by the Delegations of the United States and Chile about funding a diplomatic conference in which they would not fully participate. Thus, the United States insisted that any funding by WIPO for a diplomatic conference was provided for only if it was clearly open to all WIPO Member States equally. The United States felt that WIPO's credibility had suffered as a result of the Lisbon diplomatic conference which was effectively closed to over 85 per cent of WIPO's membership, undertaken with a process that did not respect WIPO's normal consensus building and built on a system in chronic deficit. The Delegation stated that, for the sake of the Organization's reputation and credibility, it was imperative that WIPO exercised good governance, accountability and transparency in making the Lisbon System financially self-sufficient, starting with the 2016/17 biennium and any diplomatic conference during the biennium must be fully opened to all Member States to participate on an equal footing. In addition to the Lisbon System and the accountability transparency and governance issues, the Delegation had several additional concerns and questions. On spending, the United States took serious issue with the sentence in the foreword to the draft Program and Budget for 2016/17, in the last sentence of paragraph 5, which read: "...and the time will come in the future, naturally, when reasonable fee increases will be needed." The United States felt that if the PCT and Madrid and Hague Systems continued to grow as expected, then Member States

should be considering a reduction in fees, not increases. In the United Nations system, the United States urged increased budget transparency and discipline in light of the ongoing economic downturn that was causing organizations in both the public and the private sectors to contain costs. The Delegation considered the proposed Program and Budget for 2016/17, from the perspective of looking not only to see whether the level of resources for each of WIPO's programs was appropriate, but also whether WIPO was pursuing the kind of economies and efficiencies that many governments and other organizations were undertaking. The United States appreciated WIPO's efforts to constrain costs, particularly personnel costs by improving productivity and efficiencies through IT solutions and urged the Organization to continue to look for and implement savings where possible. The United States had several specific concerns and questions relating to a number of budget items, which it intended to address later in the meeting. The Delegation also noted that detailed questions had been given to the Controller in the hope of obtaining several clarifications. The Delegation would provide comments during the week on the other PBC agenda items, including policy on investment and reserves. The Delegation appreciated the opportunity to provide its views and looked forward to the discussions during the week. In conclusion, the Delegation reiterated that the United States was not in a position to support the Proposed Program and Budget for 2016/17 absent increased transparency, accountability, and good governance in its presentation.

22. The Delegation of Germany aligned itself with the statement made by Group B. Within the program and budget, the Delegation attached great importance to the registration functions as the core functions of WIPO and a major source of income. As Group B had drawn attention to the new policy on investments, Germany felt it was particularly important to proceed with caution on that important matter. Any new policy should focus on securing the current financial assets in a low risk manner. The Delegation said that it would revisit that matter in detail under item 8.

23. The Delegation of the Russian Federation expressed its hope to achieve the desired outcome to the meeting under the Chair's leadership, and thanked the Secretariat for providing the documents, which it felt would help make the Committee's session run more smoothly. The Delegation recognized that WIPO's efforts would be focused on the development of the international system for the protection of intellectual property. The approach, as outlined in the program and budget documents, was guided towards achieving WIPO's Strategic Goals. The Delegation felt that one of the most important directions which WIPO should be taking was that of providing high quality services to the global intellectual property system, and that particular focus should be placed on promoting the PCT, the Madrid and the Hague Systems for international registration. The Russian Federation intended to join the registration system for designs, and was currently engaged in the necessary national procedures to accede to that agreement. Referring to document WO/PBC/23/3, the Delegation hoped that the proposed program would now continue to promote development of intellectual property in individual regions and particularly in the states of Eastern Europe, Central Asia and the Caucasus. The Delegation expected the financing of the activities in those regions to be at the appropriate level. The Delegation had several questions relating to Program 10, which it would pose at the appropriate time. Regarding developing creativity and creative potential, the Delegation felt that this should particularly focus on small and medium-sized enterprises and businesses, and on enhancing entrepreneurship. Small and medium-sized enterprises must be able to make their contribution to the development of intellectual property system, not only through their intellectual creativity and activity but also through contributing to successful marketing, which would lead to creating jobs for people involved in the incentive and the creative professions. Existing areas of weaknesses needed to be corrected as that made it difficult for small and medium-sized enterprises to develop to the maximum their innovative potential, especially when competing with major corporations, which had separate patent divisions and could pour funds into patent applications, research and development. Small and medium-sized enterprises obviously had more limited resources and reach, and therefore would need to be assisted by different measures, including ITC and information support, which would help them to develop more easily and quickly. The Delegation pointed to the work of the WIPO Academy, which it felt was an

important area and would need to contribute to the sharing of information and knowledge, development of potential and the provision of training, particularly to people from countries with economies in transition. The Delegation thought that remote learning should be provided as it would help people from even the most far-flung corners of the world increase their knowledge on the understanding of IP and IP systems. The Delegation recognized and welcomed the additional distance learning programs which had been added to the Program and Budget, and now wished to explore possibilities of expanding it to different languages, as this would make it more accessible to a much wider audience. Another important issue was the WIPO summer school, something to which the Russian Federation was quite attached and wanted to see it take place in the Russian Federation, a country which was making considerable efforts to develop its own potential. Regarding the strengthening of the innovation and technology support centers, the Delegation felt that innovation, in any economy, was an extremely important element of development, as it helped countries improve and use their competitive advantages on the market. Technological innovation was the foundation for any economy built on innovation, and that meant the injection of resources, which would help regions and countries improve in that respect. The Delegation felt that increasing access to patent databases and non-patent databases would also be very useful, as it would help people keep the finger on the pulse of patent application and development, giving them access to better search facilities and helping them learn about IP laws and rules, patents or licenses in other countries. Such centers needed to be given more support, and continued efforts should be made to take measures and organize events which would breathe further impetus into innovation. That included further development of those technological and innovation centers. In so doing, the economic needs of individual states should be taken into account and efforts should be made to set up cooperative networks on training, improving the knowledge of IP issues and IP protection.

24. The Delegation of the Republic of Korea extended a heartfelt congratulation to the Chair on being elected chair of the meeting. The Delegation was pleased that WIPO expected to complete the current biennium with a moderate surplus despite recent global economic setbacks. The Delegation believed that this was mainly due to the continued growth of the global IP systems, particularly the PCT. The Delegation desired to see the number of PCT applications continue to rise steadily and the number of Madrid and Hague applications increase rapidly throughout the coming years. Concerning the expansion of global IP systems, the Delegation felt that WIPO should further enhance its customer service capabilities and determine IP policy based on customer feedback. WIPO's External Offices could facilitate face-to-face interaction with customers, and provide them with localized services, thereby reinforcing WIPO's long-term financial stability by expanding the customer pool of global IP service users. The Delegation hoped that more External Offices would be established over the next biennium. In addition, in order to better handle the increased number of applications from Asia, where English was not the primary language, WIPO should recruit additional staff from the Asian region. Furthermore, as the number of Madrid and Hague applications was expected to increase rapidly, more primary examiners were needed for faster and more accurate processing. Many Koreans had already requested the International Bureau to speed up the processing of their Madrid applications. The Delegation would later discuss the revisions to the policy on investment, which would reflect financial trends, such as negative interest rates and sharp fluctuation in the exchange rate between the Swiss franc and other currencies. The Delegation hoped WIPO would consider as conservative investment strategy as possible and would avoid burdening applicants with fee increases. Lastly, regarding the draft proposed Program and Budget, the Delegation was of the view that the budget for the Lisbon system be displayed separately from that of the Madrid System in order to more clearly distinguish between the two. Additionally, the System's revenue should be able to cover the System's expenditures, as well as contribute to WIPO's finances in the same manner as other fee-based systems. The Delegation looked forward to constructively discussing WIPO's Program and Budget throughout the session.



25. The Delegation of Spain supported the statement made by Group B. The Delegation commended and thanked the Secretariat for the well-explained program and budget proposal, but was surprised by the high amount of the budgetary increase, particularly taking into account the emergence from years where there had also been important budget increases. The Delegation requested the Secretariat to make more information available on the savings and efficiencies made in the biennium, and on those expenditure items which had not yet been implemented, so that a proper comparison could be made between the real expenditure against that being made with the budget increase. Regarding the reserves, the Delegation thanked the Secretariat for its new proposal, as well as for its past comments and proposal that the Capital Master Plan projects would be financed from the regular budget and not by the reserves. The Delegation expected to continue discussions on the topic when it was dealt with. Also in relation to the use of the reserves, the Delegation was interested in the evolution of the staff after-service medical insurance obligations and how they evolved in the past couple of years, the measures that the Secretariat had been considering in order to contain it, and how it could supervise the evolution of that expenditure in the future. The Delegation was also particularly interested in a follow up of the JIU recommendations; how the Secretariat had implemented them and whether it had taken other kinds of measures regarding the JIU report. In relation to governance, the Delegation hoped the Committee would reach an agreement, where possible, during the session, and believed it was a golden opportunity for the Committee to demonstrate the ability to reach agreements on the topics which had been examined for many years.

26. The Delegation of Switzerland appreciated the Chair presiding over the Committee, and thanked the Secretariat for making available all the documents for the session in a timely manner as well as in all the working languages of WIPO. The Delegation recognized that the work about to start on the Program and Budget was crucial for the Organization so it continued its important work during the biennium. The Delegation had important proposals concerning the amendments of the investment policy, which was aimed at giving the Organization a framework in order to manage the resources in a sustainable manner. In endorsing the policy to increase the level of reserves, the Delegation expressed how important it was to have a good policy on reserves, and was pleased to work with all other delegations during the coming days.

27. Reverting to his opening remarks, the Chair reminded delegations that this was an official session and encouraged them to make as much progress as possible to avoid the repetition of discussions in September. To that extent, a draft agenda for the PBC twenty-fourth session had been published on the website. The Chair addressed the call from many delegations regarding the importance of coming to decisions both on the policy on investments and on the reserves. The latter was a matter of some urgency, discussions of which would start on Wednesday. Concerning the overall Program and Budget, the Chair hoped that the proposal put forward by the Secretariat would engage delegations in constructive discussions on the matter, following which adjustments would be accordingly, so that the proposed draft suited whatever was deemed appropriate, including restructuring, within Program 6. The Chair acknowledged that certain issues raised were of utmost importance to many delegations and would somehow have to be reflected in the budget document, e.g., the External Offices, the IGC, and the normative agenda. He hoped the Member States could engage constructively when the time came to discuss those issues. Regarding the development expenditure definition and the issue of governance, the Chair reminded Member States that the Committee was being jointly chaired by two Vice-Chairs with whom a process of consultations had already started on agenda items 10 and 11. Each Vice-Chair had already conducted and coordinated consultations on the respective subjects. Delegations were encouraged to give their feedback, outside of the plenary, on the proposals that had been put forward in order to make some progress before the agenda items were deliberated in the plenary.

### ITEM 3 PROGRAM PERFORMANCE REPORT FOR 2014

28. Discussions were based on document WO/PBC/23/2.

29. The Chair opened agenda item 3 relating to the Program Performance Report (PPR) for 2014 contained in document WO/PBC/23/2, which demonstrated progress made towards achieving the expected results of the current biennium. He invited the Secretariat to introduce the document.

30. The Secretariat explained that the document contained the report for the first year of the biennium. It was a mid-biennium report focused on the progress made towards achieving the expected results defined in the 2014/15 Program and Budget, with the budget and resources for 2014/15. In 2014, the assessment of the implementation of the DA had been mainstreamed into the reporting on progress as opposed to being a separate section that had been the case in previous years. This was taken aboard following Member States' comments on the previous versions of the PPR and the requests to mainstream the DA and make it much more integrated into the work of the Organization and report on it in that way. The Secretariat further explained that the traffic light system for 2014 included five ratings, among which were: "on track", used when 40 per cent or more of the target had been achieved; "not on track", used when less than 40 per cent of the target had been achieved; "not applicable 2014", used when data would only be available at the end of the biennium because some of the indicators did not necessarily lend themselves to be measured every year. For example, it could be the results of a major survey, and not accessible when either the target or the baseline was not available or there was insufficient data. The fourth rating was "not assessable", when the baseline and/or target had not been defined or when data were insufficient. The fifth rating was "discontinued", when the indicator was not used for measuring performance anymore. The assessment of the performance data for 2014, for each of the 358 indicators in the Program and Budget 2014/15 had resulted in the following: 254 indicators were assessed as being on track. That was equivalent to 71 per cent. 56 indicators were not on track, which was the equivalent of 16 per cent. 27 or 8 per cent of the indicators were assessed as not applicable, 17 or 5 per cent was not accessible and four indicators or 1 per cent were assessed as discontinued. One important element, which had been strengthened in the Program and Budget in 2014/15 and therefore reported in the PPR, was risk management. In assessing performance, the impact of the risks identified in the Program and Budget 2014/15 had been taken duly into consideration. An overview of WIPO's strengthened risk management processes could be found under Strategic Goal IX in Program 22. A more in-depth risk analysis and impact on the delivery of expected results would be provided in the full biennium PPR in 2016.

31. The Chair opened the floor for comments.

32. The Delegation of Japan, speaking on behalf of Group B, thanked the Secretariat for the preparation of PPR 2014 and welcomed the fact that 71 per cent of performance indicators had been assessed as being on track. Group B had a general feeling that WIPO had done a good work during 2014, the feeling supported by the concrete figures of performance indicators. While it was a fact that norm setting needed a long time to reach a concrete outcome, and WIPO faced challenges which were subject to Member States decisions, it could be said that WIPO activities, in particular, under Strategic Goal II (Provision of Premier Global IP Services) and Strategic Goal IV (Coordination and Development of Global IP Infrastructure), were strongly connected to the core mandate of this Organization achieving their outcomes. Group B wished to encourage the Secretariat to continue its efforts and to help Member States understand better the reasons behind some performance indicators being assessed "not on track", as well as the mitigation strategy for bringing them back on track the following year. Such mitigation strategies would be extremely useful not only for the remaining period of the biennium but also for the following biennium. Group B looked forward to seeing a positive biennial PPR 2014/2015.

33. The Delegation of Mexico affirmed its support to the Chair and the Vice-chairs in order to achieve sound results in the present session. Regarding the PPR, the delegation thanked the Director General and his team for the submission of the report, which reflected the performance of programs in 2014 and acknowledged the efforts made to achieve the nine Strategic Goals through 358 performance indicators. The Delegation urged the Director General to adopt all corresponding measures to be able to meet all Strategic Goals and, particularly, the planned deadlines, as seen in the explanation provided. The Delegation noted that for some indicators there were no measures, or which had been discontinued or the performance had not yet been as expected. The Delegation wished to receive more information about those indicators, particularly those regarding exceptions and limitations and the rights confirmed by patents, the quality of the patents and patents and health, the confidentiality of the communication between the patent advisors and their clients and the transfer of technology indicators, a possible reduction of fees in favor of universities and research institutions, the establishment of the alternative dispute resolution practices with regards to IP matters, adoption, preventative matters and a positive experience which will complement the compliance measures, so as to do something about falsified product markets for hiring and contracting. Regarding the Capital Master Plan, the Delegation invited the Secretariat to submit information on the status of the projects. On some of them there would be no progress and the Delegation urged WIPO to follow the deadlines closely as any delay had repercussions on the budget. If it was not done, then the budget regarding the costs and effects might have been underestimated. The Delegation specifically referred to the projects related to ICT, the buildings and the security and safety. The Delegation recalled that, in his opening remarks, the Director General had repeated on several occasions that these were the times of financial uncertainty, and that WIPO had to remain vigilant and had to watch its finances closely and carefully. The Delegation could not agree more with that statement and urged the Organization to continue strengthening the management of programs and its financial management so as to be able to make a more effective use of resources. It also urged the Secretariat to continue carrying out savings and efficiency measures. It recalled that the Mexican Delegation had been one of the delegations, which two years prior, had requested the Secretariat to identify measures which would enable the Organization to contain its liabilities, particularly the long-term health benefits costs. The latter being an issue that was being discussed in the United Nations. A Working Group had been created by the CEB and the HLCM specifically for this purpose, in which WIPO was an active participant. The Delegation said that it wished to see proposals for specific measures to contain those liabilities. Member States realized the impact of the liabilities and, through the PBC decision, had set aside 6 per cent of staff costs to cover the long-term liabilities. Nevertheless the Organization was still faced with the scenario of some uncertainty. Therefore, it was even more urgent to find the measures to contain the liabilities.

34. The Delegation of Romania, speaking on behalf of the CEBS Group, thanked the Secretariat for presenting the PPR for 2014. The CEBS took note that the majority of activities were assessed "on track", as illustrated by the document. The CEBS were particularly pleased to see that in Program 10, the great majority of indicators showed that work was on track. The CEBS encouraged the Secretariat to continue this excellent activity in the current year. While looking at WIPO's performance under each of the nine Strategic Goals, it could be seen that results varied quite significantly between them. The Delegation was aware that norm setting activities very much depended on the Member States' ability to advance such work and that countries worked at their own specific pace with regard to ratification of treaties. Therefore, the CEBS requested clarification as to the reasons for less positive performance results with respect to strategic Goals V, VII and VIII and wished to know whether any measures were envisioned to accelerate progress.

35. The Delegation of Nigeria, speaking on behalf of the African Group, welcomed the opening remarks made by the Director General in regard of the PPR. The Africa Group had carefully considered the PPR and noted that the report was a self-assessment by the Secretariat. Therefore, it was a representation of the views of the Secretariat on the progress made on levels of the targets achieved. According to the report, by the December 31, 2014, 71

per cent of the targets had been on track. The African Group was concerned by the varying levels of target achievement for 2014, especially in the context of striking a balance between the priorities of developing countries and Least Developed Countries (LDCs) and the developed countries. It was concerning to note that areas with direct impact for the developing countries and LDCs were those with the lowest target achievement or positive track rate. Progress on Strategic Goals I and VII were 54 and 55 per cent respectively, which the Delegation did not find encouraging, considering the economic, moral and technological opportunities at stake. In contrast, the Delegation noted that Strategic Goal VI on International Cooperation on Building Respect for IP had met its target 100%. The Group found that, viewed through the lens of facilitating enforcement and protection of IP rights, vis-à-vis facilitating creativity, innovation, access to knowledge, competitiveness, and participation in the IP space for the developing and the least developed countries, this trend was imbalanced, especially in light of the lack of progress on the normative work in the IGC, SCT, SSCR amongst others. The Group requested to hear from the Secretariat how, in successfully having achieved 100 per cent of the targets for Strategic Goal VI in line with DA Recommendation 45, the protection and the enforcement of IP rights had contributed to the promotion of technological innovation and to the transfer and dissemination of technology, to the mutual advantage of producers and users of technological knowledge and in a manner conducive to social and economic welfare, and to a balance of rights and obligations. The African Group noted the very optimistic self-assessment (of about 81 per cent) for Strategic Goal III. The African Group requested the Secretariat to provide more explanation on its activities in 2014 and their impact on 81 per cent success rate as well as information on what activities were not on track and a general perception of activities under that Strategic Goal. The African Group welcomed WIPO activities under the Strategic Goal IV (Coordination and Development of Global IP Infrastructure) and encouraged the Organization to enhance its outreach to stakeholders in developing countries and LDCs to ensure an enhanced understanding and effective use of WIPO's accessible technological resources. The promise of Strategic Goal VIII (A Responsive Communications Interface between WIPO, its Member States and All Stakeholders) was yet to be fulfilled through the balanced establishment of an effective network of WIPO External Offices. The African Group hoped that this gap could be adequately filled during the 2016/17 biennium.

36. The Delegation of Chile expressed its support for the Chair's and the Vice-Chairs' excellent work in helping to make headway in the work of Committee. It also thanked the Secretariat for the work put into the preparation of the documents for the session. The Delegation had a specific request concerning Program 15 (Business Solutions for IP Offices). In that program, information was included on bringing into operation of the WIPO Copyright Connection (WCC) program for 2014 that is for management or for their benefits. The Delegation pointed out that those bodies, generally speaking, were private institutions, not necessarily related to intellectual or industrial property offices. That created a few doubts for the Delegation and therefore it sought more information about the relevance and the appropriateness of this being included in this particular program.

37. The Delegation of China thanked the Secretariat for the PPR 2014, which greatly helped Member States understand the progress made by WIPO to achieve its Strategic Goals. The Delegation welcomed the fact that 71 per cent of performance indicators were assessed as being on track, in particular that Strategic Goal III and IV were assessed respectively at 81 per cent and 75 per cent on track. The Delegation appreciated WIPO's achievements in providing support and services to its Member States based on its capacities and encouraged WIPO to provide more support and services based on the needs of its Member States and clients. The Delegation referred to Program 13 and expressed its appreciation for progress made by WIPO in improving PATENTSCOPE. The Delegation was pleased to see the language pair of English and Chinese added in the translation assistance for patent titles and abstracts, since it would greatly facilitate the use of this data by Chinese speaking users. The Delegation encouraged WIPO to further improve the batch subscription or download function based on users' needs for this function in order to allow users to use, analyze or reprocess data on their own needs. Referring to Program 11, the Delegation was pleased to note the good progress by

the WIPO Academy to provide all online courses in six UN languages. The Delegation hoped that this indicator could be fully met by the end of this biennium. The Delegation also hoped that the WIPO Academy would provide more training based on the needs of countries. However, the Delegation also noted that 22 per cent of all performance indicators were assessed as not on track or not assessable or discontinued. The Delegation further stated that 43 per cent of performance under Strategic Goal V was not assessable or discontinued. The Delegation encouraged WIPO to analyze and improve these performance indicators, identify obstacles to their achievement or design more appropriate performance indicators and targets. The Delegation hoped that WIPO would share with Member States the results of the analysis and the improvements of these performance indicators.

38. The Delegation of Turkey strongly believed that the present session of the PBC would make good progress towards the adoption of the 2016/17 Program and Budget. It thanked the Secretariat for the preparations of the session documents in a timely manner and for also their quality. The Delegation fully aligned itself with the statements made by Group B. As had been stated, 71 per cent of performance indicators were on track, and given that the present PPR was a mid-biennium report, the Delegation believed that the percentage would increase before the end of 2015. As regards specific Strategic Goals, the Delegation hoped that more progress would be achieved in the next biennium in the norm setting platforms. The increase in the demand for services continued in 2014 as well. The Delegation thanked WIPO for continuously improving its services in this regard. Under Facilitating the Use of IP for Development, the Delegation wished to congratulate the Secretariat for reporting. Particularly, the Delegation expressed its satisfaction with regard to the WIPO Academy distance learning courses and the training models provided for IP trainers in 2015. Similarly, the work undertaken by the Economics and the Statistics Division was appreciated. The Delegation encouraged its continuation with an enhanced visibility into 2015 and in the next biennium while submitting to the targets.

39. The Delegation of Canada welcomed the Chair back to the podium and the Vice-Chairs back to the Committee. The Delegation wished to raise a small standing issue regarding the design of some performance indicators. Looking at the sum total of indicators, it appeared that a number of them were passive in that any shortfall was not attributable to the Secretariat, in terms of website visits. Perhaps it would be interesting to see if those indicators could be transformed into something that would indicate what the Secretariat was doing to increase the visits to these websites. Although it was not really the Secretariat's fault if people were not actually visiting the websites, the Secretariat could focus on what it was doing to improve the websites and that could be applicable to some other indicators in the PPR as well.

40. The Delegation of Brazil inquired as to the way the Chair planned to organize the discussions. Questions had been asked regarding specific programs, and the Delegation asked whether the discussion could be sequenced program-by-program.

41. The Chair responded that he planned to organize responses to those questions Strategic Goal-by-Goal rather than program-by-program. The Chair invited the Secretariat to respond to the questions of a general nature to allow the time for those responsible for specific programs to come to the room.

42. The Secretariat commenced by reassuring Group B and the Delegation of Canada about the mitigating strategies. If a performance indicator was not on track in the mid-biennium, this would trigger putting in place of mitigation strategies for the second year of the biennium. For example, if it concerned an indicator, which dealt with lack of hits on a website, that would then trigger reflections on what it was that the Secretariat needed to do in order to increase the number of hits in the second year of the biennium. That was a part of mitigation strategies. The Secretariat took due note that some of the mitigation strategies could be made clearer and would ensure that this was done for the future PPR. Regarding savings and cost efficiency measures achieved in 2014, the Secretariat pointed out that those were reported on under each

respective program. For example, in Program 24, cost efficiencies related to travel and procurement activities were reported. Savings on premises-related items were reported under Program 24. Based on requests expressed during the informal consultations, the Secretariat attempted to consolidate the cost efficiency realized in 2014 in a separate document, which was much more user friendly than seeking that information in the long PPR. This information would be available in a separate document. The document was ready and could be distributed if the Chair so wished. Regarding Strategic Goal V (World Reference Source for IP Information and Analysis), the Secretariat said that several delegations raised the question as to why it appeared that there was a lack of progress. The Secretariat commented that this was quite unfortunate because it was not a reflection of lack of progress. On the contrary, it was because of the technicalities of being able to get performance data on the indicators. The Secretariat had been struggling for quite some time to get the analytics in a shape that was conducive to getting consistent data. It was not the issue of the Secretariat not being able to obtain the data but rather an issue of consistency. The Secretariat was still grappling with that and hoped to have everything in place before the end of the biennium. That was the reason for which some of the indicators under Strategic Goal V were, unfortunately, assessed as “not assessable”. It was because the right information was actually not there.

43. The Secretariat responded to the question put forward by the Delegation of Mexico on the particular performance indicator regarding the Standing Committee on the Law of Patent. The Secretariat explained that the table dealing with performance data (page 21), referred to the five topics discussed at SCP 21, which coincided with the list of issues the Delegation of Mexico mentioned. Those were: exceptions and limitations, confidentiality of communications between the patent attorney and the client, the transfer of technology, patents and health and patent quality. These five issues appeared in detail in the table corresponding to performance data (Expected Result I.1).

44. The Secretariat was invited to respond to questions regarding Strategic Goal III.

45. In response to the question raised by the Delegation of Nigeria, the Secretariat acknowledged that, in general terms, there were areas where the level of implementation was not satisfactory. This was particularly true in some Arab countries, where certain activities had been postponed due to the political situation in the region. Regarding the developing countries in general, and Africa in particular, the Secretariat stressed the importance given to the DA of the Organization. In Africa as well as in the other regions, WIPO was working with the Member States through four pillars. The first one was National Intellectual Property Strategy. The first step was to acquire a deep understanding of the country's situation and to review the existing policy documents in order to integrate the IP component into the national development framework and to develop an IP Strategy consistent with national development goals and objectives. The second pillar was the regulatory framework through which WIPO provided tailored assistance in the design, updating or upgrading of laws and regulations for IP. The third pillar was the infrastructure of IP Offices where WIPO's assistance aimed at modernizing the national IP Offices in terms of procedures, systems, practices, etc. The fourth pillar was the area of capacity building through which WIPO assisted in building a critical mass of trained human resources with the knowledge and skills to deal with the broad range of requirements for the effective use of IP for development. WIPO's involvement with development and capacity building was deep, and the Organization intended to improve its methods and procedures related to collecting and managing Member States requests.

46. The Secretariat responded to comments on Strategic Goal VI and the question by the Delegation of Nigeria. The Secretariat expressed its pleasure with Program 17's performance and that a 100 per cent performance had been attained. The PPR had been established with regard to the four Expected Results of Program 17, approved by the Member States in the framework of the Program and Budget 2014/15. The Secretariat used the opportunity to reiterate that DA Recommendation 45 guided all the activities performed and attained by the Program. With reference to Article 7 of the TRIPS Agreement, the Secretariat stated that the

enforcement of IP rights was conceived and construed as an element to contribute, *inter alia*, to the transfer of technology. The transfer of technology, *per se*, was not the benchmark to measure the attainment of the objectives of the Program. Nevertheless, the Secretariat believed that by having pointed out the balance in the IP system and having ensured that requesting Member States had the frameworks in place to attract foreign direct investment that the Program had contributed to the transfer of technology.

47. The Secretariat responded to comments on Strategic Goal VII addressing IP in relation to global policy issues (Program 18), specifically those made by GRULAC in its opening statement. The Secretariat, reported that it had been a very busy year 2014 with the two platforms. WIPO Re:Search had exceeded expectations. Membership of the WIPO Re:Search consortium had grown three times in size since its launch. The objective of catalyzing collaborations was around three to five in the first year, five to seven in the second year, and ten in the third year. Within three just years of operation, there were about 80 collaborations. That had been an enormous success, which demanded resources in terms of time to nourish these collaborations. The first performance indicator had been conditional on FIT funding. As said in an earlier report, FIT Australia had contributed funds for training and capacity building within WIPO Re:Search to advance collaborations in product development. The Secretariat hoped to obtain additional funding and, therefore, the objective was included in the P&B 2014/15. Unfortunately, in 2014, the Secretariat had not been able to raise additional FIT funding. For this reason, the particular TLS was not on track. On the database uploads, the Secretariat shared two considerations. The database of WIPO Re:Search was fundamentally different from WIPO GREEN. The majority of the collaborations happened through personal interactions. Scientists did not typically go to databases and asked for specific intellectual property, drugs compounds, compound libraries, unpublished scientific or regulatory data or patent licenses. They went to conferences and met people. Also WIPO Re:Search developed collaborations by identifying what scientists, including from developing countries, were really looking for, what could enhance and accelerate their research and product development. It then looked within the WIPO Re:Search members, particularly the companies, what could be licensed and shared to advance these projects. The database's purpose was a shop window to show that members were willing to license and to participate. Out of the 80 collaborations, there was one that started off with someone inquiring on the database. It was, however, an enormously important shop window because it attracted interest. The reason why it was reduced was that the main contributor to the database, AstraZeneca, restructured in 2014 and cut everything that was not core. All humanitarian type of engagements were cut, not because of WIPO Re:Search, but because of AstraZeneca. Their entries had been substantial. You may recall from the WIPO Re:Search launch on October 26, 2011 that the chairman of AstraZeneca was here and pledged that all the 23,000 patents, 1,200 patent families, would be available for WIPO Re:Search. There was significant input from them. However, the Secretariat believed to be back on track in terms of that objective by the end of 2015. Regarding visits to websites, it was very difficult to estimate and that was partly meaningful. The one before the last result, however, was important. When the P&B 2014/15 was prepared, long before the launch of WIPO GREEN, the original definition was different. There were targets of 250 over two years, 125 in one year. The idea at the time was that people would find an upload and a need and once they matched, they had a transaction. That was what was meant by a match. When WIPO GREEN was launched on November 28, 2013, this was slightly modified. It was realized that there would be much more value added to especially involve developing country SMEs and universities where there was much more on the ground involvement. Therefore, the transactions today are much more meaningful than they were in the past. Now, transactions were actual licenses or sales that had taken place. The Secretariat hoped to have a few case studies to share with Member States by the end of this year. At the end of a two-day match making event in Manila around wastewater technologies in April 2015, which was funded by FIT Japan, 16 letters of intent were signed between prospective buyers and sellers with the intent to engage in the consideration, at least, of transactions. These transactions take time. If there were a couple by the end of the year, the Secretariat would write them up and share them.

48. The Secretariat responded to comments related to Strategic Goal IV (Coordination and Development of Global IP Infrastructure). The Secretariat thanked all those regional groups and national delegations for their support and encouragement for the implementation of the programs under Strategic Goal IV. The Secretariat asked for clarification of the question by the Delegation of Chile as to whether the Delegation had questioned the appropriateness of WIPO's assistance for private CMOs.

49. The Delegation of Chile clarified that the question had intended to ask why WCC was included in Program 15, rather than asking whether it was appropriate for WIPO to assist CMOs.

50. After the clarification, the Secretariat explained that Program 15 was now responsible for development and implementation of WIPO Copyright Connect, because the project required technical expertise such as networking and data format and other knowledge that Program 15 had accumulated in helping Member States with advice and assistance in developing infrastructure. The project would be carried out in coordination with the Copyright Development Division. In response to the observations from the Delegation of China, the Secretariat thanked the Delegation for their positive comments on the inclusion of the English and Chinese language pairs in machine translation in PATENTSCOPE. The Secretariat confirmed that continued investment in improvements would be made in particular in this language pair, since the amount of IP information in Chinese significantly increased. For improving access to the documentation in Chinese, PATENTSCOPE would need a very good, reliable machine translation and also a search tool in Chinese and English. WIPO would continue to develop and enhance the quality of machine translation between English and the Chinese, seeking advice from Chinese authorities in this regard. Referring to the second point made by the Delegation of China with regard to databases, the Secretariat assured the Delegation that continued efforts would be made to address the problem of slowness of access or latency, and to enhance technical capacity of PATENTSCOPE to allow users for downloading data in certain parts of the world, including Asia and China.

51. The Secretariat responded to the comments on Strategic Goal VIII dealing with Communications (Program 19). Regarding the "not on track" or "not applicable" issues in Program 19, the Secretariat noted the first "not on track" involved the average number of views of press releases. The Secretariat explained that the figure was down because the Secretariat had been diminishing its focus on more formal means of communications, such as formal press releases and relying much more on social media, such as Twitter, in order to direct the attention of not only the press but the general public to more informative articles in the Media Center on the WIPO website. The Secretariat explained that as a result fewer press releases were being issued and hence, fewer views were being received. However, social media was directing more flow through to the website. The Secretariat noted that this was a conscious decision and reflected an overall trend in decreasing focus on the traditional press releases and increasing focus on social media as a means of communication. On the second "not on track", the average number of views of videos on the WIPO YouTube channel, the Secretariat noted that the number had decreased since setting the baseline because the baseline had been set just after a "viral spike" in views due to the success of the series of cartoons featuring Pororo, a successful collaboration with the Republic of Korea. The Secretariat noted that Pororo was very popular worldwide. Since the setting of the baseline, the viral spike based on Pororo was decreasing. The Secretariat noted that, as a future mitigating factor, hits on cartoon content would be removed from the baseline, giving a more accurate representation due to the higher number of informative and non-cartoon products produced by WIPO. The Secretariat noted that while Pororo provided a very good and very positive spike to viewership of the WIPO YouTube channel, it was essentially a very temporary spike. Regarding the "not on track" for the Klout influence score, the Secretariat noted that Klout was a means of measuring influence, reliability, etc. on Twitter. WIPO had established a target of 73 as a Klout score which, the Secretariat noted, is on the high end of scores for most international organizations. The Secretariat noted that while WIPO's Klout score at the end of 2014 was 63, below the 73 number, the Klout score



peaked for 2014 and so far in 2015 were 71. The Secretariat noted that Klout scores generally peaked around World IP Day, and suggested that an average Klout score throughout the year – or on IP Day – may be a better standard than year-end score. Regarding the N/A for the updated baseline of 84 per cent of Madrid and Hague customers satisfied or highly satisfied, the Secretariat noted that it had set as a target 86 per cent as an average for Madrid and Hague; however, a Hague survey had not been carried out in 2014 due to resource limitations. The Secretariat explained that given that 81 per cent of Madrid customers were satisfied or highly satisfied, and that Hague's previous score (2013) was 88 per cent, the average would have been closer to 86 per cent had the Hague survey been carried out. The Secretariat noted that this was an aberration, as surveys for both services would generally be carried out.

52. The Delegation of Mexico raised a point related to Program 23 (Strategic Goal IX) and stated that there remained many disparities, not just in the geographical distribution, but also in gender distribution, highlighting that gender is important at the professional and director levels and that not much progress has been made in this regard. It encouraged the Secretariat to submit to the Coordination Committee, a revised policy for geographical distribution, which would replace the current policy, which dated back to 1975. In view of limited progress in that area, it invited the Secretariat to include in a new strategy of human resources, clear cut objectives and goals regarding geographical and gender distribution, more specifically by taking advantage of the retirements in its workforce, which will occur in the coming years. The delegation also noted the lack of progress or not much progress made in the Capital Master Plan (CMP) projects. Specifically, the Delegation was concerned as delays might create an under-valued budget due to the costs and inflation effects. The Delegation requested more information on this issue.

53. In response to the question regarding Program 23, the Secretariat indicated there has been progress with respect to recruiting staff from as diverse a geographical base as possible, noting that the Secretariat does not have specific targets. The JIU had recommended that the Organization should implement a new methodology of geographic diversity and that this matter had been already been referred to the Chair of the General Assembly. The HR Annual Report, which will be presented to the Member States at the PBC in September will highlight the progress that has been made with regard to recruiting from a broad geographic diversity basis.

54. The Secretariat inquired whether the question from the Delegation of Mexico referred to the lack of progress that might impact the budget available for CMP projects. The Secretariat explained that for the seven high priority projects included in the Capital Master Plan and amounting to about 11 million Swiss francs, the PBC had approved the utilization of reserves. As a consequence, there would be no budgetary implications as such for the regular budget, should there be delays in the implementation of those projects. The Secretariat would make every effort possible to make progress on those projects. Should delegations have any detailed questions on the projects, the respective project managers would be ready to answer them.

55. The Delegation of Mexico referred specifically to the project on the renovation of the facades and the cooling/heating system in the PCT Building, and pointed to the fact that the report showed no progress in terms of performance or budget utilization. Furthermore, it referred to the financial risks, which had been highlighted in the performance report for 2014, in particular for the construction costs

56. The Secretariat replied to the question concerning the CMP3 project (renovation of facades and cooling and heating installation in the PCT Building). The performance report explained that, even though no expenditure had taken place yet, work had been done, in particular, in connection with the ongoing tender process to engage a firm as pilot/architect. The table entitled "Project Budget Utilization by Milestones", on page 251 of the English version, showed that a certain percentage of work has been done in connection with the award of contracts. In connection with the comment concerning the risks which had been indicated in the table entitled "Risk and Mitigation Strategies" on page 252 of the English version, the

Secretariat emphasized that it had included this risk for the information of Member States. This point would be taken into account when the Secretariat would be in a position to choose the technical solution amongst the solutions that would be presented, most probably in the second half of next year, by the firm of specialists that is expected to be engaged in the course of the current year. The Secretariat reiterated that it would take into account the financial criteria in choosing the solution amongst those that would be presented, noting that the future construction market situation was not predictable at this early stage. The clear intention of the Secretariat was to choose a solution that would meet both the technical criteria as well as the financial criteria so as to remain within budget.

57. The Delegation of Brazil thanked the Secretariat for presenting the PPR and noted that it was a self-assessment by the Secretariat. It fulfilled a clear function, and there was not much need for Member States to approve or disapprove the items presented in the document. The Delegation sought clarification on the specific aspects of the PPR, namely on performance indicators and targets. The Delegation appreciated the difficulty to establish what would be a good performance indicator for a determined activity since there was great diversity of activities performed by the Secretariat. Nonetheless, it sought clarification on the performance indicators of page 29 (English text), Expected Result III.2 (number of Governments and CMOs signing an agreement with WIPO to develop a new transparency, accountability and governance quality assurance standard). It understood that this performance indicator had been established to evaluate the progress of the project on establishing standards for CMOs. The targets established were for Governments and CMOs. When evaluating the performance of the progress, the element of agreement was substituted by expressions of interest, and the evaluation stated that the program was on track. The Delegation requested further clarification as to whether the performance indicator had changed during the course of the biennium since when talking of agreements to seek new governance assurance standards one talked of an inclusive process for Member States that had agreed to develop this new tool. The Delegation also requested clarification regarding Program 18. Regarding the outcomes of the last two years and the stated importance of more developing countries taking part, the Delegation stated that very few developing countries were Members of WIPO Re:Search and participated in the WIPO built infrastructures to share knowledge and IP. The Delegation asked whether the project sought to implement more technology transfer to participants from developing countries and not only aimed at sabbaticals and internships, but also involving institutes, universities and other institutions that could benefit from being part and being involved in knowledge sharing initiatives.

58. With regards to Program 3, the Secretariat said that this concerned technical assistance to promote transparency and governance among collective management organizations. It was an initiative that had been carried out on a consultative basis for a while and it involved three areas: the first area was to set certain principles of good governance; the second was an education program relating to those principles; and the third was for a possible international quality measure and a standard for collective management organizations. The performance indicator that had been approved by Member States related to the third of those three stages, and to the agreement that had been made, and had been indicated by Member States as expressing interest in the project. In other words, Member States had agreed to form part of the project moving forward. The project was still very much at the consultative process stage and, as had been emphasized on many occasions already, the Secretariat believed that part of this consultative process was, of course, to bring on board and involve Member States; as many Member States as possible, and any that wished to be involved in the project would, of course, be welcome to do so. In short, therefore, the position moving forward was that support of Member States was being sought to continue with this technical assistance program in the field of collective management and in the field of transparency, accountability and good governance of collective management organizations.

59. The Delegation of Brazil thanked the Secretariat for the information provided and said that it was important to all Member States to know of the Secretariat's efforts. The Delegation said

that, going back to its question, it was actually about the difference between the performance indicator that had been established and approved two years ago and the performance data. When reading the performance indicator, the Delegation understood that it referred to agreements between WIPO and to the establishment of standards in the three areas that the Secretariat had mentioned. Nevertheless, when looking at the performance data, what had been mentioned was not actually agreements or cooperative work but expressions of interest by Member States to determine the project. The Delegation's understanding was that these were two different things. It said that its question really aimed at this point: whether Member States would continue to be engaged, whether this was work that would be done by the Secretariat, or whether the performance data could be understood to mean that the Secretariat had already accomplished what was there to be accomplished regarding the inclusiveness of the project.

60. The Secretariat wished to clarify what it thought had been meant by "agreement". The Secretariat did not think that "agreement" was ever envisaged to be a legal binding contract in place but that it had been used as a looser term to express the agreement of a government. Governments had agreed to be involved in the process. In this regard, the Secretariat welcomed very much the involvement of Member States and expected Member States to be involved at every stage of the process moving forward.

61. The Delegation of Brazil said that it understood the PPRt to be a self-assessment tool and did not want to prolong the discussion. At the same time, the question was whether the next performance indicators would reflect the idea of inclusion of Member States as part of a consultative process, and on how design standards were formed and drafted or, at least, the ways in which Member States could be included in the process, and not only by way of Member States saying that they were interested in the project that WIPO was developing, but also by being part of it.

62. The Secretariat responded to the question by Delegation of Brazil regarding Program 18 and said that its question touched the core of Program 18 and the purpose of WIPO Re:Search. Indeed, it was in large part to establish an ecosystem allowing institutions, public and private, north, south, east, west, to share resources and IP assets in order to accelerate the development of drugs, vaccines and diagnostics for neglected tropical diseases, malaria and TB. That sharing of IP assets included not just licenses to patents which were least important thing in product development, but also the knowhow, and sharing of data that were not available. Nobody even knew much of the data existing in public or private sector institutions. That was equally valid for universities as for companies. Very little research was published. The first three years of activities had demonstrated that it was possible to establish an ecosystem that lowered transaction costs and that brought trust and confidence in an open innovation consortium. It was much easier to establish scientific collaborations between an M.I.T. and a Stanford. They spoke the same language and also had financial resources. To establish a similar collaboration between, for example, Novartis and Nigeria took a bit more time. There was benefit from sabbaticals. They had enabled two persons from Nigeria to go to Novartis for several months and to return with collaboration friendships. They could pick up the phone or send an email to friends. Novartis transferred some equipment that was two years old, outdated for Novartis but inaccessible to the Nigeria counterparts. That was part of the capacity building and show how. It was also easier to bring in Members from developed countries, in general, where IP or technology transfer offices facilitated that process very much. It had been more time consuming with developing countries. But, the Secretariat was very proud to have nine or ten Members in Africa. In Asia in August this year, WIPO was organizing an afternoon session around WIPO Re:Search in Manila at the Global Health Forum. That was part of the strategy to bring in more countries from Asia. There were 12 Members from Asia at the moment. From Latin America, there were fewer members, with the most important one Fundação Oswaldo Cruz from Brazil which was the largest in terms of the number of Ph.D.'s working in Latin America. Fiocruz was an active partner in the outreach strategy. Fiocruz was also a collaborator to receive IP assets and for the countries in Africa. They were interested in strengthening that link including through WIPO Re:Search. The goal of the first few years was

to demonstrate the proof of concept, to get a number of collaborations established, i.e. the lower hanging fruits which were obvious to get started. The Secretariat was now in the process of thinking the longer-term strategy, how to bring WIPO Re:Search to the next level, what kind of value added niche WIPO Re:Search could provide in that ecosystem of product development. A particular focus was to involve more developing countries and to find that niche in relation to the product development partnerships that had big funding from the Gates Foundation and from bilateral donors. Finally, the Secretariat hoped to find a way to develop a small fund in the future, or at least collaboration with developing country institutions. Unless there was some limited funding to help that research take off it was very difficult for those scientists to add value to the IP or information. Funding was normally the major stumbling block. There were very talented, well-educated scientists, very eager to get involved. Hopefully, with some mechanism whereby third parties could fund some projects on a competitive basis, opportunities for Developing Country involvement would be significantly enhanced.

63. The Delegation of Brazil asked whether it would be desirable to have more funds directed or more performance indicators directed to meet the objective of having more Developing Countries Partners and more projects on the platforms involving Developing Countries. Instead of prioritizing, for example, the relationship of WIPO with other UN Agencies regarding climate change discussions or on neglected diseases, WIPO could invest its various small resources to create meaningful connections. Indeed it was very difficult to bring more Developing Countries on board. Brazil was glad that Fiocruz participated. Brazil was also a Developing Country. Even Fiocruz had difficulties in creating connections with other research institutions around the world.

64. The Secretariat clarified that it was not more difficult than was anticipated, but it was more intensive than it was between the Stanfords and the M.I.T.s, and rightly so. That was not a surprise. Establishing an ecosystem of trust for companies, to open them to receive a call on any IP related to tropical diseases, especially IP that they never considered for those diseases (it might have been on high blood pressure or diabetes, IP in very different areas, repurposed for neglected tropical diseases) had been a major objective: to bring the trust and confidence that this can be done, that it did not take an enormous amount of time and resources to get engaged. It had been in the strategy from the beginning to place emphasis on collaborations between Developed Country institutions and gradually build up the developing country connectivity. It could be discussed whether this emphasis was right. But, it was meant to have success that drives more interest and more willingness. Today, companies came and said they would like to do more with developing countries. It seemed that WIPO Re:Search was at the right place. It was for discussion to what extent the balance was right, whether using the platforms of WIPO Re:Search and WIPO GREEN was a way of sharing experiences, information, fact-based information on technology transfer, how it happened in practice, on the challenges that are faced and to what extent the Secretariat used its time to share those experiences at UN fora. The time was sparingly for that. The emphasis was on practical tangible results. The reason for Program 18 was to be at the interface of real practical tangible activities and the global policy making process. It was not to influence that process, but to share practical fact-based experiences upon request as it had been done in many different fora. In the Program and Budget 2016/17, a very small, modest percentage of the resources were dedicated to this particular area.

65. The Chair noted that there were no further requests for the floor. He concluded that there were useful lessons learnt for everybody coming out of the PPR discussion. Some of them for the Secretariat - regarding indicators and how tricky they were and the challenges they posed and the interest of the delegations to have systems of indicators. Some of the ground covered would help delegations in the discussions under agenda item 5. The Chair reminded delegations that the PPR was contained a draft decision paragraph and the Delegation of Mexico had indicated that it had some observations regarding that text. The Chair invited the Delegation of Mexico to present its proposals.

66. The Delegation of Mexico wished to propose two amendments to the draft decision. First, it wished to take note in the decision of the progress report on the CMP, and ask the Secretariat to pay particular attention to those projects, which experienced major delays. It requested the Secretariat to report back to the PBC on the projects' implementation. The second amendment referred to the statement made by the Delegation on ASHI. In line with the discussion two years prior, the Delegation requested the Secretariat to table specific proposals, at the 25<sup>th</sup> PBC session, on how to limit ASHO's liabilities. Those proposals should not be limited to the results of the Working Group on ASHI, which had been set up by the United Nations. The Delegation requested that its proposal be circulated to the membership in hard copy for further consideration.

67. The Secretariat responded to the proposal for amendments by the Delegation of Mexico. It found the first proposed amendment a valid point and added that every effort had to be made to minimize the delays in the completion of the CMP projects. The Secretariat pointed out that reporting back to the PBC was done through the PPR, and said that the Secretariat was striving to make that reporting coherent and integrated. The Secretariat affirmed that it would continue reporting on the CMP projects through the PPR as long as those projects were under implementation. Referring to the second proposed amendment (on the ASHI liabilities), the Secretariat reported that it had undertaken a number of measures to contain them. The first liabilities were long term employee benefits liability linked to the overall work force of the Organization. In this context, the current proposal included containing the increases in human resources, and no new posts were being proposed in the proposed Program and Budget, as the Organization was gradually moving to a much more flexible work force model that encouraged outsourcing where there was value added and benefit from such outsourcing models. From the strategic point of view, this would help to reduce the ASHI liability. The Organization works closely with the UN Working Group, as had been explained during the informal consultation the previous week, and was an active contributor to the terms of reference of the Working Group and followed the ongoing implementation of the UN Working Group's work and specific proposals. The after-service health benefits were part of the UN systems' approach on taking care of employees and their long-term benefits. In view of that UN-wide process, the Secretariat was not certain that it would have any additional proposal beyond what it had already specified.

68. The Delegation of Mexico said that it understood that reporting on the CMP was done through the PPR. Nevertheless, it thought that a phrase could be added at the end of the proposed amendment to reflect that the reporting to the PBC was done through the PPR. The Delegation confirmed that it was not asking for a separate report. Regarding the second amendment, it explained that, as far as ASHI was concerned and its management and cost containment, it was one of the few areas where there did not seem to be a standardized procedure within the United Nations. There were some commonalities, but what was actually done in the individual organizations differed. It had become clear as the subject of ASHI was coming up for discussion in all international organizations for exactly the same reason. Yes, the Working Group had been set up at the initiative of the UN in an attempt to bring harmonization. That did not mean that harmonization would happen in the future because the Working Group itself was aware of the fact that business practices and financing of international organizations differed from one another. It was true that there was a possibility of having a common framework, but that did not necessarily mean that there were going to be common frameworks in each and every case. In referring to the specific processes for the cost containment, the Delegation said that it had seen an effort being made in various organizations and bodies in Geneva to define specific measures for cost containment going beyond simply trying to restrict increase in staffing levels. That was what the Delegation was referring to when it talked about specific cost containment measures. There was a procedure under the UN system, and the proposed amendment tried to pick up on that exercise. It went without saying that, at the same time, nothing restrained WIPO from taking other measures, which the Delegation had been urging it to do for the last two years. The WTO was looking at very specific measures on how to contain the costs, e.g., change the level associated to the level of medical insurance premium.

There were quite a few other proposals as well. Concrete proposals were what the Delegation wanted to give consideration to. There could be other ideas coming from the ongoing discussions in the UN Working Group. A preliminary report of the Group would be submitted to the UN General Assembly in September 2015. That was why the Delegation wished that the next PBC session took the information from the Working Group and build on it to come up with the specific measures. ASHI was a very important issue, as 6 per cent the staff cost of the Organization was spent on financing its liabilities. The Delegation stated that the Organization had to have an investment policy for ASHI and measures to contain its costs.

69. The Chair believed that many delegations could empathize with the issues raised by the Delegation of Mexico. The problem was where to reflect them. As much as it was logical to have them associated to a self-assessment report, the PPR, the question was whether it should rather be part of the decision on the Program and Budget. The Chair requested delegations to provide with some guidance on this matter.

70. The Delegation of Mexico said that, having analyzed the matter, it had come to the conclusion that agenda item 3 was possibly the best choice because under that item members were evaluating the performance of the Organization, in financial terms as well, since the evaluation included efficient use of resources and the Secretariat was reporting to on saving and efficiency measures relating to the budget management. Having said that, if other delegations suggest a better place to put in that wording, either as part of the budget discussion or as an independent issue, the Delegation did not see any problem with that. It would, however, like to make sure that members analyze the proposed amendment without it necessarily getting tangled up in other discussions. The Delegation said it was completely flexible as to whether it should be considered under item 3 or in some other setting at some other time, but insisted on having it examined.

71. The Chair requested that the draft text be circulated to all delegations, following which he would consult with delegations on when to bring the proposal back for discussion and approval. He invited all delegations to reflect on whether the text should be approved the way the Delegation of Mexico had proposed it or whether it should be separated and included in a different area. To allow time for consultations, the Chair suspended discussions on item 3.

72. The Chair reopened discussion on the decision paragraph on item 3 later during the session. He referred to the revised draft text of the decision prepared by the Secretariat, and distributed, that included part of the proposal from the Delegation of Mexico.

73. The Delegation of Mexico confirmed that the revised text had been made available and wished to clarify and inform the Committee that it had been consulting with the Secretariat with regard to the two amendments that it had put forward, in particular, the amendment regarding the first topic (the CMP). The Delegation agreed that its second proposal (on ASHI) would be considered when they would consider the draft decision on the draft Program and Budget.

74. The Chair thanked the Delegation of Mexico and wished to affirm that all delegations were comfortable with taking decision on item 3 as presented. There were no requests for the floor. The Chair read out the proposed decision paragraph, which was adopted.

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

- (i) acknowledge Programs' progress made in 2014 towards achieving the expected results;

- (ii) take note of the second progress report on Capital Master Plan; request the Secretariat to pay due attention to those projects which have significant delays and to report back to the PBC through the PPR.

#### **ITEM 4 FINANCIAL SITUATION AS OF END 2014: PRELIMINARY RESULTS**

76. Discussions were based on document WO/PBC /23/INF.1

77. The Chair explained that this item was informative in nature, it was the financial situation at the end of 2014, the preliminary results. The Chair passed the floor to the Secretariat for explanations in respect of the relevant document, WO/PBC/23/INF.1.

78. The Secretariat explained that the document under review provided the figures at the end of 2014. These had been subject to audit at the time of the preparation of the document and would be reported on formally in the September 2015 Session of the PBC as audited financial statements for 2014. The Secretariat added that, since the time of drawing up the document, the auditor's opinion had been received and it gave a clean financial audit for the 2014 accounts. 2014 resulted in an overall surplus of 37 million Swiss francs. This amount took account of expenditure against reserves and IPSAS adjustments and compared with a surplus of 15.1 million Swiss francs for 2013. In terms of the budgetary surplus, actual income exceeded the budgeted income by approximately 6.2 per cent, an increase which was almost entirely attributable to the PCT fees, whilst expenditure was below the budgeted amount by approximately 8.4 per cent. It was to be noted that dividing the budget equally between the two years was an exercise carried out to present an annual budget in compliance with IPSAS. It was possible that expenditure would be incurred in a way which was not evenly divided between the two years of the biennium. With the surplus of 37 million Swiss francs, the net assets had risen to 245.8 million Swiss francs which compared with 208.8 million Swiss francs at the end of 2013. The document also provided details of expenditure in 2014 by individual programs, the 2014 results by Union and a forecast for the result for 2015. This forecast, added the Secretariat, was of course carried out early in the year in order to prepare the present document, and the outlook for the biennium was currently showing a slightly higher than the forecasted amount of 9 million Swiss francs shown.

79. The Delegation of Japan, speaking on behalf of Group B, referred to the fact that income was slightly beyond the estimated figure, namely 102 per cent and that expenditure was contained within the scope of the budget, namely 98 per cent at the middle point of the biennium. Speaking of the surplus of 37 million Swiss francs achieved in 2014, and bearing in mind that costs were anticipated for 2015, the Delegation wished to know whether the relatively low expenditure in 2014 was a result of savings and efficiencies or whether it was a result of delayed or reduced activities. The Delegation expressed its hope that any savings in efficiencies would continue to have an impact in 2015. It noted that the income forecast in table 4 indicated that the Organization's income was due to fall by almost 10 per cent. Group B, said the Delegation, would appreciate further information on why the International Bureau was anticipating such a large fall in income in the present year.

80. The Delegation of Spain said it had closely studied the document on the financial situation as of the end of 2014. It added that it subscribed to what had been said by the Delegation of Japan and wished to request additional information. The Delegation said that it had not seen the audit document in respect of the financial statements, adding that it would have liked to have seen the document at sufficiently an early stage to be able to study it. The Delegation said that it would have liked to have had the full document as this would have allowed the Delegation to have a clearer idea of the financial information for the September PBC. At this stage, added the Delegation, it would have liked to have seen more information on two things. The first of these was the IPSAS adjustments. The Delegation, in support of what had been

said earlier by the Delegation of Mexico, also wished to acquire a better idea of the situation with respect to ASHI, adding that this kind of data was not shown in the documents under review. It wondered about the effective measures which did not have a direct impact on expenditure and income, but which would have an effect on what went into the reserve fund and requested further clarification in this respect.

81. The Delegation of Mexico welcomed the fact that income was expected to be higher than the estimated amount. The Delegation said it had noticed that the figure for expenditure was lower, adding that it welcomed this, too. However, like other delegations, the Delegation had some doubts as to whether the lower expenditure was the result of savings and efficiencies, which was what the PBC had requested last year, or whether it was actually the result of expenditure not having been incurred because certain activities had not been carried out for some reason or other. The Delegation said it needed to have some clarity on these aspects, particularly in the light of the discussions foreseen in respect of the 2016/17 budget. The Delegation added that it was aware that the complete audited financial information would be submitted to the PBC in September. The Delegation explained that it had a very general picture from the Secretariat and that it would await further information that it required, especially in respect of long-term liabilities.

82. The Delegation of Canada expressed its support of the statement made by Japan on behalf of Group B. The Delegation asked if it was correct in its understanding that the document provided figures both with and without IPSAS adjustments. It seemed to the Delegation that, in table 2 on expenditure by program, some of the figures, if not all of the figures, were not IPSAS adjusted figures whereas in some of the summary tables, the figures were adjusted for IPSAS. The Delegation asked for clarification as to whether this was the case and, if so, if there was a reason for this approach.

83. The Secretariat confirmed the information that had been provided by the Chair in that the document under review was an information document simply to provide Delegations with background information before examining the Program and Budget proposal for the next biennium. The figures provided in this document were not audited figures at the time of its preparation. Responding to the inquiry from the Delegation of Spain, the Secretariat confirmed that the audited financial statements would be available as a formal PBC document in September. It added that this was regular practice since this was when the document was available. The audit report had just been received and the document for publication was being prepared accordingly. On the subject of savings, the Secretariat explained that the fact that expenditure was below the budgeted level was due to a multiplicity of factors. On the income side, the primary driver for the increase in income above the budgeted amount was PCT fees. On the expenditure side there were a variety of factors to be taken into account. There were savings made in personnel costs, in particular in the UNJSPF amounts due to exchange rate differences as compared to the assumption that had been made in the Program and Budget. In the Program and Budget, estimates were based in dollars and certain assumptions on what the exchange rate would be had been made. In the present case, the exchange rate had been lower than the assumption that had been made in the Program and Budget for 2014/15 and this led to savings in personnel costs. There were also savings made in the area of reclassifications. More specifically, in the 2014/15 Program and Budget, assumptions had been made concerning amounts that would be required in respect of reclassification. This amount was not fully used in 2014, which explained the second type of saving made in the area of personnel savings. Then there were specific cost efficiencies which had been reported on during the discussion on the PPR. These were specific cost saving and cost efficiencies that basically did not affect the achievement of the expected results and which would be reported on in a separate paper. Then there had been external factors in some cases affecting the implementation of programs, for example, the developments in the Arab region which had hampered the implementation of some activities in that region. This translated into a slower implementation rate of a number of activities. Additionally, there had been a slower-than-expected implementation rate in the first year of the biennium for some other



programs. This was considered normal and could be seen in the PPR for the first year where the implementation rate was usually lower than in the second year of the biennium. A certain degree of pick up in the implementation rate was expected in the second year. The Secretariat added that, regarding the question on the apparent fall in income, there was in fact no such drop. The approved budgetary income figure was 713.3 million and the actual income for 2014 was 378.7 million. This was clear since the books for 2014 had been closed and 345 million was the forecast for 2015. So there was not really a fall in income because the actual figure was higher than the budgeted figure for income for 2014.

84. The Delegation of Japan thanked the Secretariat for these explanations. While it recognized that there was no fall in income in the overall budget, it wondered about the difference between income in 2014 and income in 2015.

85. The Secretariat said it would provide an analysis of the differences. One of the factors was the loss due to the strengthening of the Swiss franc which occurred during the first three months of the current year. This loss, however, had been limited to approximately 5 million. The Secretariat would provide an analysis of this. Concerning the question raised by the Delegation of Canada, the Secretariat pointed out that the table was drawn up on a budgetary basis and that it was not based on IPSAS. The IPSAS adjustments, added the Secretariat, would be explained in the financial statements, which would be available for the Member States in September. However, the Secretariat was able to specify what the main changes were. There was a charge for depreciation, amortization and impairment of approximately 9 million for the year. Then, there was a small adjustment for the acquisition of equipment, 247,000. Then there was the capitalization of the construction expenses for 30.4 million. These were largely incurred on the Conference Hall. The capitalization of intangible assets represented an amount of 1.7 million. Changes in the employee benefit liabilities were also a factor, these included not only ASHI but also repatriation expenses. The total of these factors came to 2.8 million. Then there was the fee deferral, largely of PCT revenue, representing 17 million, followed by the deferrals of other revenues, specifically in respect of Madrid and Hague, representing just over 1 million. Then there were a number of small adjustments to the inventory and in relation to the Funds-in-Trust. The full details of these would be provided on page 65 of the financial statements. The Secretariat added that, concerning the question raised by the Delegation of Spain, an actuarial study had been carried out, as was the case every year, on ASHI liabilities at the end of 2014. The full liabilities for ASHI at the end of 2014 were 127.8 million, this amount was now disclosed in the statements.

86. The Delegation of Spain confirmed that this was the information on the detail of the variations of the net assets and part of the reserve fund was indeed the information that it had wanted. It added that it would appreciate receiving further clarification in respect of the global variation, the overall variation of the ASHI liability.

87. The Secretariat said that the ASHI liability had gone up by approximately 8 million since the end of 2013.

88. Noting that there were no further questions on the financial report, the Chair proposed to move to agenda item 5.

## **ITEM 5 DRAFT PROPOSED PROGRAM AND BUDGET FOR THE 2016/17 BIENNIUM**

89. Discussions were based on document WO/PBC/23/3.

90. The Chair opened the discussion on agenda item 5 and the draft proposed Program and Budget for the 2016/17 biennium (document WO/PBC/23/3). The Chair specified that the document was being presented to the PBC for discussion, comments and recommendations including possible amendments, in accordance with Financial Regulations 2.6 and pursuant to the mechanism to further involve Member States in the preparation and follow-up of the

Program and Budget of the Organization. The Chair reminded delegations that the PBC would hold a final discussion of the proposed Program and Budget at its September session, when it would have to make recommendations to the Assemblies. The Chair recalled that delegations had already expressed their initial views in their general statements and that the Committee had listened to the remarks by the Director General on the subject. The Chair proposed to conduct discussions by strategic goal and invited comments on Strategic Goal I.

91. The Delegation of Japan, speaking on behalf of Group B, wished to present the Group's general views on the draft proposed Program and Budget 2016/17. Group B proceeded to thank the Secretariat for the preparation of the document and appreciated the efforts to comply with the target date for its issuance. Group B welcomed the focus of the proposed increases in the next biennium. Group B believed that achieving the goal of providing IP services could be attributed to the sustainable efforts to improve the systems thereby responding to the demand of users and effective promotion for further expansion of the systems. In this context the Group requested further clarification on the reference made by the Director General to the necessity for a reasonable fee increase in the future. Regarding the expenditure in the proposed Program and Budget, the Group recognized a 4.9 per cent increase, including 10 per cent in non-personnel costs and 2.1 per cent in personnel costs. The Group requested more detailed information relating to the increase of the budget, on the elements to which such increase could be attributed and on the opportunity of savings and efficiency measures. Group B stressed the importance for the Secretariat to give due consideration to savings and cost efficiencies. It considered this a key element of sound and prudent budgeting. Therefore, the Group was interested in having a document with detailed information about the savings and cost efficiencies foreseen in the current biennium. It would also appreciate if the Secretariat could provide information on actual expenditure to date as well as the foreseen expenditure in the current biennium, taking into account the implementation of savings and cost efficiency measures. Group B acknowledged the fact that the increase in personnel costs had been minimized and kept far below the increase in the current biennium and that the share of personnel costs compared to the overall budget had decreased from 66.3 per cent in 2014/15 biennium to 64.6 per cent in 2016/17, which was a good trend, contributing to the healthy operation of the Organization. Keeping in mind the principle that conservative budgeting should be pursued in the current uncertain global economic situation and that continuous efforts should be required to achieve savings and cost efficiencies, Group B generally supported the direction for the Organization in the coming biennium as reflected in the Program and Budget proposal. In particular, it was appreciated that a great importance was attached to the programs related to global IP services, which formed the basis for the income of the Organization, and to programs related to IP information dissemination and sharing, the importance of which was increasing for both developed and developing countries. Group B noted with concern, however, the proposed increase of 10 per cent in non-personnel expenditure and that future fee increases would naturally be needed in the future. In fact, the possibility of fee reductions should be contemplated. Group B also encouraged the financing of the remaining CMP projects from the regular budget and acknowledged and appreciated the effort made by the Secretariat to include this in the draft budget proposal. Additionally, Group B felt that the proposed 2016/17 Program and Budget was, in general, drafted in a manner to include all necessary elements which had a budgetary implication. Last but not least, for the record and for future consideration by the Secretariat, the Group expressed its preference for a longer interval between the first and the second session of the PBC in the budget year to allow Member States to examine the Program and Budget more comprehensively. At the same time, the sessions should be conducted so as to avoid repetition of the same discussion at different sessions and allow for the efficient use of the time.

92. The Chair hoped that all delegations had taken good note of the desire to try to avoid repeating discussions. Knowing that the Committee would be coming back to this item in September it would be of service to all delegations if as many issues as possible could be sorted out at the present session.

93. The Delegation of Romania, speaking on behalf of the CEBS Group, expressed satisfaction with the draft proposed Program and Budget 2016/17. The CEBS believed that the document reflected a prudent and balanced approach with regard to the various programmatic and financial issues. As said in the opening statement, the CEBS appreciated that the draft Program and Budget reinforced risk management allowing for a more realistic methodology to be implemented. The Group particularly endorsed Program 10 (dealing with Transition and Developed Countries), and at the same time, encouraged the Secretariat to pursue activities related to IP for universities and SMEs which were of special interest for CEBS. The Group was also looking forward to good results in Program 30. A critical matter for the CEBS group remained the representation among the members of the Secretariat. It encouraged the Secretariat to continue to pay due attention to this specific issue. With respect to other matters, CEBS wished to suggest as followed: the streamlining of the key priorities set out in the introductory part of the Program and Budget; the mentioning of an equal number of sessions for all WIPO committees or at least receiving the assurance that if more than three sessions were needed for the Standing Committee on Patents and the Standing Committee on Trademarks, they would not be prevented from taking place because of lack of financial allocation; and, the mentioning of two sessions of the Advisory Committee on Enforcement during the biennium or receiving indication that these would take place based on the normal practice of one session every year.

94. The Delegation of Mexico thanked the Secretariat and the Director General for presenting the Program and Budget 2016/17 and paid tribute to the efforts made by WIPO in identifying cost efficiency and cost containment measures. It took note of the expenditure proposal by program, which as compared with the 2014/15 budget represented an increase of 4.9 per cent. Despite what the Delegation had said under the previous agenda item, in 2014 and hopefully in 2015 there would be activities which would not be carried out because of an impasse in the norm setting activities. This was the Delegation's point of view. It would have been desirable to have more modest increases than 4.9 per cent, and from this arose the need for greater clarity and detail on the level of expenditure. In all, for the Delegation, prudent management of expenditures to avoid resorting to the fee increases mentioned by the Director General was of great importance. As far as resources identified for payment of negative interest rates, the Delegation expressed its profound concern with the situation prevailing in Geneva, which exerted strong pressure on the budget of international organizations. WIPO's situation was particularly of concern given that it was difficult to open new accounts in Swiss francs and that WIPO would have to place its reserves beginning December 1, 2015. This was another challenge adding to the effect of the negative interest rates. Therefore, the Delegation encouraged the Director General to express the concern of WIPO Member States and the wish of international organizations based in Geneva to please be exempted from the negative interest rates. The Delegation fully realized that this was outside of the Secretariat's control, but would urge all members and colleagues from Switzerland to continue to talk to the Swiss National Bank to avoid the situation whereby international organizations found themselves in this position which had a direct impact on their finances as seen in the case of WIPO.

95. The Delegation of China thanked the Secretariat for the draft proposed Program and Budget 2016/17. The Delegation welcomed the detail in the document and the priorities for the next biennium. It was pleased to see that, in the next biennium, WIPO would continue its commitment to realize its strategic goals and was also pleased that the proposals were very practical. With regard to the 2016/17 proposed Program and Budget, in principle the Delegation supported it and stood ready to participate in the discussions on the subject in a constructive manner.

96. The Delegation of Spain thanked the Secretariat for presenting the budget document. The Delegation associated itself with the statement of Group B. As it had already said in its general statement, it found the increase by 4.9 per cent extremely difficult. All the more so when it looked at the two years when for reasons outside of the Secretariat's control WIPO Member States were having difficulty in the norm setting area, in reaching agreement, which

had been reflected in fewer meetings. Perhaps, given this scenario, it might be easier if the proposed budget was more modest. It noted that the figure of 4.9 per cent was the increase when compared to the 2014/15 budget. It was a valid comparison, but the Delegation was interested in knowing and being able to compare the figures with the predicted actual expenditure in 2014/15. In other words, if one took account of the cost efficiencies and savings achieved by the Organization and those it would achieve in the following biennium, and taking into account, for budgetary reasons, the meetings that would not take place such as the IGC, the Delegation understood that the actual expenditure would be lower than the approved budget and, therefore, the proposed increase should be also compared with the actual expenditure which would lead to an increase in the budget greater than 4.9 per cent. The Delegation reflected that there might be a tendency on the part of the Secretariat to overestimate the real budgetary needs in order to secure a cushion and enable it to meet the need for new activities or new budget needs. This budgetary increase had to also be compared with the past increases and with a phenomenon which had not occurred in any other organizations, i.e., a spectacular increase of WIPO's income in recent years. The Delegation recalled that it had made a calculation a few years back (in 2011). It calculated that if the level of expenditure was maintained at 2011 level, WIPO would have 375 million more in income in Swiss francs in 2017. This was a tremendous figure. With such income figures in recent years, members could perhaps consider increasing the reserves, or reducing fees. The Secretariat, with the approval of Member States, appeared to have taken advantage of the situation and had increased expenditures, also for investment purposes, that were very interesting and would certainly enable the Organization to increase its productivity and thus obtain greater income. The Delegation was not saying that it was not a good idea, but there could have been a more balanced distribution of the money to protect the Organization from future situations in which there would not be a sustained increased in income. This was the Delegation's general comment. To summarize, first the Delegation wished for greater clarity in the figures to be able to properly analyze the budgetary increases. It also had a concern about the negative interest rates and how this fact related to the new policy on reserves, and as the Delegate of Mexico had said, this Delegation wished to express the concern of Member States for this new policy. Further, because WIPO and other international organizations were not investment entities, they operated in Switzerland and had to work with Swiss francs which they needed for their daily operations. It was very important to maintain the Secretariat's commitment to continue making savings and cost efficiencies, which could be translated into continuing with the new practice included in the proposal to finance investments. The Capital Master Plan (CMP) should be included in the regular budget and with an agreement to clearly limit the exceptional use of the reserve funds. If these elements were taken into account, the Delegation would have a more positive view of the proposal made by the Secretariat.

97. The Delegation of Nigeria, speaking on behalf of the Africa Group, recalled that most of the Groups priorities in the draft 2016/17 Program and Budget had been expressed in the Group's general statement. However, the African Group wished to highlight again its concern with the imbalance in the evolution of the international normative framework. It recalled what the Director General had said that the Secretariat had tried its best estimates based on the behavior of Member States. Therefore, Members States had a level of blame for that. However, the Group would like more clarity on the number of sessions planned for the SCT and the SCP for the next biennium. Further, based on the questions and the concerns raised in the Group's general statement, and the questions posed by the Delegation of Brazil concerning the TAG project, the African Group wished to know what the next steps were and what the plan of action was for this project in terms of the involvement of Member States. The African Group also encouraged enhanced activities for the WIPO Academy and for SMEs. Under Strategic Goal I, it recalled its proposal to convert IGC to a standing committee and looked forward to the support of Member States in this regard. In particular, at this point, the African Group would like clarity from the Secretariat on whether there was any significant budgetary impact of the conversion of the IGC into a standing committee in the next biennium.

98. The Delegation of the United States of America welcomed the draft proposed Program and Budget and appreciated the effort that had gone into preparing the proposal. It strongly supported the work WIPO did. As said in the opening statement, the Delegation placed the utmost importance on the principle of transparency and good governance in organizations such as WIPO. It reiterated its concerns highlighted in the opening statement pertaining to lack of transparency of the costs associated with the Lisbon System. The Delegation asked that the Lisbon System be treated in the same manner as WIPO's other registration systems in the budget presentation, cost reporting and how its deficits were funded. It also requested that the Secretariat provide a more robust explanation of the increase or decrease in each object of expenditure line item. The current presentation of one or two sentences of explanation did not allow adequate analysis of the cost, nor did it provide the Organization the opportunity to discuss the efforts it had undertaken to find efficiencies and savings. The Delegation had a number of questions on particular line items that would be discussed. In turn, while it supported the Organization's efforts to financial stability through an increase in the target reserves derived from surplus income as discussed under agenda Item 9, the Delegation took serious issue with the notion set forth in the foreword to the draft budget proposal i.e., that reasonable fee increases would be needed in the future. It believed that a reasonable fee structure should allow the Organization to be self-sustaining, with sufficient reserves to provide financial stability. Revenue generation should be balanced with the fee structure as was the case in other international organizations. Excessive surplus should trigger a review of whether the fees were appropriate. As mentioned in the opening statement, if the PCT, Madrid and Hague Systems continued to grow or expand as expected, Member states should be considering reduction in fees, not increases. As to operating expenses, the Delegation believed that the Program and Budget draft could more clearly convey how each Program was supporting the operating costs of the Organization. In the "resources by object of expenditure" tables that appeared throughout the draft proposed Program and Budget 2016/17, it requested information as to what the line item for operating expenses, including premises and maintenance, as well as equipment and supplies covered. For 2016/17 the budget for operating expenses was proposed to be 34,278,000 Swiss francs but it was neither shown what premises included or how it was determined whether a Program would contribute. The Delegation asked whether this line item included the premises and maintenance of External Offices. It requested information on the costs of External Offices. As it was proposed, the Delegation had concerns that some programs would be paying an amount that was not proportionate to the program staffing, the floor space used or some other objective metric. The Delegation requested additional information about how each Program supported the operating expenses of the Organization because as proposed, it appeared that only Programs 3, 4, 7, 11, 20, 21, 22, 24, 25, 27 and 28 were proposed to pay for the operating costs. If the proposal was not to have all programs support proportionate to their use, then the Delegation requested a calculation of what the expenses would be for each Program if each Program were to contribute according to the use of the premises. Similarly, the Delegation requested information on the finance costs for the new construction project and suggested that the finance costs be allocated according to personnel and or floor space used by each Program in Geneva. Table 5 of the proposed Program and Budget included a line item for unallocated personnel. The Delegation appreciated the increased transparency represented by this line item, and noted that the amount budgeted for 2016/17 for this line was 4.3 million Swiss francs. It wished to know what programs anticipated overtime expenses in 2016/17 and for how much. In relation to the table entitled Evolution of the Income of the Organization from 2006/07 to 2016/17, it was said that miscellaneous income was expected to remain stable, but the 2016/17 was almost half of the current 2014/15 estimate. The Delegation asked why the miscellaneous income was decreasing. On rental income, the Delegation requested further information as to the total amounts contributed by the various Unions. The Delegation appreciated the opportunity to provide its views and looked forward to discussions during the week. Again, the Delegation wished to make clear that the United States was not in a position to support the proposed Program and Budget 2016/17 in the absence of increased transparency, accountability and good governance in its presentation.

99. The Delegation of Germany thanked the Secretariat for the comprehensive document on the proposed Program and Budget. The Delegation aligned itself with the statement made by Group B and had only some additional questions regarding the considerably increased expenditure on IT and security systems. It wished to know more about whether this increase arrived from the review conducted in 2013 and what measures Member States were looking at. It requested more clarity on expenditures related to WIPO's CMP and the financing from the reserves. There seemed to be one set of measures being financed from the reserves and one set financed from the current budget. The Delegation wished to understand better, including why, if this was the case, there were two separate sets of measures, financed in two different ways.

100. The Delegation of Algeria congratulated the Chair on his work in the Committee and thanked the Secretariat for the enormous amount of work put into preparing the Program and Budget 2016/17. The Delegation noted the proposals made in the document. The Delegation's general comments were as followed. Firstly, the Delegation expressed a certain amount of concern about the approach which WIPO seemed to be taking to matters such as the establishment of several platforms, computer-based and otherwise which seemed to reduce the involvement of Member States in the work of WIPO. Those platforms, which were supposed to be there to listen to the opinions of Member States, actually seemed to be taking more into account the involvement of the private sector than the involvement of the public or state sector. The Delegation requested the Secretariat to explain why those platforms were being established. In particular, it sought specific information on the budgetary implication of the establishment of such platforms. Secondly, the Delegation requested having a general presentation of the expenditure on technical assistance. This was because, for the moment, all that was identified in the Program and Budget was the various programs concerning Strategic Goal III. For the time being, however, there was no good general evaluation of the expenditure on technical assistance. General expenditure under Strategic Goal III was presented but that did not correspond to all of the expenditure on technical assistance. Technical assistance also fell under other strategic goals. Therefore, the Delegation requested the Secretariat to provide a general evaluation of all expenditure falling within the framework of technical assistance. In concluding, the Delegation reserved the right to comment on each Program as it was discussed.

101. The Delegation of Ethiopia joined previous speakers in commending the Chair and the Vice Chairs for the work that they had done. It also thanked the Secretariat for the document on the proposed Program and Budget. The Delegation pointed to paragraph 20.1 (in Program 20): "In the 2016/17 biennium, the UN is set to shift from negotiations to implementation as a number of major negotiation progresses converge and conclude towards the end of 2015". It was to be noted that the absence of WIPO External Offices in the African continent would significantly impact the implementation phase on the continent. Without the opening of External Offices in Africa, the Organization would be unable to bridge this gap. External offices in Africa would also help promote and advance intellectual property interests in Africa and the rest of the world. It was in this context that the Delegation reiterated the call made by the African Group to establish WIPO External Offices in Africa and the Delegation wished to see that reflected in the proposed 2016/17 Program and Budget. As it concluded, and with regard to the implementation phase, the Delegation wished to know how the Organization would be contributing in the implementation phase after the adoption of the SDGs as indicated in the proposed Program and Budget document. It asked what WIPO's contribution would be and which programs would be involved in terms of supporting developing and least developed countries. Although this was indicated in the document, not much detail was provided.

102. The Delegation of Switzerland said that it would make specific comments on strategic goals when those would be discussed. For the time, it wished to respond to the Delegations of Mexico and Spain and do so by referring to the issue of negative interest rates. The Delegation emphasized that Switzerland was aware of the consequences of the decision of the Swiss National Bank to levy negative interest rates on international organizations. The decision had been taken in a very specific economic and financial situation. Switzerland was trying to

weaken the Swiss Franc to make it less attractive. Obviously this had had an impact on the Swiss economy and all parties involved. The Swiss National Bank was an independent institution, and that being the case, the Swiss Government could not interfere in any decision the Bank was taking. The Swiss authorities nonetheless had for many years been actively committed to offering the best possible conditions of operation to the international organizations headquartered in Switzerland. Recently, a new strategy had been adopted and additional funds released to further consolidate Geneva's position as the first international organizations host city in the world. This strategy had aimed, *inter alia*, at the current conditions and at enhancing the circumstances of international organizations headquartered in Geneva. Therefore, the issues to be raised under agenda item 8 were of considerable importance to the Delegation, which added that it remained committed to finding solutions.

103. The Delegation of Canada thanked the Secretariat for the preparation of the draft Program and Budget for 2016/17 and reiterated its support for WIPO and its important work. It also supported the statement made by Group B. While the Delegation had a number of questions and comments that it would be asking when individual programs were addressed, Canada requested clarity from the Secretariat regarding the cross cutting statement in the Director General's foreword regarding the possibility of fee increases. In particular, it would welcome clarification from the Secretariat as to what would create this need in the current context where WIPO was seeing a trend of increased income, including in the surpluses. The Delegation concluded by saying that it would be making comments on individual programs in line with its concern for transparency and resulted-based management.

104. The Delegation of Brazil, speaking on behalf of GRULAC, said that its preliminary remarks concerned Strategic Goal I and the possible decisions from discussions taking place in WIPO bodies such as the SCP that should be safeguarded by the provision of adequate resources. In this regard, resources should be envisaged for the revision of the Patent Model Law and for discussions on exceptions and limitations to patent law. By the same token, Members must also avoid including items in the Program and Budget that were not being considered in the respective committees, such as discussion on confidential information under the SCP. On the activities, GRULAC saw the importance of increasing initiatives such as regional seminars as a way forward that could contribute to consensus on the normative agenda. On the topic of activities related to the TAG project for collective management organizations, GRULAC considered, as stated by the African Group, that national copyright offices must be effectively consulted on the drafting of standards through an inclusive and member-driven process. The Delegation also requested assurances that the 2016/17 Program and Budget foresaw adequate resources for the renewal of the IGC mandate. GRULAC attached great importance to the IGC and was committed to the process to review its work.

105. The Delegation of China took note of the Director's General remarks that it was not necessary to introduce fee increases in the next biennium but that the time would come in the future when the wisdom of fee increases would be needed. The Delegation expressed its concern in this regard because the current PCT fees were still relatively high for most users in developing countries and LDCs, in particular, for those SMEs, universities and research institutions who could not benefit from fee reductions. Fee increases would add more to their difficulties in using the PCT system and was not conducive to the expansion of the PCT and other international registration system in developing countries and LDCs nor was it conducive to the development of innovation in these countries. The Delegation hoped that WIPO would remain cautious with regard to a fee increase in the future.

106. The Chair invited the Secretariat to provide preliminary responses to the questions raised so far. He added that some of them were clearly answered in the Q&A paper made available that morning. The Chair proposed that any issues that delegations might have be addressed by order of the strategic goals, giving certain coherence to the discussions.

107. The Secretariat responded to the high level and general questions, following which the members of the Secretariat involved in the work of the specific programs would answer the detailed questions. First, the Secretariat pointed the delegations to the comprehensive Q&A document which had been published on the PBC website and was available in hard copy at the documents counter. Some of the questions had already been raised during informal consultations and thus were addressed in that Q&A. The Secretariat added that the Q&A document would be updated as more questions were asked during the session. Regarding the question on the overall increase in the expenditure envelope, the Secretariat explained that the planning exercise had begun almost three years in advance of the end of the next biennium. In that planning process the Secretariat knew that it would need to make sure that an appropriate level of resources was provided for the different results that the Organization sought to achieve. The Secretariat continued by saying that the expenditure envelope submitted for approval was the maximum budgetary envelope that could not be exceeded. Indeed, as many delegations had pointed out, year after year, continuous efforts were being made throughout the Organization to make savings and cost efficiencies and added that the details would be provided in a document, which would be made available shortly. It was a table showing all savings and cost efficiencies, as requested by Member States, prepared in order to explain where the efficiencies were coming from. The plan for 2016/17 already baselined those savings and efficiencies. The Organization was in a situation where it was going to process a higher level of applications across its registration systems: the PCT, the Hague, and Madrid would be processing applications that drove part of the increase of 4.9 per cent. The Secretariat recollected that there was a question on what drove the increase and that question was, again, answered in the Q&A under question 4. Paragraphs 17 to 39 in the Results and Financial Overview chapter provided detail on the drivers for the overall increase. The drivers for personnel cost as well as non-personnel cost were both explained very clearly. The main drivers for the increases in personnel cost were summarized in paragraphs 40-44. Increases in non-personnel resources could be observed under Program 5 (The PCT System), which required 5.6 million Swiss francs more due to the increases in the PCT translation volumes and provisions for strengthening of the PCT reliance. Program 6 (Madrid and Lisbon Systems), required an additional 2.5 million Swiss francs, mainly due to the expanding membership of the Madrid System and the enhancement of operational efficiencies of the system. Program 25 (Information and Communication Technology) required 6.9 million Swiss francs due to the increased dependence on reliable, secure and effective IT infrastructure for all of the global IP services. Program 28 (Information Assurance, Safety and Security) required 3.9 million Swiss francs, mainly for the implementation of the information assurance strategies in 2016/17. Program 22 (Program and Resource Management) required an increase of 4 million Swiss francs due to the absorption of the capabilities of the ERP system which had been progressively implemented as well as provision for negative interest rates. It should be borne in mind that the Secretariat was doing everything possible and had been successful so far in avoiding negative interest rates through negotiation of thresholds with WIPO's banking partners. The Secretariat was not able to predict, at this stage, whether it would be able to avoid it altogether, but this would also be contingent on Member States' consideration and approval of the investment policy documents put forward at the present session. The Secretariat recalled delegations' comments, in reference to Strategic Goal I, that there were some savings made due to the non-implementation of activities. The Secretariat observed that Strategic Goal I was the normative, and primarily a Member State driven, area of the Organization. The Secretariat had been extremely cautious in maintaining the level of resources for that area of work since, as the Director General had said, the Secretariat was not able to predict precisely what the outcomes of Member States' own deliberations would be. On the question of the number of sessions for each standing committee, the Secretariat responded that the level of budgeting for standing committees had been maintained as in the current biennium. The only difference was that the proposal made it clearer as to how many sessions had been budgeted for. The Secretariat added that the same level of meeting days had been budgeted for as in 2014/15. The issue was addressed in question 1 of the Q&A. Referring to the question on the budgetary impact of converting the IGC to a standing committee, the Secretariat said that there was no budgetary



impact because meeting costs were based on the number of meeting days held. The costs related to interpretation, and depending on the nature of the sessions, there was financing of participation of delegates from developing countries. The Delegation of the United States of America had mentioned programs contributing to the operating costs. In this regard, the Secretariat wished to explain the structure of the budget that might help in the deliberations later in the week and in the September session. This was a results-based budget for expenditure, and the overall income and expenditure for the Organization was also cast and presented by Union (presented in Annex III). The program tables for expenditure (appearing in each program) did not reflect the contribution of each program because most of the programs did not earn any revenue and were basically expenditure budgets. When looking at the cost category table, one could see the cost categories that the programs were expecting to use in order to deliver their results and their mandate. If there were operating costs not budgeted in certain programs, it meant that they did not require hiring of equipment or furniture. The Secretariat added that it had attempted to answer this set of questions in the Q&A and would provide further clarifications as required. Referring to the cost of premises and maintenance, the Secretariat said that this was a central cost budgeted under Program 24 and included the management of all WIPO premises. Program 24 also comprised procurement related activities. The Secretariat said that it was ready to provide more detail as required. It added that the Q&A answered that question asked by the Delegation of the United States of America in some amount of detail. Regarding the question from the Delegation of Algeria on the overall development expenditure, the Secretariat recalled that the budget document was a very comprehensive budgetary presentation. There were three presentations within the budget document. One was the results framework of the Organization (on the A3 page) where each of the results was set out under the corresponding strategic goals, showing the total resources for the results as well as the development share. The results framework provided a view of what exactly was being spent on achieving a certain result and what the development share of that result was. In addition to that, Table 6 showed the development expenditure by program. The second table below it provided resources for DA projects.

108. The Delegation of Algeria clarified that it had asked for a budget overview on the exact amount that would be spent by the Organization in the coming biennium on technical assistance, which it believed to be different from the development share for each strategic goal. The Delegation realized that it might take the Secretariat some time to provide such an estimate.

109. The Chair invited the Secretariat to answer the question of the Delegation of Germany.

110. The Secretariat recalled that the Q&A provided an explanation and added that the Organization was facing the increased threat of cyber terrorism and, in terms of business continuity, it needed to strengthen its organizational resilience and to address some of the issues which came up from the 2013 audit. The Secretariat pointed out that there was no duplication between the proposed budget and the Capital Master Plan project regarding data encryption and user management, which worked as a complementary piece to the strategy that the Secretariat was trying to put in place for 2016/17. The Secretariat assured the Delegation that there was no double counting.

111. The Secretariat also addressed the question on the increase in non-personal resources and personnel resources under Program 28. Recognizing the convergence of physical and cyber threats, WIPO had put it under a single division and leadership to facilitate information sharing and ensure resilience of security systems. The move of a section previously under Program 25 to Program 28 had contributed to the increase in personnel cost by 65 per cent. There was also a 64 per cent increase in non-personnel cost under Program 28. Approximately 14 per cent of the 64 per cent increase in non-personnel cost could be explained by the merger of the existing non-personnel cost related to information assurance into Program 28. That left an increase of 50 per cent in non-personnel cost for the next biennium which was explained by the plan to implement a multiyear information assurance strategy for WIPO. The Secretariat

proceeded to explain some of the key highlights of the information assurance strategy. WIPO recognized the importance of providing a safe and secure on-line product experience to its members and clients. To systematically address the inherent and increasingly escalating information security risk associated with online services, WIPO would have to continue investing and strengthening its information security to combat known and sophisticated threats and ensure resilience of its ICT systems to cyber threats and demonstrate reasonable assurance of internal controls to its membership and clients. A compromise of WIPO's unpublished patent information by various threat actors - from cybercrime to corporate espionage - could potentially not only cause a major loss of revenue and backlog but also the loss of clients' trust, not to mention the negative reputational risk resulting from a negative press coverage. The recent hack of the U.S. Office of Personnel private information records impacting 22 million people and the Sony online theft of IP were testimonies to the increase in sophistication and persistence of cyber threat actors. WIPO was no exception to this threatening environment. As already mentioned, WIPO had taken steps in the right direction by hiring a chief security officer. The strategy would focus on strengthening oversight in information security, changing user behavior through security initiatives and ensuring continuous compliance and management of enterprise-wide information risk within WIPO's risk appetite. The goal was the protection of sensitive client information and the ICT systems and significant improvements in the capability to detect and respond to incidents much faster based on actionable intelligence. The plan comprised of a number of carefully architected projects to be executed in a certain sequence to achieve the key objectives and key performance indicators highlighted in the description of implementation strategies description in Program 28.

112. The Secretariat pointed the delegations to answer 10 in the Q&A document on the issue of overtime and how different programs expected to use it. For the purpose of better monitoring and controlling overtime expenses, overtime was budgeted separately and centrally under unallocated personnel expenditure. Therefore, the estimated overtime costs for 2016/17 were not budgeted for each program. The overtime worked differently in different programs and the needs differed through the year. For example, Program 22 sometimes needed overtime during the PBC because the secretarial pool and assistants had to work round the clock to prepare documents, et cetera. A similar situation happened during the Assemblies. However, each Program would have its own overtime to use as the Organization was going through the implementation, but such overtime would be monitored very tightly through the central overtime bucket. Regarding the question on miscellaneous income, this was answered under question 12 in the Q&A document.

113. Regarding the first horizontal exchanges on the proposed Program and Budget, the Chair wished to acknowledge the incredible effort made by the Secretariat to provide a good basis for work. The Chair proposed to proceed with the detailed discussion and opened the floor for specific questions on programs under Strategic Goal I.

114. The Delegation of the United States of America wished to comment on Program 3 and its work in relation to the creative industries, which had produced impressive work including studies on the economic contribution of the creative industries. It noted that copyright studies, however, were proposed to be moved from Program 3 to Program 16 (Economics and Statistics) which gave rise to some questions: What was the scope of the copyright economic studies to be undertaken under Program 16 and why would they no longer be undertaken in the substantive sector i.e., the copyright and related rights sector? Would the creative industries' agenda continue to provide evidence on the economic contribution of the copyright industries, development of methodologies and economic performance studies? Would the creative industries section remain and would the publication of tools for creators and capacity building activities on creative industries be continued?

115. The Delegation of Japan, with respect to Program 3, pointed out that resources under expected result III.2 were estimated at 8.4 million Swiss francs which was more than twice as much as the previous biennium. The Delegation fully understood the importance of initiating

capacity building for the development of a sustainable international copyright system. In particular, capacity building for CMOs was quite important. The CMOs were the essential elements in the copyright system not only from the rights holders' perspective but also from the users' perspective. From this point of view, the Government of Japan had been supporting WIPO's activities to establish the CMO system in developing countries. The Delegation fully endorsed using the regular budget for capacity building of CMOs in an intense manner. In order for WIPO to achieve the best result from its overall activities, the Delegation however believed that duplication of various activities should be avoided and, instead, synergy should be created as much as possible by mutually sharing information. Therefore, the Delegation requested the Secretariat to provide more detailed information about the capacity building assistance for the 2016/17 biennium including what resources would be devoted to which specific activities.

116. The Delegation of Brazil, speaking on behalf of GRULAC, said that, in Program 1, GRULAC noticed that no resources were provided for the work related to a possible revision of the 1979 Model Patent Law which was currently being discussed in the SCP. However, there were resources devoted to the discussion related to confidential information and this was one item that had not been tackled by the committee. Confidential information was also mentioned in the description of the results and in the narrative of Program 1. Regarding Program 3, GRULAC considered it very important to increase cooperation initiatives as a way forward that could contribute to the normative agenda. On the collective management organizations (CMOs), GRULAC understood that it was necessary that the process to define standards, even voluntary standards, for CMOs should be inclusive and member-driven. In this regard, language should be added where there was a mention of CMOs in the TAG project. On the IGC, GRULAC wished to receive more information from the Secretariat regarding the changes in the budget and the fluctuation of figures.

117. The Delegation of Turkey emphasized that, in Program 1, the most important anticipated challenges for 2016/17 - the planning context - was very well addressed by the Secretariat. With regard to the results framework, expected result I.2, the Delegation remarked that to monitor this expected result two different indicators were provided. The first indicator seemed to be related to the percentage of recipients while the second to the number of Member States. The baselines for both performance indicators were similar and the targets were the same, 90 per cent. The Delegation requested clarification regarding the baselines and whether they referred only to the percentage of recipients or also included the number of countries. The Delegation had a similar question regarding Program 2, under expected result I.2. Finally, the target for the satisfaction based indicator was 90 per cent, so the number of countries did not form the baseline there.

118. The Delegation of Canada, on Program 1, indicated that it would welcome further clarification from the Secretariat on the protection of confidential information and what this would represent in practice. Part of the question would be what confidential information was and whether it was confidential between patent advisers and their clients or was it protection of information. Regarding the figure of 340,000 Swiss francs for sessions of the SCP, the Delegation would welcome clarification as to what sessions and how many sessions this would represent in practice. Under Program 3, there was an increase in appropriations under expected result III.2, and the Delegation requested clarification as to what this represented and what relation would exist between the work conducted under this expected result and work under Program 9. The Delegation also asked for clarification on the fairly large increase in individual contracting services under Program 3, as well as confirmation as to whether the increase under premises and maintenance was related to the new portal on copyright infrastructure.

119. The Delegation of the Republic of Korea said that, in Program 3, changes were proposed to individual contractual services and other contractual services but the Delegation could not find detailed information on for what the resources would be applied and therefore requested that such information be provided.

120. The Delegation of Iran (Islamic Republic of) expressed confidence in the Chair's leadership and thanked the Secretariat for the preparation of the budget document. The Delegation believed that norm setting was a core activity in WIPO, but it was not for the Secretariat to make a self-assessment in its programs concerning norm setting, as this activity depended fully on Member States, and thus Member States would have different views on the progress of norm setting. For example, as regards the SCP the document mentioned progress on the implementation of work according to the SCP agenda. Discussion on certain issues in that Committee had continued for the past six sessions. The Delegation pointed out that the issue of confidentiality of information was a new area that had not yet been discussed by Member States and therefore the Delegation would seek clarification about the corresponding indicator and wished to know where the protection of confidential information came from. The Delegation fully supported the proposal made by the African Group on changing the nature of the IGC to a standing committee.

121. The Delegation of Mexico, on Program 3, mentioned the implementation strategies for the Beijing and Marrakech treaties. However, the indicators were not necessarily brought up to date. The Delegation referred specifically to those countries that had ratified the Marrakesh Treaty and pointed out that the treaty already had eight States Parties. There was also the issue of countries proceeding to ratification in the current year. It might be helpful, in implementing the strategies, in particular since the treaties might come into force in the course of 2016/17. Reacting to the proposal to turn the IGC into a standing committee, the Delegation wished to echo the Director General who had indicated that members should not use budgetary discussions to deal with the issues which had remained unresolved in the respective committees. All delegations were aware of the ongoing discussions and informal consultations regarding renewal of the IGC's mandate and, therefore, it did not seem appropriate to use discussions on Program 4 in the budget to deal with that issue. This might not have budgetary implications but it did have major political implications and the Delegation did not think that the PBC should be dealing with the political implications. It would be better to consider this through informal consultations. The Delegation added that this was neither the place nor the time to discuss IGC or take any decision on it.

122. The Delegation of Algeria, on Program 1, said that in the description of the implementation strategies, and particularly in paragraph 1.3, there was a list of activities which the Secretariat intended to undertake. However, the Delegation was a little concerned to see that there appeared to be no reference to the fact that the Secretariat provided technical assistance, including on flexibilities existing in the international patent system. The Delegation wished to see a clear reference to the fact that the Secretariat would, on request, provide technical assistance to those countries that wished to have it concerning flexibilities in the existing patent law. On Program 3, the Delegation requested further information concerning the establishment of the international standard on quality assurance, TAG. The Delegation requested more detail on what exactly the value added by this activity would be. It also asked for further specifics on the budgetary impact of this particular activity. The Delegation observed that the budget allocated for the expected result III.2 had doubled from approximately 4 million Swiss francs to 8 million Swiss francs and the Delegation wished to know why. In conclusion, the Delegation echoed the proposal tabled by the African Group that the IGC be transformed into a standing committee. The Delegation thought that it was up to the PBC to take note of and discuss this option because while it might not have any direct budgetary repercussions, it would have repercussions on the program of WIPO.

123. The Delegation of Chile endorsed the statement made by GRULAC, particularly with respect to Program 3. The Delegation wished to express its thanks for the various initiatives aiming at improving technical assistance and develop copyright infrastructure. The Delegation made a specific mention of the TAG of excellence program. There appeared to be some amount of doubt and confusion about how it operated given the supervisory activities of some national copyright offices, particularly when dealing with certification from an international organization such as WIPO. The Delegation understood that, so far, this program had not been

the subject of consultation with the national copyright offices. This was a situation that, together with the provision of the GDA service the previous year, had drawn the Delegation's attention as it made it wonder about copyright and related decisions made. The Delegation reiterated its support for activities which would improve technical capacity and strengthen institutions to help countries make better use of the copyright system in a way that would promote the economic, social and development interests of the GRULAC region.

124. The Delegation of Japan, speaking on behalf of Group B, supported the comment made by the Delegation of Mexico relating to the IGC. In that regard, Group B expressed that it would appreciate a clarification from the Secretariat on the implication of the proposal by the African Group.

125. The Delegation of Brazil, speaking in its national capacity, agreed that, perhaps, the Committee could give a look to the proposal by the African Group since there were no budgetary implications. However, since it was a new proposal, it wished to see it so that it could be analyzed by all delegations. The Delegation was eager to evaluate any solutions that members wished to provide for the IGC. The Delegation wished to add its voice to the comments made by the Delegations of Chile, the African Group and GRULAC. The Delegation stood ready to discuss with the Secretariat the proposals to address the concerns raised.

126. The Delegation of South Africa supported the statement made by the African Group with regard to the transformation of the IGC into a standing committee.

127. The Delegation of Romania, speaking on behalf of the CEBS Group, said that in relation to the proposal to transform the IGC into a standing committee all delegations were engaged in a process under the guidance of a facilitator, Mr. Ian Goss, with the purpose of discussing the future of the IGC mandate. Moreover, the Delegation believed that it was the General Assembly's mandate to decide on this specific issue. It would, therefore, join those delegations that had spoken before, and would prefer such a discussion to take place under the process that had been initiated and that would end at the General Assembly session in October.

128. The Delegation of Sweden wished also to echo the CEBS statement in that the decision should be taken at the forthcoming General Assembly.

129. The Delegation of Nigeria, speaking on behalf of the African Group, welcomed the comments in support of its proposal to convert the IGC into a standing committee. It felt that the PBC was a good place to put forward the proposal especially in the context of getting clarity on any budgetary impact, which had already been explained by the Secretariat. The paper proposal would be made available before the end of the week and the Delegation was open to discussions at the present PBC although the proposal was for the General Assembly.

130. The Chair asked the Delegation if the proposal was going to be discussed in the Ian Goss process and whether the Delegation envisaged proposing it to him within the scope of what he was discussing.

131. The Delegation of Nigeria responded that it was what it intended and added that this was part of the discussion related to the IGC nominative process.

132. The Delegation of the United Kingdom thanked the Secretariat for the excellent work in preparing the meeting and was glad to see the Chair leading the discussions, being sure that members would be able to reach a successful outcome under his leadership. In relation to the IGC, the Delegation felt that nearly everything had already been said by the Delegations of Mexico, Group B and the CEBS. The Delegation had only learned of the new proposal that morning. It had heard a clarification from the Secretariat that it had no budgetary implications. The Delegation's position was that, in the present forum, members should be avoiding any discussions which were unrelated to the PBC. It added that all members were committed to a process of the mandate on the IGC. This IGC mandate had been amended by the General

Assembly. Member States were already engaged in a process and would be discussing the matter and that was the right forum. The right way to go forward was to address this issue in that context and the Delegation thanked the African Group for its agreement and the proposal. The proposal did not, however, belong to the present forum and in view of the heavy agenda the Delegation was in favor of avoiding discussions which were not linked to the PBC.

133. The Delegation of Germany aligned itself with the statements made by the Delegations of Romania, Sweden and the United Kingdom.

134. The Delegation of Iran (Islamic Republic of) remarked that regardless of whether the PBC was the right forum, the Secretariat had said that the transformation had no impact on the budget. Since the IGC “belonged” to a program, the PBC was the right place to discuss this and the reform of the structure of committees in the Organization in general. If Member States reached a consensus on a decision, the General Assembly would go along with that decision. Changing the status of the IGC would be part of the approval of the Program and Budget document by the Assemblies. The Delegation emphasized that the PBC was the right place to discuss the issue because one of its tasks was to discuss the program of the Organization.

135. The Delegation of Paraguay endorsed the statements made by the Delegation of Brazil on behalf of GRULAC. It requested more detail on Program 1. It said that it agreed with what was said regarding the 1979 Model Patent Law but wished to hear more detail from the Secretariat on the possibility of including resources on it in the 2016/17 Program and Budget.

136. The Delegation of South Africa clarified that clarification on the budgetary implications of transforming the IGC into a standing committee could only be sought in the PBC.

137. The Delegation of Ethiopia supported the proposal by the African Group regarding the IGC. Although there were no budgetary implications, the Delegation wished to see how this would be reflected in terms of the Program.

138. Since there were no further requests for the floor on Strategic Goal I, the Chair suggested proceeding with answering the questions asked, starting with Program 1.

139. The Secretariat said that it would try to group some of the questions concerning Program 1. It noted that there were questions from the Delegations of Paraguay, Brazil (in its national capacity), and GRULAC related to the revision of the WIPO Model Patent Law of 1979. The Secretariat explained that the reason why it was not spelled out within the Program was because the Secretariat was still awaiting guidance from Member States concerning discussions in the SCP (with its next session from July 27 to 31, 2015), including the GRULAC proposal on the specific issue of the revision of the WIPO Model Patent Law. Therefore, depending on the SCP decisions, a program of work would be undertaken in the next biennium. The Secretariat went on saying that there was no need for concern as to the possible work of the Secretariat in that specific regard. It stressed that the way it was going to be done depended first on a decision to be taken by Member States and then, if that would happen, on the mechanism that Member State decided was the right one to move forward. The Secretariat pointed out that there was a second group of questions related to performance indicators. There was a question from the Delegation of Turkey regarding expected result I.2 “tailored and balanced IP legislative, regulatory and policy frameworks”. In that regard there were two indicators. The first indicator referred to Member States which found the provided information concerning legal principles and practices of patent, utility model and integrated circuit systems, including flexibilities, useful”. And the second one referred to the “number and percentage of member state satisfied with legislation and policy advice provided”. Those were two separate indicators. One was related to general documents produced and distributed for Member State’s consideration while the second one was more related to the specific bilateral advice that was given to Member States in the framework of legislative advice. The two indicators were different and measured different performance of the Secretariat. There was another question

from the Delegation of Algeria concerning the reference to flexibilities in Strategic Goal I. In fact, the planning context on page 27 (English version) contained that said reference to flexibilities. The Secretariat added that express reference to flexibilities was in bullet number 3, more targeted information about the role, input and implementation of the international patent system including flexibilities to Member States. It had been clear to the Secretariat that the main activities in the field of flexibilities had so far been taking place either through discussions at the CDIP (with several documents produced), or through the bilateral legislative and policy advice provided to Member States. That was why the reference to flexibilities was in the planning context. In case more references were needed to make the commitment of the Secretariat clear in considering flexibilities available in the multilateral legal framework, that could be introduced in other places of the narrative text. The Secretariat added that, in principle, the existing text clearly stated that flexibilities were an important part of the work undertaken in Program 1. Concerning the number of sessions of the SCP in the next biennium, the Secretariat indicated that already in the current biennium (2014/15), the amount of resources allocated for the SCP sessions was an amount very close to what had been proposed for the next biennium. Taking into account a slight increase in the cost of those sessions, the amount would suffice for the organization of three meetings. The Secretariat emphasized that, as had been stated by the Secretariat, in case Member States would like to have more meetings and they agreed to do so due to the interest of Member States to maintain discussions on the different subjects, resources would be allocated for the additional meeting, which was the case in the current biennium, as three meetings had been organized and a fourth was planned. The Secretariat then referred to an intervention by the Delegation of Iran (Islamic Republic of) concerning the way the performance indicator was drafted. The current drafting was in the spirit of the said intervention. Since the Secretariat acknowledged that it was not in the hands of the Secretariat to achieve certain progress in the standing committee because it was up to Member States to give impetus to the work of the committees, the indicator was worded in that way. It read "progress on the implementation of agreed work according to the SCP agenda". Thus, it could measure whether the Secretariat was able or not to deliver what the committee agreed, nothing different than that. The Secretariat reiterated that it was up to the committees to agree on different issues and it was for the Secretariat to try to deliver what had been asked for by Member States. The Secretariat proceeded to answer the question related to expected result I.4, particularly on the subject of WIPO as a forum for analysis of issues in relation to the international protection of confidential information. That issue had been raised by the Delegations of Brazil, Canada, and Iran (Islamic Republic of). The Secretariat noted that there were two elements in those questions. One was a clarification, in particular as to what was not covered in that specific point. The Secretariat said that it was not related to the client-attorney privilege discussion that was taking place within the SCP. That was probably the main clarification. The three Delegations wondered whether there was a link between these discussions. The Secretariat responded in the negative. The client -attorney privilege issue was something discussed under the SCP. It stressed that what was referred in expected result I.4 was what was normally known as "trade secrets" or "undisclosed information" or "confidential information". Since the terminology was not unanimous, the expression "confidential information" was used to refer to this category of IP. It referred to either undisclosed information or trade secrets but was nothing related to the client-attorney privilege. The Secretariat added that the reason of the interest on this IP category was, among others, that WIPO had been invited to several discussions, both at the policy and legal level, on the issue of the international dimension of trade secrets. The Secretariat stated that there had not been many developments on that in WIPO, despite the express reference to the protection of trade secrets through unfair competition practices that was made in the Paris Convention. Moreover, there was an obligation to give protection to undisclosed information under Article 29.1 or 29.2 of the TRIPS Agreement. It noted that based on those two commitments, important developments had taken place at the national level in different regions and national legislation had been put in place in developed and developing countries alike. The Secretariat pointed out that what it would like to be prepared for, were those occasions in which a debate in the field of undisclosed information takes place. Therefore, the proposal referred to conducting preparatory work by the Secretariat,

for example, conducting studies and mapping tendencies worldwide both at the policy and legislative level.

140. The Delegation of Brazil thanked the Secretariat for its effort to answer the questions. The Delegation noted that the Secretariat had started to answer some of the questions regarding the discussions in the SCP on the update of the Model Patent Law and if the Delegation recalled correctly, the answer was that if members agreed on this, then the Secretariat would have the resources to perform that update and that it would not need to be part of the Program and Budget and the resources would be allocated irrespective of whether they were mentioned in the Program and Budget or not. The Delegation of Brazil sought clarification why, in past draft Programs and Budgets, there had been the provision on having the update of the draft model law and at present this was not the case. The Delegation continued with the second point regarding undisclosed information mentioned in Program 1. The expected results in Program 1 mentioned that one of the expected results was the growing interest in WIPO as a forum for analysis of issues in relation to the international protection of confidential information. He added that it was mentioned as part of the few items in planning context, it was also mentioned in the implementation strategies (addressing issues relating to protection of confidential information in the context of promotion and innovation and dissemination of technologies) and also mentioned in the resources explanations for Program 1 with almost half a million Swiss Francs being allocated for those activities. The Delegation pointed out that since this was the case, it would like to receive a clarification of how Member States had provided that input to the WIPO Secretariat. It further noted that, in the SCP, there had not been discussions on that topic. It went on to say that the matter had not been consulted internally within the Group to see how that question could be addressed. The Delegation, however, wanted to stress that interventions that it had made regarding Program 1 had been made on behalf of GRULAC.

141. The Delegation of Turkey thanked the Secretariat for its responses but added that it still wondered why the number of countries was an indicator and formed the baseline and that it was not taken into account under the target.

142. The Secretariat replied by proposing to start with the question from the Delegation of Brazil. In fact, concerning the work on the revision of the WIPO Model Law of 1979, the Secretariat was waiting for the guidance from Member States on how that process was going to move forward. It added that whatever decision would be taken by them, resources would be allocated. In case there was a preference for using the indicator, as the one that had been used in the 2014/15 Program and Budget, that would be something that could be considered by the Secretariat as a possibility. It pointed out that the difficulty with that indicator in the previous period was that it was based on the agreement of Member States and that did not happen during the two years' period. It also said the agreement was something that was not in the hands of the Secretariat. In this regard a good option might be to wait until a decision was taken to either include something expressly in the future editions of the program or to assure Member States that if a decision would be taken, resources would be available for that activity. The Secretariat added that it was something that could be considered later on. The Secretariat pointed out that, on the issue of trade secrets, there was a difference, since trade secret/undisclosed information, was the subject of different activities undertaken by the Patent Law Division. The Patent Law Division dealt not only with patents, but also with utility models, undisclosed information and layout designs (integrated circuits). The four categories of IP - related to technology- were covered by its work. Legislative advice and technical assistance on those subjects had been provided to Member States. What was discussed in the SCP was limited to its mandate. So the SCP, indeed, was not dealing with any activity on trade secret/undisclosed information. The Secretariat went on explaining that what had been seen in the latest period was an increased number of requests of assistance on this field and expressions of interest of more evidence based information on the different alternatives and options concerning trade secret protection. It believed that in order to be able to reply to Member States' requests in that field, the Secretariat needed to be prepared. It added that it



was something that could be undertaken and would be undertaken outside the competence of the SCP. Concerning the question by the Delegate of Turkey, the Secretariat explained that in the case of expected result I.2 there were two performance indicators. The second one contained a performance indicator referring to the number and percentage of Member States and as a baseline there was also an indication of the number of Member States that requested assistance and the percentage of satisfaction of those Member States. But the target was limited to the percentage of Member States' satisfactions, simply because that was a typical member-driven request of assistance. The Secretariat could not commit to a number of members because it varied from one year to another and there were many reasons for that duration. What the Secretariat could do was to attend to the requests for assistance and commit itself to a high level of satisfaction and that level of satisfaction was measured through different questionnaires that were sent to Member States as an input for the evaluation of services

143. The Delegation of Italy congratulated the Secretariat for its excellent work and for the clarification provided, especially on the questions and answers which was particularly useful. With respect to Program 1, the Delegation was in favor of additional work on trade secrets. They thought that it was the right moment to tackle that issue. Also considering the problem linked to cyber terrorists and cybersecurity which was connected to this. Therefore, it was essential to know how to protect undisclosed information and how valuable in today's world that information could be. It added that the committee might already be aware of the fact that within the European Union there was at the moment a negotiation ongoing on an EU directive to protect trade secrets. The Delegation concluded that it did appreciate inclusion of this item in Program 1.

144. The Delegation of Japan, speaking on behalf of Group B, was very satisfied with the explanations provided by the Secretariat, especially on the point regarding the model law and the analysis of the issue of international protection of confidential information. With respect to the model law, although the Delegation understood that it was included in the previous Program and Budget document, it would be wise not to include the specific undecided issue in the budget document from the perspective of the results based framework. It went on saying that if members included the specific undecided item as an expected result or performance indicator it would be very difficult to assess the development of the work by the Secretariat at the later stage. Group B agreed that it would be wise not to include such things and added that such principle should also be applied to the entire Program and Budget document in order to avoid the difficulty of the assessment at a later stage and, at the same time, avoid the duplication of the discussion at the PBC and at the substantive committee on those specific items. Group B further reiterated that, this principle should be applied in a cross-cutting manner to all Programs - undecided specific items should not be mentioned in the Program and Budget. With respect to confidential information, the Group understood that the work intended by the Secretariat was of a preparatory nature and that Member States should be part of that discussion. It noted that from that perspective, Member States should leave the issue to the Secretariat at that point in time.

145. The Delegation of the United Kingdom thanked the Secretariat for a very comprehensive explanation. It pointed out that it had heard that funds concerning the model law revision were under the caveat that Member States agreed to go ahead with the project. It thought that it was exactly what members were supposed to be doing in the PBC i.e., they were not there to guess what the committees would agree or not agree to. That would be reserved for the work of the individual committees. It pointed out that their task was to allocate the funds in case Member States agreed on a way forward. The Delegation said that that was why it wished to avoid that kind of micro-managing and allow the project to go ahead if there were an agreement. It noted that such general principle should apply to all discussions in relation to the budget.

146. The Chair commented that that there seemed to be many issues regarding Program 1, with some members wanting things to be mentioned and some others not. He added that it was

time for delegations to start building concessions. Otherwise the item would be kept open and would have to be discussed again.

147. The Delegation of Brazil voiced that it did not want to prolong discussions on Program 1. It added that the questions raised and the explanations provided had been very interesting. It pointed out that it would need to go back to its Group as it was the Group's decision to question this item. It remarked that it was interesting to know that there were Groups that were interested in the item that had not been discussed during the SCP. Regarding the points raised by the Delegation of Japan on behalf of Group B, the Delegation could not agree more that discussions on items that had not been decided by Member States should not be included in the budget document and that should apply not only to requests from GRULAC but also from other Groups.

148. The Chair encouraged Group B and GRULAC to consult with the Secretariat to come up with a compromise regarding the inclusion of the issue of confidential information and the revision of the model law within Program 1. If that was not done, the issue would continue to haunt Member States all through the September PBC.

149. The Delegation of Japan wished to clarify its position. It said that it was not against the allocation of the money, which had already been allocated as explained by the Secretariat. It pointed out that if members started the discussion to change the description in the Program and Budget document, it would lead to a very long standing discussion as pointed by the Chair. The Delegation considered that members should avoid micro-managing descriptions in the Program and Budget document. The Delegation reiterated that money had already been allocated and the description should be left as it was, trusting the Secretariat.

150. The Chair drew the delegations' attention to GRULAC's intention to consult within the group. He expressed his hope that delegations would have an open attitude towards the issue. He said he intended to close discussions on Program 1 and added that the Secretariat would be available to discuss with the demandeurs of each of the issues that had been brought up. The Chair invited the Secretariat to respond to the questions raised on Program 3.

151. The Secretariat recalled that there had been a number of questions regarding TAG the previous day. It thought there had been one overarching question, from the Delegation of Mexico, which had seemed to suggest that the budget for TAG had been doubled from four to eight million. The Secretariat said that this was a misunderstanding and was not the case. It thought that the misunderstanding had arisen from looking at expected result III.2, which was for capacity building for developing countries and LDCs, and which included many other activities. TAG was a very small proportion of that. TAG was an initiative that was for all WIPO's 188 Member States, and not just for developing countries. As to what funds were to be allocated to TAG specifically, it said that there would be a very small increase compared to the current biennium. In 2014/15, the total amount, which included personnel and non-personnel resources, was 946,964 Swiss Francs. The proposed increase would give a total of 1,150,200 Swiss Francs. The Secretariat wished to clarify this because, if looking at the whole budget line of 8 million Swiss Francs, that budget line included the Copyright Development Division's budget as well as the budget for the Accessible Book Consortium (ABC) Project, and technical assistance and capacity building. The Secretariat said that it was very happy to share the granularity of what was being proposed to clarify the misunderstanding. Before turning to other questions on TAG, the Secretariat wished to address, for the purpose of clarification, the question from the Delegation of the United States of America. The Secretariat believed that, likewise, there had been a slight misunderstanding. The question from the Delegation of the United States of America was on the proposed transfer of the activity of economic studies in copyright, that is, the important studies being done to assess and measure the economic contribution of copyright-based and creative industries. The responsibility for economic and statistical studies was being transferred from Program 3 to Program 16, the Office of the Chief Economist. The transfer did not mean that the Secretariat would do fewer economic studies on

copyright and creative industries. It said that, on the contrary, the Secretariat was going to do more and to do it better, and that it made sense for an organization like WIPO to coordinate the responsibility for economic and statistical research in the Office of the Chief Economist to ensure the right organizational capability to manage these studies. The Secretariat was sure that when the PBC came to discussions on Program 16 (or if Member States wished to address this now) the WIPO Chief Economist would elaborate on plans for a research agenda for copyright and creative industries. This was a very good example of how the Secretariat worked. It worked together in divisions internally, and it worked as one. Just because the responsibility for an activity was being transferred from one Program, or Division, to another, this did not mean that Divisions would not continue to work together. The Chief Economist and the Copyright Sector team would work very closely together. In fact, this was already an established practice in the Office of the Chief Economist, which worked very closely with the substantive areas. The Copyright Sector would feed into that and there would be a strengthening of these areas. The Secretariat wished to reassure the Delegation of the United States of America that this area would not be neglected. It was going to be strengthened and improved, and more would be done. Any comments from Member States would be welcomed. The Secretariat said that, again, it would be happy to go into the granularity of how much was being spent and on what if there were any further questions. The Secretariat recalled another question, on the work of the Copyright Law Division, from the Delegation of Mexico. The Delegation wished to be updated on the Beijing and Marrakesh Treaties as the documentation before Member States did not give final numbers. The Secretariat apologized that the documentation was not completely up-to-date. It said that ratifications were moving forward and that an update on ratification of the Marrakesh and Beijing Treaties would now be provided, as well as some elaboration on the implementation strategy in place for the copyright treaties.

152. The Secretariat thanked the Delegation of Mexico for the question, which it believed concerned the updating of the baselines regarding ratification, particularly of the Marrakesh and Beijing Treaties. The Secretariat noted that all the baseline figures included in the Program and Budget document were as of the close of 2014. This was why the figures did not appear to be up-to-date, and because, fortunately, there had been additional ratifications of both the Beijing and Marrakesh Treaties in 2015. The Secretariat said that, at this point, it could confirm that there had been eight ratifications or accessions for each of the new copyright Treaties. The Secretariat also knew of others in the pipeline including, of course, ratification by Mexico of the Marrakesh Treaty, to take place later in the month. The standard procedure was to update all the baselines at the beginning of a budget year. At the beginning of 2016, therefore, updated program performance documents would reflect the new baselines, which the Secretariat expected would be significantly better than what was shown in the current Program and Budget document. The Secretariat appreciated the question and appreciated this opportunity to provide an update to Member States. The Secretariat said that, in terms of plans for Member State driven treaty ratification and implementation activities, a series of regional seminars and workshops on the new copyright treaties was being undertaken. When this series was finished, work would begin on additional workshops for legislative assistance. The Secretariat would also be following a model that had worked very well in a recent activity co-sponsored with Brazil in Cabo Verde for a language-based seminar and workshop on implementation of the Marrakesh Treaty. The Secretariat would be looking to do more of these activities in 2016. Activities to assist with Treaty ratification and accession, and activities related to implementation, were basically being combined because many countries wished to set themselves up so that when a Treaty went into force, they would be in a situation to take advantage. The Secretariat said that the only other item to mention was the Secretariat's continuing assistance on legislation, provided on request by a Member State. The Secretariat was receiving requests to examine national laws for compliance with the Beijing and the Marrakesh Treaties, and it was expected that a significant amount of human and financial resources would be devoted to that activity in the next biennium.

153. The Secretariat recalled a question from the Delegation of the Republic of Korea regarding the increase in Program 3 for individual contractual services. It said that the reason

for the increase was because the Secretariat was very mindful of the fact that the personnel budget needed to be controlled and that, in order to carry out an activity, the Secretariat needed to make use of outsourcing and the hiring of external consultants on a short-term basis rather than incurring the cost of recruiting permanent staff. This was the reason for the increase, that is, to try to control and manage the budget better and with greater cost- efficiency. Returning to TAG, on which the Secretariat recalled the many questions which had been raised, it wished to repeat that TAG was a major initiative that was for all the Member States and not just for developing countries. It said that the focus was very much designed to develop and strengthen copyright infrastructure across WIPO Member States, and that an overview would now be given that would address specifically the questions raised the previous day.

154. In response to the questions from the Delegations of Algeria, Chile and Brazil on TAG, as well as a general question from the Delegation of Japan on infrastructure projects in the copyright sector. The Secretariat said that in relation to infrastructure projects TAG concerned two areas: the first was the creation of a portal and the second related to the *TAG of Excellence* initiative. As regards the portal, the Secretariat said it would answer the question from the Delegation of Japan by dividing up the past, present and future. In the past, activities, which were in the physical world, involved meetings region-wide with a considerable amount of air travel. The meetings had had a high satisfaction rating but, nevertheless, were very resource intensive both in terms of financial and human resources. Moving to the present, that is, to where the Secretariat was at now with the creation of a portal, the aim within the Copyright Infrastructure Division was to harness new technologies, and to use democratizing forces in play, to create an authoritative source of information online on all creative industry infrastructure projects. What had been done so far was the development, with the WIPO Academy, of a distance learning course on collective management, which was available in all regions of the world. In 2014, publications such as “How to Make a Living Out of Music” and “How to Make a Living out of Films” had also been made available online, and had been downloaded 120,000 times. These were concrete examples of the use of the new technologies and the Internet to further the work of WIPO in the infrastructure field. Moving to the future, what the Secretariat wished to do was to create a powerful virtual online community that would gather in one authoritative source all the information on infrastructure that anybody anywhere in the world might possibly need. This, in a nutshell, was the portal project. The second area of emphasis was on the *TAG of Excellence*. Recalling that questions had been raised by the Delegations of Algeria, Chile and Brazil, the Secretariat wished to explain the *TAG of Excellence* initiative, which was another technical assistance initiative and not a regulatory nor a norm-setting one. It was a purely voluntary initiative that would involve a private/public partnership of governments, WIPO, and key stakeholders within the creative communities. The Secretariat wished to emphasize this first point—that the *TAG of Excellence* was a purely voluntary initiative. It then wished again to divide the response into the past, the present and the future. Beginning with the past, it thought that everyone was well-aware of the importance of collective management. Collective management organizations allowed a creator to receive the royalties that he/she would otherwise not have been able to receive. It was generally well-accepted around the world that collective management was a critical part of any well-functioning copyright system. At the same time, and in many parts of the world, collective management organizations sometimes came under scrutiny, and for good reason. Over 10 billion of dollars were generated each year from collective management organizations. With such an amount of money passing hands, it was only natural that the money should be passed around in a transparent and accountable way. The problem around the world was that there were some fantastic and truly first-rate collective management organizations and, at the same time, there were some collective management organizations that were perhaps not as good as others. The problem was how to distinguish between a good and a less good collective management organization. The Secretariat said that this led to the present, and to the second part of this presentation on TAG, which was about where exactly WIPO was in relation to TAG. It said that a project manager had been hired to work with experts and stakeholders to establish a key set of best practices in the collective management field. As to what was meant by best practices, this was, for example: how a CMO should treat its members; how a CMO should treat another CMO; and,

how a CMO should treat its users. The answers, it said, were the principle of nondiscrimination; the principle of confidentiality; and, the principle of showing accountability for royalties being collected. All these principles had been consolidated into a compendium handbook, which was available for consultation. The Secretariat had started a consultation process with Member States. At a side event held very recently, the Secretariat had explained in more detail where it was going with TAG, and was now in the process of consulting further with Member States on how to move forward. This was where WIPO was at the moment: a set of principles had been developed, which was effectively a consolidation of existing best practices around the world. The first element of TAG, therefore, was the compendium, which was a set of core principles. The second element was training. For those collective management organizations that fell below the principles established, the aim of the TAG initiative was to encourage and to support them to ensure that they reached the requisite standards of transparency, accountability and good governance. An important aspect going forward would be to ensure that this was done. The third element of TAG was the future, which, in other words, was the possible introduction of a quality assurance standard on transparency, accountability and governance. The Secretariat wished to emphasize again the critical importance of government input and of Member States being able to forge the way forward.

155. The Delegation of the United States of America thanked the Secretariat and said that the misunderstanding on its part stemmed from the lack of clarity in the Program and Budget on the transfer of responsibilities for copyright studies from Program 3 to Program 16. This needed to be a lot clearer. The only reference that the Delegation had found was on page 38, and that reference was very vague. The Delegation wished to ensure that the substantive experts who had been responsible for those studies would work very closely with the Office of the Chief Economist, and it wished to have a confirmation on this point. It appreciated the Secretariat's statement but thought that, in the Program and Budget document, it should be referenced that coordination between the two Programs, and the high level of studies and reports would continue.

156. The Delegation of Brazil thanked the Secretariat for the explanation given on TAG. It recalled it being mentioned that Member States must be part of the process for the establishment of guidelines. The Delegation said that it would discuss this within its Group as it had been a GRULAC decision to request some amendments to TAG in Program 3.

157. The Delegation of Nigeria, speaking on behalf of the African Group, thanked the Secretariat for their explanations on the activities under the *TAG of Excellence* project. In line with the expression of the Delegation of Brazil on behalf of GRULAC, the Group also wished this to be strictly a Member State driven process. The African Group would need to see this reflected in the updated Program and Budget, for formulation of the principles and for the development of a future standard for *TAG of Excellence*. The African Group recalled that the Secretariat had said that TAG was a program for all 188 Member States. The African Group was curious to know if there were any countries that the Division was considering for a testing of the project, and wished to have more information on this.

158. The Delegation of Algeria thanked the speakers from the copyright sector. It supported the statement made by the African Group and requested more time to discuss the TAG project with its capital. It also recalled its question on the exact budget allocated to this activity because it had noticed an important increase under Expected Result III.2. It wished to know if the increase was for TAG or for another reason, and why the amount had almost doubled.

159. The Secretariat said that this question had been addressed earlier when perhaps the Delegation had not been present. It said that there was a misunderstanding, and that the Delegation may have been looking at the budget line for the whole of the capacity building for developing countries and Least Developed Countries when seeing the increase from four to 8 million Swiss Francs. This amount was for a lot more than TAG. The precise amount for TAG in the current biennium, including both personnel resources and non-personnel resources, was

946,964 Swiss Francs. For 2016/17, there was a slight increase, with a total budget of 1,150,200 Swiss Francs. As to the total figure of 8 million Swiss Francs, the Secretariat said that it was happy to go through this and to share the granularity of how that amount was to be distributed. It included the ABC Project, technical assistance, capacity building and educational initiatives, and was a very big pot.

160. The Secretariat added that WIPO was a Member State driven organization and the very reason for TAG was because it was critical to Member States that collective management organizations should function in accordance with international standards. This was important globally and the aim was to roll out TAG on a global basis. The Secretariat hoped that within the next year a series of regional events in Africa, Latin America, Asia, Europe, and other parts of the world, would be held and which would concentrate on: first, the consultation process to ensure that all Member States were consulted as part of the TAG initiative; and, second, to market-test TAG and involve collective management organizations in the process. The answer to the question from the Delegation of Nigeria, therefore, was that the idea was to work on a regional basis over the next year or so.

161. The Chair said that he thought that Member States were counting on these exchanges between interested Member States and the Secretariat for the Secretariat to make the appropriate adjustments for the revised version of the draft Program and Budget.

162. The Secretariat wished to reassure the Delegation of the United States of America that the Secretariat had taken the Delegation's comments on board and that the Secretariat was very happy to amend the text to elaborate on, and make more transparent, the commitment on exactly how and what plans were in place for economic studies of the copyright and creative industries.

163. The Chair said that this was the positive attitude that he had seen from all Secretariat members, and he encouraged Member States to engage with the Secretariat on any specific requests on this Program. The Chair then proposed that the Secretariat answer questions regarding Program 4.

164. Regarding the resources for Program 4, the Secretariat reaffirmed that, as stated in Q2 on page 7 of the Q&A (document WIPO/PBC/23/Q&A), the level of resources for the 2016/17 biennium was at the same level as for the 2014/15 biennium. The drop in the amount of non-personnel resources of about 900,000 Swiss francs, as explained in the document, was the amount that had been set aside for a diplomatic conference in Program 4 in the 2014/15 Program and Budget but that had been moved out of Program 4 into "Unallocated Expenses" in the draft proposed Program and Budget for 2016/17 Biennium.

165. The Delegation of Iran (Islamic Republic of) thanked the Secretariat for its explanation. The Delegation asked whether those resources which would be allocated to the IGC would be sufficient for a diplomatic conference, if Member States agreed on it, and also possible intersessional meetings.

166. The Secretariat explained that the approach to budgeting for possible diplomatic conferences had changed. In accordance with the wishes of Member States, the budget for a diplomatic conference had been moved out from specific programs to unallocated non-personnel resources. There were approximately 1 million Swiss francs in unallocated non-personnel resources that were earmarked for a diplomatic conference.

167. The Delegation of Iran (Islamic Republic of) stated that its question had also been about intersessional meetings. Intersessional meetings had been held to agree on the Marrakech Treaty. Maybe there was a same need for the IGC. The Delegation wondered whether the allocated resources were enough for the intersessional meetings.

168. The Secretariat assured that there would be adequate resources to cover those activities which Member States agreed upon.

169. The Chair opened discussions on Strategic Goal II (Provision of Premier Global Services) and Programs 5, 6, 31, and 7.

170. The Delegation of the United States of America wished to make comments regarding Program 6. The Delegation noted that Table 2 entitled Estimates for Demand for Services under the PCT, Madrid and Hague Systems, on page 8 of document WO/PBC/23/3, provided estimates for demand for services for three of the four registration systems maintained by WIPO and wondered why estimates had not been provided for the Lisbon System. The Delegation was of the view that each registration system should be given equal treatment and should be listed in Table 2. Turning to Table 4, entitled 2016/17 Proposed Budget by Program, on page 14 of document WO/PBC/23/3, the Delegation noted that Program 6 was listed as the Madrid and Lisbon Systems and that a single budget figure was included for both systems. The Delegation expressed its disappointment in that regard, as it had repeatedly requested that the budget of those two systems be separated into different programs as was the case for the Hague and the PCT Systems. The Delegation further recalled that according to Article 24 of the Geneva Act of the Lisbon Agreement on Appellations of Origin and Geographical Indications, the “income and expenses of the Special Union shall be reflected in the budget of the Organization in a fair and transparent manner”. In that connection, the Delegation said that it went without saying that Program 6 comingled the funds of two very different registration systems with very different subject matter and different users, and that it could not help but to surmise that the reason for that was that the Lisbon System had operated at a substantial deficit and relied on the Madrid System’s revenues to cover its own costs. As it had already made clear at the Diplomatic Conference where, over its own objections as well as those of many other Delegations, the Geneva Act of the Lisbon Agreement had been adopted, such subsidization had to end. The Lisbon System had to have its own Program, separate from the Madrid System, to be able to evaluate the level of funding that the Lisbon System would need to operate successfully. In order to identify possible funding sources other than PCT or Madrid fees, an entirely separate accounting breakdown for the Lisbon System was necessary. Therefore, the Delegation insisted that the 2016/17 Program and Budget separate the Madrid Union’s budget from the Lisbon Union’s budget, so as to reflect each Union’s budget in a fair and transparent manner. Referring to Table 6, entitled Development Expenditures in 2016/17 by Program, on page 24 of document WO/PBC/23/3, in which Program 6 was listed as the Madrid and Lisbon Systems and a single budget figure was included for both Systems, the Delegation also renewed its request that those Systems be separated. The Delegation further requested that additional language be added to the bullet point in paragraph 15 on page 20 of the draft Program and Budget referring to the provision of funding for a Diplomatic Conference, should Member States decide to convene one in the biennium 2016/17. In that connection, the Delegation recalled that, at the PBC meetings in 2013, where funding for a Diplomatic Conference for the Adoption of a New Act of the Lisbon Agreement had been discussed, Delegations had been told by the Lisbon Union Secretariat that the diplomatic conference would be open to full participation by all WIPO Members as had been the case for the Geneva Act of the Hague Agreement. At the time, the Delegation did not take the drastic step of blocking the 2014/15 budget because it had considered that it would be part of the Conference and would be given the possibility to try to make the treaty more inclusive. Since that did not work out as Delegations had been led to believe, the Delegation of the United States of America indicated that it did not want to see the same mistake happen again and, therefore, considered that it had to be explicit in the budget about how the Delegation believed any diplomatic conference should be allowed to operate. As regards page 53 of document WO/PBC/23/3, the Delegation was of the view that, in the Table that laid out the “Results Framework for Program 6”, under II.6, the performance indicator “Expansion of the geographical coverage of the Lisbon System”, the baseline measure “No. of Contracting Parties to the new Act at the end of 2015” and the target measure “Up to 5 Contracting Parties to the New Act by the end of 2017” should be deleted until such time as the Lisbon Union would be fully funded under the terms of Article 11 of the Lisbon

Agreement and Article 24 of the Geneva Act of the Lisbon Agreement. The Delegation recalled that the Geneva Act had not been negotiated with the equal participation of all WIPO Members and was not a product of consensus and also pointed out that the Lisbon System was not and had never been self-financing, even though the Lisbon Agreement required it to be. In that regard, the Delegation referred to Article 11(3)(v) of the Lisbon Agreement which required that the fees should be set to cover the costs of the system and, if not sufficient, contributions had to be solicited from the Contracting Parties or the host State, i.e., Switzerland. The Delegation went on to say that the Lisbon Union had not agreed to raise fees in the last 20 years to cover the continuing deficit, which in the last 10 years had risen to a total of a little over 4 million Swiss francs, nor had the Lisbon Union ever solicited Contracting Party contributions as required under the treaty to fund the current Lisbon Agreement. The Delegation further pointed out that, since the past WIPO budgets had comingled the Lisbon System finances with Madrid and Hague, the significance of the deficit and the lack of action by the Lisbon Union in ignoring the treaty obligations were not readily apparent to non-Lisbon members. As a result, past budgets had gone ahead and had financed the chronic deficit of the Lisbon System through alternative hidden funding sources rather than through the necessary and obligatory Lisbon member contributions. During the diplomatic conference, it had become apparent that those alternative hidden funding sources included fees paid to WIPO for PCT and Madrid services. For the Lisbon Union to deny the United States of America and other WIPO Members a vote, and therefore deny them meaningful participation, but yet expect to continue to use PCT and Madrid fees paid for by their nationals to finance an unbalanced and illegitimate Lisbon System, was unacceptable. Given that all registration systems were self-funding and self-financing, the Delegation was of the view that the Lisbon System should not be treated in a different manner. Until such time as the Lisbon Union would be able to ensure that the treaty was self-sufficient and the broader WIPO membership would have an opportunity to adopt a treaty to which the wider WIPO membership would be able to join, the Delegation could not support the use of WIPO resources related to promotion of the Geneva Act of the Lisbon Agreement. It would not be appropriate for WIPO to measure success of the Geneva Act by promoting the system for further adherents with funding from sources that had not been authorized by the treaty nor agreed to by all WIPO Members. Therefore, the Delegation was of the view that the measure of success - increased accessions - would not be appropriate and that promotion of the system should not take place until such time as the promotion activities and Lisbon operations would be funded under the terms of Article 11 of the Lisbon Agreement and Article 24 of the Geneva Act. The Delegation suggested that paragraph 6.10 be rewritten to support balanced technical assistance and indicate that promotion would be contingent on full funding under the terms of both agreements. The Delegation proposed the following language: 1) In addition, neutral and balanced technical assistance would be provided to Member States and relevant regional organizations, in particular to developing countries and LDCs, interested in adhering to an international registration system for geographical indications, including those protected through trademark systems. Such technical assistance would ensure that one system of protection is not given priority over others, including with respect to trademark protection as well as the use of generic names; 2) Any outreach or promotion of the system was contingent upon compliance with Article 11 of the Lisbon Agreement and Article 24 of the Geneva Act of the Lisbon Agreement. Consistent with its request that Madrid and Lisbon be separated into different programs, the Delegation also requested that Expected Results II.6 and II.7 on page 55 of the draft Program and Budget be separated into different Expected Results for each of the Madrid and Lisbon Systems, so as to allow the work of each Union to be budgeted separately, as was done for the PCT and Hague Systems. The Expected Results "II.6 Wider and more effective use of the Madrid & Lisbon Systems, including by developing countries and LDCs" and "II.7 Improved productivity and service quality of Madrid & Lisbon operations" should be revised, to have four performance indicators instead of only two, so as to provide more clarity and transparency in the budget. The Delegation indicated that, given that the Geneva Act had not been negotiated in an open and inclusive manner by all WIPO Member States and had been drafted to favor one approach over others, while the Lisbon Union had likely benefitted from transfers without having to meet its own financial obligations under the Lisbon Agreement, it did



not wish to see the Director General's transfer discretion used in the context of the Lisbon System. In that connection, the Delegation requested that a footnote be added on page 55 under the heading Resources for Program 6, specifically under the Table entitled Resources by Object of Expenditure, which would state the following: "While the Director General had discretion under Financial Regulation 5.5 to move up to 5 per cent of the budget across programs, this discretion would not be exercised with regard to the Lisbon System budget". With regard to Program 13, Global Databases Service, on page 97, paragraph 13.2, the Delegation wished to see a reference to applications under the Lisbon System being published, in addition to the existing references to PCT, Madrid and Hague applications. In the interest of transparency regarding the broad claim of rights that the Lisbon System generated and the substantial negative impact that those rights could have on third parties, if the Global Brand Database were to be used for Lisbon, it should be used to publish the international applications under the Lisbon Agreement. In other words, the program should aim to ensure the publication of all relevant applications. The Delegation pointed out that Table 8 "Budget after Transfers by Program" on page 176 did not identify whether any transfers in the current biennium were to the Madrid System or to the Lisbon System under Program 6. Those systems had to be separated into two different programs so that all transfers to the Lisbon System could be accounted for accurately. To promote transparency and fiscal responsibility, it was necessary to better identify where the Lisbon System was getting its financing from. In that connection, the Delegation requested the Controller to indicate whether any transfers had been made to the Lisbon Union in the last 10 years of the budget process. The Delegation went on to say that the need for transparency also had to be accommodated in Annex II, Table 9 "2016/17 Budget by Program" and in Table 10 "2016/17 Posts by Program", given the fact that the accounting of the Lisbon System was entirely opaque and could not remain so. The Delegation noted that paragraph 1 on page 179 stated that the WIPO Financial Regulations required that the budget for the Organization 'be presented separately for each Union'. Yet, it had seen limited reporting on the specifics for the Lisbon Union budget. Moreover, the Lisbon Union had not been held accountable for paying its share of some direct and indirect expenses for several WIPO services, which had the effect of indirectly promoting or advancing the Lisbon Union's international registration system, including the implementation of development agenda initiatives. Referring to Annex III, entitled Allocation of Income, the Delegation expressed the view that, in paragraph 3.1.5 on page 179, the Lisbon Union direct expenses had to include references to Program 13 "Global Databases Service" and Program 2 "Trademarks, Industrial Designs and Geographical Indications". The Delegation further pointed out that Lisbon System data was included in the Global Brand Database and, thus, the costs for that WIPO service had to be considered an expense attributable to the Lisbon Union. Additionally, the Delegation noted that Table 13 in Annex III, on page 182, did not list the Lisbon System as contributing to the budget for the Global Brand Database. Furthermore, since geographical indications were now included in the Geneva Act, the Lisbon Union had to include Program 2, the SCT, as a direct expense. In sum, Table 13 would have to include those references and accurately reflect those expenses. Additionally, the Lisbon Union should be responsible for its share of indirect expenses, as listed in paragraphs 4.1 and 4.2. Indirect expenses were allocated on the basis of a Union's 'capacity to pay'. The Lisbon Union's inability to pay indirect expenses was directly attributable to its failure to meet the obligations of Article 11 of the Agreement. The Delegation further recalled that the Lisbon Union had refused to raise fees for over 20 years, nor paid any contributions to the system, as required by the treaty, which in turn had created an artificial 'inability to pay' which could no longer be allowed to eliminate that Union from having to pay for any indirect expenses of any programs. The Delegation further indicated that, while paragraph 5 on page 180 was helpful for understanding why the Madrid Union received a larger share of the rental income than the other Unions, it was unclear why the remaining 'other income' was allocated equally across all Unions. In light of the Lisbon Union's unwillingness to fund its own operations, the Delegation was of the view that it would appear to be perpetuating that subsidy to give the same amount of 'other income' to Lisbon as to the other, more successful Unions that did fund themselves. The Delegation would appreciate further information as to the sources of financing of the buildings from which the rental income was derived. Until there

would be more clarity as to the sources of funding, the Delegation proposed that the rental income be more equitably distributed, for example, according to the number of members of each Union. The Delegation noted that it was clear from Table 11 on page 181, which provided information about the planned expenditures by each Union, that the Contribution Funded Unions, the Hague Union and the Lisbon Union all projected a deficit. In that regard, the Delegation wondered where the money would come from to cover such deficits and whether the Hague and the Lisbon Unions should not raise fees instead, so as to have a balanced budget. The Delegation expressed the view that Annex IV, entitled Evolution and Demand for Services under the PCT, Madrid, and Hague Systems in the Medium Term, which began on page 183, had to include projections for the Lisbon System in the same manner as PCT, Madrid and Hague. Similarly, there should also be an Annex reflecting Indicators of the Lisbon System Operations, as there was for the other registration system unions. On page 233, the Delegation requested that Annex X, entitled Budget by Expected Result and Program, be revised so as to more fairly allocate expenses across the Unions and to separate out Madrid and Lisbon from the same line item. Lastly, as regards Annex XI, entitled 2016/17 Budget by Expected Result, on page 235, the Delegation requested that Madrid and Lisbon be also separated from the same line item. Concluding its statement on Program 6, the Delegation asked the Chair whether it could also make comments on Programs 31 and 7.

171. The Chair replied that those fell within Strategic Goal II and invited the Delegation to proceed.

172. Speaking on Program 31, The Delegation of the United States of America referred to table 11 on page 181, which contained information on the planned expenditures by each Union, and observed that the contribution-funded Unions, the Hague Union and the Lisbon Union, all projected a deficit. The Delegation asked where the money to cover the deficits would come from and whether the Hague and Lisbon Unions should raise the fees so as to have a balanced budget. The Delegation noted that the number of international applications for industrial designs to be filed during the 2016/17 biennium was expected to increase considerably, and that a number of new and more complex features had been developed, in particular, for countries with novelty examination systems. The Delegation inquired whether the resources for Program 31 had been increased to meet the anticipated increase in the number of applications and their more complex nature. By comparison, the Delegation noted that paragraph 17 of the draft Proposed Program and Budget 2016/17 mentioned associated increases in resources for the PCT and Madrid Systems but not the Hague System. To be able to effectively handle the increased workload, an increase in resources and staffing should also be proposed for the Hague System. Turning to Program 7, the Delegation stated that for 2016/17, it was understood that Program 7 would have 11.34 million Swiss francs in expenses and have 2.6 million in revenue. Rather than apportioning the revenue across the unions, could a different accounting method be used so that the WIPO Arbitration and Mediation Center's income was attributed towards its cost, and the additional costs were apportioned across the other programs. As to the table "Program 7: Resources by Object of Expenditure," page 63, the Delegation asked if cases administered by the Center were staffed by posts, temporary staff, or individual contractual services.

173. The Chair requested the Delegation to provide a written copy its statement given its detail and length.

174. The Delegation of the Republic of Korea fully supported the intervention made by the Delegation of the United States of America. As one of the countries which had a major interest in the independent financial operations of the global intellectual property systems, the Republic of Korea was very concerned about the document under consideration, which mixed the Madrid and Lisbon Systems. As it had already mentioned in its opening statement, the Delegation requested that the budget of the Lisbon System be displayed separately from the budget of the Madrid System, in order to more clearly distinguish between those two Systems. The Delegation was of the view that such approach would not only increase transparency and

accountability, but would also allow taking better policy decisions in the future. The Delegation recalled that the financial sustainability of the Lisbon System had also been constructively discussed at the diplomatic conference where the Geneva Act of the Lisbon Agreement had been adopted.

175. The Delegation of Brazil, speaking on behalf of GRULAC, requested a clarification whether in Program 5 there would be resources allocated to safeguard the discussions which were under way concerning the fee elasticity of international applications under the PCT. The Delegation observed that many Delegations had already suggested, earlier in the session, that the trend of PCT fees should be towards reduction. Discussions were under way in the PCT Working Group on possible reductions for fees for universities and government research institutes and the Delegation wished assurance that these discussions would be safeguarded by the allocation of any necessary resources.

176. The Delegation of Uruguay supported the statement made by the Delegation of the United States of America, as it shared most, if not all of the concerns raised by that Delegation. The Delegation agreed that there was a need for increased transparency. Such transparency would result from the separate and clear identification of the various registration systems, as this would allow a better assessment of their respective self-sustainability. The Delegation also expressed concern as regards the proposed technical assistance and promotion activities for the Lisbon System and was of the view that these should be put on an equal footing with the other registration systems.

177. The Delegation of Japan raised two issues on Program 5. Firstly, it stated that the quality of PCT services should be maintained and improved considering that more than 75 per cent of WIPO's income was generated by PCT fees paid by applicants. The Delegation welcomed the fact that the budget allocated to Program 5 had been prioritized in the proposed Program and Budget, and asked for more detailed information about how the Secretariat was planning to utilize the proposed budget to further improve the productivity and quality of the PCT system. Secondly, the Delegation asked for clarification as to the reason why 1.4 million Swiss francs were necessary to strengthen PCT resilience. With respect to Program 6 – the Madrid and Lisbon systems – taking into account issues of fairness and transparency, the Delegation considered that it would be good to have the program and budget for the Madrid and Lisbon systems separated, as proposed by the Delegation of the United States of America.

178. The Delegation of Paraguay, speaking from the perspective of a WIPO Member State which did not make use of the services which were the subject of Strategic Goal II, stated that priority should be given to strengthening the activities to enhance the understanding of what it would mean to join these various systems. This could involve a number of different regional and sub-regional activities to be developed in various parts of the world including the participation of representatives of WIPO Member States which were not part of these systems. With respect to the Arbitration and Mediation Center, it was important to involve developing countries and LDCs so that there could be activities, such as seminars and workshops, for them throughout the world. To the extent possible, it would be desirable to finance the participation of officials representing countries that were not party to this system, either in proposing or defending positions, as well as to involve countries that have not been frequent users of the system.

179. The Delegation of Singapore aligned itself with those members seeking more transparency in the present Program and Budget exercise. It was important for Member States to have a clear picture of the costs and contributions of each Union. In that connection, the Delegation was of the view that the first step would be to split Program 6, so as to treat the Madrid and Lisbon Systems separately. The Delegation was supportive of the notion that each Union would have to endeavor to be self-sufficient and that the fees charged by the respective Unions should cover their costs to have a balanced budget. In the case of the Lisbon System, the Delegation believed that shortfalls should be covered by Lisbon Union members. In that

regard, the Delegation was concerned that the Lisbon Union members had missed the opportunity at the diplomatic conference in May to introduce maintenance and renewal fees, which would have reduced the burden on Lisbon Union members while ensuring that the cost of administering the rights provided under the Lisbon System would be covered. The Delegation looked forward to hearing the suggestions from Lisbon Union members on how to balance the Lisbon budget and was of the view that the proposed study on Lisbon's financial sustainability would be useful for Lisbon members, as it would not only help them determine the appropriate fees and contributions, but also allow them to draw a comparison with the other Unions as far as sustainability was concerned. Lastly, the Delegation supported the proposal to make the funding of any future Diplomatic Conference contingent on full and equal participation for all WIPO Members, as it was of the view that the manner in which the recent Lisbon Diplomatic Conference had been conducted constituted an unfortunate anomaly, which must not form a precedent in WIPO.

180. The Delegation of Panama shared some of the views expressed by other Delegations. Program 6 had to be divided into two separate programs to enhance transparency and to better define the expenditures and assess the self-sustainability of each registration system. The Delegation also expressed the view that the Lisbon Diplomatic Conference, which had been closed and non-inclusive, would not only have implications for Lisbon members, but for the whole WIPO membership. Therefore, it was necessary to determine clearly what would be the impact of the cost of this conference on the budget.

181. The Delegation of Japan said that, taking into account fairness and transparency, it would be good to separate the budget of the Madrid and Lisbon Systems.

182. The Delegation of Canada reiterated the concerns previously expressed regarding the aggregation of data and figures for the Madrid and Lisbon Systems. Program 6 should be divided into two programs, one for each registration system concerned. The Delegation's views on this matter arose out of results based management and did not apply only to Program 6. Other parts of the Program and Budget could also benefit from enhanced clarity and granularity. The Delegation stated that the Hague System was a cost-efficient system and of added value for its users. It was a priority for the Government of Canada to accede to the Hague System. The Delegation stated that it would participate in the Working Group on the Legal Development of the Hague System for the International Registration of Industrial Designs to continue to monitor and contribute to the development of the System, especially as countries that carry out substantive examination would continue to join the System. The Delegation thanked the Secretariat for its assistance in acceding to the Madrid and Hague Systems.

183. The Delegation of Argentina expressed its support for the statement made by the Delegation of the United States of America with respect to Program 6. The Delegation felt that it was critical to separate the two components of Program 6, in order to clarify the Madrid and Lisbon Systems and to have a more comprehensive vision of the self-sufficiency of the Lisbon System. Further, a study on the financial sustainability of the Lisbon System would be a useful tool in order to take informed decisions on the contributions and fees that should be established. Finally, the Delegation emphasized the importance that it attached to open and inclusive diplomatic conferences. Therefore, it supported the suggestion made by the Delegation of the United States of America to include text that would clarify that Diplomatic Conferences should be open to all WIPO Members.

184. The Delegation of Portugal recalled that, in 1998, WIPO Members had set a single budget regime for all the Unions and expressed the view that this regime should be maintained. The Delegation said that the Lisbon Union would meet in October to analyze the possibility of increasing the registration fees, which would have a positive impact in terms of income generation for Program 6. During the Diplomatic Conference for the revision of the Lisbon System, members had taken robust financial compromises that would be subject to analysis in the context of the implementation of the Geneva Act of the Lisbon Agreement. As stated in

paragraph 6.8 of the draft proposed Program and Budget, the Geneva Act of the Lisbon Agreement was expected to pave the way for a significant increase in the membership of the Lisbon Union. The Delegation considered that an increase in the membership would be conducive to an increase of income of the Lisbon System. The Delegation said that Portugal was committed to the goal of building a more sustainable and transparent Lisbon System.

185. The Delegation of New Zealand said that it attached considerable importance to the principle of transparency and accountability and would like to see further consideration given to proposals raised in respect of Program 6 that would enhance transparency.

186. The Delegation of Chile supported the statements made by other Delegations highlighting the importance of transparency. Greater and better access to information would enable members to better analyze the budgetary situation. The Delegation, therefore, considered it very important to have clear information in the budget, so as to be able to identify the budget allocations to both the Madrid and Lisbon Systems separately. Income, contributions and fees should be made clear. The Delegation appreciated the responses to questions raised that had been provided by the Secretariat, but indicated that the information was not clear in the proposed program and budget itself. A more detailed account was required. The Delegation also supported the importance of neutrality in technical assistance, including in respect of Program 6 and its various systems. The recommendations of the Development Agenda indicated that technical assistance from WIPO should, inter alia, promote development and be transparent, request based and correspond to the special needs of developing countries. Likewise, the Delegation was of the view that WIPO staff and advisors dealing with technical assistance should continue to be responsible and impartial. These aspects were important and should always be taken into account, for the benefit of the Organization as a whole.

187. The Delegation of France said that it did not favor the proposal to separate the Lisbon and Madrid Systems under Program 6, for two reasons. First of all, these systems involved cross-cutting elements and, for a long time, WIPO had conducted the policy of enabling these systems to achieve a financial balance. Moreover, the Lisbon budget presented an amount and activities that were not very significant compared to the Madrid budget and the whole of the WIPO budget. The Delegation recalled that there was a certain relationship between the Madrid and Lisbon Systems and was of the view that maintaining them within the same program was justified for reasons of effectiveness and good governance. With respect to transparency, the Delegation indicated that the Secretariat had already provided in document PBC/23/3, and in their responses to questions, information regarding expenditures and income of the Lisbon System. The Delegation of France was open to receiving additional information on the Lisbon budget, but was of the view that the information could be provided without separating the Lisbon System activities from those of Madrid. The Delegation was aware of the issue of the financing of the Lisbon Union and said that the Lisbon Union Assembly would again discuss the proposed doubling of the registration fees at its meeting in October. The Delegation also recalled that a substantial roadmap on the question of financing had been adopted in May during the diplomatic conference and would be the subject of further work in the context of the entry into force of the Geneva Act of the Lisbon Agreement. The Delegation of France requested that the statement made by the Delegation of the United States of America be made available in writing.

188. The Delegation of Italy echoed the remarks made by the Delegations of Portugal and France. The Delegation submitted a written statement regarding Program 6 and requested that it be reproduced in the verbatim report of the session. The statement read as follows. With reference to the issue of budget transparency the Delegation was in favor of the provision of more detailed information and figures pertaining to the Lisbon system within Program 6. This could be achieved without any change to the present budgetary structure. Tables 11, 12 and 13 in document WO/PBC/23/3 (pp. 181/182) already responded to the obligation under the Treaty that the income of the Lisbon Union should be reflected in the Budget of the Organization "in a fair and transparent manner". Additional information could be provided by the WIPO Secretariat in the form of a separate "Questions and Answers" document. Requests for more information

had already been made by delegations with regard to other Programs and the Secretariat proposed this solution to satisfy a specific request for a more detailed breakdown of income and costs items. Once more transparency was achieved with the Questions and Answers document, the separation of the Lisbon system from Program 6 was unnecessary. The Madrid and Lisbon systems had been under the same Program for many years in line with a consistent and consolidated practice. Should the Lisbon System be separated into a different program, it would be the only program within the budget placed under the responsibility of a Unit. In this regard, it should be noted that, while the Madrid Registry had its own Department with several divisions, the Lisbon registry was managed by a Unit within the Law and Legislative Advice Division and relied on the cooperation of only 3 WIPO staff members. No other program within the budget had such a small number of posts involved. Moreover, it should be highlighted that the Madrid and Lisbon systems were connected because they both dealt, in a different way, with the protection of geographical indications (GIs) and with the relation between trademarks and GIs. GIs could be protected through collective and certification marks (Madrid system), as well as by sui generis geographical indications (Lisbon system). Information on both systems was available in a neutral and transparent manner on the WIPO website. However, more visibility was provided to the Madrid system, considering that the Lisbon system was currently not directly accessible from the WIPO home page in the section dedicated to Global IP services. As regarded the financial deficit of the Lisbon Union, the 27 Contracting Parties would discuss and tackle this issue (including the proposal to increase registration fees) at their upcoming meeting in October in light of the discussions held over the years within the Working Group on the development of the Lisbon System. The Delegation was already committed to engaging itself in this regard. It was to be noted that about 70 per cent of the (mainly since 2009) accumulated deficit of the Lisbon Union was due to the large number of meetings of the Working Group and to staff costs linked to the revision of the Lisbon system or information/promotion activities. Therefore, processing transactions for the Lisbon registry represented only 30 per cent of the total workload and costs. As regards the future financial needs of the Lisbon Union, it was to be noted that the estimated increase of the deficit in 2016/17 (about 1.5 million Swiss francs) was mainly connected to the financing of the activities for the promotion of the international GIs system under the Geneva Act. Such activities, similarly to those which had been carried out so far, were fully in line with the mandate of WIPO as the multilateral organization for the development of a balanced international intellectual property system. WIPO's commitment to the promotion of the international GIs registration system as a whole was very important also with a view to providing technical assistance to developing countries in this field in line with the development agenda goals. WIPO had accumulated a considerable surplus so far and was now in a sound financial position. If a small amount of its miscellaneous income was used to promote a new IP system at international level, this would not be detrimental to other programs and would contribute to the provision of more global IP services to its Members.

189. The Delegation of Switzerland believed that it would be valuable for interested Delegations to see the proposals from the Delegation of the United States of America in writing. On a preliminary basis, the Delegation expressed the view that taking resources away from the promotion of the Geneva Act of the Lisbon Agreement would seem to run counter to the purpose of making the Lisbon System financially viable in the long term. Making the Lisbon System financially viable was an objective that the Delegation of Switzerland supported. The Delegation recalled that the members of the Lisbon Union had sought to update the Lisbon Agreement, so as to make it attractive to a greater number of potential users and in the hope that an increased number of contracting parties, in the long term, would make the Lisbon System financially viable. In view of that objective, which was shared by all members, the Delegation of Switzerland found it difficult to understand how cutting resources for promoting the Geneva Act could serve the goal of financial viability. The Delegation shared the reservations expressed by the Delegations of France, Italy and Portugal on the matter of separating the two elements of Program 6.

190. The Delegation of Hungary supported the views expressed by the Delegations of France, Italy, Portugal and Switzerland and requested to see the detailed proposals of the Delegation of the United States of America in order to reflect on it.

191. The Delegation of Iran (Islamic Republic of) supported the statements made by the Delegations of Portugal, France, Italy, Switzerland and Hungary for the same reasons and arguments made by these Delegations. The Delegation supported Program 6 and other programs relevant for the Lisbon System as they were reflected in the draft Program and Budget.

192. The Delegation of Algeria said, on a purely preliminary basis, that it did not understand the link between, on the one hand, the wish for transparency expressed by a number of Delegations and, on the other hand, the wish to divide Program 6 into two separate programs. Program 6 could be considered as it was with the addition of further information as a number of Delegations had called for. The Delegation was, however, of the view that changing the structure of the whole budget was a different issue. The budget had been adopted by members in the current format for a number of years. The Delegation would, therefore, like to have more detailed arguments as to the link that supposedly existed between transparency, on the one hand, and the structure of the budget on the other. Furthermore, the Delegation of Algeria believed that members were getting involved in an exercise that would have a systemic effect. In this regard, the Delegation said that the explicit questions from the Delegation of the United States of America amounted to micromanagement, for example when the delegation proposed that the prerogatives of the Director General would not be used in a particular area or that expenditures should not be transferred to a particular program. The Delegation was of the view that this was not an approach that WIPO Members should adopt. All Member States had the obligation of ensuring that the budget took due account of the priorities and requirements of all Member States and not just the priorities of two, three or four Delegations. The Delegation of Algeria, therefore, urged Delegations to reflect on the possible systemic consequences of the proposals made.

193. The Delegation of Australia said that it supported transparency in WIPO reporting wherever possible. Regarding Program 6, the Delegation supported the proposal to separate the accounting for the Lisbon System from that of the Madrid System. That would increase transparency of accounting and be consistent with reporting for WIPO's other global IP systems. The Delegation also supported transparency in the implementation of member obligations and expected Lisbon Union members to implement the terms that they had agreed to regarding the financing of the Lisbon System. The Delegation of Australia further supported the principle that WIPO's technical assistance efforts on geographical indications should take a neutral approach in terms of systems for GI protection, noting that there were different systems in use around the world providing strong protection for the holders of GIs. Finally, the Delegation of Australia would be interested in a further study into the historical data and future predictions of Lisbon income. Referring to a comment made by the Delegation of Portugal, which had expressed the view that there was a conflict between the requests made by some Delegations and the unitary contribution system, the Delegation of Australia said that both the Lisbon Agreement and the Geneva Act of the Lisbon Agreement contained obligations for contributions to cover a deficit. The Delegation believed that these provisions were not in conflict with the unitary contribution system, but strengthened it. The Delegation of Australia further noted that there appeared to be disagreement among Delegations as to whether the Lisbon System could ultimately be self-sustaining without any continual maintenance fees or contributions from members. The Delegation was of the view that such disagreement, or confusion on this issue, would certainly strengthen the reasons for further study into the future predictions of Lisbon income.

194. The Delegation of Mexico requested that the proposals made by the Delegation of the United States of America be circulated to all Delegations. The Delegation expressed its concerns regarding not only Program 6 but the entire system of contributions.

195. The Delegation of the Czech Republic supported the views expressed by the Delegation of France.

196. The Delegation of the United States of America said that it would make its previous statement available in writing shortly. The Delegation, referring to the suggestion that its proposal somehow undermined the unitary system, said that that system was adopted at a time when Unions were complying with the respective treaties and each Union was self-sufficient. In response to the suggestion that the PBC was not a forum to discuss programs and specific Unions covered by a program, the Delegation of the United States of America considered it to be exactly the right forum to discuss budgetary matters. The Delegation continued to insist that Program 6 be split into two different programs. The Delegation noted that, in May, the Lisbon Union had taken a decision to continue both Member State contributions and advances by the host state. As stated by the Delegation of Australia, the Delegation of the United States of America requested that Lisbon members abide by the provisions that they had agreed to and provide the necessary contributions to support their system and discontinue their use of the regular WIPO budget.

197. The Chair noted numerous questions regarding Program 6 and proposed that, first, responses be provided with regard to Programs 5, 31 and 7. Program 6 would be addressed separately. The Chair invited the Secretariat to respond to comments on Programs 5 and 7.

198. Turning to the questions on Program 7, the Secretariat noted that the question from the Delegation from the United States of America on the allocation of expenditures and revenue of the Arbitration and Mediation Center would be answered by the Controller. The Secretariat recalled that the Delegation of the United States of America had also asked a question on Center case staffing, and that the Delegations from Paraguay and Chile had asked about possibilities for the Center to strengthen its engagement with developing countries and LDCs.

199. The Secretariat noted that WIPO cases were administered in two areas, namely arbitration and mediation of any type of Intellectual Property dispute, and Internet domain name dispute resolution. The Secretariat noted that cases in the former category, which may involve considerable monetary value, were normally administered by lawyers on post, which was a relatively concise number of staff. The Secretariat noted that in the much larger domain name operations, case managers were on fellowships, were supervised by senior lawyers either on temporary staff appointments, another WIPO category of temporary staff, or a small group of lawyers on post.

200. The Secretariat responded to the question from the Delegation from the United States of America in respect of Program 7 and accounting under the union view of the budget. The Secretariat noted that the Arbitration and Mediation Center was not a separate union. The Secretariat further noted that the Center's income and expenditure were apportioned to the unions based on the union allocation methodology in annex 3. The Secretariat noted that there had been a time when the Center was shown as a separate column, and that, should the Member States wish, this method could be revisited. The Secretariat requested that any such proposals be submitted in writing to be reviewed together, as many of them would concern the union allocation methodology.

201. Responding to the questions from the Delegations from Paraguay and Chile about the Center's engagement with developing countries and LDCs, the Secretariat observed that the Center's work fell into two main categories, namely fee-based case administration services, and policy work. The Secretariat confirmed that collaboration with and assistance to Developing Countries was prominent in the policy function, and provided two examples. The Secretariat explained that, in domain name dispute resolution, the largest number of cases concerned the UDRP system (Uniform Domain Name Dispute Resolution Policy). The Secretariat noted the Center's work with Member States to help them adopt the UDRP or national variations for the



domains operated by those countries. The Secretariat further noted the posted list of countries for which the Center provided this service, including developing countries and LDCs.

202. The Secretariat also noted the Center's ongoing collaboration with Intellectual Property Offices establishing an alternative dispute resolution (ADR) option for parties to cases before the Office, for example, in a trademark opposition. The Secretariat noted that such use of ADR, like mediation, could help the parties and the Office save time and money. The Secretariat concluded by noting that this was a new, demand-driven activity in which the Center had begun to collaborate with some Member States, including developing countries.

203. The Secretariat responded to the question on Program 5. In response to the questions of the Delegation of Japan concerning the quality of PCT services and the budgeted 1.4 million Swiss francs for PCT resilience, the Secretariat underlined the importance of ensuring that the PCT system continued to work efficiently, as the number of PCT applications continued to rise. This meant that PCT staff had to process more applications without any increase in staff numbers. On the contrary, it was proposed that in the coming biennium eight posts would be frozen. Nevertheless, the PCT budget would increase slightly, mainly due to service step increases and to higher expenses in PCT translation. Concerning some of the practical measures taken to maintain and improve the quality of PCT services from an operational point of view, the Secretariat highlighted the constant review and improvement of the PCT related IT systems, both internal and external; the increasing automation of applications and documents and the ever growing percentages of documents that were submitted in machine-readable formats, in particular XML; the alignment of staff profiles to modified circumstances in respect of language and technology, including thorough training; rigorous quality control procedures in both processing and translation of PCT applications; the regular review of the performance indicators to measure achievements; and finally the regular surveys sent to both offices and users, which generated useful feedback to help the International Bureau improve the quality of its services.

204. Another member of the Secretariat noted that there was a very important second aspect of PCT quality, apart from the issues which were the operational responsibility of the International Bureau: that was the quality of international search and preliminary examination. The Secretariat pointed out that the operational responsibility for this lay with the International Searching and Preliminary Examining Authorities and it was their budgets which needed to provide for the delivery of a quality product and not that of WIPO. However, the budget for Program 5 did include provision to cover all of the support work which the International Bureau had been requested to provide to allow Contracting States and the International Authorities to discuss the issues which International Authorities needed to address. Specifically, this covered work in the PCT Working Group, the Meeting of International Authorities (MIA), the quality subgroup under the MIA and other forums addressing quality-related issues. In addition, the budget allowed for the convening of the PCT Committee for Technical Cooperation, where Contracting States were able to consider at a technical level whether the appointment or reappointment of an International Authority was appropriate. With regard to the questions raised by the Delegation of Brazil on behalf of GRULAC concerning fee elasticity, the Secretariat stated that the proposed budget for Program 5 included resources sufficient to support the discussion of potential fee reductions for universities and potentially for small and medium sized enterprises. That included both holding the relevant meetings of the PCT Working Group and for providing any analysis which was likely to be required, in cooperation with the Chief Economist, in order to allow the Working Group to reach informed conclusions, provided that such analysis could be conducted on the basis of data which was already available to the International Bureau. On the other hand, the Program and Budget did not include any provision for the financing of any outcomes. There were several issues. First, it was not clear what level of income reduction would be involved. Depending on the proposals, the costs could range from a few hundred thousand Swiss francs per year to 100 million Swiss francs or more. Though the effects would be limited due to the fact that it was likely that any reductions would only take effect in the final six months of the biennium, it was effectively

impossible to determine what would be necessary to achieve a balanced budget without greater clarity in what Member States wished to achieve. Second, the Program and Budget was defined in terms of expenditure and the costs to administer Program 5 would be affected only very slightly by any likely fee reduction. The main effect would be in loss of income, which affected the overall financial result of the Organization, but was not reflected in the expenditure budget. The Chief Economist provided rolling forecasts of the income of the registration systems and any fee reduction would have to be taken into account and form the basis for any assessment of the impact on the Organization. However, this could not be budgeted for since it was not expenditure and could only be properly assessed when the magnitude of a proposed reduction was known.

205. The Delegation of Brazil re-stated the view of the GRULAC States that discussions were underway in the PCT Working Group and that it was important that resources be allocated or assurances provided by the allocation of resources to Program 5.

206. In response to the question by the Delegation of Paraguay regarding the activities of non-members of the PCT, the Secretariat explained that there were 148 Contracting States of the PCT, as well as many countries which were not yet party to the Treaty. The Secretariat indicated that it was always happy to see the signals of the interest of the non-PCT Member States to consider the future possibility of joining the PCT. The International Bureau already undertook activities not only for States party to the PCT, but also for non-PCT member States. The Secretariat further explained that WIPO Member States, whether party to the PCT or not, could directly contact the PCT International Cooperation Division, or communicate their interest through the regional bureaus, since the two always kept in close communication internally.

207. Referring to the questions and request by the Delegation of Brazil, the Chair suggested that the Delegation consult with the Secretariat to come to a bilateral agreement on the issue. The Chair invited the Secretariat to respond to comments on Program 31.

208. The Secretariat welcomed the question raised by the Delegation of the United States of America on whether the budgeted resources were sufficient to meet the anticipated increase in the work load of the Hague System. The Secretariat pointed out that in document Q&A PBC 23, prepared by the Secretariat, it was clearly indicated that the 2016/17 budgeted resources for the Hague System was based on the actual budget utilization rate in 2014/15 and duly took into account the anticipated workload based on the projected growth in the number of registrations and renewals. It should also be noted that a number of regularizations of continuing examiner functions were still pending, and when implemented, these would result in an increase in the number of posts in the Program. The Hague System was undergoing a big change as a result of promotional efforts by the Secretariat, as well as tremendous support by the Member States. The Secretariat did not want to over budget but would watch the trend carefully and develop the IT in support of the system. In preparing the Program and Budget, the Secretariat had taken into consideration the above-mentioned issues; therefore, the budget for the next biennium should be sufficient to cover the expenditures of the System. The Secretariat emphasized that it was well prepared for the foreseen increase in the number of international applications and the increased complexity of the Hague System since this had been anticipated for years. The Secretariat was closely watching the actual increase in the number of international applications following, among others, the accessions to the Hague System by Japan and the United States of America last May, and could note an almost 90 per cent increase in the number of applications in June. The Secretariat considered that this trend was relevant and as foreseen in the Program and Budget 2016/17, and that the estimated number of approximately 5,000 applications in 2016 seemed to be realistic. Furthermore, a number of new features and automated processes had been introduced to the E-filing to maintain operational efficiency of the System. In the Working Group on the Legal Development of the Hague System for the International Registration of Industrial Designs, the balanced evolution of the Hague System would continue to be discussed. The Secretariat further referred to the electronic environment of the Hague System, which already had electronic filing and renewal tools. These tools would

be continually improved according to the priorities determined by the Hague Registry. In addition, the Hague Registry had requested the development of six intelligent web forms for inclusion in its evolving electronic environment. These measures would assist the Hague Registry in managing the estimated work load increase. The Secretariat observed that at present the Hague System was running under deficit, but that situation was expected to be reversed soon thanks to the efforts made regarding promotion and thanks to Member States' support in respect of the membership of the Hague System, which would be ready to fly.

209. The Chair re-opened the discussions on Program 6 and invited those Delegations that wished to react to the written statement made available by the Delegation of the United States of America to present their views. Thereafter, the Secretariat would be given the floor to respond to the points made by the Delegation of the United States of America.

210. The Delegation of France said that, while careful analysis of the proposals submitted by the Delegation of the United States of America would require additional time and examination in the weeks to come, it nonetheless wished to share a few preliminary observations. The Delegation indicated that, even though it fully supported the objective of increased transparency and the communication of additional information on the budget of the Lisbon Union, it was also of the view that those additional pieces of information could be provided and inserted as a complement in the draft Program and Budget that was currently under examination without any need to modify the entire structure of that document. Moreover, the Delegation did not see the need to split Program 6 after the explanations that would be given by the Secretariat to the comments made by the Delegation of the United States of America, as these details would allow Delegations to have the requested clarifications on the Lisbon budget and because, as the Delegation of France believed, there were similarities between the existing systems for trademarks and geographical indications. The Delegation referred, in that regard, to the system of protection and refusal of protection as well as the fact that geographical indications could sometimes be protected by collective marks. The Delegation further recalled that the principle of the crosscutting nature of the budget of WIPO had existed since the end of the nineties and it would obviously like to see that principle maintained, all the more where the principle was fully in line with the fundamental mission of WIPO, namely the promotion of all intellectual property rights. The Delegation reminded Delegations that, in the past, the operational costs of other protection systems administered by WIPO, such as the PCT, had not been borne by a single Union, precisely to give the system in question the time to develop and to acquire the necessary conventional maturity in terms of its budget. For the same reason, the Delegation was of the view that the Lisbon System should also be given such opportunity and was confident that the System would gain new momentum thanks to its revision that had recently resulted in the adoption of the Geneva Act of the Lisbon Agreement. Still, as the Delegation was fully aware of the problems regarding the funding of the Lisbon Union that had been raised at the Lisbon Union Assembly in 2014, it was in favor of a doubling of the registration fees that applied under the Lisbon System. The Delegation emphasized that the Lisbon System had been made more attractive through the adoption of the Geneva Act of the Lisbon Agreement. It, therefore, hoped that many more members would be welcomed in the Lisbon System and many new registrations could be expected, allowing new financial flows and an improvement of the general financial situation of the Lisbon Union. The Delegation recalled that the principle of contributions by members had been inserted in the Geneva Act of the Lisbon Agreement following an amendment put forward by the Delegation of the United States of America at the diplomatic conference. In that connection, the Delegation stressed that, pending the entry into force of the Geneva Act of the Lisbon Agreement and the first meeting of the Lisbon Union Assembly thereafter, all the issues concerning the funding of the Lisbon Union would already be discussed by the Assembly of the Lisbon Union in October 2015. Lastly, the Delegation expressed the view that some of the proposals made by the Delegation of the United States of America seemed to fall outside the strict framework of the area of competence of the PBC.

211. The Delegation of Hungary supported the statements made by the Delegations of France and Italy and agreed with the suggestion that the income and expenses of the Lisbon Union be

reflected in the Program and Budget of the Organization in a fair and transparent manner. However, as this could be done within Program 6, the Delegation failed to see the need for having a separate budgetary program for the Lisbon Union. The Delegation said that the very detailed proposal of the United States of America required further examination and that Hungary was, therefore, not in a position to react on each and every aspect of it at the present session. The Delegation wished to underline, however, that it was not in a position to support proposals that would appear to be contrary to the provisions contained in WIPO's Financial Regulations, such as, for example, the proposal to eliminate the Director General's discretion to move up to 5 per cent of the budget across programs. The Financial Regulations could not be overruled in the way suggested. The Delegation was aware of the fact that, at present, the income of the Lisbon System was not sufficient to cover all its expenses, but was of the view that a very cautious approach was needed for analyzing the cost-efficiency and possible self-financing of the Lisbon System. In that regard, the Delegation pointed out that the financial sustainability of the Lisbon System could not be compared with other global registration systems, such as the Madrid or the PCT Systems, mainly because appellations of origin and other geographical indications were based on geographical names and there was an obvious limit to the total number of protected geographical names and corresponding applications. The Delegation further recalled that WIPO had to fulfill its mandate of making its global intellectual property services, including the Lisbon System, more and more attractive for users. This required the necessary allocation of financial resources, not only for the effective administration of the Lisbon Registry, but also for information and promotion activities, even if the current income failed to cover all the expenses. Lastly, as regards the deficit of the Lisbon System, the Delegation pointed out that the adoption of the necessary measures to handle such deficit fell under the competence of the Assembly of the Lisbon Union. By way of conclusion, the Delegation expressed its sincere hope that a compromise solution could be found to facilitate the adoption of the Program and Budget for the 2016/17 biennium.

212. The Delegation of Portugal supported the statements made by the Delegations of France, Italy and Hungary.

213. The Delegation of Iran (Islamic Republic of) also supported the statements made by the Delegations of France, Italy and Hungary. As a preliminary reaction, the Delegation said that it could not go along with the proposal to split the Madrid and the Lisbon Systems and underlined the similarities between the two systems. In that regard, the Delegation pointed out, firstly, that in its national Patent Office the division dealing with Madrid and Lisbon was the same and, secondly, that, in its understanding, in many countries the beneficiaries of a geographical indication or an appellation of origin had the option to register either under the Madrid System or under the Lisbon System. As also pointed out by other delegations, the Delegation of Iran (Islamic Republic of) was ready to examine in the Assembly of the Lisbon Union, apart from the proposed fee increase, also the other means envisaged in the Lisbon Agreement to achieve balance and sustainability of the Lisbon budget. Lastly, given the very technical nature of the proposal made by the Delegation of the United States of America, the Delegation needed more time to go through it in detail and would come back to it in September.

214. The Delegation of Algeria also indicated that more time was needed to digest the proposal from the Delegation of the United States of America before it could take position on it. However, as a preliminary reaction, the Delegation reiterated that it did not see the need for splitting Program 6 into two separate programs. The present structure of the Program and Budget had to be respected and transparency measures, such as those requested by the Delegation of the United States of America, could be taken into consideration without changing that structure.

215. The Delegation of Mexico also indicated that it needed more time to go through the proposal made by the Delegation of the United States of America and would therefore only be in a position to give a more detailed and clear response at the next PBC session in September. With regard to the mandate of the PBC, the Delegation noted that, while some of the proposals seemed to go beyond the strict mandate of the PBC, other proposals appeared to be

questioning the unified system of the budget or seemed to go beyond what was permitted under the Financial Regulations. The Delegation was of the view that the PBC not the right forum for sorting out those issues.

216. The Delegation of the Czech Republic supported the statements made by the Delegations of France, Italy and Hungary.

217. The Delegation of the United States of America said that it was a little bit disconcerting to hear that more time was needed, given the fact that the issues raised in the proposal were not new. Referring back to the document it had circulated the previous day, the Delegation pointed out that it essentially contained some 20 specific points which could really be boiled down into five key principles: 1) separate the accounting for the Lisbon and Madrid Systems into two separate programs; 2) ensure that the use of the Lisbon System and its contribution to WIPO services be accurately reflected, to achieve greater transparency; 3) balance the Lisbon budget as provided for under the Lisbon Agreement and the Geneva Act of the Lisbon Agreement without the use of the income of other Unions; 4) request the Secretariat to conduct a study on Lisbon's financial sustainability; and 5) make the earmark for any diplomatic conference in the 2016/17 biennium conditional on full participation.

218. In response to the points raised by the Delegation of the United States of America, the Secretariat, first, referred to Table 2 on page 8 of document WO/PBC/23/3 and the question as to why there was no estimate for demand for services for all registration systems including the Lisbon System. The Secretariat indicated that the estimates for Lisbon had been very small and that it was sometimes difficult to fit small numbers with big numbers in the same table. Nonetheless, the concern could be accommodated by adding footnotes to Table 2, as had already been done in the case of Table 3 with the insertion of a footnote for Lisbon income estimates. Referring to the question as to why the Lisbon and Madrid Systems had been bundled in Program 6, the Secretariat indicated that the answer was that there had not been a decision from the PBC requesting a division into separate programs. The Secretariat then referred to the comment that the draft Program and Budget was comingling the expenses of the Madrid Union with those of the Lisbon Union and therefore did not reflect the income and expenses in a fair and transparent manner. In that regard, the Secretariat indicated that, even though the Madrid and Lisbon expenditures were combined in Program 6, their respective income and expenditure were separately shown in Table 11, which provided the overall scenario by Union. The Secretariat recalled that, even though WIPO had a program-based budget, a view of the organizational budget by Union also had to be presented to be in compliance with the Financial Regulations and Rules. Hence, the income and expenditure by Union had been reflected in Annex III in accordance with the current methodology for the allocation of such income and expenditure. As regards the statement that the Lisbon System had operated at a deficit because it relied on the revenues of the Madrid System to cover the costs, the Secretariat again referred to Table 11, in order to point out that the income for each Union had been clearly separated. The Secretariat further clarified that, in accordance with the current methodology, the income allocated to the Madrid Union comprised the Madrid System fee income, rental from the Madrid Union building, a small portion of arbitration fees as well as a share of other income which was equally distributed to each Union. Meanwhile, the income allocated to the Lisbon Union comprised Lisbon fee income, a small portion of arbitration fees as well as the share of other income which was equally distributed to each Union. As to whether there was a need to identify possible funding sources other than PCT and Madrid, the Secretariat indicated that all the sources of funding were disclosed in the allocation methodology; in addition, they were also presented in the Financial Statements, under the report by segment, i.e., the published and audited Financial Statements that presented the actual situation for each Union under the segment report of the Statement. Referring to the question regarding development expenditure on page 24 of the document WO/PBC/23/3 and to the request that development expenditures in the 2016/17 biennium be separated, the Secretariat indicated that, if Program 6 were to be split into two programs, following a decision of the PBC to that effect, the development expenditure would also be shown separately. Yet, a

detailed breakdown of development expenditures per Union could be provided in the question and answer document. The Secretariat said that the Lisbon Union had indeed not raised fees in the last 20 years, but corrected the observation that the Lisbon Union had had a continuing deficit in the last 10 years which had risen to a total of over 4 million Swiss francs. The total amount of the cumulative deficit contained in the Financial Statement of 2014 showed a deficit of 531,000 Swiss francs. As regards the observation that there were hidden sources of funding, the Secretariat referred once again to Table 11, which disclosed all the sources of income for the Lisbon Union and for each of the other Unions in line with the current methodology, which was also applied to the Financial Statements, based on the actual expenditure as reflected in WIPO's audited Financial Statements. As regards the statement that Expected Results "II.6 Wider and more effective use of the Madrid and Lisbon systems, including by Developing Countries and LDCs" and "II.7 Improved productivity and service quality of Madrid and Lisbon operations" should be revised to have four performance indicators instead of two, the Secretariat indicated that a revision along those lines would automatically take place if Member States ultimately decided to split Madrid and Lisbon into two programs. As regards the comment related to Financial Regulation 5.5 concerning budget transfers, the Secretariat indicated that, from a purely financial management point of view, the Financial Regulations and Rules provided the regulatory framework for the implementation of all Programs of the Organization.

219. The Legal Counsel referred to the proposal by the Delegation of the United States of America for introducing a footnote in the Program and Budget that would state that the discretionary provision in the Financial Regulations allowing the Director General to conduct transfers within a 5 per cent limit would not be applicable to the Lisbon System. The Legal Counsel said that any such footnote would be inconsistent with the Financial Regulations and Rules (FRR), unless an amendment of the FRR were approved by the General Assembly.

220. The Secretariat referred to the suggestion made by the Delegation of the United States of America with respect to page 176, Table 8 on the 2014/15 Program and Budget after Transfers by Program, which, in the view of that Delegation, did not identify whether any transfers in that biennium had been made to the Madrid System or to the Lisbon System under Program 6. The Secretariat said that, if Member States decided to split Program 6 into two programs, the budget after transfers would automatically be reported separately for the two Programs. Referring to the question as to whether the Secretariat could indicate any transfers made to the Lisbon Union in the last 10 years of the budget process, the Secretariat said that a separate budgetary unit for Lisbon came into existence only in the current biennium. Therefore, in 2014, specific Lisbon related program activities had only been created in the administrative system of the Organization following the change in the activity code system under the ERP for the Organization as a whole. As a consequence, it was not possible to trace back transfers prior to 2014. However, concerning transfers in the current biennium, the Secretariat said that a total of 430,900 Swiss francs had been transferred to Lisbon for the purposes of the diplomatic conference. The initial budget for that purpose was 130,000 Swiss francs, but the cost of the diplomatic conference had become higher due to the change of the venue of the diplomatic conference. Referring to the proposal made by the Delegation of the United States of America to separate Madrid and Lisbon on pages 177-178, Annex II, Table 9, 2016/17 Budget by Program, Program 6, and Table 10, 2016/17, Posts by Program, the Secretariat said that, in case of a separation of the Program, Madrid and Lisbon would find their own lines in each of these tables. Referring to the question of the transparency in the accounting system for Lisbon, the Secretariat said that the system for the Lisbon Union was the same as for all other Unions. Annex III provided the details of the income and expenditure which was planned to be attributed to the Lisbon Union for the next biennium. The Secretariat said that under IPSAS the Financial Statements included reports of revenue by segment in WIPO and these segments were related to the Unions. That was an integral part of the financial reporting in the Financial Statements. The Secretariat noted that there was also an additional proposal, in respect of page 179, that the Financial Regulations and Rules required that the budget for the Organization be presented separately for each Union. In this respect, the Secretariat replied that Annex III provided the

view of the Unions and provided the same for all the Unions of the Organization. The Secretariat confirmed that the Lisbon Union, as well as the Hague Union, were not bearing a share of indirect expenses for WIPO's services in accordance with the current methodology described in Annex III. The Secretariat added that Annex III, paragraphs 4.1 and 4.2, described the concept of the biennial capacity to pay. Referring to the question on paragraph 5 on page 180 and on the reason why the "other income" was allocated equally across Unions, the Secretariat said that the total rental income for the 2016/17 biennium was estimated at 1.09 million Swiss francs. That included an estimate of 0.34 million Swiss francs from the Madrid residential building in Meyrin, which was fully attributed to the Madrid Union, because this was based on a Madrid Union decision to invest in a building several decades ago. The Secretariat explained that the remaining rental income of 0.75 million Swiss Francs, which comprised items such as the rental of parking spaces to WIPO employees, rental to UNICC of the data center in the New Building, to Swisscom and Orange for the rooftop antennas, the UBS Bancomat in the AB lobby, one parking lot and an office for AMFI in the CAM building, was divided among all Unions in accordance with the methodology described in Annex III. Referring to the question as to how the deficit would be covered, the Secretariat clarified that the Organization's budget was an expenditure budget by program and by result and that the Union view based on the current methodology provided a view of the Unions at the end of the biennium. Therefore, there was no concept of covering for the deficits. The Secretariat concluded by saying that the bottom line was that some of the Unions in the financial period concerned had been in deficit and some in surplus. Overall, the Organization was in a surplus situation and the projected surplus was being contributed by the PCT and Madrid Unions, while the Lisbon and Hague Unions were contributing a deficit to the overall Organizational situation. Referring to the question of the Delegation of the United States of America regarding page 233, Annex 10 and the Budget by Expected Result and Program, the Secretariat said that, if Madrid and Lisbon were going to be separated, Madrid and Lisbon would be listed separately in this table. The same applied in respect of page 235, Annex XI "Budget by Expected Result".

221. The Secretariat, referring to the question why there was no forecast for demand of services in Lisbon, said that the main reason was that the number of actual requests was very small and highly fluctuating as well. Therefore, coming up with a meaningful forecast was extremely challenging. The Secretariat said that, nevertheless, the comment made by the Delegation of the United States of America had been taken on board and the Secretariat would endeavor to make the necessary forecast so that the data could be presented for further consideration by the Committee. Referring to the question as to what had happened at the 20<sup>th</sup> session of the PBC, the Secretariat pointed out that a record of what the Secretariat had said could be found in the report of that session, i.e., document WO/PBC/20/8, paragraph 448. The Secretariat then recalled that a discussion on a possible fee increase of 100 per cent had taken place at the last session of the Lisbon Union Assembly, but had remained inconclusive at that time. However, the matter would be taken up again at the forthcoming session of the Lisbon Union Assembly in October, on the basis of a revised proposal that the Secretariat was preparing. Concerning paragraph 6.10 of the draft proposed Program and Budget, which referred to the question of providing technical assistance under the Lisbon Agreement, the Secretariat underlined that all technical assistance by WIPO was demand driven. The Secretariat said that it usually endeavored to respond to technical assistance requests within the terms of those requests. When technical assistance concerned geographical indications, then the full range of available protection mechanisms was always being offered. The Secretariat stressed that this was endorsed and corroborated by Article 10 of the Geneva Act of the Lisbon Agreement, which explicitly stated that each Contracting Party "shall be free to choose the type of legislation under which it established the protection stipulated" in the treaty. Consequently, technical assistance offered and delivered in respect of Lisbon had to be neutral and all encompassing. Referring to the comment concerning the performance indicators under Expected Result II.6, the Secretariat replied that on page 53 there was a table with a long number of performance indicators, which were already divided into separate performance indicators for Lisbon and Madrid. With regard to the Global Databases Service, the Secretariat said that, although this Service pertained to the Program Manager of Program 13, all data in the

Global Brand Database was generated by the various specific databases for the Madrid and Lisbon Systems. However, the request to provide for the widest possible availability of data had been duly noted. The Secretariat added that, as the automation of the Lisbon Register would move on, the requested data could be generated automatically and used to populate the Global Brand Database.

222. The Chair said that the Delegation of the United States of America had summarized its proposal by highlighting the five basic political questions contained in it. The Secretariat had responded on the viability of certain specific elements regarding them. As regards splitting Program 6 into two programs, as advanced by several Delegations, the Chair noted that seven Delegations had already stated that they were not comfortable with that proposal while pointing out that the necessary transparency could also be provided in other ways. In any event, it was for Members to take a decision on whether to split the Program or not, not for the Secretariat. A study on the sustainability of the Lisbon System was something that the PBC could ask the Secretariat to undertake. As regards the proposal put forward by the Delegation of the United States of America on the decision for making any future Diplomatic Conference conditional on full participation, the Chair invited the Legal Counsel to respond.

223. The Legal Counsel said that the decision on such a proposal had to be taken by the General Assembly.

224. The Delegation of the United States of America, referring to what the Secretariat had said about Table 11 on page 181, wondered how the 1.5 million deficit under the Lisbon Union would be funded and who was going to cover the deficit. The Delegation said that the comment made by the Delegation of France and other Delegations on the unitary budget was a red herring. The Delegation of the United States of America wondered how WIPO Members could ensure that Lisbon Members would implement their treaty obligation under Article 24 of the Geneva Act of the Lisbon Agreement requiring Contracting Parties to fund the Lisbon System.

225. The Legal Counsel indicated that WIPO applied a unitary contribution system in the sense that the funding was done from a single point. Although the unitary contribution system practice was inconsistent with the textual formulation in the treaties themselves, a decision in this respect had been taken by the General Assembly in 1994. Since then, this was the practice that had been followed, even though the Lisbon Agreement and all the other WIPO administered treaties specifically referred to multiple rather than single contribution systems.

226. The Delegation of the United States of America said that it would reflect on the response from the Legal Counsel. The Delegation further requested clarification of the funding for the diplomatic conference in May 2015, in particular whether the amount of 400,000 Swiss francs included travel for delegates.

227. The Secretariat said that travel by delegates for the diplomatic conference had not been financed by WIPO. The main cost concerned interpretation, hospitality, coffee breaks, captioning as well as security.

228. The Chair opened the floor for comments on Strategic Goal III (facilitating the Use of IP for Development) and Programs 8, 9, 10, 11 and 30.

229. The Delegation of Algeria thanked the Secretariat for the activities suggested under Strategic Goal III. It said that it would present suggestions for redrafting in certain programs. First of all, the Delegation asked for an overview of the entire expenditure allocated to technical assistance by all WIPO programs during the next biennium and, if possible, per category of country. The Delegation also asked for more explanation regarding national IP strategies and country plans and noted that reference was made to technology transfer offices (TTOs) both in Programs 9 and 30. The Delegation sought clarification on Program 30 and how it linked with Program 9. It noted that in the previous budget the TTOs were under Program 30 while at



present it was not clear which program was dealing with technology transfer offices as references to them appeared in both Programs. Following receipt of the information from the Secretariat, the Delegation would propose specific language to be used in both Programs to deal with that issue. The Delegation also wished to know which program was dealing with this issue and what the real budget dedicated to the TTOs for the Arab countries was.

230. The Delegation of Brazil, speaking on behalf of GRULAC, stressed the need to allocate more resources to implementation of the Development Agenda Recommendations and to secure the necessary funding for the continuation of cooperation activities in the field of IP which included exchange of experiences, pooling, sharing resources and development of complementary skills among developing countries and LDCs. In this respect, the Delegation requested an update from the Secretariat on implementation of the UN Joint Inspection Unit recommendations related to South-South cooperation.

231. The Delegation of Pakistan seconded the request made by Algeria concerning national IP strategies and country plans and to the link between Programs 9 and 30 regarding TTOs.

232. The Delegation of Nigeria, speaking on behalf of the African Group, thanked the Secretariat for its efforts and for taking into account many of the areas of interest for the developing and least developed countries. However it expressed the view that the Proposed Program and Budget for this Strategic Goal could have been more ambitious. Moreover the Delegation expressed the view that specific expected results and performance indicators on the effective use of the Global IP Services should be introduced under Strategic Goal III, as well as initiatives related to technology transfer offices to enhance technology and knowledge transfer. The Delegation supported the observation made by Algeria concerning the link between Programs 9 and 30 and TTOs' status. The Delegation also mentioned the absence of a roadmap for South-South cooperation and invited the Secretariat to implement the relevant Joint Inspection Unit recommendations. In addition, the Delegation thanked the countries that have made voluntary contributions to this Program and expressed the wish that more funding be devoted to Strategic Goal III to address developing and least developed countries' concerns. The Delegation was of the view that Program 8 had been weighed down by the disagreement related to the coordination mechanism on which WIPO Bodies should report to the General Assembly on their contributions to the implementation of the respective DA Recommendations. The Delegation pointed out the risk mitigation strategy provided by the Secretariat, based on a plan to engage in regular consultations with Member States to facilitate convergence. The Delegation requested the Secretariat for an overview of activities envisaged for that aspect of Program 8. Regarding Program 11, the Delegation welcomed the activities undertaken by the Academy. The Delegation believed it most important to develop a strategy for a sustainable way to ensure that knowledge was preserved and transferred from generation to generation as this indeed effected economic growth. It encouraged WIPO to enhance its work in this area, to encourage earlier activities and fulfillment of the objectives for the national start-up academies. It added that several African Delegations would be interested in featuring in this aspect of the project. The Delegation also wished to see a specific program on training personnel from African developing countries and least-developed countries in different areas of IP, the Madrid System, the Hague System and using information for access to knowledge, patents and trademarks to have a specific anchor of personnel in different areas of core IP. The Delegation welcomed the proposals, the intentions, objectives and implementation strategies proposed under Program 30. The Delegation thought that SMEs formed a strong base of national economies and wanted the Secretariat to consider a follow-up mechanism for the activities undertaken by the Secretariat with SMEs so as to ensure that the training and knowledge exchanges would be preserved, that they would be meaningful and would be utilized. The Delegation said that this follow-up would be a good way to judge the impact of the activities.

233. The Delegation of Canada, on Program 11 expressed its support for the activities undertaken by the WIPO Academy to improve the capacity of Member States to use the IP system. It acknowledged, in particular, the excellent collaboration between the WIPO Academy

and the Canadian Intellectual Property Office in delivering successful technical activities such as the workshop on the application of management techniques in the delivery of IP services. Under Program 30, the Delegation reiterated that it fully supported Program 30 on SMEs and that the program fully aligned with the interests of the Government of Canada in particular the priorities and vision of the Canadian Intellectual Property Office. The Delegation welcomed the proposed increase in resources although it would be grateful for additional information from the Secretariat as to what drove the proposed increases and decreases as the case may be in appropriations under the individual expected results. The Delegation suggested for the consideration of the Secretariat that the expected results, and particularly the performance indicators would be adjusted to better reflect the program's stated goal to maximize the outreach directly to SMEs, universities and public research institutions, and felt that the current indicators would tend to only address indirect outreach to SMEs.

234. The Delegation of Japan, speaking on behalf of Group B, noted that resources for Program 11 had increased by 13.9 per cent, or 1.6 million Swiss francs, due to the WIPO Academy's reform process. The Delegation stated that although the Program and Budget document provided some information on the reform process the Delegation would like to have clarification as to what progress had been achieved so far and the necessity of further reforming the WIPO Academy.

235. The Delegation of Bangladesh proposed an addition to paragraph 9.10 related to LDCs. At line 4, sentence starting "WIPO will, in particular, continue supporting activities...", the Delegation proposed changing the sentence to "WIPO program for LDCs, etc.,"

236. The Delegation of Iran (Islamic Republic of) welcomed the activities on SMEs under Program 30, particularly training programs and said that it needed clarification about the decrease in personnel resources in that Program. The Delegation said that it had heard that resources had been significantly decreased. It stated that many countries had emphasized this issue in previous sessions and it wished to seek clarification on how Program 30 could continue to perform according to the expectations of Member States if personnel resources had been decreased.

237. The Delegation of Argentina made reference to the reform of the WIPO Academy, mentioned in various points of Program 11 and requested further information on the progress of the reform, including whether there was a deadline for its conclusion. The Delegation also requested information on the Academy's efforts to build more links of cooperation with Member States and on the development of policies for that purposes, specifically who would develop such policy. The Delegation was keen on knowing whether any progress had been made about it and when it was expected to be concluded. Paragraph 11.7(iii) of the Document said that the WIPO Academy would continue to advice and support post-graduate education through jointly run Master's Programs, and that the model would evolve to a hybrid model in which a wider range of advice and support would be offered for academic institutions. The Delegation of Argentina requested more specific information about this hybrid model. The Delegation concluded by observing a strong increase in operational costs for the Academy, and asked for further detail as to why there was such a substantial increase in this Program.

238. The Delegation of Paraguay noted that the principal objective of Goal III was to facilitate the use of IP for development and in that regard, the Delegation believed that priorities should be placed on carrying out cooperation as part of the implementation of the Development Agenda. In particular this should apply to countries that did not enjoy such opportunity. The Delegation inquired whether the Secretariat had taken this element into consideration in the draft Program and Budget (under Program 8).

239. The Delegation of Italy, speaking on Program 30, noticed that the name of the program was changed, and that it was previously 'SMEs and innovation'. It was of the view that the current name was preferable, however, it wished to highlight that innovation was at the core of

the activities which were still to be carried out within Program 30 and thought that the Program itself would focus on innovation as such. The Delegation requested clarification regarding the pilot project which might be launched and referred in particular to the SMEs IP hand-holding projects that were mentioned on page 86. The Delegation requested to receive some examples in that respect. The Delegation was a bit concerned by the decrease in human resources. It was not fully convinced that the decrease was justified by the removal of some activities and reallocation of the activities to another Program. The Delegation said that having stability in terms of human resources was extremely important for the performance of the Program and to meet expectations with respect to the performance indicators, taking into consideration that, in previous years, some targets were not fully achieved. The Delegation thought that this was also due to a human resources problem.

240. The Delegation of Chile endorsed the statement made by GRULAC and emphasized the importance attached by the country to IP and development and expressed its satisfaction that WIPO continues implementing the Development Agenda. Furthermore, the Delegation stated that clarifications sought by other Delegations would provide further clarity on this extremely important Strategic Goal.

241. The Delegation of the Russian Federation informed that it would speak about Programs 10, 11 and 30. Comments were firstly made on Program 10. The Delegation noted that Program 10 had always been a much focused Program and one that was prepared to take into account the specific needs of the countries covered by it, even though they had differing economic and social situations and different needs in terms of intellectual property support. From the beginning it had been directed to countries of Central Asia, the Baltics, Eastern Europe and the Caucuses and that this was reflected in the budget for the previous 6 years. The Delegation recalled that in a session held by the Committee in 2013 there was an additional component put into the Program. That referred to the coordination of activities to provide an increase of services from WIPO to developed countries. At the same time, in the renewed version of Program 10 for 2016/17 there was no reference to those countries that were to be covered by it. The Delegation expressed that it would be extremely important to provide the definition of the geographic scope of the Program and its financing applications. The Delegation believed it necessary to indicate in the text of Program 10 the countries and the regions which were going to be covered by it. The Delegation noted that the draft Program and Budget 2016/17 ensured support to small and medium sized enterprises in the region in Program 30, not through Program 10. The Delegation informed that it did not understand this change, although the Delegation noted that doing this should not lead to a reduction in financing to projects and measures involving small and medium sized enterprises in the Member States in the region. They referred to the ones that were previously under Program 10. The Delegation said that it would like to receive the appropriate guarantees on this point from the Secretariat. The Delegation also noted the reduction in financing of Program 10 of around 400,000 Swiss francs and an increase in financing for Program 30. The Delegation recalled that it had drawn the Secretariat's attention several times to the fact that Program 30 was not particularly effective for countries in the Region. When it came to SMEs, the Delegation would prefer to use Program 10. The Delegation also noted that, based on the provided material, it was not particularly clear which measures and projects would be financed from the funds moved from Program 10 to 30. The Delegation expressed that it was not clear whether there was a reduction in the level of staffing in Program 10 and an increase in Program 30. The Delegation said that it seemed that there may be a problem with the reduction of temporary staff. The Delegation requested a clarification from the Secretariat on what funds had been moved from Program 10 to Program 30 and if there would not be any issues related to this. Concerning Program 11, the WIPO Academy, the Delegation believed that the activity of the WIPO Academy should encourage the sharing and distribution of knowledge, boosting of potential and training of officials, including those from countries with economies in transition. It stated that the WIPO Summer School was one of the most important events of the WIPO Academy, as its purpose was to assist young specialists and students wishing to expand and increase their knowledge in issues related and involving IP. The Delegation would greatly appreciate if the

WIPO Summer School as well as other events would be placed in the Russian Federation, where there was a specific audience for the WIPO Academy events. The Delegation requested WIPO to take into account the financial possibilities of Russian nationals to participate in such events. The increase of the cost of participation in such events had a negative impact on the quality and quantity of people attending it, and the reduction of WIPO to funding this kind of activities meant that young people would have their access to knowledge and information on IP restricted. The Delegation recommended looking at a way of spreading further knowledge on IP by increasing the young audience in the WIPO Academy events instead of reducing it.

242. The Delegation of Turkey thanked the Secretariat for the preparation of the document. The first question related to Program 10 and Expected Result III.1, which referred to national innovation and IP strategies and plans consistent with national development projects. The Delegation asked if this expected result referred only to the formulation of national IP strategies. The Delegation noted that Program 9, in addition to the formulation of IP strategies, also included separate performance indicators, baselines and targets for their adoption and implementation. Regarding Program 11, the Delegation said that the WIPO Academy must work closely with Programs 9 and 10 and this should be reflected in the performance indicators as the following programs were important for training namely the professional development program, the distance learning program and the academic institutions program. In addition, the Delegation commended the distance learning program of the Academy for its success in 2014 and recommended that a performance indicator on the promotion of the use of distance learning courses be included for the next biennium.

243. The Delegation of Brazil, speaking in its national capacity, expressed that the reference to the mainstreaming of DA projects under the key priorities for the biennium listed on page 15 of the Program and Budget, should not be confused with the mainstreaming of the DA Recommendations. Regarding the allocation of funds for Program 8, the Delegation said that the analysis of the table on page 69 showed that the total allocated resources was the same as in the previous biennium, after transfers. The Delegation noted that the amount allocated in the draft proposal, after the internal transfers for 2014/15, was less than the amount previously budgeted. The Delegation recalled that the International Conference on IP and Development was not held on the date primarily set and should take place the following year. The Delegation stressed that, as highlighted by GRULAC, the African Group and the Delegations of Chile, Iran (Islamic Republic of) and Paraguay, more resources should have been allocated to Program 8 at least to the same level as for the last biennium.

244. The Delegation of Tajikistan fully supported the comments made by the Delegation of the Russian Federation in respect of Programs 10, 11 and 30.

245. The Delegation of the United States of America requested clarification regarding the table on pages 64 to 66 and the percentage of national and regional IP experts used as resource persons in WIPO events as well as the results framework on pages 72 to 74. With respect to expected result III.2, the Delegation asked for the meaning of the word “sustainable” in the performance indicator for national start-up academies and whether it meant self-sufficient. If so, it should be stated as such. In this respect the term “sustainable” should be deleted. Regarding Program 10, the Delegation thanked the Secretariat for the responses in the Q&A document given to previous questions. The Delegation asked the Secretariat to delete expected result II.6 under Program 10. The Delegation informed the Secretariat that it could not support Program 10 being used to promote the specified expected result. The Delegation would be willing to reconsider including this expected result if it would be revised in a way to reflect the two different unions. The Delegation asked if in the results included on page 79, expected results III.2 and III.4 should be narrowed to fit within Program 10 and no longer mention LDCs.

246. The Chair invited the Secretariat to answer the delegations' questions, starting with Program 11 followed by Programs 9 and 8.

247. The Secretariat, thanked delegations for their expressions of support and satisfaction with the cooperation that they had received from the WIPO Academy. In reply to the Delegation of Nigeria (that spoke on behalf of the African Group), the Secretariat emphasized that it had taken good note of the points raised, particularly on the request that there should be more specialized training programs that were designed to meet the needs of the African countries in all areas of IP. The Secretariat highlighted that the Academy organized an extensive program of specialized training courses and that it would be pleased to hold further discussions with the Delegation on the training needs that may be required in the area of professional training. The Secretariat indicated that it had recently sent a survey to all Member States and stakeholders to identify and reconfirm needs and requirements in the area of professional training which would assist the Secretariat in designing specialized courses in line with the priorities of the Member States. On the issue of start-up academies, the Secretariat expressed its readiness to meet with interested Delegations from the African Group to discuss the requirements for establishing such start-up academies. In response to the questions raised by the Delegations of Japan and Argentina, the Secretariat referred to the request for information on the reform of the WIPO Academy by highlighting that reform was a process which had been ongoing for some time. The basic drive for the reform was the decision to reposition the Academy as the main training entity in WIPO for providing professional training and capacity building. The process of reform essentially involved a revision and review of procedures and practices in place when implementing training activities. One of the first issues sought from the reform process was greater coordination, information sharing and cooperation among all sectors in WIPO that provide training. Secondly, was the question of consistency and coherence in providing training activities with a view to avoiding overlaps, duplications and to achieve impact and cost efficiency. The reform also included the embarking on a complicated process for the review and update of the present content of training courses as well as the distance learning courses. It was highlighted that such a review process was complicated and costly and involved the contribution of different sectors in the Organization as well as input from different quarters in the world of IP including tutors, professors, experts and lawyers. Alongside the review, the Secretariat indicated that it was also undertaking translations of courses into different languages. The Secretariat added that part of the reform process also included sharper identification of needs and requirements of Member States and stakeholders in the area of professional training and identification of new partnerships. It expressed its total satisfaction with the excellent cooperation and support received from its present partners. However, the Secretariat estimated that the time was ripe for engaging in new partnerships with Member States who had developed knowledge, capabilities and skills that could be transmitted to developing countries. It was indicated that these new partnerships were sought with emerging economies, large developing countries as well as any Member State that would be interested in contributing to the Organization's specialized training courses. It was further indicated that an integral part of the reform process was possessing better tools for assessment and evaluation of on-going activities. It was emphasized that feedback from participants, whether from government or private sector participants was extremely important for designing and implementing future programs. The Secretariat expressed its readiness to provide further information on the reform of the Academy if requested. In reply to the Delegation of Argentina, the Secretariat explained that a brief description of the objectives sought from new partnerships was reflected in paragraph 11.6 of Program 11. The Secretariat confirmed that it would be preparing a policy on partnerships and that it would be shared with Member States when finalized. It was clarified that the policy would establish guidelines for promoting partnerships and would not seek to limit or restrict new partnerships. As to the question relating to the hybrid model of providing advice and assistance under the Academic Institutions Program, it was explained that at present the larger amount of funds under the said program were utilized for financing fellowships to participate in a number of joint Master's programs. However, the Organization continued to receive an increasing number of requests from universities wishing to benefit from advice and assistance in establishing their Master's programs, in identifying the appropriate curricula and in training their professors. However, the Academy was unable to cater to such requests due to lack of funds which were mainly allocated to the fellowships

program. The Secretariat indicated that it intended to reduce the number of fellowships offered with a view to securing funds for providing advice and assistance sought from universities from all over the world. In response to the concern expressed by the Delegation of the Russian Federation on the high level of fees for the summer school held in their country, the Secretariat assured the Delegation that it would seriously consider the present level of fees and endeavor to reduce them to the extent possible.

248. In response to the question raised by the Delegation of Algeria regarding TTOs, the Secretariat specified that Program 30 was still in charge of this issue. The Secretariat also took note of the request made by the Delegation of Pakistan concerning the TTOs in Programs 30 and 9. On the issue of national IP strategies and country plans raised by the Delegation of Algeria, the Secretariat explained WIPO's work in assisting developing countries and LDCs to mainstream IP into their national development goals and objectives and in the design, formulation and implementation of national IP strategies. The Secretariat elaborated on country plans as being a planning tool providing an overview of WIPO's engagement in each country over a short or medium-term period. Referring to the distinction between "adoption" and "implementation", the Secretariat explained that there were three phases for the national IP strategies: the formulation, where the Secretariat worked with a given country to develop a national strategy; adoption, when the plan would be approved by the country's parliament; and implementation where the plan became operational. With respect to the amendments proposed by Bangladesh to paragraph 9.10 related to LDCs, the Secretariat assured the Delegation that they would be reflected. Concerning the questions raised by the Delegation of the United States of America, the Secretariat explained that the percentages mentioned on pages 72 and 73 referred to those specific regions and therefore indicated the percentage of experts used in events in a given region that were coming from that region. In contrast, the sense of the diversity of those experts was provided by the databases IP-TAD and IP-ROC where all relevant details were available. Regarding the usage of "sustainable" for the TISCs, the Secretariat agreed with the Delegation of the United States of America that it might create certain confusion. It explained that the process of technical assistance in this field included four levels, namely awareness raising, access to specialized databases, general trainings and specific trainings. However, technical assistance continued to be provided in all these steps. In response to the question raised by the Delegation of Brazil regarding South-South cooperation, the Secretariat recalled that South-South cooperation was one core principle of the UN System and, thus, ensured that WIPO as a specialized agency of the UN considered South-South cooperation as one of its basic activities. In this regard, the Secretariat announced that a focal point for the South-South cooperation had just been established in Program 9, namely in the Special Project Unit, within the Development Sector.

249. To the question on the risk and mitigation strategy, the Secretariat replied that the Development Agenda Coordination Division (DACD) actively engaged in regular consultations throughout the year with different Delegations. The Secretariat stated that the DACD was briefing Delegations visiting from capitals and those in Geneva and frequently interacted with them. Furthermore, it stated that in meetings such as the PBC, during which there was always an exchange of views, the Secretariat tried to facilitate work by providing explanations, suggestions, and attempting to find common ways of resolving or trying to build agreements on various issues. The Secretariat pointed out that the Committee on Development and Intellectual Property (CDIP) was the main forum where that work occurred. The Secretariat added that it organized informal meetings based on various specific suggestions. As an example, numerous informal meetings had taken place during the 14th session of the CDIP for the adoption by the Committee of the Terms of Reference (TOR) for the Independent Review of the Implementation of the DA Recommendations. It noted that it actively facilitated the work to arrive at an agreement. The Secretariat addressed the second question which was under the expected result III.5. It highlighted that the percentage of satisfied participants in events on the WIPO DA was 80 per cent which was already a very high percentage, noting that when such events took place, not 100 per cent of participants responded to surveys and that there were always participants who may not like an event for different reasons, or participants who did not

understand the subject matter. The Secretariat was of the view that unless Delegates insisted to put the percentage higher, the target set was appropriate.

250. The Secretariat expressed that, as was observed by the Delegation of Brazil, the budget related to the DA was the same as in the previous biennium. The Secretariat explained that a certain amount was allocated for the Independent Review of the DA Recommendations in the previous biennium and for the International Conference on IP in the next biennium. The Secretariat pointed out that as a result, the biennial amounts were the same.

251. The Chair invited the Secretariat to respond to the comments made on Program 30.

252. The Secretariat thanked the delegations for the questions regarding Program 10 and 30. The Secretariat said that the name of Program 30 had been changed to SMEs and Entrepreneurship Support. The Secretariat responded to comments concerning the innovation component of the Division and explained that, in order to face the current challenges of the 21st century, innovation activities could not be the single task of Program 30. The Secretariat said that it was promoting in-house understanding, coordination, governance and dealing with the challenges, including capacity building and promotion activities, that would become the task of the entire Organization. In doing so, the Secretariat would be responding more effectively to the requirements and the expectations of the Member States. The Secretariat said that human resources under Program 30 had not been decreased, on the contrary, that they had been increased. The Secretariat added that great attention was being given to increasing the efficiency of human resources and promoting in-house coordination and expanding the support and contribution from other Sectors. It felt that the efficiency of the Program would be increased by combining the existing human resources with the positive, constructive, cooperative and interactive inputs from other Sectors. The Secretariat said that the in-house coordination, the promotion of goals, support services and capacity building activities for SMEs in the framework of innovation would lead to better responses to Members States' expectations. The Secretariat thanked the Delegation of the Russian Federation for their appropriate questions. It confirmed that work was done with countries with economies in transition, including the Baltic States, Central Europe, Central Asia, Eastern Europe and the Caucasus. The Secretariat informed that specific requests were made by these countries for assistance in developing small and medium sized enterprises. With the assistance of Member States, this led to the development of specific programs, which hopefully were able to support small and medium sized enterprises and entrepreneurs in that region, particularly in respect to how they could use intellectual property in order to develop their businesses. The Secretariat expressed hope that this modestly contributed to the economic development of the concerned countries. The Secretariat confirmed that Program 30 was going to directly run these services and programs also for countries in transition, including Central and Eastern Europe, the Baltic countries and the countries of Central Asia and the Caucasus region. The Secretariat confirmed that this would be done in close coordination with other Programs and assured that it would continue to apply in full the country-specific approach that had been done in the past in order to ensure that the services met the specific needs of the concerned countries. There already was a WIPO official, fluent in Russian, in Program 30 who was of great assistance to the Russian-speaking countries in the region covered by the Program. The Secretariat expressed its hope that the presence of that official would be a source of increased support and assistance. The Secretariat confirmed that Program 30 was within the Department for Transition and Developed Countries and that it would work in close coordination with countries in offering support, including the region of CACEEC, in developing smaller and medium sized enterprises. The Secretariat assured that the expectations of CACEEC countries would be met and that all requests that would be received by the Secretariat would be taken into due consideration. The Secretariat confirmed that it was already preparing the work plan for the next couple of years and reassured that whatever expectations the Member States would have, the Secretariat would try the very best to respond positively to them. Regarding the promotion of IP strategies and the link between Program 9 and 10, the difference was related to the geographical focus only. Both Program 9 and Program 10 were doing needs assessment, organizing the initiation, collaboration, adoption and

implementation of the national intellectual property strategies, as well as developing specific guidance, tools and methodologies. The Secretariat observed the improved and increased coordination between Program 9 and 10. The Secretariat, responding to the question regarding the Project on the Establishment of Technology Transfer Offices (TTOs) raised by the Delegation of Algeria, stated that it was satisfied with the recent fact-finding mission where experts were able to specify the needs and expectations of the country in the needs assessment report that would soon be presented to the country. The Secretariat said that the results and findings were being concretely formulated and translated not only for the Arab region but also for other regions, in the future. The Secretariat stated that Programs 9 and 30 were cooperating on this Pilot Project and had identified other potential projects in other regions for which human and financial resources would be shared equally. However, as far as total resources were concerned, the Secretariat was not in a position to provide a concrete response as this would be further discussed in the framework of the General Assemblies, and that in-depth consultations with the delegations would take place in order to determine the precise terms of collaboration. This would be reflected in the following year's work plan. In response to questions concerning follow-up activities in respect of training and the IP Hand-holding projects, the Secretariat would be expanding the methodology and follow-up activities. The Secretariat was following up with questionnaires submitted after the training in order to establish that the knowledge acquired was being used in practice. This was an assessment method which had proven extremely helpful for program formulation and methodologies. The Secretariat shared that an in-house discussion was in progress to define innovative ways, new approaches and methodologies to improve the manner in which activities concerning SMEs were carried out including with the involvement of external experts. The most recent expert who had worked on this project was from the United Kingdom and it had proven an extremely good interaction and experience-sharing with colleagues/experts from France. The Secretariat was looking forward to expand to other countries and believed that in a relatively short period of time the findings regarding the new approach would provide better approaches to better respond to the new challenges. The Secretariat noted that there were not only requests coming from developing countries or from countries in transition, but that the experience-sharing was also necessary and relevant to developed countries. The Secretariat stated that along with the efforts to determine new methodologies, it was also looking to create solid in-house, inter-sectoral teams that would deal with the issues of how to address the SMEs requirements and that once again, it could not be expected that one Division alone would cope with the tasks, but if a culture was introduced and if there was a coordinated approach, the issues would become the responsibility of other Sectors and Departments as well, and that the Secretariat would hence become more efficient at responding to those needs. The Secretariat confirmed that in Program 10 it could review the formulation of the Expected Result II.6 in-line with other promotional activities reflecting the expectations of all Member States. On the question of the hand-holding projects, the Secretariat said that it was an idea that had emerged from the roundtable discussions held between a large number of Member States, where it was suggested to select a number of SMEs and apply different types of IP-related assistance, carry out an audit, evaluate the IP needs and assist the country for a certain period of time, a year or two, and determine what was in fact needed, what the results would be in terms of turn over or of profit, for example. The Secretariat said that it had received interesting feedback on which specific IP tools could be applied to a system in different circumstances. The Secretariat had held discussions with the governments from five countries across different regions to determine how to proceed with the project. The project being a novelty, the Secretariat was looking forward to the results of those discussions.

253. The Chair thanked the Secretariat for the responses and opened the floor for any specific or more general follow-up questions. He expressed his understanding that some of the questions were very particular and that the Secretariat had indicated a willingness to respond and adjust the text to the proposals and the ideas that delegations might have.

254. The Delegation of the Russian Federation informed that it had some follow-up questions regarding Program 10. Namely, the questions concerned the geographical coverage of the said



Program and that this was very important for the region, including for the Russian Federation. The Delegation requested that Program 10 indicated which countries and regions would benefit from the Program and that this was to be reflected in the Program and Budget. The Delegation informed that it had noted the changes in staffing and understood that this was supposed to be a temporary measure. It wished to receive a reply from the Secretariat regarding this decrease in staffing and vacancies. The Delegation expressed their great appreciation to the Secretariat for having received the previous reply in the Russian language.

255. The Delegation of Algeria was satisfied with the answers and information provided by the Secretariat. It wished to have a specific paragraph dealing with technology transfer offices within Program 30. It was the understanding of the Delegation that Program 30 would be in charge of the TTO project and that human and financial resources would be shared between Programs 9, 10 and 30. The Delegation requested that this be clearly stated in the narrative of Program 30. The Delegation pointed out that very little was written about the project although many Member States had expressed interest in it. The Delegation proposed to work with the Secretariat in drafting a paragraph on that subject to be added to the narrative.

256. The Secretariat confirmed that a paragraph would be added to Program 10 according to the suggestion made by the Delegation of the Russian Federation. Regarding the issue of the reduced post, the Secretariat confirmed that it was a technical issue related to a regularization process. At the same time the Secretariat made a guarantee that the number of colleagues in Program 10 was not diminishing. The Secretariat advised the Delegation to contact the Director of the Program Performance and Budget Division who could explain these technical issues.

257. The Secretariat further confirmed that there was a temporary position in Program 10 that was in the process of being regularized, meaning that there would be an increase in the number of posts in the Program. By the time of the preparation of the Proposed Program and Budget, this had not yet taken place. That was why it was not yet reflected. The Secretariat included this in the text in order to reassure Member States that the number of posts in Program 10 remained, and would remain, stable in the biennium. This was an issue of a time delay. The temporary position would be regularized as a fixed post and it would be reflected as an increase in the number of posts for the program.

258. The Delegation of Nigeria, speaking on behalf of the African Group, reiterated its request concerning the inclusion of expected results and performance indicators related to use of the Global IP Services by developing and least-developed countries under Strategic Goal III.

259. The Delegation of South Africa supported the request made the African Group to add under Strategic Goal III expected results and performance indicators on the participation of developing countries and LDCs in the Global IP Services.

260. The Secretariat assured the Delegations of Nigeria and South Africa that this request would be addressed in the revised version of the budget document.

261. The Delegation of Brazil thanked the Secretariat for presenting new and important information, especially on the South-South cooperation in the Development Sector and the focal point. Regarding the budget for Program 8, the Delegation noted that the Secretariat had mentioned that the present situation was a reflection of the costs associated with the review of the implementation of the DA in this biennium, and to the International Conference on IP and Development in the next biennium. Referring to the table on page 69, the Delegation stressed that 4,341,000 Swiss francs had been budgeted in 2014/15 and that the budget for the next biennium was 3.7 million Swiss francs. The Delegation pointed out the difference of 600,000 Swiss francs. It also stated that since the Development Sector would also need resources to implement the South-South cooperation activities, it requested more information on how that would be performed under the amount that was considerably less than what was budgeted in 2014/15. The Delegation noted when comparing the budget after transfers with the proposed

budget, it did not have much of a difference. The Delegation understood that those were part of the resources that were not used in this biennium and 3.6 million Swiss francs would be the ceiling of the cost of the Program for the next biennium.

262. The Secretariat, in addressing the question by the Delegation of Brazil on the issue of the budget of Program 8, referred to page 69 where the difference was 0.1% reflecting a reduction of one post. The Secretariat stressed that activities were not affected, as that post had been moved to another Program and the personnel level was enough to cope with the activities envisaged for 2016/17.

263. The Chair encouraged the Delegations to individually follow-up with the Program Managers on any particular questions and the answers to them in order to make sure that they would be reflected in the revised version of the budget document.

264. The Chair opened discussions on Strategic Goal IV (Coordination and Development of Global IP Infrastructure) and Programs 12 to 15.

265. The Delegation of the United States of America believed a performance indicator on the timeliness of when the records were added to the global database should be included in the table on page 91. With reference to Program 13, the Delegation requested that registrations under the Lisbon System be included in the Global Brands Database as was done with the Madrid applications. The Delegation further commented that the main challenge was the inability to perform a search of the Global Designs Database. The Delegation noted that many examination offices had effective national classification systems and asked whether the database envisioned having indexing according to national classification systems as well.

266. The Delegation of Japan, speaking in its national capacity, with regard to Program 13, acknowledged the importance to individual users and Member States of IP information and the importance of developing and maintaining such information. The Delegation strongly supported the development of the Global Database Services such as PATENTSCOPE, Global Brands Database and Global Designs Database. The Delegation particularly welcomed the expansion of the geographical coverage of global databases and the improvement of the quality and timeliness of the data provided, with further enhancement of usability. The Delegation highly appreciated the fact that a larger budget amount was allocated to Program 15; to support IP office customized solutions and provision of training to support the efficient processing of IP applications in developing countries as a WIPO initiative to promote IP in developing countries and to provide knowledge-based services for users by creating the necessary infrastructure.

267. The Delegation of Canada expressed concern that the Committee on WIPO Standards (CWS) in Program 12 was experiencing challenges that were compromising the Program's ability to deliver and welcomed the fact that the Secretariat was factoring these developments into the draft Program and Budget. The Delegation welcomed any additional information that the Secretariat might have as to how it viewed business continuity with regard to WIPO Standards in light of the situation with the CWS. In Program 13, the Delegation called on WIPO to continue the timely dissemination of comprehensive and readily available patent information to meet the needs of applicants, offices and third parties which supported social and technical advancement and increases in public welfare and also of the technical and legal information that could be derived from patent information which could serve a number of users. The Delegation encouraged a web-based service to allow for access and sharing of IP information and patent information. The sharing of IP information would allow Member States to access information from other Member States and thus improve the effectiveness and efficiency of the prosecution of IP applications. The Delegation also encouraged WIPO to further develop WIPO CASE and to link it to the One Portal Dossier systems of the IP5 offices.

268. The Delegation of Algeria noted that Program 14 had a performance indicator for the number of sustainable national TISC networks which was the same performance indicator as in

Program 9. It was the same baseline, the same targets. The Delegation requested an explanation of how this worked, who was accountable for this and whose budget went to actually implement this performance indicator.

269. The Delegation of Chile considered that the increase of 15.1 per cent for Program 15 was good news because the Program provided critical solutions for industrial property offices, in particular the IPAS system. The Delegation requested a more specific breakdown of expenditure associated with IPAS as this was all the more relevant bearing in mind the transfer from Program 3 to Program 15 of the responsibilities for development and initiation of the WCC platform.

270. The Delegation of Italy, referring to the performance indicators of Program 13, noted an aim to extend the number of languages from 12 to 14 in cross-lingual search which was an extremely important tool and asked which two additional languages were to be added.

271. The Secretariat replied to the question from the Delegation of Canada on Program 12, concerning the problems that the Committee on the WIPO standards experienced. Unfortunately, the CWS was not able to meet this year because of the institutional problems that the Committee had experienced for almost a year now. The Secretariat noted the efforts to achieve an agreement between the Member States to solve these problems. The next milestone to arrive at such an agreement would be the General Assembly in October 2015 and it confirmed that the Secretariat would work to achieve a breakthrough before or during the General Assembly.

272. The Delegation of Nigeria, speaking on behalf of the African Group, noted that on page 104 for the Business Solutions for IP Offices, there was very minimal improvement of usage of WIPO IP Office Systems in the African region from 2010 to 2014, it was just an increase of four. The Delegation requested some background to this and if there were any activities the Secretariat could undertake to enhance or improve these statistics.

273. The Secretariat thanked the Delegations of Japan and Canada for their support for Program 13 and noted three questions from the Delegation of the United States of America. With regard to the addition of a new performance metric to measure the timeliness of the loading of national documents into the Global Databases, the Secretariat answered positively and noted that the records were loaded on a best effort basis. The second question concerned the possibility to search records published under the Lisbon agreement with the Global Brand Database and the Secretariat answered that this was already possible. The third question concerned the possibility to support national classification systems in the Global Design Database. The Secretariat answered that work was currently being carried out to load the national collections of the United States of America, Japan and Spain and that national classifications for searching designs could be supported, in particular the national designs classification of the United States of America. The Secretariat also clarified that the two new languages to be supported by the PATENTSCOPE Cross Lingual Search function were Danish and Polish.

274. To the question by the Delegation of Algeria related to the performance indicator on sustainable TISC networks for Program 14, the Secretariat pointed out that the perspectives of Program 14 and 9 were different. Program 14 was in charge of the establishment of national projects and for Program 9 the indicator was an assessment with regard to the level of involvement of the inventor assistance program. The Secretariat remarked that for Program 14 the following three criteria levels were used for assessing operational sustainability, namely at the first level the nomination of a focal point responsible for the coordination of the national TISC network as well as host institution focal points, at the second level, the submission of an annual report on the activities of the TISC network and, at the third level, the organization of national events by the TISC national focal point.

275. The Chair invited the Secretariat to respond to the questions on Program 15.

276. The Secretariat thanked all the Delegations for their support for Program 15 and noted two questions. In reply to the question from the Delegation of Chile on the increase in resources, the Secretariat assured the Delegation that the increase in resources in this program was almost entirely attributed to improving support for the IPAS system. The Secretariat explained that the Program and Budget was not broken down by activity. The activities included the WIPO CASE system, the WIPO Digital Access Service, the WIPO Copyright Connection and IP Offices support. The increase of 500,000 Swiss Francs was to increase support for IPAS and related products in IP Offices. In response to the question from the Delegation of Nigeria on why growth was slower in Africa than other regions, the Secretariat explained that this was because there was already very good coverage in Africa; most IP Offices in Sub-Saharan Africa were using WIPO systems, at least those that were fully operational IP Offices. The Secretariat further explained that there was an extensive program of activities in Africa and several new offices were recently added to the list in Africa, one of which was in Nigeria, projects were underway in Swaziland and Lesotho and there was extensive provision of training. The current focus in Africa for Program 15 was to increase the effective utilization of systems in the region rather than expanding the number of offices.

277. The Delegation of Chile thanked the Secretariat for the clarification and reiterated its request that the breakdown be made explicit in the budget.

278. The Delegation of Algeria thanked the Secretariat for the useful information and requested the reformulation of the performance indicators on the basis of what the Secretariat had provided.

279. The Chair opened discussions on Strategic Goals V to VIII and Programs 16, 17, 18, 19 and 20.

280. The Delegation of Mexico made reference to the Secretariat's proposal for the closure of the WIPO Coordination Office to the UN in New York and the statement of the Director General concerning this point. The Delegation stated that it was not supportive of this proposal and requested further information from the Secretariat on the logic behind it and said that it saw a very strong argument for maintaining the New York office. The Delegation questioned the proposal to close this office in particular given the various UN activities in New York, such as the post 2015 Development Agenda and Sustainable Development Goals, as well as climate change. The Delegation considered that the New York office was important for the follow-up and reporting resulting from the implementation of these processes, which would involve the entire UN system, including WIPO. The Delegation stressed the importance of all UN agencies being "fit for purpose" for the post 2015 Development Agenda, in this context it would be important for WIPO to play close attention to the follow up on any decisions taken on the post 2015 Development Agenda. The Delegation said that, in summary, it would like the Secretariat to provide more information about the logic behind the proposal. Furthermore, the Delegation noted that this proposal was coming at a rather delicate time as there had not yet been any progress made on the subject of the network of the WIPO External Offices. If the proposal to close the WIPO Coordination Office to the UN in New York was a rationalization in terms of resources, then further detailed information should be provided on the benefits of this proposal. The Delegation stated that at present it was unable to support this proposal.

281. The Delegation of Italy noted some changes in the part of the draft Program and Budget that concerned IP and Competition Policy and wished to understand the rationale behind it. In particular, given the importance that topic had for Italy, the Delegation wished to understand why in the draft that activity appeared to be merged with activities regarding a balanced normative framework. The Delegation also sought information on the reasons that led to a reduction in the budget. But, mainly, the Delegation of Italy wanted to be reassured that WIPO's activities on IP and Competition would continue as they had been pursued before.

282. The Republic of Korea, on Program 20, asked to have detailed information on the resources allocated to individual External Offices by object of expenditure. In addition, the Delegation sought to know how the unallocated 1 million Swiss francs for External Offices would be divided up.

283. On Program 16, the Delegation of Canada highlighted that WIPO was a world leader in IP information. The annual World IP Indicators report and the Yearly Reviews of WIPO's filing systems were seen as a reflection of excellent data collection at WIPO. The Delegation believed that WIPO should link patents, industrial designs and trademarks by industry and or technology to allow for a deeper understanding of the interactions between the various IP rights and how they differ across industries and countries. It also supported WIPO's publication of the Global Innovation Index. WIPO's involvement in the publication of this Index was seen as inviting policy makers to benchmark their performance. The Delegation called on WIPO to continue to work with Member States to define further useful studies and to explore areas of collaboration within its international network of IP economists including those within national IP offices. On program 18, the Delegation encouraged the sector to continue the good work towards increasing visibility of the WIPO GREEN and WIPO Re:Search platforms and welcomed the new indicator seeking increased number of agreements under WIPO Re:Search. The Delegation supported the intervention of the Delegation of Italy. The interface between IP and Competition being a cutting edge field, it believed that WIPO had role to play in it. Therefore the Delegation was seeking clarity on the reasoning behind the changes introduced in the draft Program and Budget, as proposed.

284. The Delegation of China referred to Program 20, noting that last July, an office was established in Beijing. It noted that the establishment of the Office had achieved positive outcomes. In particular, the Office had established good communication channels with the Chinese Government with which it maintained a close relationship, actively providing customers with information on IP-related laws, technical support and services. The Delegation noted that at the same time, at the request of Chinese customers, the Office was promoting WIPO's services, namely the PCT, Madrid and Hague systems as well as arbitration and mediation services. The Delegation expressed the belief that with global IP developments, the External Offices will play a positive and important role in enhancing and promoting WIPO's global services. The Delegation underscored that it maintained a flexible and open attitude towards the number and size of External Offices. It noted that at the same time, it supported, within budgetary means, the adequate extension of the External Offices especially in developing countries in order to promote IP systems in developing countries.

285. The Delegation of Turkey thanked the Secretariat for preparing this part of the document. It appreciated the work undertaken by Program 16 and stressed that it strongly encouraged and supported the statistical reports and related contributions of WIPO. As the Delegation of Turkey stated in previous meetings, it believed that this valuable work could be made more visible, with access provided to scholars who would usually not see these publications and reports unless they worked specifically on IP. In this regard the Delegation suggested organizing, for example, a public release meeting in interested countries or regions with the participation of local scholars and economists, in line with the expected result of wider and better use of WIPO economic analysis in policy formulation. This would be a way to increase the awareness about this valuable work.

286. The Delegation of Nigeria, speaking on behalf of the African Group, referred to Program 20 and noted that the matter of External Offices had been the subject of discussion and consultation in WIPO for a number of years. The African Group noted that the trajectory of establishing External Offices in WIPO had been to respond to evolving global realities. The Delegation also underscored that Africa was underrepresented in the context of WIPO's External Office network. The African Group noted that Africa was a Region which would greatly benefit from having External Offices in terms of IP awareness and IP knowledge dissemination. Taking into account the social and economic context, the cultural value that an External Office

would serve in the Region, as well as the initial request of the African Group in 2013 in this regard, the African Group was requesting for the establishment of two External Offices in the African Region in the next biennium.

287. The Delegation of the United States of America appreciated the answers given earlier regarding Program 3. It further requested that paragraph 16.9 of the narrative for Program 16 reflect that the proposed copyright economic studies be conducted in coordination with Program 13. The Delegation believed that it would be imperative to have the substantive copyright experts involved. It further wanted to hear more about the scope on the study on geographical indications. It requested that any study on this be system-neutral, emphasizing that trademark systems also provide the ability to protect geographical indications, not only *sui generis* systems. The Delegation encouraged the WIPO Secretariat to coordinate with the WTO Secretariat on this matter. If approved, the Delegation asked if the work included would be part of the budget for the Lisbon agreement and, if not, why not. The Delegation made reference to paragraph 20.5 (page 133) of the Program and Budget document and the proposal to continue the current operations of the WIPO coordination office in New York only until the end of 2016. The Delegation thanked the Secretariat for the responses and justifications provided to question 3 of the Q&A document, however, it did not find the responses to be clear. The Delegation added that while most of the coordination is done in Geneva the question remains of how cost effectiveness is evaluated and what alternative models are being considered. The Delegation asked if any steps have been taken to close the New York office at the end of 2016 and whether other External Offices were being held to the same cost effectiveness analysis and in that sense, how the WIPO Coordination Office to the UN in New York compared in terms of cost effectiveness with other External Offices. The Delegation then referred to paragraph 20.8 on page 134, noting that External Offices should be cost effective. It thanked the Secretariat for the additional responses given to question 5 but stated that the summary given had not been clear. In particular, the Delegation wanted to know why the non-personnel expense and resources by object of expenditure in the table on page 14 was 12.4 million Swiss francs while the total in the response was 2.1 million Swiss francs. The Delegation requested that budgetary information for each External Office and for the Coordination Office be provided separately. The Delegation also asked whether non-personnel expenses included rental costs or other operating costs. Turning to page 140 of Program 20 concerning the table 'Resources by Object of Expenditure', the Delegation asked whether premises and maintenance costs included External Offices or only covered Geneva. The Delegation added that should this figure include External Offices, it requested that External Offices be made a separate line item in this table.

288. The Delegation of Brazil, speaking in its national capacity, supported the work of the Office of the Chief Economist and understood that it was important to have statistical data on IP as well as country and case studies. In Program 18, the Delegation requested clarifications from the Secretariat on paragraph 18.3, and the multi-stakeholder platforms WIPO GREEN and WIPO Re:Search. Such initiatives stimulated early stage research and contributed to the transfer of existing technologies in global health. The Delegation was interested to know how and whether the objectives of the two platforms were met or whether there would be new products that would address neglected diseases and climate change mitigation and strategies. Paragraph 18.5 mentioned that emphasis would be placed on the global connectivity of the global country innovators. The Delegation sought explanation how this would be accomplished. On Paragraph 18.8, the Delegation noted that the Secretariat had made many important clarifications, specifically regarding the relationship between WIPO and other UN agencies. The information provided by the Secretariat could be included in paragraphs 18.8 and 18.3, in which case the Delegation would not have any other concerns on this topic. The Delegation appreciated also the information on future work on competition policy and was eager to continue the discussion on the entire Program 18 and engage in a dialogue with the Secretariat. The Delegation also added its voice to the concerns expressed by Italy and Canada, and sought clarification on how the interface of IP with Competition would be dealt with by WIPO in the next biennium.

289. The Delegation of Pakistan, on Program 20, requested the Secretariat for details on how existing External Offices had contributed to the achievement of the Strategic Goals of WIPO in a manner that could not have been done by Headquarters. The Delegation requested specific budgetary information for Offices. The Delegation also took the opportunity to reiterate the position of the Asia and Pacific Group that guiding principles should first be finalized for any future External Offices in an inclusive, transparent and needs-based manner before deciding on the number of Offices in light of the approved principles.

290. The Delegation of Chile expressed words of gratitude for the work done under Program 16. In light of the important role played by statistical information and given the need for wider and better use of economic analysis in the formulation of policy, the Delegation thought that this work was crucial and that studies and events where ideas could be put forward and shared could improve policymaking. The Delegation sought further information from the Secretariat on the proposal to close the office in New York and noted that other organizations that had headquarters in Geneva similarly had offices in New York, some of which were opened fairly recently. In the Delegation's view this would be contradictory to the WIPO proposal to close a physical office there. The Delegation requested further information to help understand the reasons underpinning the proposal. Regarding Program 20 and External Offices, the Delegation reminded the Committee that the maintenance of a budgetary allocation for External Offices was the result of a solution which was based on compromise. The Delegation continued that given the lack of agreement on rules of procedure for the opening of new Offices and on the functions of new Offices, the Delegation was of the opinion that before approving any new Offices, there was a need to reach consensus on guaranteeing the transparency of that process which would provide certainty for all Member States about the role which that Office or Offices would have. The Delegation reiterated its support for the position of GRULAC as expressed in the initial GRULAC statement which referred to this point.

291. The Delegation of Japan, speaking on behalf of Group B, commented on Program 20 and stated that the Group wanted the Secretariat to provide more information on the activities of existing Offices. With respect to future Offices, the Group supported the relevant part of the statement delivered by the Asia and Pacific Group and GRULAC to the effect that the principles should be agreed first before making a decision on the number and allocation of External Offices.

292. The Delegation of Romania, speaking on behalf of the CEBS Group, reiterated the point made in its opening statement concerning Program 17 Building Respect for IP. It underlined the great importance it attached to the work of the Advisory Committee on Enforcement (ACE). It noted that it was normal practice to hold one session of the Committee every year, and asked for clarification why there was no reference to the foreseen sessions of the ACE in the draft Program and Budget 2016/17. Concerning Program 20, the Delegation noted that the CEBS Group maintained its position that agreement was first needed on the guiding principles. It reiterated that this was an important document and only after that could there be discussion about the location of Offices.

293. The Delegation of South Africa supported the intervention by the African Group. With respect to Program 20 and External Offices, the Delegation recalled that the African Group participated constructively in discussions on the guiding principles and noted that it was unfortunate that a consensual outcome could not be arrived at. The Delegation also recalled that Africa is not just underrepresented with regard to External Offices but was not represented at all. In view of the fact that Africa comprises 54 countries, the Delegation underlined that this was a travesty of justice. The Delegation noted that, as indicated by the Delegation of Nigeria, Africa could greatly benefit from External Offices from economic, social and technological perspectives as had been indicated by the Delegation of China when China reported on its External Office. In this context, the Delegation emphasized that it supported the establishment of two Offices in Africa.

294. The Delegation of Iran (the Islamic Republic of) stated that the wording of paragraphs 17.2 and 17.3, as well as the activities undertaken by Program 17 generally, sent the message that strengthened enforcement was important for development and consumer protection. The Delegation expressed its belief that this was a misinterpretation of Recommendation 45 of the Development Agenda, which required enforcement to take into account societal interests and development concerns. It noted that Program 17 should not only focus on strengthening enforcement but also consider the root causes of infringement, including issues such as affordability, availability as well as excessive IP protection, and address enforcement-related issues in a balanced manner. The Delegation further was of the view that collaboration under Program 17 should not be undertaken with business associations and private companies only interested in enforcement at any cost, as such interests could impact on the impartiality of WIPO. The Delegation referred to Program 20 and the issue of External Offices, noting its support for the statement made by the Delegation of Pakistan. The Delegation recalled the discussions which had been ongoing since July 2013, noting that it was imperative to proceed by taking into account the lessons learned from these past deliberations including that before starting on those issues that require political determination, there should first be a legally structured document encompassing all of the principles and requirements for establishing new WIPO Offices. The Delegation stated that from the first day of discussions, it had emphasized this. Second, the Delegation emphasized that it was evident that this process would be successful if Member States worked on the basis of a specific and differentiated approach to ensure that the document was legally binding and this would serve well for years to come. The Delegation stressed that it was grateful to the Ambassador of Belarus and the Ambassador and Deputy Permanent Representative of Germany for their tireless efforts in guiding the previous informal discussions. The Delegation felt that the discussions were on the right track. It felt that a conclusion was close but that a conclusion could only be reached if work continued in the spirit of constructive cooperation as had been the case during previous informal discussions with a view to removing the existing issues and coming up with an acceptable and ideal solution for all. The Delegation said that it was very optimistic that Member States would find a way out of the existing situation provided that there was a common understanding and determination to follow it. The Delegation was of the view that at this critical juncture, the Member States should continue to engage constructively with a view to paving the way for an inclusive outcome which ensured a decision and continued cooperation with WIPO. Accordingly, the Delegation believed that the informal consultations should be continued to fulfill two consecutive tasks, namely, first, to continue to work on the guiding principles with a view to finalizing the text and, second, after the completion of the first phase, to discuss the issue of the establishment of new External Offices. The Delegation said that this would pave the way towards a consensual result. The Delegation underscored that its statement was not against any legitimate requests of countries.

295. The Delegation of Algeria, with respect to the Global Innovation Index, observed in paragraph 16.5 that WIPO would continue to be involved in this global index and expressed concern that it was not quite comfortable with this index being a benchmark for policymakers. The Delegation understood that WIPO had the right to contribute to a lot of publications but some Member States may not be comfortable with those publications being a “reference worldwide”, with that being a concern at least for Algeria. The Delegation would not prevent WIPO from collaborating on this global index but it would like WIPO to take into account the feedback of its Member States regarding this global index and it wanted the description in paragraph 16.5 to be more neutral and balanced in this respect. The Delegation had specific language to introduce and proposed to discuss this bilaterally with the Secretariat. With regard to Program 17, the Delegation requested to replace the reference to Part III of the TRIPS Agreement in the first Performance Indicator of Expected Result I.2 on page 114 of the draft Program and Budget 2016/17 with a reference to Recommendation 45 of the DA. The Delegation noted that not all WIPO Member States were WTO members and expressed its belief that the only reference WIPO should make in relation to this Performance Indicator was to Recommendation 45 of the DA which specifically spoke of enforcement. Regarding Program 18, the Delegation supported the statement made by GRULAC with regard to the involvement of Member States when it came to WIPO’s contribution to the UN discussions. The Delegation of



Algeria referred to Program 20 and noted its support for the statement made by the African Group. The Delegation added its voice to what had been said by the African Group Coordinator and by South Africa stating that it would be just and fair to allocate a clear budget and finances for the establishment of two External Offices in Africa. The Delegation recalled that no one had opposed Africa having External Offices. The Delegation continued that, firstly, it was a matter of fairness to at least put aside some finances for the establishment of these two Offices. The Delegation expressed the view that the fact that there was no such mention for the next biennium was disregarding all that had been said and done in this regard. It was for this reason, the Delegation explained, that it wanted some clear reference to the fact that there will be finances available for the establishment of at least two External Offices for Africa during the next biennium.

296. With respect to Program 16, the Delegation of Spain asked whether the Secretariat could give comments on the forecasts of PCT income in the coming years. The Delegation was aware that the Secretariat had shared and distributed among the Member States an interesting study, but it wished to hear about the main forecast highlights. The Delegation referred to Program 20 and endorsed the request made by the Delegation from Pakistan. The Delegation felt that it was important for the analysis of the Program to have more detailed information concerning the individual budget situation of the different Offices. The Delegation also asked the Secretariat for information on the added value and cost efficiency of the work of and the contributions of the External Offices taking into account the activities that the Headquarters already carries out.

297. The Delegation of Panama shared the concerns voiced by other Delegations on Program 20 regarding the closure of the WIPO Coordination Office in New York and wanted to know the reasons behind the proposal as well as further information from the Secretariat on proposed alternative models. The Delegation supported the statement by GRULAC on the importance of having clear-cut guiding principles before opening any new External Offices. The Delegation underlined that it was always ready to renew the discussions on this topic in other fora.

298. The Delegation of Brazil, speaking on behalf of GRULAC, highlighted the contributions of Program 16 towards improving IP statistics in GRULAC member countries, developing new country and case studies, and developing economic analysis skills. It congratulated the Office of the Chief Economist for the work done so far and acknowledged that there was still much to be done. Regarding Program 20, the Delegation underlined that for GRULAC, External Offices was an important topic. It stated that in order to agree on new External Offices, it was imperative to adopt the guiding principles. In this context, the Group reiterated its interest in hosting a second External Office in its Region.

299. The Delegation of Japan, speaking in its national capacity, referred to the activities of External Offices and expressed its interest to briefly touch upon the activities conducted by the WIPO Japan Office for which Japan was the host country. The Delegation noted that at the outset, to promote WIPO's global IP services, it was essential to have users understand the actual benefit of these services. As such, it was necessary to have conversations with potential users and provide follow-up support which took into account local business practices to make this possible. In this context, the Delegation stressed that ever since the WIPO Japan Office had been established, it had been playing an important role in promoting activities with regard to the PCT and Madrid systems and, recently, the Hague system. The Delegation noted that the Office had steadily been achieving results despite the large budgetary implications relative to the regular budget due to collaboration with the Government of Japan and the WIPO-Japan Funds-in-Trust agreement. As an example of such collaboration, the Delegation pointed to the recent Heads of Intellectual Property Office meeting held by WIPO using the WIPO-Japan FIT. This meeting brought together companies with the Japan Patent Office, delegates from WIPO and Heads of Intellectual Property Offices from ASEAN and other countries. The Japan Patent Office successfully shared its useful knowledge and experience with participants. The Delegation noted that the current financial situation of Japan remained quite severe but stated

that Japan, as a host country, was committed to continuing to support the activities of the WIPO Japan office.

300. The Delegation of El Salvador, noted that as this was the first time that it took the floor, expressed its satisfaction at the Chair's appointment as Chair of this Committee and thanked the Secretariat for the preparation of the meeting and for the consultations carried out prior to the meeting. The Delegation then referred to Program 20 and noted that it supported the statements made by several delegations, particularly that delivered by Brazil on behalf of GRULAC. With respect to the need to open new External Offices, the Delegation stressed that it was essential to be able to have objectives and principles which were clearly defined and which enabled efficient and transparently functioning Offices.

301. The Delegation of Iran (Islamic Republic of), apologized for taking the floor again and referred to paragraph 33. The Delegation stated that it sought clarification regarding the allocation of money to establish new External Offices. The Delegation wondered how many offices could be established according to the budget in this paragraph and it asked why the figure of one million Swiss francs was chosen and not, for example, the figure of two million Swiss francs. The Delegation then noted that it had a proposal for the inclusion of language in this paragraph concerning the need to ensure that guiding principles be finalized prior to a decision by the General Assembly on the locations and numbers of new External Offices.

302. The Chair asked the Delegation to provide its proposal to the Secretariat.

303. The Secretariat responded to the comments made in respect of Program 16 and thanked all the delegations for their statements, welcoming the positive feedback expressed by a number of Delegations. The Secretariat took note of the need to raise greater awareness of IP statistics as expressed by the Delegation of Turkey. It stressed that over the years improvements had been made and highlighted the support provided by WIPO's Communications Division as well as the regional bureaus in mobilizing the collection of IP statistics and disseminating statistical reports. The Secretariat acknowledged that more could be done and promised to follow up on Turkey's suggestions. Responding to the questions by the Delegation of the United States of America, the Secretariat echoed the comments it had made earlier and stressed that Program 16 is at a preliminary stage in implementing the new line of creative economy research. It stated that Program 16 would work very closely with Program 3, with the view to taking full advantage of the analytical skills in Program 16 and the copyright knowledge in Program 3. On the question of geographical indications, the Secretariat clarified that what was proposed in the program narrative was to collect statistics on geographical indications and, more specifically, not statistics on the Lisbon System but on national registrations of geographical indications. In other words, there would not be any direct relationship to the Lisbon system as such. The Secretariat noted the Delegation's point that in many jurisdictions geographical indications were protected by trademarks and highlighted that Program 16 was already publishing rich trademark statistics and would, in the future, strive to provide a better breakdown of collective and certification trademarks. The Secretariat explained that its objective in collecting statistics on geographical indications would be to put new data into the public domain and thus establish an empirical base for better analyzing these forms of intellectual property. Responding to the points raised by the Delegation of Algeria, the Secretariat did not see any problems with the suggestions made by the Delegation and indicated that it would gladly revise the language in line with these suggestions. The Secretariat also stressed that the program narrative used the word benchmark as a verb and not as a noun. The Secretariat did not believe the Global Innovation Index to be the ultimate innovation measurement tool. It pointed to the challenge of measuring innovation and explained that it is one tool to benchmark innovation performance. Responding to the question from Spain on the PCT income forecast, the Secretariat explained that its forecast had not changed significantly over the last six months. It then described that it predicted moderate growth of PCT filings in 2015 of around 0.8 per cent, mainly reflecting the unusually high filing performance by the United States in 2014, which was due to a one off event. The forecast model would then predict

a return to trend growth in 2016 and 2017, with growth of 3.1 per cent in 2016 and growth of 2.7 per cent in 2017. The Secretariat stressed that these were midpoint forecasts that came with certain confidence intervals and there would be a great number of uncertainties that could influence filing performance, notably economic performance. The Secretariat was also still concerned about the effects of the decision by the Swiss National Bank earlier this year to abandon the cap of the Swiss franc to the euro which had led to a foreign exchange loss in the first few months of this year. While it explained that this loss was not as large as initially expected, the Secretariat was still concerned about a negative filing response that could only be seen in data that would come in the course of the following few months. This would require careful monitoring.

304. The Secretariat thanked the Delegations of Romania, the Islamic Republic of Iran and Algeria for their questions. In relation to the intervention of the Delegation of Romania, on behalf of the CEBS Group, the Secretariat clarified that the draft Program and Budget 2016/17 specifically mentioned the ACE in the Performance Indicator to Expected Result VI.2. With regard to the question of the Delegation of the Islamic Republic of Iran, the Secretariat emphasized that, as reflected by the work program, the work of Program 17 was specifically related to preventive measures and that affordability and availability of IP rights were important considerations in building respect for IP. As mentioned in the planning context in paragraph 17.1, obtaining a solid understanding of the motivations of producers and consumers of IP infringing goods and the impact of IP infringement on the welfare of societies was the starting point for the work of Program 17. It also pointed out that respect for IP was a goal shared by all WIPO Member States and that the Secretariat's assistance in relation to capacity building and legislative assistance in the field of respect for IP was typically requested by developing and least-developed countries. In providing the requested assistance, the Secretariat, in line with Strategic Goal VI, took full account of the social and economic realities in the countries concerned, as well as their level of development. In relation to the request by the Delegation of Algeria, the Secretariat recalled that Recommendation 45 of the Development Agenda was a guiding principle. The requests from Member States for legislative assistance that the Secretariat received solicited comments on the compliance of their laws with Part III of the TRIPS Agreement. Furthermore, Recommendation 45 of the Development Agenda made specific reference to Article 7 of the TRIPS Agreement.

305. The Secretariat addressed the two issues of Program 18, Global Challenges and Competition Policy separately. Regarding Global Challenges, the Secretariat welcomed the appreciation of the work and success of WIPO Re:Search and WIPO GREEN since their launch. The Secretariat thanked Brazil for the support of the trilateral cooperation with the WHO and WTO. The trilateral study remained a central piece of that cooperation. On October 28, 2015, a trilateral symposium, hosted at the WTO, coincided with the 20<sup>th</sup> anniversary of the WTO. The Secretariat hoped for large participation of the WIPO Member States. This year, the Secretariat started work with the WIPO Academy on a trilateral study based distance learning course. The Secretariat welcomed the suggestion of the Delegation of Brazil for a particular analysis on the interface with trade, in terms of contributions to the post-2015 agenda and invited the Delegation to provide specifics.

306. In response to the Delegation of Brazil questions on WIPO Re:Search and WIPO GREEN, including WIPO's engagements with UN processes, particularly climate change processes, namely questions on paragraphs 18.3, on the objectives of WIPO GREEN, and 18.5, on how the role of the Secretariat was implemented, and on the connectivity with innovators from developing countries, the Secretariat responded that WIPO Re:Search was an unprecedented collaboration. The Director General, in a recent press release, had stated that it aimed at sharing valuable intellectual property assets to promote research and product development in neglected tropical diseases, malaria and TB. In other words, it was addressing primarily the needs of developing countries. It was an example of a multi-stakeholder platform where WIPO's mandate of putting IP to work was exemplified. It was in part based on the notion that there had been a market failure, while IP or innovation happened where there were

functioning markets. Products to address NTDs had a very small market with ample opportunity for existing IP, which might have been generated for other diseases, to work for development or for addressing those diseases. Addressing WIPO's specific role in this consortium, the Secretariat said that WIPO's convening power was very important. WIPO had the trust of many members, being Member States and their institutions, of companies that opened their IP estates in a large way. WIPO was aiming at lowering the transaction costs to have an inclusive participation, increasingly by developing countries' scientists. That should be done in a transparent way with transparent licensing terms or at least minimum terms that every member of the consortium needed to respect. These were embodied in the Guiding Principles. The Secretariat did not get involved specifically in collaborations, as that was not its role. The partnership with BVGH, a non-profit NGO in the United States, existed for this purpose. A very important reason for the success was that they went to scientific conferences which had scientists on board who called the companies and different members in order to make and catalyze those transactions. The Secretariat's role was limited to sharing information with Member States and among the WIPO Re:Search members and with the global health community in areas of IP and innovation. The Secretariat liaised with the WHO which served as the technical advisor to WIPO on global health issues. The Secretariat organized the annual meeting and facilitated access to WIPO support services which included the sabbaticals that had been enabled with FIT funding. WIPO GREEN was slightly different. It was a marketplace, as the slogan of WIPO GREEN said. It was trying to add some transparency to the marketplace of green technologies in order to facilitate innovation and accelerate the diffusion of green technologies. It was for those who wanted to access the database, to showcase their inventions, their products or their services, or those that had specific needs and wanted to access different resources through the network. For WIPO GREEN, the Secretariat had no partnership with a BVGH making deals or collaborations. That was done through the network, largely through referring those who wanted to have assistance, for example on finance, to the financiers at the table, as it had been done at the event in Manila, mentioned yesterday, hosted by the Asian development bank, Asia Clean Energy Forum. The Secretariat had a more passive role of connectivity. Regarding the involvement of developing countries, there was, for example, FIOCRUZ from Brazil in WIPO Re:Search. The intellectual property office of Brazil was a very important supporter of WIPO Re:Search and WIPO GREEN. WIPO GREEN had FORTECH, the association of the universities in Brazil who were uploading Brazilian inventions from universities to WIPO GREEN. They were translating some of that information in order to enrich the database and for Brazil to get better connected in collaborations, licenses, potential joint ventures or sale of IP or products. Through those partnerships much was accomplished for WIPO GREEN. In fact, the partners accomplished much. Regarding policy dialogue, the Secretariat assured the Delegation of Brazil that the Secretariat did not contribute to how IP should be treated in other fora. The Secretariat had no position on any of those negotiations. The Secretariat's role was purely informing upon request, clarifying, studying, sharing experiences, information, and to learn by participating, selectively in fora where the Secretariat was invited. This was also a way of strengthening the multi-stakeholder partnership of WIPO GREEN. WIPO GREEN could not be developed in a vacuum. It needed to be linked to other fora. That was a very important service that WIPO GREEN provided, linking to others who were developing complimentary services. The hope was that together much more could be achieved. In summary, the Secretariat hoped enhancing the environment for innovation through WIPO GREEN while enabling speedier diffusion. The Secretariat added that WIPO, as a member of the UN system, participated in the UNFCCC process as an observer organization, mainly in the form of representation at the conference of the parties and the Technology Executive Committee. The Secretariat's role was to provide, upon request from parties, information on the IP system and on WIPO's work. Where it could be done, the Secretariat promoted WIPO's work, for example WIPO GREEN and initiatives like the Global Innovation Index, where it was relevant, raised awareness of that work and promoted specific activities, such as WIPO GREEN, to see how WIPO GREEN and others might fit into initiatives undertaken within the UNFCCC process.

307. The Secretariat concluded that it understood that it needed to do more outreach, also in Geneva. This would be done for WIPO Re:Search and WIPO GREEN in the context of Global Challenges Seminars to update the Member States on developments. WIPO Re:Search was moving very fast in terms of collaborations and membership increase. There were a number of other elements that would take time to explain in terms of the transfer of know-how, expertise, from companies that were contributing their IP assets, compounds or active ingredients to the system. They also contributed data, clinical and non-clinical data, and investigation brochures. A lot was happening that would be explained in the future. In the climate change process, WIPO would also be present to explain and engage the Partners to participate in side events, in Paris, for instance. The Secretariat planned to work with INPI and the African Bureau to have a good presence there and to get more membership and more collaboration through its presence in those fora. WIPO's presence would help to explain what services were available in WIPO.

308. The Secretariat further noted that, as a member of UN system, the Secretariat participates in the United Nations Framework Convention on Climate Change (UNFCCC) process as an observer organization in terms of its representation at the UNFCCC Conference of the Parties and more specifically, in the work of the Technology Executive Committee. The Secretariat confirmed that its role was to provide, upon request from Parties, information on the intellectual property system, and on WIPO's work. In addition, where possible, the Secretariat uses the opportunity of that process, to promote relevant aspects of WIPO's work. For example, WIPO GREEN, but in addition other activities such as the Global Innovation Index. In these efforts, the Secretariat seeks to raise awareness of WIPO's work, and specific projects such as WIPO GREEN and to see how these might complement and support initiatives that are undertaken within the UNFCCC process.

309. The Secretariat reassured the delegations of Italy, Canada and Brazil that it would continue addressing the interface between IP and Competition in the next biennium. This was an issue that resulted directly from the adoption of the Development Agenda, with no less than three recommendations requesting the Secretariat to work on that topic. Accordingly, in addition to the already included narrative description, relevant expected results and performance indicators would be added to the draft Program and Budget. In paragraphs 18.13 through 16 of the draft there was a brief description of the activities the Secretariat intended to carry out in that field. The activities would be presided by the same three principles that had been set in 2009 by Member States, when the implementation of Recommendations 7, 23 and 32 of the Development Agenda were discussed, and which could be designated as the "three no's": no bias, no redundancy, and no harmonization. Following those three principles, the Secretariat was requested to be impartial, neutral and unbiased; it should avoid duplication and redundancy, by coordinating with other intergovernmental organizations; and it should not seek to harmonize national laws but rather promote a balanced national legislative framework in order to ensure the use of IP in a pro-competitive manner. Remaining faithful to those three recommendations, the Secretariat, in the next biennium, would continue to facilitate and encourage the sharing of experiences and to promote a better understanding of how IP could be used to promote free markets and economic development.

310. The Delegation of Brazil referred to Program 18 and noted that the Secretariat had made many important clarifications, specifically regarding the relationship between WIPO and other UN agencies. The information provided by the Secretariat could be included in paragraphs 18.8 and 18.3. Then the Delegation would not have any other concerns on this topic. The Delegation appreciated also the information on future work on competition policy and was eager to continue the discussion on the entire Program 18 and engage in a dialogue with the Secretariat. Regarding Program 20, the Delegation valued very much the WIPO Brazil office which was responsible for managing the Brazilian FIT. One interest was specifically directed to South-South cooperation, one of the priorities of the UN and the UN family organizations. That had been mentioned by the Secretariat as a specific example of the value added provided by WIPO Re:Search. A number of Brazilian organizations were included. They were the only organizations from Developing Countries. FIOCRUZ, FORTECH and INPI, Brazil, were part of

the project mainly due to the hard work of the WIPO Brazil office to bring South-South cooperation to this project. This was a clear example of how added value could be brought to the organization. And besides that, with the South-South fund, the cooperation among Member States could be enhanced.

311. The Delegation of Romania, speaking on behalf of the CEBS Group, expressed its belief that Program 17 should include an explicit reference to the holding of two sessions of the ACE in the 2016/17 biennium and requested that appropriate funds be allocated for the two sessions. It clarified that it was not asking for more days or sessions but a continuation of the current practice. Furthermore, the Delegation did not support the suggested deletion of the reference to Part III of the TRIPS Agreement in the first Performance Indicator of Expected Result I.2 on page 114 of the draft Program and Budget 2016/17. It expressed its belief that the reference to the TRIPS Agreement was pertinent and requested to keep the text as drafted.

312. The Delegation of Mexico supported the statement made by the Delegation of Romania on behalf of the CEBS Group. It was of the view that it was essential to hold two ACE sessions in the 2016/17 biennium and that the ACE should be further institutionalized as it was an excellent form of exchange of information and experiences.

313. With regard to Program 17, the Delegation of Iran (Islamic Republic of) requested to receive the proposal made by the Delegation of Romania on behalf of the CEBS Group in relation to the number of ACE sessions in the biennium 2016/17 in writing, providing reasons for increasing the ACE sessions when there were requests to decrease the meetings of the other Committees.

314. The Delegation of Japan, speaking on behalf of Group B, supported the proposal made by the Delegation of Romania on behalf of the CEBS Group that two ACE sessions be held in the biennium 2016/17 as had been the case with the previous biennium. The Delegation attached great importance to the ACE as it was an important marketplace of ideas in the area of respect for IP. Therefore, the current pace of meetings should be maintained to achieve that purpose. Furthermore, it was of the view that the reference to Part III of the TRIPS Agreement in the context of the Results Framework of Program 17 was appropriate and requested to keep it.

315. The Secretariat responding to the questions regarding the New York Office referred to the Director General's statement and the reasons expressed for this proposal. It noted that in terms of the Secretariat's system wide engagement and external relations activities this was primarily with those Geneva-based UN organizations and intergovernmental organizations such as the World Trade Organization and World Health Organization, as well as number of others outside Geneva, such as UNESCO (Paris), UNEP (Nairobi) and the UNFCCC (Bonn) and that this work was covered by the Secretariat in Geneva. A further example was the Financing for Development Conference in Addis Ababa. The WIPO Secretariat was represented at the Conference from Geneva by the Director of the External Relations Division. The Secretariat noted that work to coordinate input for these processes, to respond to requests for contributions and to support UN inter-agency work was coordinated by the External Relations Division in Geneva. By way of example, work to coordinate WIPO's contribution to the Post -2015 Development Agenda, had been undertaken in Geneva. With respect to the reference to new operating modalities as mentioned in the Program and Budget document, the Secretariat noted the increasing use of webcasts to follow many of the meetings, and the use of audio and video conferencing to participate in interagency discussions. In response to a specific question from the Delegation of the United States of America, the Secretariat noted that no steps had been taken with regard to the closure of the New York Office. At this stage there had only been consultations on the matter. The Secretariat also commented that there had not been a comprehensive study in terms of cost and practices of other UN agencies. In this context, while cost-savings would be significant, it was not a predominant reason for the proposal. The Secretariat emphasized the value of the work done by staff in the WIPO New York Office and

did not wish to underestimate that. The Secretariat welcomed the views expressed by Delegations and noted that it would reflect on these.

316. The Chair invited the Secretariat to respond to the comments on Program 20 and the External Offices

317. The Secretariat underlined that it would be making comments on WIPO's existing External Offices, namely, in Brazil, China, Japan, Russia and Singapore. The Secretariat thanked all of the Delegations that had made interventions on issues pertaining to External Offices and said that these comments, questions and suggestions fell, broadly speaking, under three categories. One category was the question which had been repeatedly raised about the opening of new External Offices. The second was the question pertaining to the cost effectiveness of the External Offices, the value addition that they provided and, in short, what they did. The third category was the presentation, separately, of the budgetary allocation for each Office. On the first issue concerning the opening of new External Offices and the processes involved therein, the Secretariat stated that as the Secretariat, it had absolutely nothing to say regarding possible future Offices including issues related to possible processes and guidelines. The Secretariat reminded delegations that Member States had assumed responsibility for determining matters related to future Offices, and as such, it repeated that it would be making no comments in this regard. With respect to the question of cost effectiveness of the existing External Offices, the value addition that they provided and what they did, the Secretariat stated, at the outset, that WIPO's existing External Offices represented a valuable extended arm of the Organization in the countries and, where applicable, region, where they were located, providing a variety of very useful services. Prior to elaborating, the Secretariat thanked the Delegations of China and Japan for making the task easier as these Delegations had succinctly described the work being undertaken by the WIPO External Offices which had been established in their countries. The Secretariat then briefly touched upon the various services that WIPO External Offices provided, namely, that they: provided support services for WIPO's global IP systems; they delivered technical assistance in developing countries in relation to the global infrastructure programs of the Organization; they delivered capacity building activities, facilitating the use of IP for development; they promoted WIPO's treaties in furtherance of the balanced evolution of the international normative framework of IP; they provided more effective communications to the broad public; they leveraged their close proximity to undertake targeted outreach, and forge closer relationships with stakeholders; and they offered round-the-clock services to ensure the availability of WIPO outside of Geneva business hours. The Secretariat said that, in short, WIPO's External Offices were busy offices doing a great deal of work. Consequently, the Secretariat expressed surprise that a few delegations had raised questions concerning what External Offices did and asking what value addition they brought. The Secretariat said that the fault rested largely with the Secretariat as it had not kept Member States fully briefed on the work of the External Offices and what they did. It added that it would touch upon what the Secretariat intended to do to bridge this information gap a little later in its intervention. Turning to the issue of the budgetary allocation for each office, the Secretariat drew the attention of the Member States to the information provided in the Q&A document (WO/PBC/23/Q&A) on page 10, noting that this document was available on the WIPO website. The Secretariat noted that the total budget for Program 20 was higher as it also included External Relations and Partnerships as described in paragraphs 20.1 to 20.5. It further noted that should greater granularity be sought on the budget for the External Offices, the Department of Program Planning and Finance would look into the matter. As far as the outcomes achieved by External Offices were concerned, the Secretariat stated that the PPR was an effective measure of program performance. In terms of financial cost effectiveness, the Secretariat understood that there may be a methodology to address this, to quantify cost effectiveness with respect to the External Offices, and said that it would look into the matter. The Secretariat (the Chief of Staff) said that as the Coordinator for existing External Offices, it wanted to take this opportunity to briefly inform Member States of the several initiatives that had been undertaken in the last six months to fully integrate the work being performed by External Offices into the work of the Organization, as well as to bring greater coherence to their functioning. The Secretariat pointed

out that the first ever meeting of the Heads of Offices was held in Geneva in February of this year with the specific purpose of coordinating inputs for the Program and Budget for 2016/17 and also with the specific objective to eliminate duplication of the work being done in the External Offices and that being done by Headquarters. The Secretariat had initiated Working Groups on IT, Premises and Security, Management, Planning and Mandate, Business Continuity and Protocol and Events with a view to streamlining the functioning of the External Offices. Regular bi-monthly video conferences with the External Offices had commenced, formalizing and strengthening communication with Headquarters. The Secretariat commented that the WIPO Global Office Architecture project was a critical element of coherence and added that it would result, by the end of the year, in all Offices having the same IP connectivity and services as colleagues enjoyed in Headquarters, with the same levels of security. The Secretariat said that the Japan Office was scheduled to be the first Office to go live at the end of August. It also noted that a regular bimonthly report from External Offices had been established. It added that two reports had been issued so far and emphasized that they contained extensive information on the activities of the External Offices. The Secretariat further pointed out that it planned to prepare an information document on the work being done by the External Offices for the benefit of Member States and, as part of this document, copies of the bi-monthly reports would be included so as to provide Member States with the flavor of the work being undertaken by the External Offices. The Secretariat undertook to make this document available to Member States shortly and well before the General Assemblies. The Secretariat also referred to the revamped web pages of the External Offices which had gone live and which had enhanced the communications footprint of the External Offices. The extension of these web pages to local languages was extremely important for stakeholders in these regions and countries. Lastly, the Secretariat noted that the fourth of a rolling series of safety and security audits had been completed recently in China and these audits had enhanced the safety and security of staff and assets of the External Offices and a similar audit would be conducted soon in the Russian Federation. In closing, the Secretariat noted that it would be remiss if it did not thank colleagues in the External Offices for their ready buy-in to these initiatives and the enthusiasm and the commitment with which they had embraced the changes in the working methods and culture. The Secretariat also thanked all the colleagues at Headquarters that had contributed to the new initiatives that had been undertaken with respect to External Offices.

318. The Delegation of Nigeria, on behalf of the African Group, expressed its thanks to the Secretariat for the very cogent summary of the importance and the utility of having a network of External Offices for WIPO to achieve its objectives. The African Group noted that the Secretariat provided good information regarding technical assistance in relation to achieving WIPO objectives and providing capacity building activities to facilitate the use of IP for development. The African Group also referred to the Secretariat's mention of the role that the network of External Offices played in promoting global IP services as well as promoting the use of IP. It noted that the outline of how the Secretariat would work to ensure that Member States were more involved and engaged in WIPO activities, referred to the services that Offices provided, mentioned the challenges they faced and pointed to probable plans for enhancing their role in achieving WIPO's objectives. On the basis of this, the African Group requested that the Secretariat make available their statement to Member States to provide more clarity as there were some points that it missed and the African Group found the statement to be very helpful. The African Group said that it wanted to close this intervention by reiterating the Group's request for the inclusion and provision of two Offices in Africa in the next biennium. The African Group also reiterated the request that funds be made available so that this would not impact the budget in any other way.

319. The Delegation of South Africa stated that it too wanted to receive a copy of the statement of the Secretariat concerning External Offices.

320. The Delegation of Singapore said that it appreciated the role that WIPO's Singapore Office had played in promoting the effective implementation of the IP regime in the ASEAN region as well as the support it had provided for the broader ASEAN integration plan that will be



implemented over the next five years. It stated that last year saw a fruitful delivery of quality technical assistance programs to the Region. The Delegation noted that its technical assistance programs had been primarily delivered with WIPO, including under the joint funding initiative between the Singapore Cooperation Program and the WIPO Singapore Office. Over the past two years, Singapore and the WIPO Singapore Office had conducted seven training programs for over 150 officials under this initiative. Together, considering all other programs, Singapore and the WIPO Singapore Office had been involved with or delivered over 20 seminars, workshops and training programs as well as the WIPO Summer School, reaching about 500 participants from over 20 countries. Recognizing the importance of its unique regional role, Singapore continued to cover the costs of the WIPO Singapore Office premises with regard to the lease of the premises, as well as its maintenance, setup and security, as it had done since the Office opened in 2005.

321. The Delegation of Pakistan thanked the Secretariat for the information provided in regards to External Offices. The Delegation agreed that the External Offices definitely provided a benefit for the Regions in which they are located. The Delegation stated that the problem from its perspective and that of the Asia and Pacific Group related to the budgetary constraints. It noted that the services and the advantage which are accrued from having an External Office was something which all countries in all regions required and would benefit from. However, fortunately or unfortunately, WIPO did not have the money to give External Offices to the long list of demands that we already had which is why, on behalf of the Asia and Pacific Group, the Delegation requested additional information about the value addition, not the benefits, but the value addition that the External Offices provided in a manner which could not be done by Headquarters. The Delegation repeated this request. Secondly, the Delegation requested to be provided the report of the External Office Heads meeting which was referred to by the Secretariat. It felt that this report would also be informative. Thirdly, the Delegation requested specific budgetary details of the existing External Offices. Lastly, on behalf of the Asia and Pacific Group, the Delegation reiterated its stance that because of all that it had said earlier, it maintained that the guiding principles should be finalized first and then the allocation and location of any future External Offices could be decided upon.

322. Referring to Program 20, the Delegation of Mexico thanked the Secretariat for the information provided on the existing External Offices. It noted that it would also be very happy to have a copy of his statement while noting that there would be an information document supplied to the Assemblies. The Delegation of Mexico also noted that the post 2015 Development Agenda will conclude negotiations this year and that the real work will begin to start implementing the agenda. The Delegation made reference to the coordinating role of ECOSOC and other programs and funds which are headquartered in New York. In addition, the Delegation gave an example of the last meeting of the Conference of the Parties on the Conventions on Persons with Disabilities where WIPO participated actively and thanks to the WIPO Coordination Office to the UN in New York Office in New York, which was able to organize and participate in parallel side events. The Delegation expressed the view that it did not wish to see the proposal results in seriously restricting WIPO's participation in the discussions in New York.

323. The Delegation of Iran (Islamic Republic of) thanked the Secretariat for the excellent explanation regarding Program 20. The Delegation expressed its support for the statement made by the Distinguished Delegation of Pakistan on behalf of the Asia and Pacific Group. The Delegation stated that following the explanation of the Secretariat, there should be a comprehensive study on External Offices especially concerning all aspects of External Offices, their costs and benefit, their added value, efficiency and also form and functions. The focus would be existing External Offices and also new External Offices which would be possible to be established. The Delegation stated that in the July 2013 session of the PBC, it had requested this comprehensive study. Unfortunately, the study prepared by the Secretariat was not comprehensive. Therefore, the Delegation again requested this study for consideration. The Delegation reminded that the day before it had requested clarification of paragraph 33

concerning the rationale behind the allocation of one million Swiss francs for new External Offices. The Delegation asked how many External Offices could be established with this money and why was the figure of 1 million indicated. Referring to Program 17, the Delegation requested that the proposal made by Delegation of Romania on behalf of CEBS (regarding ACE) be provided in writing.

324. The Delegation of the Republic of Korea referred to Program 20 and expressed its appreciation for the statement by the Secretariat and the clear and helpful explanation that it provided. The Delegation also expressed support for the intervention made by the Distinguished Delegate of Pakistan on behalf of the Asia and Pacific Group that the guiding principles should be concluded first, prior to deciding on specific numbers or locations. Taking this opportunity, the Delegation emphasized some of the elements which it thought were necessary to consider over the course of this discussion. Firstly, was there a pressing need for the services that External Offices could provide and Offices should be financially sustainable, and flexibility in the number of External Offices should be available. Secondly, there needed to be a balance in the functions of the global IP services and the technical assistance activities regarding External Offices. The Delegation noted that the current demand should be considered as having no less weight than the potential demand in deciding locations for the new External Offices. Finally, concerning some External Offices which were mainly focused on the global IP services, the regional groups of WIPO had not so much relations with the specific locations. In other words, there was a need for a different approach concerning this kind of External Office focused on the global IP services.

325. The Delegation of Morocco thanked the Secretariat for the clarification on External Offices. The Delegation expressed its support for the request of the African Group that two offices be opened in Africa.

326. The Delegation of India noted that as this was the first time it was taking the floor, it wished to express its confidence in the able leadership of the Chair. The Delegation thanked the Secretariat for its hard work in producing the documents for this session as well as the Program and Budget document. The Delegation also wished to put on record its appreciation for the Secretariat's excellent explanation of Program 20 and it also wanted to receive a copy of the Secretariat's written statement. Concerning the question of the opening of new External Offices, the Delegation noted that this issue had gone on too long and been mired in unsubstantiated apprehensions concerning their impact on the Organization. The Delegation noted that it had frequently heard, both in the PBC and in two consecutive Assemblies, unreasonable trepidations about the impact of the opening of an External Office in a country on WIPO's bilateral activities with other offices in the same region. It had consistently acknowledged that was limited. The Delegation underscored that opening a new External Office was a win-win. It stated that technical experts were pooled for the delivery of services and on-site interventions. The presence of locally recruited experts also contributed to the effective transfer of knowledge and the enhancement of mutual support for the creation of regional networks. The Delegation said that it was also important to take account of the interests of different geographical regions as well as balancing the need and demand on account of population, size of economy, and growth in IP filings. The Delegation emphasized that geographical distribution was particularly important for the delivery of WIPO's services for technical assistance and capacity building. The Delegation noted that India had expressed its interest in the opening of an External Office of WIPO in India. It desired to see a decision on an External Office in India during the next biennium 2016/17. It stressed that it was willing to work constructively with all Groups and Delegations to reach a consensus on the procedure and establishing criteria for the opening of new External Offices of WIPO. The Delegation proposed that the PBC consider expansion of the budget, if it was not sufficient, in line with the great interest expressed by the member countries on the issue of the opening of new External Offices.

327. The Delegation of Uruguay referred to Program 20 and the WIPO Coordination Office to the UN office in New York and endorsed the statement of the Mexican delegation. The Delegation of Uruguay requested that the Secretariat provide more information on this subject. The Delegation referred to references in the Program and Budget document to major negotiation processes, however, it noted that there was no reference to a series of meetings and committee sessions being followed up on, such as the Second, Third, Fourth, Fifth and Seventh Committees, as well as ECOSOC. It noted that this list was not exhaustive. The proposal would imply that these Committees would be dealt with from Geneva. If this was to be the case, the Delegation said that it presumed that staff would have to be sent to New York in order to do that. In this regard the Delegation wondered what the costs of this would be and if a cost benefit analysis had been carried out. In the Delegation's view, it was unclear that the proposal would actually lead to savings. In addition, the Delegation asked whether any consideration had been given to the political signal that this decision would send.

328. The Delegation of Paraguay expressed its appreciation for the information provided by the Secretariat on Program 20. It noted that as far as costs, value and the functions of existing External Offices were concerned, the Delegation expressed its agreement with what the Secretariat had said about the usefulness and about the need to strengthen the links between the External Offices and Headquarters. The Delegation said that in this context, it wanted to receive further detail, insofar as possible, about the deadlines the Secretariat was considering and the mechanisms that it was going to apply in order to hold briefing sessions for Delegates in Geneva on the work which is being done by the External Office network.

329. The Delegation of Ghana expressed its support for the statement by Nigeria, on behalf of the African Group, on Program 20. The Delegation restated that it would be very grateful to see two External Offices in Africa considering, first of all, the size of the continent, its budding economy and the potential that there was to make an impact on IP. Considering the current circumstances of WIPO, there would be a greater impact if Africa secured assistance and support from Offices. The Delegation reminded that it is a vast region with almost a one billion population and it could not be said that it is not necessary or relevant to have Offices in Africa.

330. The Delegation of Chile referred to Program 20 and said that it was very grateful for the information supplied by the Secretariat. The Delegation reiterated what the Secretariat had said, namely that the opening of new Offices was the responsibility of Member States. The Delegation considered that before the profile of new Offices was provided, it was essential that consensus be reached because that was a guarantee of the transfer of the whole process. It also provided certainty to all WIPO Member States about the role of such Offices.

331. The Secretariat thanked delegations for their very positive response to his intervention. Addressing the request from the Distinguished Delegate from Pakistan for a report from the Heads meeting which took place in February. The Secretariat noted that there was no formal report from this meeting because the meeting had been a practical one focused on trying to develop the Program and Budget for 2016/17. As such, most of the time had been taken up was spent by the chairpersons of the Working Groups on trying to build a new culture of External Offices. The Secretariat noted that, nevertheless, Delegations would soon receive the details of all that had been done in the last six months in the information document which should be ready and published well ahead of the Assemblies. This document would contain extensive information on what the Secretariat had been trying to do. Noting that the issue of guidelines had been raised, the Secretariat stated, as it had clarified, that it would make no comments on guidelines and processes with respect to future Offices. The Secretariat referred to the request from the Delegation of Paraguay for a briefing session and said that the Secretariat was open to the idea of a briefing session, possibly during the next session of the PBC if the Chair so indicated. It added that the Heads of External Offices would be present for the next Assemblies and there was serious consideration being given to holding a lunchtime side event so that Member States could interact one-on-one with External Office Heads and the Secretariat could also make a detailed presentation. Summing up, the Secretariat said that there were two

options, either to provide the briefing during the next PBC or it could be done at the General Assembly. It emphasized that the Secretariat wanted to hold a briefing so that Member States could receive the details of what the External Offices were doing.

332. To the question, raised by several delegations, related to the unallocated sum of 2 million Swiss francs, including 1 million for External Offices, the Secretariat stressed that it had tried its best to make some realistic assumptions about what decisions Member States might come to. It noted that the 2 million Swiss francs were composed of two parts at this stage. 1 million was for a diplomatic conference should Member States decide to convene one and the second million was for the possible opening of new External Offices, should the Member States reach a consensus and decision. The Secretariat underscored that there were no number of offices associated with this unallocated amount of 1 million. The total expenditure would depend, in addition, on the number of Offices and on how long each Office operated in the biennium

333. The Chair opened discussions on Strategic Goal IX and Programs 21 to 28.

334. The Delegation of Spain referred to Program 21 and noted that there was a consolidation of WIPO's contribution to the UN coordination board. The Delegation stressed the importance it attached to this particular goal and to WIPO's efforts, and the efforts of other organizations of the UN System, to coordinate through this board which enabled very interesting projects such as joint purchasing. The Delegation added that it had been seen in the document presented by the Secretariat on savings and deficiencies, that such policies had had very positive results. The Delegation noted that in 2014, there was approximately 1.5 million dollars saved by joint purchasing with other agencies of the UN System. Consequently, the Delegation congratulated WIPO for its efforts and urged it to continue with such projects and, perhaps, to even improve on the amount of funds that could be saved. Regarding program 23, the Delegation observed that although staff expenditure was indeed being contained, at the same time, there was an increase in general expenditure on contractual services. The Delegation asked for an explanation. The Delegation was grateful for the Secretariat's efforts in containing fixed term contracts but added that other types of staff costs e.g., the hiring of consultants were on the rise and might cancel the efficiencies made. The Delegation noted that results for Program 27, Conference and Language Services, were encouraging. There had been very positive results in terms of cost-reduction while guaranteeing the provision of a high-quality language service. The Delegation welcomed the inclusion of an indicator as it had suggested two years ago: the percentage of documents in all languages produced on time. Efforts were being made by the Organization to further increase that percentage. Such efforts should be encouraged.

335. The Delegation of Mexico expressed its most sincere thanks to the Secretariat for the efforts that the Secretariat had been making to produce savings and efficiencies. The Delegation encouraged the Secretariat to carry on those efforts. The Delegation also referred to the previous intervention from the Delegation of Spain noting that there was considerable potential for further savings and efficiencies and the Secretariat was encouraged to continue to seek them. The Delegation added that WIPO was a leader in this respect, but WIPO could always be asked for a little more. The Delegation expressed its certainty that WIPO would be ambitious in this regard. The Delegation of Mexico noted that the Secretariat was making commendable efforts as regards the Language Policy. The question had arisen at some point regarding the use of the New Conference Hall by other United Nations (UN) System organizations when it was not in used by WIPO. The Delegation inquired what had become of that prospect and whether the hiring potential had been realized. If so, it would cover the maintenance costs of the hall, which were somewhat high.

336. The Delegation of the United States of America raised a point on Program 28 – Information Assurance, Safety and Security, specifically the results framework on page 173 of the Program and Budget. The Delegation noted that the baseline of 20 per cent of staff that fell for the phishing campaigns was found to be unacceptable. It was interested to know if this was a cumulative number, noting that the number seemed to be very high. The Delegation inquired

how the number was counted if one staff member fell for a phishing campaign more than once. It also noted that there were other means to introduce malware into the system and inquired about additional steps that WIPO was taking to address this issue.

337. The Delegation of Canada, referring to Program 21, wished to have further details on the planned future of the organizational resilience framework and how it would relate to WIPO's risk management policy and, in particular, to the risk appetite statements discussed by the Committee the previous year. In relation to Program 28, the Delegation shared the concerns of the Delegation of the United States of America on the fact that 20 per cent of staff appeared to have fallen for phishing campaigns. The Delegation said that under Program 24, and this was also mentioned by the Delegation of Spain, it would welcome any update on the use of pool procurement and wished to join the Delegation of Mexico as well in commending the Secretariat for its good work in achieving savings and encouraging the Secretariat to continue that work. Under Program 22, the Delegation would welcome clarification as to how the Secretariat was calculating the 2.4 million Swiss francs for the period of negative interest rates on Swiss francs and whether it represented the liability on negative interest rates. The Delegation said that it would address this issue under the investment policy agenda item.

338. The Delegation of Nigeria, speaking on behalf of the African Group, stated that it wished see some policy or strategy relating to how WIPO intended to improve the disparity in the geographical representation in WIPO's workforce. The Delegation added that this issue had been ongoing in WIPO for several years now and had been the subject of a discussion for as many years, and as such, would like to obtain the Secretariat's view on the matter. In regard to Program 27, the African Group encouraged the Organization to ensure that timely documentation was provided in all the UN languages to enable members to understand each other and work expeditiously. The Delegation mentioned that geographical diversity was a performance indicator and that achieving the target required the approval of Member States and that with respect to the implementation of JIU recommendations, it had been noted that the Coordination Committee had been requested to consider the issue of geographical distribution so as to increase the geographical diversity of WIPO's professional personnel. The Delegation stated that it would like to know the progress of this review being conducted by the Coordination Committee. In regard of Program 27, the Delegation expressed its appreciation for the decision on extending the language coverage to all the six UN languages and expressed the hope that by the end of the next biennium, WIPO would achieve the goal to extend the coverage of all six languages to all Main Bodies, Committees and Working Groups. The Delegation wished to know whether for the most important Working Groups, the six-language coverage had been extended for simultaneous interpretation, having observed that the recent PCT Working Group meeting was only coverage in three languages.

339. The Delegation of Mexico stated that a great deal of headway still needed to be made on geographical diversity and that a new policy of geographical distribution needed to be agreed upon. The delegation added that it had requested the Secretariat to table proposals for the modification of the Organization's current policy on geographical distribution, but had not yet received such proposals and that it seemed that this issue was going around in circles.

340. The Delegation of Brazil, speaking on behalf of GRULAC, expressed the Group's concern with regard to human resources policy. GRULAC attached great importance to the geographical diversity of staff, in particular and P and D levels. The Group was concerned that very little progress had been made since the issuance of the JIU MAR report.

341. The Delegation of South Africa supported the comments about hiring out the New Conference Hall and sought to know whether WIPO would continue with that policy. It also supported the intervention by the African Group regarding geographical diversity and the geographical diversity policy.

342. The Delegation of Turkey thanked the Secretariat for providing information under this Strategic Goal. Noting the statement under Program 25, which indicated that all nine strategic Goals of WIPO were highly reliant on IT infrastructures for program deliveries, the Delegation thanked the Secretariat for its efforts in successfully doing that, such as the completion of the ERP and the further and continuous integration. In the previous Program and Budget document, there was a performance indicator related to the SLA, standard licensing agreements, which was a number of standard licensing agreements for hosted systems and services that were compliant with ICT SLA framework. The Delegation believed that the outsourcing of some of the ICT work would continue to meet the resilience of its ICT systems in 2016/17 and that strategic sourcing and partnerships would also be required. In this context, the Delegation would appreciate an explanation on the removal of this performance indicator for the 2016/17 biennium. The Delegation also requested clarification on the differences between the following two performance indicators: ICT projects managed as per WIPO management guidelines and ICT projects managed in accordance with the WIPO project management and service transition guidelines.

343. The Delegation of Iran (Islamic Republic of) stated that it was important that a policy, governing the equal geographical representation of the different members in the Organization in the decision making level and in the number of professionals, should be established and that this fact had been put forward by the JIU in its recommendation that the Coordination Committee should revisit the present principles concerning geographical distribution in order to ensure broader geographical diversity within the WIPO professional workforce. The Delegation added that future retirements provided an opportunity for the Organization to make improvements on geographical representation. Furthermore, it stated that it had requested, at the last session, comparative information on retirements over the past eight years in order to analyze how geographical distribution had evolved and whether the principle of equitable geographical distribution had been followed during that period, and hence requested the Secretariat to provide this information.

344. The Delegation of Ecuador stated that it had raised its concerns on the way the issue of geographical diversity was being dealt with and that one of the goals of this Organization was to promote geographical diversity among the staff in 2014/2015. The Delegation added that it understood that the Organization was going to consult with Member States and then embark on a program among the professional staff of this organization and requested the Secretariat to inform the Member States on types of action that were going to be undertaken to address this issue.

345. The Delegation of Ghana endorsed the statement made by the African Group and agreed with the other Delegations that the Member States should be better informed on the issue of diversity in the staff structure of WIPO. The Delegation also queried whether the concept of geographical diversity was also applied when engaging interns and fellows, whether at Headquarters or at the External Offices and whether a provision for such had been made in the draft proposed program and budget for 2016/17.

346. The Delegation of Pakistan endorsed the statements which had been made by other delegations about the equitable geographical diversity in the Organization and requested updates, if any, about progress on this issue, since it was brought to the attention of the Chair of the Coordination Committee.

347. The Chair invited the Secretariat to respond to the initial round of questions.

348. The Secretariat referred to Program 21 as the first program under Strategic Goal IX and thanked the Delegation of Mexico for its very positive comments. It noted that only one question had been raised related to Program 21 and that concerned the establishment of the new organizational resilience and business continuity framework. The Secretariat emphasized that this had been recognized by the Organization as an extremely critical and important activity.

It pointed out that the Business Continuity Coordinator dedicated to this task was in the room and he passed the floor to the Coordinator.

349. The Secretariat referred to the WIPO organizational resilience framework and the risk appetite and stated that the organizational resilience framework took as a base assumption that a disruptive event had already occurred. It added that although the risk appetite and the critical advantages of the Organization were taken into account, the focus was on the primary objective of reducing impact post event. Another member of the Secretariat added that it understood the question from the Delegation of Canada to refer to how the organizational resilience framework linked with the risk appetite statement that was endorsed by the Member States. It was noted that resilience was related to operational risks and the Secretariat said that this was set out in the operational risk section in the risk appetite statement under paragraph 7.

350. Regarding Program 22 and the question from the Delegation of Canada, the Secretariat explained that the calculation of the amount of 2.4 million in respect of negative interest rates had been a very simple calculation. The current prevailing interest rate was minus 0.75 per cent and the estimation was based on the Organization's cash holdings of approximately 300 million that would be attracting this negative interest. The Secretariat added that this was an optimistic estimate since it took into consideration the fact that the investment management policies were being discussed and reviewed in the current session.

351. The Secretariat expressed appreciation for the words of encouragement from the Delegations of Spain, Mexico, Canada and other delegations in regard to the efforts geared towards cost efficiencies and savings. These efforts would continue within the Sector and across the whole Organization, given that the Administration and Management Sector was the enabler. With respect to the hiring out of the New Conference Hall, the approach was first to ensure that the Organization was well-established in an area before exploring opportunities that arose. A number of requests had been received. The challenge that presented itself was covering the actual costs related to rental and the operations available to the rentee. Accordingly, guidelines had been issued with regard to fees for the rental of the New Conference Hall which had been shared with the Independent Advisory Oversight Committee (IAOC) at its last meeting. These guidelines could detail the modalities for making the conference facilities available to outside parties. The Secretariat noted, for the attention of the Delegation of Nigeria, that it always endeavored to make WIPO documents available in a timely fashion and to meet deadlines. For the current year, the Secretariat had made an exceptional effort with the Program and Budget, which had been produced in all languages within six days of the English version being issued, instead of the up to four weeks of delay that it had taken previously. This showed that some metrics were being improved and efforts in this direction would continue.

352. Responding to the question on Program 23, the Secretariat stated that it took note of the strong focus on geographical diversity and that it had included in the draft proposed program and budget the current status of geographical diversity in the Organization. It also stated that it had not set any targets, because it was not for the Secretariat to do so, following the JIU Recommendation 6, which the Director General had referred to the Chair of the Coordination Committee. The Secretariat mentioned that it was not aware if there had been any initiatives by Member States from the Coordination Committee with regard to this issue and that the Secretariat could provide effective support to such a process when needed. It recalled that similar discussions took place at the previous session of the PBC and Coordination Committee and that whilst the discussion about a new policy was to be initiated, the Secretariat had undertaken to recruit from as broad a geographic basis as possible. The Secretariat added that outreach missions to three countries had taken place in the recent past and that some moderate results of these initiatives were beginning to be seen. It also mentioned that the turnover in WIPO was quite limited, in the coming biennium, only around 45 staff were due to retire representing only around 4 per cent of the workforce. Finally, it informed the Delegations that

the HR annual report would be ready in time for the PBC meeting in September, and that it included the trends of the past few years on geographic diversity.

353. The Delegation of Mexico reiterated that Member States had to agree to a new methodology, to deal with the geographical distribution issue and that they needed the support of the Secretariat to provide them with the tools in order to conduct an audit and technical discussion of this issue. It stated that if the requested information from the Chair of the Coordination Committee that would enable Member States to engage in discussions was not made available, then an agreement could not be reached. It also stated that there were various methodologies which have been applied in the UN system in New York and with the specialized agencies, and that the only feature that has been requested from the Secretariat was to provide a benchmark for methodologies which exist and then on a technical basis, based on which discussions could be held. It added that without these elements, progress could not be made, but noted that the Secretariat could not set minimum or maximum limits for representation by region.

354. The Secretariat responded to the question by the Delegation of Spain regarding individual contractual services (ICS) agreements. The Secretariat explained that ICS were used by programs which needed punctual, temporary interventions based on the work that needed to be done and added that program Managers were indeed encouraged to use such contracts as these ensured that resources were only used for specific purposes and specific duration. They were not part of the regular workforce. Table 5 showed that the overall increase of ICS (for the entire Organization) was 2.1 percent when compared to the budget after transfers. The Secretariat, however, did not see a specific trend of moving from fixed-term staff to non-staff contracts. The Secretariat added that ICS management had been tightened and strengthened, with several internal controls established following the External Auditor's recommendation from some years back regarding that issue and a new ICS policy had been in operation for a year and a half.

355. Regarding Program 24, the Secretariat thanked the Delegations of Spain, Mexico and Canada for their comments and for their praise of the efficiency savings that had been made because WIPO had been able to cluster purchases and thus procurement was much more efficient. The Secretariat wished to provide some recent information and added that, as often as possible, WIPO did participate in joint tenders in Geneva. Beyond that, WIPO tried to be as innovative as possible in making the most of possible savings. Recently, with the ITU, WIPO had acted as the lead agency in a tender for electricity. WIPO had been able to put forward a new methodology at that time, reconciling the regulatory constraints that WIPO faced on the one hand with market realities on the other. Public procurement tenders took time and WIPO had certain constraints that it had to abide by. On the opposite extreme, the market-proposed prices were often valid for as little as an hour. In fact, as a result, WIPO had been able to make double-digit savings in percentage terms. The Secretariat also pointed out that recently, WIPO had chaired a Working Group that tried to breathe new life into the CPAG, i.e., Geneva based inter-agency procurement group. What WIPO had tried to do was to explore and identify methodologies that could be used to extend the possibilities that WIPO had for joint tenders, to make more savings and offset the reduced demand of certain organizations such as WHO. WIPO, in fact, had four Working Groups involved in this and by the end of the summer, at least by early autumn WIPO should have new proposals that would further enhance the efficiency of the work done by the CPAG in Geneva. Internally, the Secretariat was also doing a number of things. These included negotiating and re-negotiating prices more systematically; negotiating to bring the suppliers financial offers back in line with the Program initial estimate; making the most of opportunities that were available, as a result of favorable and exchange rates; entering into negotiations with the suppliers, particularly if they were sole source suppliers to try to get the best possible outcome.

356. Regarding Program 25, the Secretariat thanked the Delegation of Turkey for the questions and understood that the two questions concerned Service Level Agreement (SLA) and the



clarification of the transition guidelines. Concerning SLA, the Secretariat explained that the Secretariat had been working on the establishment of SLAs for quite a few years already, especially for the current biennium. During the present biennium, including over the last few months, the Secretariat had put in place dedicated SLAs for patents, trademarks, and global IP infrastructure so as to have dedicated SLAs for each specific services. By the end of this biennium, in fact, by now, the Secretariat had primarily achieved all of these targets already. Although in future new SLAs would be established as needed, it was believed that a large proportion of the work had already been done and the processes were already in place. That was why the need to keep this indicator was drastically reduced. In the interest of maintaining a meaningful number of indicators at the institutional level, it was agreed to forgo with this particular indicator. The second question concerned the clarification of guidelines. The Secretariat explained that, over the last few years, WIPO had been maturing its project management practices and processes. The majority of the projects registered today already follow the industry project management practices – the one used in WIPO in particular is Prince 2. On the other hand, the Secretariat was not particularly good in clearly defining the transition from project to operations. The Secretariat was catching up. That was why there were two indicators. “Transition” simply means how to transit from a project phase to an operational phase. Responding to the questions regarding Program 27, the Secretariat expressed its appreciation to all those delegations that had made comments or raised questions concerning language services, particularly the Delegations of Spain, Mexico, Nigeria and China, for their positive comments. The Secretariat took the opportunity offered to provide a brief account of progress made thus far in the implementation of the Language Policy. Until the previous year, there had been an agenda item on the progress of the implementation of the Language Policy, which had subsequently been transposed to the Program Performance Report. It was recalled that at the Forty-Ninth Session of the Assemblies held in 2011, Member States had decided to extend the language coverage for meeting documentation to all six UN languages for the Main Bodies, Committees and the Working Groups. At the end of the 2012/13 biennium, such coverage had been extended to all WIPO Main Bodies and Committees, and extension of six-language coverage to Working Groups was currently underway. In 2014, according to the list of priorities agreed upon by Member States, such coverage was extended to the PCT Working Group and the Working Group on the Legal Development of the Hague System. In 2015, the coverage would be extended to the Working Group on the Legal Development of the Madrid System, the Working Group on the Digital Access Service for Priority Documents and the IPC Revision Working Group. By the end of 2016/17, such coverage would be extended to all Working Groups, including those newly created. The Language Policy adopted in 2011 only covered documentation and did not address interpretation. A possible explanation was that in order to facilitate immediate negotiations and discussions at meetings, as a general rule, interpretation was already provided in six languages, much earlier than the translation of meeting documents in six languages. Accordingly, during the discussion of the Language Policy during the 2010/11 biennium, such coverage had already been extended to interpretation to all six languages in most of the Main Bodies and Committees, if not all, when meeting documentation was still provided in two or three languages for some Main Bodies and Committees. By the end of the 2012/13 biennium, six language coverage for the Main Bodies and Committees in respect of both translation and interpretation was fully implemented. However, when the Language Policy began to be implemented in respect of the translation of meeting documentation for Working Groups in the current biennium, interpretation for Working Groups had remained within the purview of the Secretariats of those Working Groups, since the Language Policy was silent on the matter. Consequently, while meeting documentation was provided in six languages for some Working Groups, interpretation was maintained at the same level of coverage before the Language Policy was elaborated.

357. In response to the comments on Program 28, the Secretariat recalled that the question was specifically on phishing (raised by the Delegations of the United States of America) and Canada on the high percentage of staff that fell for phishing campaigns and a follow-up question on what other controls were in place as part of a malware prevention strategy. For the benefit of other members, the Secretariat explained the term “phishing” as a mechanism commonly

employed by hackers by sending seemingly legitimate emails to trick users to click on malicious links or opening an attachment infected with malware. The Secretariat explained that the goal of phishing was to get a foothold into the network and compromise sensitive data. It also highlighted that phishing was a commonly used mechanism responsible for most of the recent hacks in the news, as an initial means of getting a foothold into the network. The Secretariat recognized that 20 per cent was a fairly large number as it would take only one unaware user to click on a malicious link and infect a machine and therefore the entire network. The Secretariat pointed out that a number of steps had been taken to mitigate this risk. It noted that the 20 per cent reflected the first baseline for phishing campaigns that was conducted in the latter half of 2014. The Secretariat noted that a number of security awareness initiatives had already been implemented; particularly outreach programs and mandatory awareness training for end users, with plans to deliver targeted technical training to ICT system administrators with privileged access to these systems. It also noted that there were plans for a security awareness day in October which was the International Security Awareness month. The Secretariat pointed out that noticeable improvements had already been observed with staff reporting and detecting phishing emails. A recent campaign conducted a few months back showed that the number of staff falling for phishing emails reduced from 20 per cent to less than 6 per cent. On the other hand, the Secretariat indicated that while continued efforts were being made to make phishing campaigns effective, the hackers were also getting more sophisticated in their attempts to trick users to click on links. The Secretariat acknowledged that phishing campaigns were just one element of a coordinated malware prevention strategy, and that a number of other technical steps were in place such as endpoint security controls. It explained that should a malware infect a desktop, there were means to detect and prevent the execution of the malware. It went on to explain that the typical modus operandi of hackers involved the infected desktop calling back the hacker and ex-filtrating data from the network. The Secretariat informed members that data loss prevention controls were being implemented to detect and prevent the ex-filtration of sensitive data from the network. The Secretariat concluded that while a number of security controls had been implemented, the implementation of the information assurance strategy planned as part of Program 28 would ensure the effectiveness of these controls.

358. The Chair concluded discussions on Strategic Goal IX and opened the floor for comments on the Annexes and Appendices.

359. Regarding the allocation of budgeted expenditure by union (Annex III), union direct expenses, paragraph 3.1.1, page 179, the Delegation of the United States of America queried how the determination was made as to which programs were included under contribution-financed unions. If Program 4 was included as a contribution-financed union, then why other programs were not included, especially programs 8, 13, 15 and 16. The Delegation repeated its request for transparency and clarity as to how the income and the expenses from the Arbitration and Mediation Center were distributed, and confirmation that the same proportion was used for expenses and income. The Delegation reiterated its request for information as to the sources of financing of the buildings from which the rental income was derived, and how much each union contributed.

360. The Secretariat acknowledged there were a number of questions in the previous set of Strategic Goals discussion related to the methodology. Firstly, the Organization's budget was presented by Programs and by Expected Results. That was the expenditure budget. The sole instance where income and expenditure were presented by union was in Annex III, which had been part of the approved Program and Budget for several biennia running, and had been inherently approved with the approval of the Program and Budget. The methodology itself was explained on pages 179 and 180, as pointed out by the Delegation of the United States of America. The data shown in tables 11 and 12 were the result of applying that methodology. The Secretariat explained that the methodology had not been updated in recent years and stated, in response to the question on income and expenditure of the Arbitration and Mediation Center (AMC), that the AMC was not an independent union and its revenue and

expenditure were allocated to all unions. The details of the apportionment could be provided as needed.

361. The Chair affirmed that, as in many of the issues which had been raised, the Secretariat would willingly avail itself to respond accordingly, should any delegation wish to seek further clarifications.

362. The Chair reopened discussions on item 5 following distribution of a revised version of the draft Proposed Program and Budget 2016/17 and the index of changes that morning. The Chair proposed to discuss the document change-by-change, going through the list in the index. The first change was on page 17, paragraph 33 relating to external offices.

363. The Delegation of Nigeria saw no use for the new text and wished to have it deleted.

364. The Chair encouraged the Delegation of Nigeria to consult with the Delegation of Iran (Islamic Republic of) which had proposed that change. The Chair invited delegations to voice their support or opposition to the change.

365. The Delegation of the Republic of Korea, speaking on behalf of the Asian Group, supported the insert suggested by the Delegation of Iran.

366. The Delegation of South Africa supported the deletion of the phrase.

367. The Delegation of El Salvador supported the inclusion of the Iranian proposal.

368. In order to be efficient with the time, the Chair encouraged delegations to refrain from taking the floor once they had heard several delegations express what they had wanted to say as it was known which delegations were the leaders in that particular discussion. The Chair proposed to move on to the second proposed change: Program 1, page 29, paragraph 1.3 and the addition of new text to the third sentence.

369. The Delegation of Brazil, speaking on behalf of GRULAC, supported the new text. However, GRULAC recalled that it had made two requests under Program 1. The first was the inclusion of the work to update the Model Patent Law (a discussion sponsored by GRULAC in the SCP), which had been included in the previous Program and Budget. The second suggestion was the deletion of the reference to disclosed information in several parts of Program 1: expected result I.4, paragraph 1.1, seventh bullet, paragraph 1.3, sixth bullet, in the results framework, paragraph 1.4, and in the resources explanations for Program 1. The specific mentions to the international protection of confidential information should be either deleted or substituted by text, referring to patents, lay-out designs, and integrated circuits. This was consistent with the mandate of the committee as the Delegation had understood it and since Member States had not given any guidance to the Secretariat to pursue this, it suggested changing the language. This would be a compromise solution which did not satisfy all members of the group.

370. The Delegation of Japan, speaking on behalf of Group B, supported the language as presented. Group B believed that there was a clear distinction between the two issues, the model law and the protection of confidential information. The former item was on the agenda of the upcoming session of the SCP. It would be wise to wait and see what the outcome of that SCP would be. On the other hand, confidential information constituted work for the Secretariat, which did not require any instruction from the Member States, the SCP or other committees. Group B reiterated that it supported the language proposed by the Secretariat.

371. The Secretariat referring to the specific issue of confidential information raised by GRULAC, said that the Secretariat could do a separate effort in order to identify terminology that would conform to GRULAC's request and revert with a new proposal.

372. The Chair proposed to move to the next proposed change related to Program 3 on page 37, paragraph 3.11 and the addition of a new paragraph.

373. The Delegation of Brazil, speaking on behalf of GRULAC, welcomed the efforts made by the Secretariat to address the concerns raised by the Group. GRULAC was the requester of the new language reflecting efforts for the TAG to include members from all regions in the development of the standards that would greatly influence the work of collective management organizations. Even though it was a step forward in the right direction, GRULAC pointed out that in order to have assurances of an inclusive process, which should also take into account the discussions on the Program Performance Report 2014 and a redrafting of the expected results, assurances were needed regarding all stages of the development of this project. GRULAC had received a mandate from national copyright offices and was willing to work with the Secretariat to find a solution. The copyright offices were concerned that when compared to the activities directed at copyright offices, TAG was receiving a higher priority.

374. The Delegation of Japan, speaking on behalf of Group B, said that the involvement of the Member States should be in line with the normal operations of the Organization. From this perspective, Group B would prefer more neutral language in paragraph 3.11. The proposed draft described the appropriate involvement of Member States in the Secretariat's work.

375. The Delegation of Nigeria, speaking on behalf of the African Group, referring to paragraph 3.3, requested the new language to read "in addition, a key challenge for the Secretariat will be to respond to Member States' requests for advice in making their national laws compatible with their domestic and international obligations." The word "domestic" should be included. For paragraph 3.11, the African Group proposed that it commence: "through a Member States-driven process the work in the area of copyright and related rights etc., etc."

376. The Delegation of Algeria supported the statement by the African Group and GRULAC. The Delegation disagreed with the suggestion by the Delegation of Japan, especially the fact that Member States would only be informed instead of engaged. The Delegation did not consider there could be an agreement on that paragraph and suggested that different alternatives be shown in the text at the September session.

377. The Delegation of Chile supported the statement by GRULAC. Regarding Program 3 in general, the Delegation valued the work done by the Organization to support copyright offices directly, in conjunction with the national policies, helping countries focus on the intellectual property regime to the benefit of the entire community. That was why the Delegation gave credence to the support from WIPO to the national offices. The challenge of the offices was to protect and promote authors through expeditious policies, the use of efficient computer services, provide support to the creators and rights' holders, to the users and the community in general ultimately giving greater clarity to the protected works in the public domain. For that reason it would be desirable to have greater clarity in terms of the initiatives of support for the authors and the rights holders. The registration of rights was fundamental for the use and transfer of works. The Delegation appreciated the efforts to provide greater clarity to the project and would analyze the proposals within its regional Group and individually, in particular in order to incorporate indicative indicators.

378. The Delegation of Nigeria wished to comment on the expected results on page 38, based on the request it had made to introduce a new line at the beginning of paragraph 3.11. If the understanding was that the copyright area would be a Member-driven process, this would need to be reflected in 3.12 and expected result III.2. One of the performance indicators was the number of CMOs applying for TAG accreditation. This should probably not be there anymore, based on the explanation given by the Copyright Division. If that would be a Member-driven process, it would need to be concluded first and the accreditation would be agreed before it featured in the performance indicator. The same would apply to visits to the copyright portal if it dealt with the TAG accreditation.

379. The Delegation of the United States of America, on paragraph 3.3, requested more information about the addition of "domestic and" because it would be very challenging for the Secretariat to respond to Member States' requests for advice in making their national laws compatible with domestic obligations. The Secretariat, of course, had expertise in providing legal advice for international obligations and any technical assistance that it provided had to be mindful of the national and regional circumstances. However, the Delegation was not quite sure what the objective was in adding "domestic and".

380. The Chair suggested that the Delegation of the United States of America engage in a bilateral discussion on that point. He added that all points made by delegations would be taken into consideration and encouraged the responsible Program Manager to consult with different delegations that had different positions to try and negotiate some agreement so that a new clean text on Program 3 could be presented to the members at the September session. The Chair closed further discussions on Program 3.

381. The Delegation of Brazil, speaking on behalf of GRULAC, recalled that it had made requests for further information on Programs 4 and 5 during the session, including a possible PCT fee reduction and how it would impact the budget. GRULAC reserved the right to come back to Programs 4 and 5, at the September PBC.

382. The Chair opened discussion on Program 6, starting with page 53 of the redrafted document. The Chair said that the changes proposed in respect of Program 6 were to replace in the Narrative "New Act" by "Geneva Act" and to add, in the "Results Framework" Table, a number of new Performance Indicators.

383. The Delegation of the Republic of Korea said that the proposed changes did not separate the Madrid and the Lisbon Systems clearly. The Delegation wondered why the Lisbon System could not become Program 32, following the example of Program 31 for the Hague System. The Delegation was of the view that the proposed changes did not suffice and would revert back to the issue at the next meeting of the PBC.

384. The Chair said that a distinction had to be made between the issue of whether Madrid and Lisbon should be separated and the changes to the draft Program and Budget document that were now being proposed. As regarded the separation of Madrid and Lisbon, there was a clear split between delegations, as some delegations favored a separate program for Lisbon, while other delegations preferred to keep the current structure of Program 6. The Chair said that the issue would have to be dealt with at the next meeting of the PBC. The proposed changes aimed to increase the level of transparency of the Results Framework in respect of the Lisbon System.

385. The Delegation of the Republic of Korea clarified that the aim of its earlier intervention had been to request the Secretariat to prepare an additional document, in which the Madrid and Lisbon Systems would be separated, so as to facilitate an efficient discussion at the next meeting of the PBC.

386. The Delegation of the United States of America shared the views expressed by the Delegation of the Republic of Korea and underlined that it did not suffice to simply split out some of the Expected Results. The broader objective was to have the Lisbon and Madrid Systems broken out into two separate programs with separate expected results, so as to provide a clearer and more transparent accounting in respect of the two systems.

387. The Delegation of Italy said that it was pleased with the proposed changes to the draft Program and Budget document and pointed out that most of the requests expressed by other Delegations had been taken into account, in particular as regarded the request for more transparency and the provision of more detailed information, including through performance indicators. The revised version of the document was fully in line with the transparency standard

that had been requested. As regarded the next session of the PBC, the Delegation inquired as to whether the Secretariat would produce a separate Q&A document reflecting the useful information that had been provided the previous day by the Secretariat and the Legal Counsel. The Delegation went on to say that it was its understanding that the proposal that was now on the table, which referred to a single Program 6 for both Madrid and Lisbon, would be the document that would be submitted to the next session of the PBC. In light of the previous interventions, the Delegation requested confirmation that this was the correct understanding.

388. The Secretariat confirmed that, as regards the “Resources by Result” in respect of Program 6 it would provide, in a revised version of the Q&A document, the requested additional information in a separate table, which would only concern the Lisbon System. The same would apply to the “Resources by Object of Expenditure”.

389. The Chair indicated that the decision paragraph concerning the discussion at the present session of the PBC would reflect the specific set of issues that would have to be dealt with by delegations between the present and the next sessions of the Committee.

390. The Delegation of Australia wondered how the ongoing discussion could be constructively taken forward. The Delegation said that it was very encouraging that delegations had indicated that they would give full consideration to the proposals that had been made at the present session. That was all the more important since the issue under consideration was a critical issue for the PBC and for WIPO and because delegations could only solve the issue together. The Delegation added that it was also satisfied with the significant number of requests that had been made for further transparency and for the separation into two programs. In that regard, and on the basis of the responses given by the Secretariat, the Delegation noted that there did not seem to be any major barriers to that separation from a technical perspective. The Delegation pointed out that after the present session, delegations would have to engage in bilateral conversations, so as to move the process forward prior to the next session of the PBC. In that regard, the Delegation wondered whether the Secretariat would be able to provide some sort of visual tool, or a non-paper, that would assist delegations in their discussion and that would contribute to a better understanding of what a separation into two programs might actually look like.

391. The Delegation of France expressed its support for the statement made by the Delegation of Italy. The Delegation indicated that it was satisfied with the draft Program and Budget document as revised and thanked the Secretariat for the new elements, which would provide greater transparency on the Lisbon Union activities.

392. The Delegation of Panama was of the view that, in order to have genuine transparency, a separation of Program 6 into two separate programs was necessary and crucial. The Delegation therefore supported the statements made by the Delegations of Australia, the United States of America and the Republic of Korea.

393. The Delegation of Iran (Islamic Republic of) said that it could go along with the proposed changes to Program 6. As previously pointed out, the Delegation did not support any separation of Program 6 into two different programs.

394. The Delegation of the Czech Republic supported the views expressed by the Delegations of France and Italy.

395. The Delegation of Chile said that members needed to continue the discussion in order to see how the requests for greater transparency could be taken into account, so as to genuinely reach an agreed draft Program and Budget that would be acceptable to all.

396. The Delegation of Argentina reiterated that, like other Delegations, it had requested a different solution, which was the division of Program 6 into two programs.

397. The Chair said that information on what a splitting into two programs could look like could be provided, probably in the form of a working document for the September session, as suggested by the Delegation of Australia.

398. The Delegation of the Republic of Korea said that members needed to have clear and correct information, which would reflect objectively the current and future situation and thus facilitate the discussion on the topic at the September session of the PBC.

399. The Chair reiterated that the Secretariat had assured that it could provide the requested information, so that members could come back to the discussion on the division of Program 6 at the next meeting of the PBC, if the issue was not solved prior to that meeting. The Chair then moved to Program 9 for the discussion of the suggested changes beginning on page 73, more specifically to the proposed addition of wording by Bangladesh in respect of the position on the LDC program of work, and passed the floor to the Delegation of Brazil.

400. The Delegation of Brazil, on behalf of GRULAC, said that it could endorse the proposed wording put forward by the Delegation of Bangladesh. Regarding Program 8, the Delegation said that it had made several requests for more information on the allocation of resources. Further to discussions on the use of resources for Program 8, the Delegation specified that GRULAC was requesting information on the implementation of the South-South cooperation focal point in the Development Agenda Coordination Division. The Delegation also understood that there were references to South-South cooperation appearing also in Program 9 and said it would like to reserve the right to request clarifications on this during the next PBC in order to elucidate all the decisions made. The Delegation also recalled that it had requested information in respect of Programs 4 and 5, specifying that discussions on these items could be held with the Secretariat in parallel. The Group had also requested information about the implementation of the JIU report.

401. The Chair encouraged the Delegation to engage in parallel discussions with the Secretariat for Programs 4 and 5, as suggested, in order to move forward as much as possible in the plenary. With respect to the JIU question, the Chair handed the floor to the Secretariat.

402. The Secretariat specified that the only JIU matter being looked at in the course of the present session of the PBC was the follow-up on the implementation of the JIU's Management and Administration Review recommendations. Other JIU matters were on the September PBC agenda and would be dealt with then.

403. Going back to Program 9, the Chair handed the floor to the Delegation of Nigeria.

404. The Delegation of Nigeria, speaking on behalf of the African Group, recalled that it had sought clarification on the target for expected result III.2, more specifically the number of Collective Management Organizations (CMOs) applying for TAG accreditation. The African Group requested that this be removed until the Member States process was concluded. It further requested that the question of the TAG accreditation and the portal on copyright infrastructure, be addressed. The African Group welcomed, under Program 11, the inclusion of the increase in percentage of the number of participants following the Academy's long distance learning courses and thanked the Secretariat for this as well as for the inclusion of the subscription to the SME newsletter and downloads of SME materials and guidelines on page 68. Concerning page 73, the African Group said it had no objection to the language included for LDCs as proposed, it believed, by Bangladesh. It supported the intervention made by Brazil but said that the comments of the African Group would be given either at the next PBC session or directly to the Secretariat. The Delegation thanked the Secretariat for having reflected its request to have more users of the global IP systems under expected result I.2 in the results framework on page 74.

405. The Chair asked if there were any more comments on Program 9 and, seeing that there were none, proposed to move on to Program 10, the transition and the developed economies. The Chair recalled that changes had been proposed on page 79 on the implementation strategies and also on pages 81 and 82 in respect of the results framework. The Chair reminded that some initial requests for clarification made by the Russian Federation had been taken care of and that there had also been some provisions in respect of pages 81 and 82 by the United States of America and Turkey, and asked if all delegations were satisfied with these provisions.

406. The Delegation of Turkey said it was satisfied with Program 10.

407. Seeing that there were no more requests for the floor in respect of Program 10, the Chair proposed to move on to Program 11 where there was a proposed change in the results framework. The Chair added that there were also some proposals made by a couple of delegations.

408. The Delegation of Turkey thanked the Secretariat for having updated the document and for adding two performance indicators with reachable targets related to distance learning courses under the Program 11 results framework which, they believed, would contribute to the success of the distance learning courses in the next biennium.

409. The Delegation of Nigeria, on behalf of the African Group, thanked the Secretariat for the inclusion of performance indicators that would enhance the distance learning courses and requested clarification as to why the percentage of participants using enhanced knowledge and skills in various IP areas had been deleted. The Group considered that it was useful to know how much knowledge had been gained by participants.

410. The Chair conveyed a message from the Secretariat to inform the Group that there would be no problem to re-introduce this information in the document. Seeing that there were no further requests for the floor for Program 11, the Chair proposed to move on to Program 30. Concerning Program 30, continued the Chair, there were two additional paragraphs, one on page 91 and one other one on page 92. The change on page 91 referred to paragraph 30.8 which was basically a deletion and the addition of some wording. The Chair believed that this was in response to a request made by the Delegation of Algeria and asked all delegations if they were satisfied with these modifications.

411. The Delegation of Japan, speaking on behalf of Group B, commenting on the addition of paragraph 30.8, conveyed its understanding that the technology transfer offices in the context of WIPO's program concerned a technical transfer office located, or having existed, in research and development institutes, including universities. Seen from that perspective, Group B thought that the reference to DA Recommendations 11, 25 and 28 was a little bit too broad. There was a reference to DA recommendation 26, but Group B considered that a reference to Recommendations 11, 25 and 28 may lead to the conclusion that technology transfer offices could be interpreted in a broader way than it should be. Group B therefore suggested deleting the reference to these three recommendations, adding that, at the same time, WIPO's work would be rather to facilitate technology transfer offices than establishing them. Therefore, Group B preferred to replace the word "establishing" with "facilitating" in order to avoid the misunderstanding concerning the nature of technology transfer offices in this context. Group B suggested using this clarification in the performance indicator and the results framework.

412. The Delegation of Algeria said that since this suggestion concerned the paragraph that it had proposed, it would like to consult with Group B to see what could be done and then revert.

413. The Delegation of Nigeria, speaking in its national capacity, endorsed the introduction of this new paragraph, adding that it agreed with the statements made by the Delegations of Algeria and Japan.



414. The Chair opened the floor for comments regarding the proposal made by the Delegation of Canada for the inclusion of additional indicators for SMEs on page 92.

415. The Delegation of Canada thanked the Secretariat for having added these new indicators which would provide a good indication of the more direct outreach to SMEs and perhaps also give an indication for any need for adjustments to the approach of that outreach.

416. The Delegation of Nigeria, speaking on behalf of the African Group, recalled that it had mentioned, the day before, an indicator that reflected the services provided to SMEs and asked if it was possible to include similar language for that as the language used on page 87, specifically the percentage of participants using enhanced knowledge and skills in various IP areas. The Delegation would have to discuss this with the Secretariat to adapt the language to SMEs.

417. The Chair welcomed this initiative and said that the question would be discussed when the desired language had been found. The Chair encouraged delegations to work with the Secretariat so that as much progress as possible could be made by the end of the day. This was for Program 30. The Chair asked delegations if there were any outstanding issues with the other performance indicators.

418. The Delegation of the United States of America expressed concern about the difficulty in using the metric “the percentage of people using information” since it was, said the Delegation, just a self-assessment from the participants as to how they used information rather than a measurement of the activities undertaken by WIPO. The Delegation questioned the capacity of WIPO to measure the use of material by participants via a survey and wondered if there were other means of evaluating the use of material which may be a little more accurate.

419. The Secretariat confirmed that, indeed, the information was collected through surveys but that the verification did not solely depend on a self-assessment and since the findings were triangulated by also asking the supervisor questions about participants that had participated in training courses. This meant there were two sets of questionnaires. One to the participants themselves and then another set of questionnaires to the supervisors but, indeed, the evaluation was done through surveys sometime after the actual courses had ended.

420. The Chair proposed to proceed to the proposed changes on Program 13 on page 103, which was also a proposed indicator for the results framework. Seeing that there were no objections to this new indicator, the Chair proposed to move on to Program 14, where there was a proposed change on page 107 with a clarifying note, note 20, in respect of the first performance indicator clarifying the notion of sustainable TISCs. Seeing that there were no objections to this proposal, the Chair suggested moving on to Program 16 on page 115. On the Program 16, Economics and Statistics, there were two changes.

421. The Delegation of Brazil, speaking on behalf of GRULAC, said that before entering into Program 16, it wished to restate its interest on having more clarification on Program 15 regarding business solutions for IP offices. Members of the Group as well as the Group as a whole had made requests for information on business solutions, even in respect of the Q&A document. The Delegation asked to reserve its position until this information was made available.

422. The Secretariat said that this information was available and would post it immediately.

423. The Chair went back to Program 16 where there were two proposed changes in the Economics and Statistics program, both on page 115, one clarification and some additional language. The Chair opened the floor for comments regarding the proposed changes.

424. The Chair, seeing that there were no objections to the proposed changes, suggested moving on to Program 17 where there were also two changes, one on page 121 and the other

on 122. On page 121, the change concerned additional language on building respect for IP and the implementation strategy in paragraph 4.4. Seeing that there was no opposition with the proposed language and the note which had appeared somewhat controversial at the time of its proposal, the Chair suggested moving on to Program 18. There was some proposed language on pages 127 and 128 regarding paragraphs 18.3 and 18.8.

425. The Delegation of Brazil, speaking on behalf of GRULAC, said that despite the good progress made, the text before them was not the final text that had been discussed with the Program Manager. GRULAC said that it was very close to having a text for these two paragraphs, paragraphs 18.3 and paragraph 18.8, and asked for some more time in order to discuss the matter further so as to provide a final text for these two paragraphs.

426. The Chair agreed to this proposal and hoped that the final text would be available quickly for discussion in the plenary in the course of the day. Concerning Program 18, the Chair mentioned that there was another request made by the Delegation of Italy in track changes on page 130 regarding the expected results and asked if everyone was comfortable with that addition.

427. The Delegation of the United Kingdom requested additional time to review the proposed changes in respect of Program 18. The Delegation had understood that the Delegation of Brazil also required some more time for discussions and suggested leaving discussions on Program 18 open for a while.

428. The Chair confirmed that discussions on Program 18 were not yet closed. This, he said, was very clear. However, what was not clear was the question of whether the issue of the performance indicators in relation to competition policy, proposed by the Delegation of Italy, needed to be left open or not. The Chair confirmed that, in any case, discussions on Program 18 would continue.

429. The Delegation of the United Kingdom specified that it was referring to the points 18.3 and 18.8 and confirmed that it did not have any comments on the performance indicators.

430. The Chair confirmed that this is what he had wanted to clarify, adding that there would be further discussions on the GRULAC proposal on the adjustments of the two paragraphs under review. These would be discussed later and the other track change mentioned was accepted. The Chair then proposed to move on to Program 20 where there were some proposed changes on pages 144 to 146.

431. The Delegation of China queried the fact that WIPO referred to the WIPO Office in China and asked why the Office was referred to in this way instead of using the abbreviation of WCO.

432. The Secretariat (Office of the Legal Counsel), in response to the question raised by the Delegation of China, said that, initially, the office was called the WIPO China office (WCO) but that since that same acronym belonged to the World Customs Organization, the name of the Office had been changed to the WIPO Office in China in order to have a different acronym. This was the only reason for the change

433. The Delegation of China expressed its satisfaction with this explanation.

434. The Delegation of the United States of America, speaking about the 5.7 per cent reduction attributed mainly to the closing of the New York liaison office referred to on page 146, said it still had concerns and questions as to the alternative models that the Secretariat had mentioned. The Delegation wondered why the travel budget for Program 20 was actually decreasing over the biennium if maybe one of the alternative models was to send staff out to New York for additional meetings. The Delegation asked for clarification in this respect. The Delegation then referred to the mentioning, by the Secretariat, of attending UN meetings by videoconferencing. The Delegation thought this was a good cost saving measure but said that there was a risk of

losing a lot of informal discussions with this approach. The Delegation again asked for some clarification in this respect.

435. The Delegation of Nigeria, speaking on behalf of the African Group, recalled its request for two external offices in Africa for the 2016/17 biennium which should be reflected in the results framework. In this respect, the African Group reiterated that the request regarding the results framework perhaps needed to reflect a strategic growth of WIPO in terms of a network of WIPO external offices. It suggested that one of the indicators could be the increase in the number of external offices established by the Organization.

436. The Delegation of Brazil, on behalf of GRULAC, expressed its wish to receive more information on the process of the closing of the liaison office in New York. It went on to say that some questions had been raised during the week and specified that further clarification on the process and the effects this may have on the Organization were required.

437. The Delegation of Mexico fully endorsed what had just been said by the Delegation of Brazil on behalf of GRULAC and wished to highlight the question of the New York Office. The Delegation of Mexico said that it could not support the Secretariat's proposal to close it unless, of course, clear information as to what the Secretariat would do in order to ensure good coordination with, and participation in, activities in New York was provided.

438. The Chair recalled the outstanding matters for discussion, namely the closing of the New York office and the opening of the two external offices which, said the Chair, would have to be included in the Q&A document and discussed in the September PBC meeting, since this question would not be resolved in the course of the day.

439. The Delegation of Pakistan requested clarification regarding the African proposal since the Asia Pacific Group's understanding was that the issue still under discussion was that of the guiding principles, for which no decision had been taken yet. The Delegation believed that the General Assembly was the place to do this.

440. The Chair asked if the African Group had some text for the consideration of the PBC on what they wanted to see included.

441. The Delegation of Nigeria said it would like to see a reflection, in the results framework for Program 20, on the strategic growth of the network of WIPO external offices. The Delegation suggested that one of the indicators could perhaps be the balanced establishment of external offices across WIPO Member States or regions. This question, said the Delegation, would be left for the Secretariat to decide on. The Delegation also wished to discuss language with the Secretariat since it deemed that the African region was not represented. The Delegation said that it had listened to the statement made by the Chief of Staff, which clearly pointed out the benefits, the purposes and the objectives that WIPO's external offices fulfilled for the Organization and also facilitated in the use of IP. However, the Delegation considered that the establishment of the WIPO external offices in Africa would help with the promotion, protection and dissemination of IP. The Delegation also thought that external offices in Africa would help enhance indicators in respect of the global IP systems. There was no question, said the Delegation, of content and talent in the region but there may be a problem of moving the collectivity of the mind to the market and the Delegation thought that having external offices in Africa would play a crucial role in enhancing this.

442. The Delegation of Pakistan wished to state that, as far as its Delegation was concerned, there was an absence of representation of the African region and, in this respect, the Delegation did not have a problem with this being reflected in the present debate. The Delegation went on to say that its principal position about the expansion of the External Office network, especially in view of this discussion on the closure of the New York office, was that the whole process was in transition. There were no guidelines. Decisions to open and close offices were still being

reviewed and this, said the Delegation, was an exercise which required greater deliberation. The Delegation added that it had also requested the Secretariat to inform it clearly about what added value these offices would provide but said that the response in this regard had not been very clear. The Delegation said that it had heard about the services that the External Offices provided, but that the specific question about the added value of these offices had not been clarified. In this regard, the opening of new External Offices for the Delegation therefore remained an exercise that was still being deliberated and that it had reservations about.

443. The Chair deliberated on how to proceed further with Program 20. There were some outstanding issues regarding paragraph 20.5 which basically concerned the closure of the New York office. There was also the fact that the opening of new offices had not been included. This point would have to be discussed further. The Chair added that there was the outstanding question of the request for clarification in respect of the language used in the discussions and the inclusion of paragraphs 20.22 and 20.23. The Chair asked if any delegations had ideas on this or if they wished to clarify this point.

444. The Secretariat said that it may be useful to clarify this. There had clearly been an omission on the part of the Secretariat regarding the absence of text on the resources for Program 20 in the draft document. The Secretariat specified that this matter was being corrected and the text in question introduced.

445. The Delegation of Mexico thanked the Secretariat for this clarification but said that since there was no agreement with what to do with the New York Office, it considered that the paragraph under review could not yet be closed.

446. The Chair agreed with the point made by the Delegation of Mexico saying that, consequently, this paragraph would be left open for the time being. The Chair then proposed to move on to Program 25, the list of changes, and page 172, where there was a proposal regarding the results framework.

447. The Delegation of Turkey thanked the Secretariat for their explanation of SLAs and said that the change proposed related to two performance indicators which were to be combined to provide one indicator under the results framework.

448. The Chair asked if there were any objections to this. As there were none, he proposed to close this Program and move to the next proposed change on page 28, page 182, as well as the change in the results framework to adjust the baseline. Seeing that there were no requests to take the floor, the Chair assumed that the first reading of the new draft Proposed Program and Budget for the 2016/17 biennium had been completed. The Chair said that there was still an outstanding issue on page 17 regarding some proposed language that was made by Iran regarding the External Offices. The Chair recalled that there had been some divergence among delegations on this question and concluded that this part of the text would have to be kept as an open issue in the decisions. The next outstanding matter was a pending issue regarding paragraph 33 on page 17.

449. The Delegation of Iran (Islamic Republic of), on the subject of its proposal, suggested deleting the bullets in paragraph 33 about the 1 million Swiss francs of non-personal resources if some delegations so desired.

450. The Chair summarized by saying that a new draft of the Program and Budget would be issued. This document would not have any indications of corrections of any sort. Pending issues would be included in the draft paragraph that would be reviewed that afternoon.

451. The Delegation of India wished to point out a small typo in paragraph 33, building on initiatives launched in 2014/15 to enhance the value addition. The Delegation said that the text mentioned "value add" and wondered if this should be "value addition".

452. Seeing that there were no oppositions to this observation, the Chair said that this could be agreed to and the text would refer to “value addition”. Or “the added value”, whichever made more sense. The Chair went on to the discussion regarding the bullet on paragraph 33. The next one was on Program 1. The Chair said that it would probably be necessary to come back to this issue later in the day since there was going to be a discussion between Brazil and Group B to see if they could find some sort of compromise regarding their issues with respect to Program 1. The Chair continued by speaking of the TAG issue in Program 3. On this subject, there were to be discussions between Brazil, GRULAC, and all members to see if it could be resolved before the end of the day. Regarding Program 6, there was an initial correction that would be taken care of which was the one on page 53, and regarding the rest, information would be provided regarding the eventual split of the programs, knowing that it would be necessary to come back to Program 6 in the next PBC. Going on, the Chair mentioned that some clarifications and information had been requested by GRULAC in respect of Programs 4, 5 and 8. The Chair hoped these questions would be resolved during the day so that they could be removed from the decision paragraphs. The Chair went on to say that Programs 9, 10 and 11 presented no difficulty. As for Program 30, the Chair encouraged Algeria to work with Group B to see if they could find some accommodating paragraphs regarding the different views that they held. Program 4 was okay. Going on, the Chair said that there was also something raised by GRULAC regarding Program 15 that would probably be sorted out with the Q&A. Programs 16 and 17 were fine. As concerned Program 18, GRULAC was going to check to see if there were any remaining outstanding issues. Matters related to Program 20 were not yet resolved. These were the issues of the decision regarding the closure of the New York office and also the decision and the proposal, by the African Group, to have something that would indicate their expectations to have two offices opened in Africa. The debate may not necessarily come back to that and there was agreement with the rest of the programs, the proposed changes that were put forward for Programs 25 and 28. The Chair said that the draft decision regarding agenda item 5 would now be prepared to see what sort of additions were required to that decision paragraph. Having said this, the Chair declared the discussion regarding the substance closed unless there were specific issues regarding the programs that GRULAC had mentioned with respect to specific information it would want to keep open for the next PBC. The Chair added that, in respect of agenda item 11, he had told GRULAC that, if there was sufficient time left, the Secretariat would revert and try to provide the Group with information on amounts pertaining to fee reductions for developing countries. On this question, there would be some input provided by PCT staff. The Chair reiterated that it would be necessary to come back to agenda item 5. In this respect, delegations were encouraged to engage in informal consultations on some of the programs to see if they could agree on the language to be used so that discussions in the plenary on specific programs could be closed. This would give a clear idea of the status of discussions with respect to the most important pending issues, including Program 6 and Program 20. The Chair hoped that progress would be made on Programs 1, 3, 30 and 18. He recalled that the text proposed by Iran regarding paragraph 13, the issue of Program 6 and Program 20, would be left for the September session. The Chair noted that Algeria and Group B had come up with an agreed paragraph on Program 30 on page 91, paragraph 30.8. The text in question had been distributed to all delegations.

453. The Delegation of Algeria said that, following discussions with Group B to see how it could accommodate their concerns, the Delegation finally had agreed to delete the references to recommendations 11, 25, and 28 based on the understanding that this may be interpreted as going beyond the scope of the project of establishing TTOs. Secondly, the text “assisting the establishment” instead of “establishing” was agreed on since it was true to say that WIPO did not establish the TTOs but rather that it helped Member States establish such offices. The Delegation also mentioned that, at the end, the text “in order to enhance access” was replaced by and because the objective of the TTOs “is not only to enhance access” to the use of IP information”. This, said the Delegation, may go beyond the objective of such TTOs.

454. The Chair, referring to a request that had been made by the Delegation of Canada, asked if there were any explanations on the related additional indicators for SMEs.

455. The Secretariat specified that the proposed new indicator was on page 92 and suggested reading it out loud: “Percentage of participants in training programs targeting SME support institution using enhanced knowledge” and it should say “and upgraded skills in their work.”

456. The Chair thanked the Secretariat for this response to the request, adding that it would not be necessary to include this in the decision paragraph, unless any delegations objected to this. The discussion on Program 30 was closed. The Chair enquired as to the status of consultations regarding Programs 1, 3 and 18. These were ongoing. He then asked if there was anything regarding the paragraph on agenda item 9. Seeing that the relevant information had been received, the Chair informed delegates that the text in question would be distributed. The Chair then asked if GRULAC had been satisfied with the discussions with the Secretariat on the outstanding issues related to Programs 4, 5 and 8.

457. The Delegation of Brazil, in response to the question posed by the Chair, firstly thanked the Secretariat for all the very interesting and important information it had received. Regarding Program 8, there was still a pending request on the JIU report and the part that referred to South-South cooperation. Since the Delegation had been informed, that morning, that this would be included in the next session, it said that it would then wait just for the JIU report on the JIU recommendations. Regarding Program 4 on the IGC, the Delegation informed that it had not yet had an opportunity to contact the Secretariat on this specific issue. But, as mentioned that morning, this was more a matter for clarification. It was even possible, added the Delegation, that it would not be necessary to deal with this point in the next session.

458. The Chair thanked the Delegation for these clarifications saying that this was useful given that the focus was presently on the deliverables that would have to be given in the afternoon. The Chair summarized the pending items which were agenda items 5, 9 and 10 and, within agenda item 5, Programs 1, 3 and 18.

459. The Delegation of Chile intervened to say that Program 15 was also still pending. Indeed, the Secretariat had said that there would be information in the Q&A document but, added the Delegation, if this proved insufficient, the matter would have to be brought back for discussion at the next PBC.

460. The Delegation of Brazil, in complement to the points made by the Delegation of Chile, confirmed that some of the information just mentioned had indeed not yet been received. Once this information would have been received, went on the Delegation, it would be analyzed and a decision could be taken on whether this item could be closed or not.

461. The Chair agreed to this approach and encouraged delegations to get together in order to sort out any remaining pending issues. The Chair said that efforts could now be concentrated on the single agenda item remaining, agenda item 5. Regarding agenda item 5, some programs were still in the process of being discussed. On Program 18, there were some concerns expressed by GRULAC.

462. The Delegation of Brazil said that discussions were ongoing with the Director of the IP and Global Challenges Division. The Delegation believed that a compromise solution regarding paragraphs 18.3 and 18.8 had been found. On behalf of the GRULAC group, the Delegation therefore confirmed that this program could be closed.

463. The Chair summarized the situation regarding the pending items, which were Program 1, Program 3, and Program 6 and Program 20 and the related issue of External Offices in another part of the text. The Chair proposed proceeding by distributing a draft proposed decision paragraph which would specify which modifications had been made with respect to specific programs. There were a number of programs still open for discussion and some proposals by specific delegations on the decision concerning this agenda item 5. One of them was a proposal by the Delegation of the United States of America to raise some issues regarding

Program 6 and to make sure and explicit the fact that these issues would be raised during the next PBC meeting. There were also two other matters, one of which had been mentioned by the Delegation of Mexico regarding the ASHI fund and requests for the Secretariat to do something regarding that, as well as a proposal by the Delegation of Spain, backed by the Delegation of Mexico, regarding efficiencies. The Chair went on to say that there was agreement on Program 3 but that a document would be circulated with one of the outstanding elements remaining under Program 3 on which progress had also been made. This document would also include information in respect of Program 18. The document on the list of decisions was in the process of being prepared and included decisions on agenda items 9 and 10 but not on agenda item 5. This list would be printed, circulated and translated. This meant that efforts could be concentrated on agenda item 5. In this respect, a text would be circulated. Having received the paper with the list of changes, the Chair proceeded to read through the list. Regarding changes to Program 18, the Chair asked if there were any explanations or reactions and if GRULAC could take the floor to say if they were satisfied with this.

464. The Delegation of Brazil, speaking on behalf of GRULAC, said that the group could accept and join a consensus on the text of Program 18, especially if the amendments to paragraphs 18.3 and 18.8 had been made.

465. The Chair proposed to proceed with the first reading of the decision proposed for item 5, which was a work-in-progress, as there had been a breakthrough regarding Program 1 and the decision text would have to be adjusted. The Chair read out the proposed text: "The Program and Budget Committee, having completed a comprehensive first reading of the draft proposed Program and Budget for the 2016/17 biennium Program by Program under each Strategic Goal; (i) agreed to the modifications proposed by Member States to program narratives including the results frameworks in Programs", the list of which followed. The Chair pointed that it should include Program 18, Program 30 and potentially Program 1 as well. Then the second line of the text read: "(ii) requested the Secretariat to issue a revised version of the draft proposed Program and Budget for the 2016/17 biennium based on (i) for the upcoming session of the PBC". The following paragraph read: "(iii) took note *inter alia* of the following points for further consideration in the upcoming session of the PPB: Program 1: Model Draft Law and confidential information; Program 3: TAG; Program 6: Split of Program 6 (Madrid and Lisbon Systems) into two separate programs and reflect this split in all appropriate sections, tables and annexes in the revised draft of the Program and Budget 2016/17; Program 20: New External Offices including potential reference in paragraph 33 and New York Office". The Chair read the last subparagraph reflecting requests by the members to make it explicit in a decision that they could bring forward any other points in respect of Program 6 to the 24th session of the PBC. The points were: (a) Separate the Accounting for Lisbon and Madrid Systems – i.e., two separate programs with separate Expected Results; (b) Ensure that the Lisbon System's use of and contribution to WIPO services and operating costs are accurately reflected as expenses, whether direct or indirect, or income, as appropriate; (c) Balance the Lisbon Budget as provided under the Lisbon Agreement, including its Geneva Act, when it comes into force, without the use of other Unions' Income, general Member State Contributions or income not derived from the Lisbon Union; (d) Request that the Secretariat conduct a Study on Lisbon's Financial Sustainability; (e) Request that the earmark for a diplomatic conference in the 2016/17 biennium be conditional on full participation; and (f) Request that the Secretariat review Annex III, including the allocation of miscellaneous income, and whether, as in the case of the rental income that is directly attributable to the Madrid Union, the miscellaneous income can be more accurately attributed according to how the assets from which this income was acquired and are being maintained. The Chair pointed to subparagraph (v), which was a request to the Secretariat to: "(a) present to the 25<sup>th</sup> session of the PBC, concrete proposals to contain the After-Service Health Insurance (ASHI) liability. These proposals may take into consideration, but should not be limited to, the results presented by the Working Group on ASHI established by the High-level Committee on Management (HLCM) of the Chief Executives Board." In this regard, the Chair recalled a request by the Delegation of Mexico made during the discussion of agenda item 3. The Chair then read point (b) under sub-paragraph (v): "continue its efforts to

identify and implement further savings and cost-efficiencies and to report, including its quantification, to 25<sup>th</sup> session of the PBC, through the Program Performance Report, on the progress made.” The Chair said that the text was prepared in response to a specific request made by the Delegations of Spain and Mexico. The Chair invited delegations to comment.

466. The Delegation of Japan, speaking on behalf of Group B, referred to the hedging strategy for the PCT income agreed by the PCT Working Group (WO/23/REF). Group B believed that the PCT paper was closely related to the Program and Budget. Group B thought it unfortunate that there was no time to hear the update from the Secretariat on the implementation of that strategy. Therefore, Group B requested the Secretariat to provide an update on that matter at the September session of the PBC.

467. The Delegation of Paraguay did not have any comments on the decision paragraph but wished to comment on the Q&A document. It thought it a good idea to include the Q&A document as an annex, or, alternatively make a reference to the document in the decision paragraph. The third, more informal option was to take note of the document.

468. The Chair responded that since the Secretariat was being asked to issue a revised version of the budget document, it could also be asked to issue a revised version of the Q&A. The language to that effect could be added

469. The Delegation of Australia saw that there was no reference in the decision to the informal paper the Secretariat would be preparing on the separation of the Lisbon system but trusted that it was not necessary and the document could be circulated at the time. The other comment was on point iv(d) regarding the request to conduct a study on Lisbon's financial sustainability. The Delegation believed that it did not hear any other delegation oppose its request to move it to point (v).

470. The Chair asked for a confirmation of the suggestion to move it to point (v) and asked if any delegation opposed it. The Chair confirmed that the secretariat would be preparing an updated version of the Q&A paper:

471. The Delegation of France, on the proposed decision and the request for a study, said that there was not really any consensus on it. The Delegation would have liked to have had further information on the goals of such a study. At that stage, it would prefer not to separate this from point (iv). Furthermore, the draft decision contained quite a few important points relating to Program 6. Therefore, the Delegation reserved the right to come back on other points relating to Program 6 in the draft decision.

472. The Chair confirmed that there was no consensus on that part of the decision. Regarding point (ii), the Chair said that some language could be added to reflect the request to update the Q&A document.

473. The Delegation of Mexico wished to suggest some clarifications for point (iii)(c) on Program 20 in the decision text. Where the reference was made to paragraph 33, perhaps “*in the Financial and Results Overview*” should be added in brackets. With respect to the “New York office”, perhaps it should say “WIPO Coordination Office to the UN in New York”.

474. The Chair proposed discussing the contents of point (v)(a) regarding ASHI. There were no comments. The Chair moved to point (v)(b) regarding further savings and cost efficiencies and reporting on them to the 25<sup>th</sup> PBC session. There were no comments on that point. There were also no comments on point (v)(c). The Chair concluded that remaining issues were: Program 1 and the content of point (iv).

475. The Delegation of France returned to point (iii), Program 6. The Delegation wished to specify in the text that this was a proposal to split Program 6. The Delegation's concern was that the discussion on Program 6 had shown a certain level of disagreement amongst the



various members. Therefore, the Delegation wanted to see the wording that reflected the existence of differing opinions with respect to some of the proposals, with the exception of the proposal on transparency. The Delegation said that it would draft the proposed text that would reflect the proposals that had not been accepted by some delegations and that some delegations also had asked for a period of reflection and consideration. The text, as presently written, did not reflect the debate which showed that there were differences of opinion.

476. The Delegation of Iran (Islamic Republic of) supported the intervention by the Delegation of France and could go along with the proposal on point (iii)(c) to specify the split of Program 6. Regarding point (iv), the Delegation could not go along with including the specific list and asked that it be deleted.

477. The Chair encouraged the Delegation to work with the Delegation of France to try to come up with the text. The Chair noted, however, that there was some use in having an explicit list. There were issues raised during the discussions that called for specific reflections and actions. Thus it would be better to have a black&white list of the issues so everybody knew what the expectations of some delegations were. In order to have a constructive problem-solving attitude it was better we have a clear understanding. The Chair reiterated its suggestion that the Delegation of Iran (Islamic Republic of) talk to the Delegation of France and other delegations regarding the explicit list. The Chair returned to the issue of Program 1 and the proposal which reflected a compromise between Group B and GRULAC.

478. The Delegation of Brazil, speaking on behalf of GRULAC, thanked the Secretariat for transforming the compromised suggestion made that morning into a concrete proposal. The rationale behind the proposal was that members would not prejudge the activities of the Secretariat with regard to paragraph 1.1, bullet 6, and implementation strategies, including in the expected results and the results framework. It would expand the text to include the whole mandate of Program 1. This way, the Secretariat would have the flexibility needed to adapt and to orient its resources to where they seemed fit. At the same time, there would not be - as part of an agreed document - one area that was not agreed or even discussed by Member States in the SCP sessions. The Delegation also requested that the discussions and the answers on Program 1 be reflected in the Q&A document, specifically regarding the availability of resources for the implementation of an updated 1979 Model Law. That proposal would still be considered. It had been part of the previous SCP, and during the present session the Secretariat confirmed that, once approved, there would be resources to implement it.

479. The Chair said that the Secretariat took note of the request and agreed to it. Turning to the changes proposed in Program 1, resulting from the agreement between the two Groups, the Chair observed that he saw no objections to them. Returning to the text of the draft decision and point (i), the Chair read out the agreed modifications to the list of programs: "agreed to modifications proposed by Member States to program narratives, including the results frameworks in Programs: 1, 9, 10, 11, 13, 14, 16, 17, 18, 25, 28, and 30." Point (iii), the Chair said that (a) would refer to TAG, (b) would be Program 6 with the adjustment of text proposed by France, and (c) would be on Program 20, where two adjustments were proposed by the Delegation of Mexico regarding the paragraph 33 and inserting the appropriate name for the New York office.

480. The Delegation of Brazil wished to make a small correction in Program 1, results framework, expected results, I.4: the same change should be made to the performance indicators as had been made to the text. The text as it was included patents, utility models and integrated circuits and confidential information in the expected result, and the same language should be used in the performance indicators to actually measure the results of the activities of the Secretariat.

481. The Chair thanked the Delegation for its suggestion and noted that there were no objections to it. The Chair turned the delegations' attention to the revised text on Program 3

that had recently been distributed containing a point already agreed on in paragraph 3.3. The Chair asked delegations if there were any objections to the proposal. There were no objections. The Chair proposed to return to the issue of the text under point (iv) of the draft decision and invited the Delegation of France to present its proposal.

482. The Delegation of France, with respect to the list of issues, said that it would have preferred to not have a list, but in the spirit of flexibility France could accept the list that appeared in the proposal with the number of comments. First, the Delegation wished to recall that the request for a study on Lisbon's financial sustainability was not agreed to by it and that some other delegations had not been in favor of that proposal either. The Delegation said that the Geneva Act was not yet in force and therefore it could not be implemented, as reflected in point (iv)(c). This reference would have to be taken out. With respect to subparagraph (e), it seemed to the Delegation that the conditions for budgeting the resources for the Diplomatic Conference did not fall within the mandate of the PBC. The Delegation believed that the phrase "including its Geneva Act" had to be deleted. The chapeau would be amended to read as follows (iv): "the following issues were raised by some Delegations in respect of Program 6 and were referred to the 24<sup>th</sup> session of the PBC". Regarding (iii)(b) and Program 6 should include: "Program 6 proposal to split". The Delegation would be consulting with the Secretariat on the exact wording.

483. The Chair noted that the Delegation had proposed entirely different introductory wording for point (iv) and said that other delegations would need to reflect on it. The Delegation seemed to have accepted the list of issues but found the element under (c) mentioning the inclusion of the Geneva Act problematic as per the argument that it was not yet in force. The Delegation also worried about the inclusion of (e) and the request to earmark funds for a Diplomatic Conference. The Chair recalled that the issue of the diplomatic conference, as explained by the Legal Counsel, could be clarified by the decision taken by the General Assembly. He thought that point (e) did not imply that the PBC could or should make a decision regarding this but would hint that the issue had been raised during the PBC discussion. The Chair added that listing the study on Lisbon's financial sustainability, although opposed by the Delegation of France, would also indicate that it was an issue that would continue being further discussed in the upcoming PBC. Deleting it from the list would not be of great value as it would have to be discussed anyway. The Chair invited the Delegation of the United States of America to communicate its views on the matter and help find a compromise language.

484. The Delegation of the United States of America said that it accepted the revision of the chapeau to (iv). Regarding point (c), the delegation wanted the inclusion of the Geneva Act. The text might be further revised by saying "including its Geneva Act when it comes into force". Regarding point (e), the Delegation wished the text to remain. It referred to a very important principle that the Delegation wished to stress and remind members of, i.e., that it was the PBC that adopted the budget and not the General Assembly.

485. The Delegation of Iran (Islamic Republic of) pointed out that the draft decision was not a place to reflect the content of proposals. If members wished to reflect the content of proposals, then all proposals made, e.g., a study on External Offices, should be listed in (iii)(d). The Delegation thought that the list of proposals in a decision paragraph was a new precedent and insisted on deleting the list envisaged under (iv).

486. The Chair commented that if there was no consensus on the decision, the entire budget document would have to be re-discussed, including the idea of splitting Program 6, even if a compromise had been reached on certain issues. Having the explicit list of issues would help further discussions and consultations between July and September. There was no other delegation opposing the idea of the list specifying the issues on which there was no agreement, e.g., in Program 3 or Program 20, and which would need to be discussed before the September session.

487. The Delegation of Uruguay referring to the issue of the list, said that whether it was in or not, the problems and disagreements would remain. The Delegation agreed with the Chair that it was better that it be there, so that members were clear as to what they were trying to achieve between July and September. Problems were going to remain regardless of the list. The trouble was that what members were really trying to do was to deny the reality of the situation by not putting these items on a list. Members were really only trying to sweep the issues under the carpet. It was like still having an elephant in the room while pretending it had gone for a walk.

488. The Delegation of Spain thought that delegations needed to see a clean new version of the decision text. It said the list would help delegations prepare better for the September session.

489. The Chair asked the Delegation of the United States of America, regarding (iii)(b), whether it agreed to shorten the text to say: "Program 6 - proposal to split", without going into detail that would have to be discussed anyway. He added that the information on the split was going to be included in the Q&A in any case. The Chair announced a short break to allow for the distribution of a revised decision text, which he read (see the adopted decision).

490. The Delegation of France said that it could show flexibility with regard to the new proposal. However, the Delegation wished to have it recorded in the minutes of the meeting that the list of issues in the decision was without prejudice to the competence of other bodies within WIPO, particularly the General Assembly of the Lisbon Union.

491. The Delegation of Iran (Islamic Republic of) expressed the still-existing concern with the practice of including the list of issues in the decision. It proposed that the list be included as an annex to the decision. It stated that, unfortunately it could not go along with adding one proposal from one delegation to the list.

492. The Chair corrected the Delegation of Iran (Islamic Republic of) and said that there were many other delegations that backed the proposal and more than one delegation would rather not have this list in the annex. The Chair said that the Secretariat had tried to move the list to the annex but it was not acceptable to the proponents of the text. The Chair concluded that the text was acceptable to all delegations but one.

493. The Delegation of Iran (Islamic Republic of) stated that its problem was with the practice and not whether its proposals were on the list or not.

494. The Chair proposed that, in the spirit of compromise, the PBC could take note of further concerns with respect to Program 6 as listed in the Annex. Another option would be to take count of which delegations wanted the list and which did not.

495. The Delegation of Mexico proposed that, perhaps, one way forward was to maintain small (IV) and add a footnote with the list of topics currently listed from (a) to (c), which would be similar to having a list in the annex. However, the Delegation was not sure that it would be acceptable.

496. The Delegation of Iran (Islamic Republic of) said that it could go along with the proposal made by the Delegation of Mexico.

497. The Chair invited the Legal Counsel to clarify the matter of the precedence of putting the list of issues into a decision paragraph.

498. The Legal Counsel replied that, yes, there was precedent.

499. The Delegation of Iran (Islamic Republic of) wished to ask a question, through the Chair, to the Delegation of the United States of America: what was the problem with putting the list in an annex or footnote?

500. The Delegation of the United States of America responded that, for the record, it wished for the decision to be taken in a way that would ensure that the concerns raised during the present session would be referred to the next PBC and discussed. The Delegation did not think an annex or a footnote was appropriate. The Delegation wished to make it very clear as to what the Committee would be discussing in September if members wanted to get a Program and Budget for 2016/17.

501. The Delegation of the United Kingdom, in trying to find a constructive way forward based on Iran's (Islamic Republic of) concern, thought that a statement by the Chair format could be used. That would not create a precedent, although there were different interpretations whether this was a precedent or not.

502. The Chair asked the Delegation of Iran (Islamic Republic of) whether adding a statement by the Chair to the decision would be satisfactory.

503. The Delegation of Iran (the Islamic Republic of) responded that it would need to consult with its Ambassador.

504. The Chair announced a break to allow the time for the Delegation of Iran (Islamic Republic of) to consult.

505. The meeting resumed and the Chair announced that following a long consultation with the Delegate of Iran (Islamic Republic of), and with assurances given by the Chair on certain issues, the Delegation was willing to compromise. The Chair put forward for approval the decision on item 5 as it had been read and distributed, with no amendments, but with the clarification that this should not establish precedence for future decisions of the Committee. There were no comments and the decision was gavelled.

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

- (i) agreed to the modifications proposed by Member States to program narratives, including the results frameworks in Programs 1, 9, 10, 11, 13, 14, 16, 17, 18, 25, 28 and 30;
- (ii) requested the Secretariat to issue a revised version of the draft proposed Program and Budget for the 2016/17 biennium based on (i) for the upcoming session of the PBC, and an updated version of the Q&A document;
- (iii) took note, inter alia, of the following points for further consideration in the upcoming session of the PBC:
  - a) Program 3: TAG;
  - b) Program 6: proposal to split Program 6 (Madrid and Lisbon Systems) into two separate programs and reflect this split in all appropriate sections, tables and annexes in the revised draft of the Program and Budget 2016/17; and

- c) Program 20: New External Offices including potential reference in paragraph 33 (in the Financial and Results Overview) and WIPO Coordination Office to the United Nations New York.
- (iv) Took note that the following issues were raised by some Delegations in respect of Program 6, and were referred to the 24<sup>th</sup> session of the PBC:
- a) Separate the Accounting for Lisbon and Madrid Systems – i.e., two separate programs with separate Expected Results;
  - b) Ensure that the Lisbon System's use of and contribution to WIPO services and operating costs are accurately reflected as expenses, whether direct or indirect, or income, as appropriate;
  - c) Balance the Lisbon Budget as provided under the Lisbon Agreement, including its Geneva Act, when it comes into force, without the use of other Unions' Income, general Member State Contributions or income not derived from the Lisbon Union;
  - d) Request that the Secretariat conduct a Study on Lisbon's Financial Sustainability;
  - e) Request that the earmark for a diplomatic conference in the 2016/17 biennium be conditional on full participation; and
  - f) Request that the Secretariat review Annex III, including the allocation of miscellaneous income, and whether, as in the case of the rental income that is directly attributable to the Madrid Union, the miscellaneous income can be more accurately attributed according to how the assets from which this income was acquired and are being maintained.
- (v) requested the Secretariat to:
- a) present to the 25<sup>th</sup> session of the PBC, concrete proposals to contain the After-Service Health Insurance (ASHI) liability. These proposals may take into consideration, but should not be limited to, the results presented by the Working Group on ASHI established by the High-level Committee on Management (HLCM) of the Chief Executives Board;
  - b) continue its efforts to identify and implement further savings and cost-efficiencies and to report, including its quantification, to 25<sup>th</sup> PBC session, through the Program Performance Report, on the progress made; and
  - c) provide an update at the 24<sup>th</sup> session of the PBC on the progress made in respect of the implementation of the Hedging Strategy for PCT Income (WO/23/REF) as approved by the PCT Working Group.

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

507. Discussions were based on document WO/PBC/23/4.

508. The Chair invited the Secretariat to present document WO/PBC/23/4, "Joint Inspection Unit Report 'Review of Management and Administration in the World Intellectual Property Organization (WIPO)' (JIU/REP/2014/2): Progress Report on the Implementation of Recommendations".

509. The Secretariat introduced the document by recalling to Member States that the Joint Inspection Unit (JIU) undertook a review of the management and administration in WIPO in 2013 and presented its report to the Director General in final form in May 2014. The Secretariat's responses to the ten recommendations made by the JIU in its report were presented to Member States in September 2014. These recommendations were accepted by WIPO as they contribute to the process of continuous improvement and to further strengthening WIPO's administrative and management processes, and implementation of a number of the recommendations had been already commenced at that point. Document WO/PBC/23/4 provided an update on the implementation of these ten recommendations. Eight recommendations were addressed to the Director General of which seven had been fully implemented and two recommendations were addressed to the legislative bodies, one each to the Assemblies and Coordination Committee, which remained under consideration. The recommendation addressed to the Coordination Committee was linked to one of the recommendations addressed to the Director General and was in the process of implementation. Further implementation updates on the outstanding legislative body recommendations of the MAR would be reported under the regular progress reports on the implementation of JIU recommendations which the Secretariat would provide to the Member States under the standing item at the September PBC. The Secretariat further informed the Member States that the Secretariat had taken due note of further suggestions made by the JIU in its report, in addition to the formal recommendations, as followed, (in no particular priority order): an aggregated procurement plan at the organization level had been consolidated into the 2015 work plan; performance indicators, including baselines and targets, had been considerably improved; training videos had been developed for use by staff on specific areas of interest, RBM and ERP notably, which staff could select depending on functional needs; induction courses, as well as briefing courses for staff in the External Offices had been held to reinforce the importance of results-based management as a tool at WIPO; ERP progress reports had been enhanced; through Business Intelligence, software dashboards had been developed to help staff monitor performance and work plan progress; a revised investment policy and reserve policy had been developed and submitted for consideration by Member States; training of Selection Board members had been carried out, in order to further improve the quality of reports and strengthen the selection process; an evaluation of the Rewards and Recognition pilot had been completed and a policy would be issued in 2015, taking on board the lessons learned; the evaluation function had been strengthened; internal audit and evaluation reports were now published on the WIPO website within 30 days of their issuance as per the revised Internal Oversight Charter; a project validation subcommittee had been established within the Information and Communication Technology Board to optimize resource utilization in connection with the ICT projects; a knowledge management strategy had been elaborated; and, finally, policy development work had been undertaken to further strengthen internal controls and financial risk management across the Organization.

510. The Delegation of the United States of America thanked the Secretariat for the progress report on the implementation of the recommendations contained in the 2014 Joint Inspection Unit report. The Delegation requested the Secretariat for information on the status of the implementation of previous JIU report recommendations, noting that the United States of

America was particularly concerned with the outstanding recommendations from JIU/REP/2010/3, concerning Ethics in the United Nations system. The Delegation believed that the Ethics function was critical for building effective and transparent organizations and urged WIPO to make the implementation of the Ethics recommendations a priority. In addition to continued reporting on the implementation of outstanding recommendations, the Delegation wished to hear more in the future about the ongoing implementation of the recommendations, such as the implementation of the WIPO gender policy, the outcome of the evaluations of the Strategic Realignment Program, and the implementation of the ICT, as well as the Knowledge Management strategies.

511. The Delegation of Japan, speaking on behalf of Group B, welcomed the report stating that all recommendations addressed to the Director General had been fully implemented. The provision of information was also appreciated on other actions taken in response to the report, in line with the decision of the last session of PBC, keeping in mind that this included food for thought for Member States and the Secretariat for the discussion to further improve the Organization in addition to the formal recommendations. Group B looked forward to further reports by the Secretariat in the future on outstanding recommendations and under regular progress reports, provided to Member States, on the JIU recommendations.

512. The Delegation of Mexico thanked the Secretariat for submitting the report which looked at progress that had been made within the framework of the report of the JIU. Out of the ten formal recommendations put forward, the Delegation noted that two recommendations had not shown any progress, and hoped that when discussions on the agenda item related to Governance took place, Member States would be able to make some progress so that they would be able to provide compliance with the recommendation. The Delegation also referred to previous discussions on the question of geographic distribution and consequently the recommendation made by the JIU in this area. The Delegation thanked the Secretariat for the oral presentation of the various activities, proposals and suggestions made by the administration throughout their report but would have liked the information to have been included in the document itself. The Delegation suggested that the intervention of the Secretariat be included in the revised version of the document so Member States could be mindful of the progress made by WIPO in compliance with the suggestions made by the JIU.

513. The Delegation of Turkey aligned itself with the statement made on behalf of Group B. The Delegation wished to hear more about the composition and the Terms of Reference of the Risk Management Group. Furthermore the Delegation also wished to have further information on WIPO's risk policy and the risk and internal controls manual which had been mentioned. The Delegation welcomed the risk management processes being supported by the ERP. The Delegation attached importance to the implementation of Recommendation 6 and wished to hear the latest developments in this regard. Referring to Recommendation 7, the Delegation appreciated and took note of the activities already undertaken by the Secretariat and looked forward to hearing the latest developments on the preparation of a plan of action which was foreseen to be completed by the end of 2015

514. The Delegation of Nigeria, speaking on behalf of the African Group, thanked the Secretariat for the summary on WIPO's implementation of the JIU recommendations. The Group believed that this was an impressive record of implementation, out of ten recommendations, seven had been accepted and implemented, one was in progress and two were under consideration. The African Group commended WIPO for Recommendation 8 on gender policy/gender diversity and the issuance of the Organization's very first gender policy. In speaking to that, the African Group noted that Recommendation 6, on geographical distribution, had already been raised by the Group when discussions were being held on the draft proposed Program and Budget; therefore the Delegation did not wish to repeat its sentiments as they had been made very clear. The African Group placed particular emphasis on Recommendation 1 which related to Governance and noted that as this would be discussed later, the Group would reserve its comments. However, at that point, the general comment by

the African Group was that the Organization should take the matter very seriously and hoped that the Group would have the opportunity to discuss it in-depth.

515. The Delegation of Canada wished to support the intervention made on behalf of Group B and thanked the Secretariat for the outline of the implementation of some of the suggestions of the JIU in their 2014 report and reiterated the interest of Canada in those suggestions. The Delegation of Canada requested the Secretariat to point out where information on the areas where the Delegation would like to receive updates could be found in the PPR or the Draft Program and Budget. These areas were, for example, the treasury and cash management policy and the resource mobilization strategy as well as some other elements the Delegation was interested in.

516. The Delegation of Pakistan supported the statement made by Nigeria on behalf of the African Group. The Delegation also appreciated the implementation of the majority of the recommendations by the Secretariat. However, the Delegation wanted to see similarly expeditious implementation under Recommendation 1, relating to Governance, which the Delegation believed to be very important for the optimal functioning of the Organization and also Recommendation 7 concerning equitable geographical diversity.

517. The Delegation of South Africa supported the intervention made by the Delegation of Nigeria on behalf of the African Group. South Africa, like many delegations present, had taken careful note of the JIU report and the recommendations contained therein as well as the Secretariat's follow-up report on the JIU recommendations. The Delegation noted that seven out of the eight recommendations addressed to the Director General had been fully implemented. The Delegation had also taken note of the response received in the morning session of the meeting on WIPO's plans for ensuring broader geographical diversity and encouraged WIPO to fast track this progress. With regards to Recommendation 1, which spoke to the General Assembly reviewing the WIPO governance framework, the Delegation recalled that the African Group had made a proposal with several initiatives which the Delegation believed should be substantively discussed and looked forward to engaging on the Governance proposal drafted by the Vice Chair.

518. The Delegation of Iran (Islamic Republic of) thanked the Secretariat for the information on progress of implementation of JIU recommendations. The Delegation expected that all recommendations, especially Recommendation 1 on WIPO Governance and Recommendation 6 on geographical distribution would be implemented. Furthermore, the Delegation expected a Plan of Action on geographical distribution as recommended in Recommendation 7. Regarding Recommendation 1, the Delegation felt that the issue of Governance required a great deal of attention on behalf of all Member States. WIPO's Governance behind principles of equality, transparency and equal representation in all sectors, should have a system to ensure sustaining governance accountability and transparency as well as safeguarding effective and efficient management of the Organization in order to achieve its mission and objectives as agreed upon by Member States. Those subjects needed to be addressed, taking into account the position of all States represented in the Committee Meetings. The Delegation of Iran (Islamic Republic of) wished to see active consensus based on recommendations allowing WIPO to move forward on this issue. Therefore, the Delegation suggested that an *ad hoc* working group be established to address all of the different proposals and options on the table, in line with Recommendation 1. The *ad hoc* working group should explore the ways and means to promote performances, efficiency and coordination of the WIPO Governance structures, and should be established in accordance with Rule 12 of the WIPO general Rules of Procedures. The Delegation reminded the Committee that there was a precedent in WIPO, to establish a working group in 1998 by the General Assembly, to address the Governance structure of WIPO. The Delegation considered that the establishment of the working group in 1998 could be a good example to create the new *ad hoc* working group to review Governance at WIPO.



519. The Delegation of the United Kingdom, having heard the information on geographical diversity and representation, reiterated what it had been advocating, i.e., that the number one recruitment condition should be merit, experience and suitability for the role and only after that geographical representation could be taken into account. That being said, the Delegation fully supported the Secretariat's initiatives and activities and outreach to motivate competent candidates in those regions that are underrepresented and believed that this was the right way to tackle and achieve the right balance in this area.

520. The Secretariat responded firstly to the intervention made by the Delegation of the United States of America, reminding Member States that this was a JIU report which was very specific to WIPO as a Management and Administration Report, and that typically these reports and their recommendations would find their way into the standing item report presented by the Secretariat to the September meeting of the PBC, along with all other legislative body recommendations which would also be there whilst they were still open. Those recommendations which were closed year-on-year would also be reported on at that time. Therefore, if there were open items on certain issues which had been raised by Member States, they would be addressed through the outstanding item report presented by the Secretariat to the September meeting of the PBC. Two recommendations in particular which had been raised and of relevance to the report before the Committee – one on gender policy and one on knowledge management – had been addressed and were responded to in that particular report. A knowledge management strategy would be published and available at the time of the September meeting and the gender policy had also been issued. Additionally, issues related to governance were outside the Secretariat's agenda, Recommendation 1 and 6 were very much in the hands of the Member States. Recommendation 7 was linked to Recommendation 6 and there had been a number of initiatives already started on that front, which Member States could find in document WO/PBC/23/4. On the issue of the suggestions – and particularly with regards to the point raised by the Delegation of Mexico – on what would otherwise be known as soft recommendations in the JIU report, the Secretariat clarified that soft recommendations as defined by the JIU were additional suggestions for enforcing management framework and related practices and drew the attention of Member States to the Executive Summary. As per the JIU, they were considered as suggestions, were not the subject of any formal follow-up action by the JIU and were thus not recorded or tracked in the JIU follow-up system. Any intervention made would be included in the report of the PBC but the Secretariat would be happy to make its intervention available to Member States as it stood. Lastly, the Secretariat mentioned that recommendations addressed to the Executive Head were also part of the Secretariat's reporting to the IAOC. This was on the IAOC's agenda and was reviewed together with other recommendations from the IOD.

521. The Secretariat continued by confirming, with regard to recommendation 7, that it had taken a number of initiatives to broaden its geographic reach, that is to get more applications from applicants from un-represented and under-represented regions. Member States were invited to recall the event held during the last Assembly where all unrepresented Member States were invited to engage with the Secretariat. The Secretariat increased advertisement of vacancies in unrepresented regions where input had been received from Member States. HRMD were monitoring applications from unrepresented nation applicants and had set up a special roster for these. Every time a vacancy notice appeared, these applicants automatically received an alert about this vacancy. Furthermore, coaching, guidance and feedback were provided on how these applicants could make a strong application for WIPO vacancies in order that they could prevail in tests and interviews because Member States had given the Secretariat a mandate to recruit applicants on merit and therefore the Secretariat wished such applicants to make their best case. HRMD had been on outreach missions to Asia and had visited three countries, engaging with the IP offices there and making presentations at the universities that deal with Intellectual Property. HRMD had also spoken with a lot of graduates and interested parties providing them with guidance on how to apply and to present themselves. This would be a long process, but the Secretariat was receiving more applications from some of these

countries, however, Member States would not see a big difference in a short period of time. This was a long-term project.

522. The Chair suggested that this agenda item could then be concluded as responses, including geographical representation, had been given by the Secretariat and Governance would be discussed later in the agenda.

523. The Delegation of Spain thanked the Secretariat for the report and recognized that a sound job had been carried out on the formal recommendations and from what the Delegation had heard the Secretariat was trying to apply the suggestions put forward by the JIU, whenever possible. The Delegation understood the difference between formal recommendations and suggestions. The Delegation also echoed the recommendation voiced by Mexico. The Delegation of Spain thought that it was good to strike a balance between a more formal response to the formal recommendations, and the written information beyond the scope of the verbatim record of the meeting. However, the Delegation did not want to belabor the point but if in the upcoming months or next year the Secretariat would continue focusing on some of these suggestions to continue improving Governance, it would be good to be able to have a look at what the Secretariat was doing. This was not a concrete formal suggestion, but if a follow-up could continue giving Member States information with regards to the way in which the Secretariat was bearing in mind and applying the report, so as to continually improve Governance.

524. The Secretariat hoped that he had not given the impression that these recommendations were not proactively followed-up on. The Secretariat felt that the reporting and the transparency which had been provided was a testimony to just this Member States could find a fair amount of reporting within the PPR along with other initiatives like the cost efficiencies and savings as well as the feedback on IAOC JIU and IOD recommendations. An opportunity to share with Member States would not be missed during the general statements during the PBC on the initiatives and other improvements which have been made over the year.

525. The Delegation of Mexico thanked the Secretariat for providing the answers. It had hoped to elicit a reflection of the proposal made by the Secretariat and the efforts by the latter with the aim of applying those improvements, an endeavor which fitted in well with the strategy of the Secretariat as well as the JIU's recommendations. On the basis of the JIU report, there were ten formal recommendations; however the Delegation proposed that the Secretariat's suggestions be included in the working document for the benefit of the Member States, not necessarily for the JIU. It was felt that that was more within the spirit of trying to have a clear understanding of the Secretariat's progress in the various areas that were covered by the report.

526. The Chair suggested that the Delegation work with the Secretariat, who was more than willing, in order to produce a decision to that end, so that each time the PBC met, it could be updated on the recommendations needing attention. That exercise could be performed annually. The Chair wondered if it might not be more acceptable for all to add a paragraph calling for the Secretariat to report at regular PBC meetings on any additional progress made on the soft recommendations of the JIU.

527. The Secretariat proposed that it could be taken as part of the performance reporting conducted annually on progress made vis-à-vis the other recommendations. That way the PPR would reflect, in part, initiatives taken, such as was done with the cost savings.

528. The Chair asked whether it should be considered part of the decision under agenda item 6 or if it should be left as such and to proceed to a decision.

529. The Delegation of Spain thought the Secretariat's suggestion was excellent and, unless opposed, did not feel it was a necessary measure as the Secretariat's engagement was sufficient guarantee to contribute in bringing about an evolution.

530. The Delegation of Mexico supported the Secretariat's suggestion.

531. The Chair put forward the decision paragraph appearing in the document. There were no objections, the decision was gavelled.

532. The Program and Budget Committee:

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

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

## **ITEM 7 PROPOSAL TO REFORM AND ENHANCE PROGRAM PERFORMANCE AND FINANCIAL REPORTING**

533. Discussions were based on document WO/PBC/23/5 Rev.

534. The Chair introduced document WO/PBC/23/5 Rev., the proposal to reform and enhance program performance and financial reporting, and handed the floor to the Secretariat for the introduction of the item.

535. The Secretariat recalled that, on the occasion of the 22nd session in September 2014, the PBC, having recognized the opportunity to improve biennial performance and financial reporting, had requested the Secretariat to submit a detailed proposal on the format and the content of a comprehensive and integrated biennial report based on a survey which was sent out to Member States in January 2015 to seek their detailed input. Responses were received from 23 Member States, all of which had been included in the annex of the document under review. The Secretariat further mentioned that, since the time of the drawing up of the document, two more responses had been received. The key conclusions from the survey were that the proposal to launch a biennial performance report by minimizing duplications with the financial statements and by including relevant financial information in the Program Performance Report, thus examining both programmatic and financial performance, had met with significantly varying responses from the Member States. The conclusion was that it was therefore not appropriate, at this stage, to pursue the proposal of an integrated report, because very clear and strong preference had been expressed by several Member States for the retention of the biennial Financial Management Report. The Secretariat expressed its gratitude to the Member States who had answered the questionnaire for their qualitative comments and inputs and assured that these inputs would be taken into consideration.

536. The Chair opened the floor for comments.

537. The Delegation of Japan, speaking on behalf of Group B, thanked the Secretariat for having carried out a Member State survey and for having prepared document WO/PBC/23/5 Rev. Group B considered that, in view of the wide spectrum of views presented by the Member States, the continuation of the current reporting and the document was a reasonable conclusion, at least at this point in time. Group B believed that this exercise was very useful for the Secretariat as it showed what information was considered as being of

importance to the Group and showed how the Group wished the Secretariat to present this information. As described in the decision point and explained by the Secretariat, the Group B conveyed its belief that this exercise could contribute to further improving the reporting documents.

538. The Delegation of Mexico expressed its belief whereby it had always seen a great deal of merit in the initial proposal made by the Secretariat to try to merge these two reports. Having said that, it took note of the divergence of opinions on the issue and the desire of a few Member States to maintain two separate reports. The Delegation supported the proposed decision for the consideration of the PBC, but having said that, added that it would be very grateful if the Secretariat would take into account the responses which had been provided by Member States, including Mexico, to the questionnaire which was issued. In this respect, particular reference was made to the attempt to reform and improve the content of these reports. The Delegation added that any other proposals for improvement were also welcome.

539. The Delegation of China expressed its appreciation for the efforts made by WIPO in its reform of the financial reports. The Delegation considered that the objective of the reform was to guarantee comprehensive and transparent reports, and to reduce duplication. China had carefully studied the Q & A and the survey and also provided its opinion. Although the results had shown that the Member States had different views concerning the future direction, the Delegation of China still wished to encourage WIPO to implement the measures of the reform, for example, to reduce the duplication of information and to present information in a simpler way.

540. The Delegation of the United States of America expressed its support for the efforts made by the PBC and the Secretariat to improve and reduce duplication of program performance and financial reporting. It believed that accurate, timely and thorough reports were important tools for Member States in assessing the financial health of the Organization and the performance of its programs. It understood that many Member States had concerns or outstanding questions about the proposed reform package and encouraged the PBC and the Secretariat to consider those questions and concerns with a view to revising the proposal for later consideration. Until such time, the Delegation agreed to maintain the current reporting documents and expressed its support for the decision paragraph.

541. The Delegation of Chile expressed its support for the efforts made to improve the presentation of the financial statements. The Delegation said that it had responded late to the questionnaire and wondered if it would be possible to have an updated version of the PBC document that would include all of the results of the survey, including the replies sent in late by the Delegation of Chile and by one other delegation. This would allow a full picture of all the replies that had been received, said the Delegation, and allow them all to be taken into account in the effort improve financial reporting and also for the future in the context of evaluation.

542. The Secretariat confirmed that it would update the Annex to the document under review in order to reflect the latest responses received.

543. The Chair proposed to proceed to the decision as put forward in the document and read out the decision paragraph. There were no objections and the decision was gavelled.

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

- (i) continue with the current reporting documents, and
- (ii) take into consideration the qualitative inputs provided by the Member States for the preparation and improvement of the program performance and financial reports in future cycles.

## ITEM 8 POLICY ON INVESTMENTS

545. Discussions were based on document WO/PBC/23/6: "Revised Policy on Investments (to be effective December 1, 2015) and document WO/PBC/23/7: "Proposal for Additional Revisions to Policy on Investments".

546. The Chair announced that proposals under items 8(i) and 8(ii) of the agenda would be discussed together and invited the Secretariat to introduce them.

547. The Secretariat introduced the first document, WO/PBC/23/6, which was the Revised Policy on Investments to be effective on December 1, 2015, and explained that it contained the minimum changes required for the investment policy currently in force. The document meant to address the situation that WIPO would face next December, when the organization would be obliged to withdraw all of its investments from the Swiss federal department of Finance. The investments withdrawn would have to be placed somewhere and if the current policy was not revised the Organization would be in immediate breach of the policy for various reasons, the principal ones of which were as follows. First of all, the primary objective of the Organization's investment management was to preserve capital. In an environment of negative interest rates, this had become a severe challenge, and would be possible to only a limited extent, if at all. The Secretariat added that this fact needed to be reflected within the policy. Secondly, the current policy called for all Swiss franc investments for WIPO to be held with the Swiss authorities, stated as the National Bank of Switzerland within the investment policy documents itself, provided that the rate was higher than that available from commercial banks with the required credit rating. Obviously WIPO would not be permitted to hold investments with the Swiss authorities from December 2015, and the question of the available rate from commercial banks therefore ceased to be relevant. The comparison was no longer needed. Thirdly, the investments had to be held with banks having a rating of AA-/Aa3 or higher. The Secretariat added that it was now very difficult to find banks with this level of credit rating and particularly to find banks with such a credit rating which were prepared to hold Swiss francs. The banks with which WIPO was working on a regular basis, UBS, Crédit Suisse and JP Morgan were all at lower credit ratings than those specified in the Investment Policy. When the investments would be withdrawn in December, a significant amount of the money would have to be kept with UBS and Crédit Suisse, so the acceptable credit ratings would have to be lowered accordingly. The Secretariat added that if Member States were unable to agree on the more extensive changes proposed to the investment policy, in the next document, WO/PBC/23/7, the modifications explained in this document would provide the Organization with an investment policy with which it could operate from December 2015. It added that if Member States agreed to some or all of the changes proposed in the next document, WO/PBC/23/7, two new revised investment policies would be submitted to the next PBC session, and the modified investment policy explained in this document, WO/PBC/23/6, would not be required.

548. The Chair explained that this was one issue with two proposed decisions which were linked, and therefore asked the Secretariat to describe the second document, in order to get the whole presentation and reactions, and then see what sort of decision could be taken.

549. The Secretariat presented document WO/PBC/23/7, which proposed extensive changes to the current investment policy and, if accepted, would lead to the preparation of two investment policies: one to replace the current investment policy, and a second policy to cover the cash that had been set aside for ASHI, adding that this was referred to as *strategic cash* in the document. The three categories of cash which made up the organization's cash balances were identified in the documents. These were operating cash, core cash and strategic cash, and the document further described how each category had a different investment objective, a different investment horizon, and a different risk profile. A range of asset classes was proposed for inclusion in the investment policies which was wider than the list of asset classes currently permitted. The document also explained the need to accept more risk in order to obtain a positive return in the current market for Swiss franc investments.

550. The Delegation of Brazil, speaking on behalf of the GRULAC, expressed concern over the implementation of the policy of negative interest rates in Switzerland, which was exerting strong pressure on the financial management of international organizations. In that regard, GRULAC urged the Director General to convey to the Swiss authorities and the Chief Executive Board of the UN the concern of Member States on the situation and hoped that the Geneva-based agencies could be exempted from the policy. Moreover, the Delegation welcomed the Director General's future report to the PBC on his initiatives towards the Swiss authorities.

551. The Delegation of Japan, speaking on behalf of Group B, thanked the Secretariat for its work and for the preparation of the two documents, WO/PBC/23/6 and WO/PBC/23/7, relating to how the Organization should deal with the introduction of new rules by the Swiss Federal Finance Administration and negative interest rates. As a provisional measure to respond to the situation, starting from 2016, when WIPO would not be able to keep deposit accounts with the Swiss finance administration, it supported the proposal described in WO/PBC/23/6. With respect to the proposed changes to paragraph three of the investment policy, Group B preferred to maintain the limit on the amount of money invested in one institution, to no more than 30 per cent, unless the institution enjoyed sovereign risk and AAA rating. Group B understood that the important and critical issue was to agree with the direction the Organization should take in order to minimize the impact of negative interest on WIPO, keeping in mind the financial profile of this organization with regard to Swiss francs. In this respect, Group B appreciated the Secretariat's effort to present the proposals in the document entitled "*Proposal for Additional Revisions to Policy on Investments*" WO/PBC/23/7. As stated in its opening statement, Group B pointed out the important need to agree with a general direction for the future treasury policy and to reflect the nature of the latter in a more precise manner. Group B added that it would allow the Secretariat to prepare the concrete draft of the revised investment policy to be adopted at the September session. Group B showed general support for the basic concept that cash should be divided into three groups, namely operating cash, core cash and the strategic cash, and that each group should be dealt with in a way fitting to its respective purpose and nature, for a reduction in the minimum number of financial institutions amongst which operating cash could be held to four institutions, and for the use of external fund managers to manage core and strategic cash. Moreover, it also supported the payment of the scheduled loan payments related to the New Building which were due in November 2015 and January 2016. Therefore, Group B requested the Secretariat to prepare a complete set of revised investment policies, reflecting these basic concepts, following substantive comments and more detailed points by individual members of its group, and to present them at the September session for consideration and adoption. Furthermore, Group B asked the Secretariat to start background preparation, which would enable the expeditious implementation of the new investment policies soon after the adoption by the General Assembly. Group B wished to ask the Secretariat some questions. First, Group B requested the Secretariat to provide more details on the concrete correlation of the investment policy, and who would be tasked with elaborating the portfolio structure along the lines of what was contained in Annex 3 of document WO/PBC/23/7. Group B added that the exercise of fixing appropriate percentages for asset classes was crucial, since this would ensure that riskier asset classes were not over-represented in the portfolio. This was an expert task and Group B would be interested to learn how this process would be proposed to take place. Secondly, Group B would be interested to learn more on the work of the global custodian. Who would monitor the investment actions and performance of fund managers on WIPO's behalf, how would the global custodian report to WIPO and how would his work play together with regular monitoring of the implementation of the investment policy by internal WIPO staff, such as by the Investment Advisory Committee? Group B believed it was important that the monitoring of the policy implementation was done by WIPO itself, on a regular basis. It said that it would be interested in learning whether this task could be done by the Investment Advisory Committee, or whether an additional internal structure needed to be established to this effect.

552. The Delegation of Romania, speaking on behalf of the CEBS group, stated that from a general perspective, it believed that the new circumstances under which WIPO was to operate,

such as the need to discontinue holding deposit accounts with the Swiss Federal Finance Administration from December 1, 2015, and the current negative interest rates, definitely required a new approach with regard to the management of WIPO's monies. Therefore, it fully supported revising the policy on investment. With respect to document WO/PBC/23/6, the CEBS deemed the various amendments proposed by the Secretariat positive. As for document WO/PBC/23/7, the CEBS believed that in order to avoid or minimize the erosion of monies, WIPO should be able to invest also in different asset classes than bank deposits and government bonds. While being aware that this would bring some level of risk, compared with the previous policy, the Group's view was that prudence was to remain a primary concern and that any risks taken should be minimal. It also supported the proposal from the Secretariat to prepare two investment policies for the next PBC session, one covering operating and core cash and the second one regarding strategic cash. The CEBS also agreed with the use of external fund managers to manage core and strategic cash, and with the payment of two tranches of the new building loan which were reaching their maturity in the near future. Emphasizing that time was an important element in this exercise, the CEBS added that it was hoping a decision on the revised policy on investments could be taken during the present session.

553. The Delegation of Mexico said that it had two statements to make, one on each document. Referring to WO/PBC/23/6, the Delegation said it was aware that due to the new measures adopted by the Swiss Federal Finance Administration, five accounts would have to be closed down. It added that it was aware of the negative interest rate problem and as a result of that, the fact that the organization had to make changes to its investment policy. It further stated that it supported the Delegation of Brazil on behalf of GRULAC in supporting the proposed amendments to the investment policy, outlined in document WO/PBC/23/6. This would allow the Organization to transfer the funds which were currently held with the Federal Finance Administration in Switzerland to other banks. At the same time, this would allow the Organization to have a policy to act in line with the new circumstances coming into operation in December 2015. The Delegation had only a slight reservation on the modifications to paragraph 2. It did not seem appropriate that the fundamental objectives of an investment policy should include exceptions when its purpose was to establish general rules. It understood the circumstances which had led to the tabling of this proposed amendment, but did not consider it appropriate to leave it reflected in the policy as such. Concerning document WO/PBC/23/7, the Delegation thanked the Secretariat for having submitted the document, and for the extensive consultations which had been held between WIPO and Member States on this issue. This would mean that Delegations were fully and properly informed about an issue which would have immediate repercussions on the finances of the Organization. The Delegation asked that any measure applied to the investment policy be temporary as a result of the current situation, suggested one year to apply the new investment policy, and requested the Secretariat to keep the Committee up to date on the way events were developing on a regular basis. This would allow the Committee to reassess the situation and take appropriate measures. On the specific proposals, the Delegation had some comments to make. It would support investments on operating cash and core cash to be low risk whereas for the strategic cash it would accept a medium level of risk. It added that it did not support the strategic resources for ASHI being invested at high level. With high level risk investments, it would be inappropriate to use staff resources; the Organization needed to preserve its capital and guarantee its liquidity as well. It supported the proposal that WIPO should pay the two tranches of the building loan which were coming to maturity in November 2015 and early 2016 and also thought that external portfolios could be for operating and core cash but requested to have more information about the selection of the investment managers involved and the internal management of operating costs. The Delegation also requested to know whether the costs inherent in hiring a professional were included in the current proposal for the budget 2016/17 or whether that was something that needed to be added to the total budget figure. Finally, the Delegation asked for an explanation on paragraph 8 of the document, which indicated that there would be greater diversification among the institutions in which operating cash could be held. The idea of diversification seemed to be a little bit contradictory with what was stated in the decision, reducing the

minimum number of financial institutions down to four. The Delegation requested the Secretariat to provide clarifications in this respect.

554. The Delegation of Spain supported the Group B statement, and added that it had a few general comments to begin with and then would give the floor to other delegations as it had some more specific technical questions. It fully understood the need to carry out reform to WIPO's investment policy because the Organization was facing a very complex situation; the situation was one in which WIPO would no longer be able to enjoy the preferential interest rates on its deposits in the federal Swiss bank. WIPO had been able to do that as a result of the Swiss authority's generosity over some years but now that privilege had been lost and the recently adopted Swiss policy of negative interest rates could be added to that problem. The situation was understood but it meant that there was a double impact or considerable impact which put the Organization in a very complicated position. The Delegation asked if the Secretariat could give a possible estimate, if this new investment policy were approved, of the extra staff required in order to facilitate the management of these investments. Did the Secretariat have any idea of how many people would be necessary and what that would mean in terms of expenditure? It wished to support the request made by GRULAC. It also wished to see the text because this was an important aspect of the decision and needed to be provided to the Swiss authorities, explaining what WIPO has had to tackle as a result of the circumstances. On document 23/6, there were two questions. The first concerned the proposed wording change to paragraph 2; this point had already been raised by the Delegation of Mexico. The situation was exceptional and this change should be deleted. The second question was of a technical nature. The Delegation had the impression that the Secretariat was trying to square the circle. The combination of paragraphs 3 and 6 seemed to be giving priority to investments in Swiss francs on the one hand. On the other, WIPO could no longer continue to deposit with the Swiss authorities. Finally, there was the assumption of investing in different institutions. The Delegation had a very straightforward question. The Organization was trying to balance between the Swiss franc and certain institutions but at the same time, trying to exclude the Swiss authorities. What then were the real possibilities that were open to WIPO for these investments? The Delegation had the impression that, with these three paragraphs, the Organization was tangling itself up excessively. The Delegation asked if there were any alternatives and if so what they were.

555. The Delegation of Germany aligned itself with the statement made by Group B and had some additional questions. Preservation of capital should still take clear priority over possible gains and any risk should be minimal so was it really necessary, in document WO/PBC/23/6, to have the changes to paragraph 2 in brackets, which modified this objective to the extent possible when prevailing interest rates were negative. The preservation of capital was the main goal and if this goal could be reached because of the current interest rates, this did not necessarily have to fit in with the objectives directly. The Delegation's other questions related to the proposal for additional revisions to the policy on investment contained in the document, WO/PBC/23/7. Information on the legal framework in which the Organization was operating was required. What was the basis in the Financial Regulation and Rules and were there other legal provisions that provided guidance in this situation? Were there any benchmarks on how the policy on investment could be modified? Secondly, the Delegation wished to once more fully endorse what Group B had said about the necessity to have monitoring and controls, particularly with regard to the external management of funds. It also wished to have more information about what the framework would be for the external management of funds, as explained in paragraph 11 of the document, WO/PBC/23/7. The investment strategy implemented by ILO was mentioned so did WIPO intend to have a similar strategy? How would this strategy be decided upon and was there a specific set of rules for the ASHI funds? Would the minimum credit rating for ASHI funds be the same as for medium term and long term investments of the organization? The Delegation asked whether there were specific rules regarding the risk incurred on ASHI funds and how that was managed in other international organizations. The third point related to the costs as already mentioned by others. It had taken note of the answer shown in the Q&A document. However, question 1 on page 12, did not



seem to be complete. There was mention of having one additional staff for the internal management of funds but it was also intended to hire one or several external fund managers. How high would the costs be for these external fund managers?

556. The Delegation of the United States of America supported the statement of Japan delivered on behalf of Group B, and appreciated the efforts made by the Secretariat and the IAC members to undertake the review of the Organization's investment policies and strategies. It further expressed its appreciation that the Secretariat had reached out to other international organizations in a similar situation to look for lessons learned and best practices, particularly with long term management of their ASHI funds. The Delegation supported calls for a letter to the National Bank of Switzerland and the UN assembly to highlight the negative interest rate dilemma, and believed the proposed letter should be coordinated with other Switzerland based UN agencies facing a similar dilemma. With respect to the elements of the policy revision, the Delegation agreed that wise management of resources was critical to the long term stability of the organization. It further declared that it supported having external investment advisers managing the core and strategic investments. Furthermore, it recognized the inherent need to balance risk management and rate of return, particularly for long term investments. It believed the 2.3 target return was quite conservative and encouraged consideration of appropriate instruments that might yield returns similar to other international organizations while minimizing risks to the principal invested. Notwithstanding these comments the Delegation added that it supported Group B's proposal to have the September session look at the revised investment policy with a view to its adoption and to reflect upon Member States' substantive comments at that session.

557. The Delegation of Greece thanked the Secretariat for the preparation of documents relating to these agenda items, WO/PBC/23/6 and WO/PBC/23/7 with regard to the new investment policy. It fully aligned itself with the statement made by Group B. The Delegation reiterated its firm belief that the new investment policy should be considered as a treasury policy rather than an investment policy. It recognized the fact that since the PBC meeting in September 2014, the banking landscape had changed in the host country because of the introduction of negative interest rates. Taking into account the fact that market commentators' estimates differed as to how long the situation would continue, some believing it would prevail up to five years, the Delegation stated that it supported the proposed changes to paragraph 3 of document WO/PBC/23/6 with a preference to maintaining a limit on the amount of money invested in one institution, unless the institution benefitted from an AAA rating. It further supported the payment of both scheduled loan repayments related to the new building due November 2015 and January 2016 which it considered to be contractual obligations. Finally, the Delegation requested more information on the legal framework in which the Organization would be operating.

558. The Delegation of Canada endorsed the statement made by Group B. The Delegation thanked the Secretariat for the preparation of the proposal regarding the revised policy for investments under WO/PBC/23/6, as well as for the clarifications provided in the morning session, and for the policy under WO/PBC/23/7 that would replace the policy in force. The Delegation said the decision needed to be reflected within the framework of the PBC or the General Assembly, adding that it understood that the proposal or revised policy in the area of investments was to be a temporary approach or a fallback position. Nonetheless, the Delegation added that the decision proposed in paragraph 2 was seeking to conserve the Organization's capital and should apply to a situation that would be a hypothetical one if the content of document WO/PBC/23/7 were not to be adopted. Referring to the proposal for the further revision of the policy in the area of investments under WO/PBC/23/7 the Delegation had some comments and questions. First of all, it requested a confirmation from the Secretariat that the new policy would not necessarily be a response only to negative interest rates, but would also reflect the banking situation and investment possibilities as much as possible and make it possible for WIPO to readjust its investments if the interest rates for investments or placement in Swiss francs were to be positive regarding the role of the 125 million Swiss francs in

operating cash amounts or the 75 million Swiss francs which were not being used for payroll or accounts payable. Thirdly, it requested more information on the proportion of the investment for that exemption of 125 million in respect of vehicles that had not yet reached maturity and wished to know what the situation would be for that. Fourthly, the Delegation said it would be useful to know what the concrete nature of short term cash management for operations in currencies other than Swiss francs was, and further asked if there was a possibility of overnight money or short term money. The Delegation also asked for the identification of the asset classes on page 10 in WO/PBC/23/7 that were not available for WIPO given the restrictions put in place by the present investment policy. It then asked the Secretariat to identify what the available investment classes would be. It noted that paragraph 15 of the document mentioned an assets and liabilities study but it was not clear whether or not this study had actually been completed. This would allow the identification of asset classes, for example for health insurance investments. However the Delegation, referring to WO/PBC/23/7 which already mentioned categories and classes, expressed some confusion and asked the Secretariat if the work was completed. Finally, the Delegation wished to underscore the importance to be attributed to the protection of the Organization's capital and any increase in tolerance that could bring about a risk of lower interest rates. This could give rise to financial risks less than or equal to the 2.4 million Swiss francs identified in the budget for the payment of negative interest rates. The Delegation said it would be interested to know the Secretariat's approach in respect to this item.

559. The Delegation of Switzerland wished to address inquiries made by other delegations and to reassure the delegations that the Swiss authorities were aware of the consequences engendered by the Swiss National Bank's introduction of negative interest rates. It explained that this measure had been adopted in an economic and financial context which was quite broad, seeking to weaken the Swiss franc by making it less attractive. It wished to point out that the Swiss National Bank was an independent institution and that the Swiss Government could not interfere with it in any way. Regarding the commitment of the Swiss authorities towards international organizations having their headquarters in Switzerland, the Delegation considered that in the current context, the proposals contained in the documents underscored the importance of the situation for WIPO and wished to make some comments. Regarding what Group B had said earlier, the Delegation considered it was important to give the Secretariat the necessary indications and directions so that they could engage in preparatory work so as to be able to put forth the two revised investment policies. It was important to reach agreement to form the basis of the Organization's new investment plan. The Delegation furthermore considered that a key principle was to have three treasury categories taking into account the needs for the liquidity of the Organization, and also different maturity dates for different categories of treasury or cash. Secondly, the Delegation attached a great importance to the sufficient diversification of investments because this would have a direct impact on the security of the investments of the Organization. Furthermore, it considered it important to establish robust monitoring mechanisms when it came to the implementation of the Organization's investment policy, making reference to the questions raised by Group B, to which the answers would be interesting to hear. Finally, the Delegation underscored the importance of the time factor in the decision making process.

560. The Delegation of Brazil had a question regarding the minimum credit rating that was used in the document. While understanding that there were different kinds of minimum credit rating applied to corporate bonds, government bonds and banks, the Delegation wished to see more information on that and have more information about this differentiation. Moreover, the Delegation requested to know more about the possible impact of the inclusion of the Funds-in-Trust (FITs) in the investment policy as this was also part of the proposal. Finally, the Delegation wished to react to the discussions and the points raised regarding the name of the policy, whether it should be an investment policy or a treasury policy. Even though an investment policy could lead to the idea of activities that were not part of the nature of the Organization, it also understood that perhaps treasury was not the best word to define the reserves in the work of the management of the reserves, as reserves had a function in the Organization that were different from maintaining treasury.

561. The Delegation of United Kingdom referring to WO/PBC/23/7 expressed its support to what had been said by Group B in relation to both proposals, and said it was happy to support the recommendations. The Committee and Member States had recognized that there was a need to revise the investment policy and to rethink the risk appetite for certain types of investment, and the Delegation believed that the document addressed these issues. The fact that the Organization had to transfer funds out of the Swiss National Bank by the 1st of December 2015 had forced it to rethink what the strategic approach to investing significant sums of cash should be. Categorizing the funds held into operating cash, core cash and strategic long term cash allowed for different approaches to be taken to achieve different objectives. The Delegation further said that there was a direct link between risk and reward. In today's markets, interest rates were at record lows and, as seen with the Swiss banks, were even negative. To achieve better returns, funds would need to be tied up for longer periods of time and in different investment vehicles. It then added that a balance needed to be met between ensuring there was sufficient liquidity so that should the Organization would be able to access money at little or no notice, as the case may be. This would be achieved by the categorization of operating cash. The Delegation pointed out that the proposal was for the cash currently held with the AFF to incur the negative rates that would be applied until alternative banks were identified and cash transferred accordingly. Therefore, the Delegation urged the Organization to make all efforts to find alternative banks even if at a zero rate. For the core cash, it supported the recommendations and approach being taken. If the Organization was able to pay off debt that incurred interest, then this would make eminent sense. If cash could be tied up for a longer time in vehicles that preserved capital but offered a better return than simply bank deposit accounts, then this should be explored, thus the risk profile remained cautious. The third category of strategic or long-term cash concerned funds for which longer term, more volatile investment vehicles could be considered. As seen in similar Organizations that had adopted that approach, the returns could outpace those obtained by simply holding cash in a bank deposit account. The ASHI liability did necessitate a more risk-based approach to invest funds and the Delegation said it supported the Secretariat. However, it emphasized the need for a diversified portfolio with the aim of maximizing returns; thus through diversification there would be a hedge against losses. The Delegation concluded that it supported the paragraphs and the approach proposed by the Secretariat.

562. The Secretariat answered the first question from Brazil which concerned the idea of the Director General approaching the Swiss authorities and said the question would be addressed by relevant persons from the Secretariat. The comments made by Group B were welcomed as was the support for the policy document. The Delegation of the United States of America had raised very specific points. Referring to paragraph 3 of the investment policy in document WO/PBC/23/6, the Delegation had asked that no more than 30 per cent of WIPO's money be held in any one institution, and the Secretariat confirmed that this could be done. As mentioned in the document, the Secretariat was hoping to have at least four institutions and so if it was successful with that, it would not have more than 25 per cent in any one institution. Referring to the Delegation of Japan's question about the background work and the fact that the two investment policies would be presented in September, the Secretariat said that with the acceptance of all of the proposals in document WO/PBC/23/7, it would prepare two investment policy documents for the September PBC session. The Secretariat added that over the summer it could also start on some background work in terms of identifying fund managers and preparing some requests for proposals documentation. The question concerning the percentages of asset classes was a key point. It was an excellent question because, as the Delegation of Japan had pointed out, the Organization could not afford to over-represent any particular asset class. So how would the Organization determine the percentages to invest in each asset class? Basically this work would be done by the IAC in tandem with fund managers, and the IAC would call on external experts as they felt necessary. The Secretariat wished to point out who constituted the members of the IAC, and explained that they were the Assistant Director General for Administration and Management, the Controller, the Legal Counsel, the Chief Economist, the Head of Treasury from Finance Division, the Finance Director, and also a member of the Internal Oversight Division who acted as an observer. The Secretariat added

that within the Terms of Reference of that Committee, the latter was able to call on external experts and had already done that several times this year when putting together the papers currently under review. It would certainly be able to carry on calling on external expertise when it looked at the request for proposals documentation and in its dealings with fund managers. The Secretariat added that it would also call on the advice of fund managers, and mentioned that it had good contacts with fund managers who were very much in touch with market trends. It would look at their advice and look at what other UN agencies had done or were doing and would determine the percentages of asset classes accordingly. The Secretariat, referring to the question on the global custodian, said it would be chosen by means of a Request for Proposals (RFP) exercise. Moreover the global custodian would report on a regular basis to the Organization: to the Finance Division and the Controller, and through the Finance Division and the Controller to the IAC. Furthermore, the global custodian would not only hold the investments on behalf of the Organization, watch over what the fund managers were doing and ensure that they adhered to the investment guidelines they had been given, but would also track their performance. The Secretariat said there would be both the global custodian monitoring investments and the IAC monitoring the work of the external fund managers and the internal treasury work being done. Addressing the point raised by the Delegation of Romania and supported by many delegations, the Secretariat agreed that time was important, as one of the key factors which could reduce the amounts of negative interest that would be paid from December onwards was the ability to pay some of the investment money out to external fund managers. The time spent now on actually working on the documentation and identifying fund managers was key. The more that could be done ahead of the decisions in September, the better. The Delegation of Mexico had asked that the revised policy be reviewed after one year and that the Secretariat report back to Member States. The Secretariat could certainly report back in a year's time. That was not a problem. However, asking for the policy to run for one year was not really feasible. WIPO would be investing with external fund managers for both policies, for the policy concerning core cash and also for the policy concerning strategic cash. Both of those policies would call for external fund managers to make investments which were longer than one year. For core cash, it was suggested that money be invested over a medium term, perhaps slightly over four years. For strategic cash, it would be a long term investment of over ten years. If the returns were not as expected, it would not be possible to simply close down those investments and revise the policy. It was key to accept the notion that the policies talked about medium term and long term investments. The Mexican Delegation also suggested that operating cash and core cash be kept in low risk investments and strategic cash in medium risk investments. Document WO/PBC/23/7 explained the need for some sort of acceptance of risk to achieve returns on those two categories of cash, i.e., the sorts of asset classes envisaged for those cash categories. It would be very useful if the Delegation of Mexico could provide some definition of what it regarded as low risk and medium risk. The Secretariat had explained the sorts of classes that would be used for those cash categories and added that it would be useful to have feedback as to whether the asset classes were not deemed appropriate by the Delegation. Several delegations had raised a question concerning the cost of fund managers. The Secretariat explained that it was very difficult to say how much they would cost as their charges varied considerably. A fund manager investing in equities was required to show more judgment and demonstrate more analysis than a fund manager investing in more straightforward government bonds. Depending on the asset classes that the fund manager was involved with, the charge levied tended to vary. The Secretariat was going to ask the fund managers to provide a positive return net of their charges, rather than trying to get into details of what would cost the least. The cost was less relevant. It very much depended on what the fund manager was investing in. In addition to using external fund managers, WIPO would be bringing in a professional level staff member to head the Treasury Section within the Finance Division. For both proposals (WO/PBC/23/6 and WO/PBC/23/7), the Secretariat would need the assistance of at least one person. The work in connection with the first proposal (23/6) was possibly a little more straightforward. For the second proposal (23/7), it was more complex. The person would be dealing with external fund managers and hopefully find interesting ways of investing operating cash. Generally, the person would be at a P4 or a P5 level. At the moment,

there was nobody foreseen in the Finance Division's budget for this particular post, but it would be done through the use of vacancies that existed somewhere else. Concerning Roman (iv) in the decision paragraph (on the reduction in the number of institutions), the Secretariat pointed out that this simply referred to the operating cash. The Secretariat was aiming at more diversification and, obviously, core cash would be invested with external fund managers. The strategic cash would be going out to external fund managers, but it was quite possible that operating cash would only be held with four institutions. The Secretariat might not be able to diversify operating cash more than that. A few delegations raised questions about the proposed change to paragraph 2 of the policy (document WO/PBC/23/6), and the Secretariat confirmed that the wording could be removed. The observation that this was an exceptional set of circumstances that WIPO was facing was quite correct (negative interest rates). The wording could be taken out but the Secretariat pointed out that although there was an exceptional financial environment, it was quite possible that this exceptional environment would last quite a while. Some market commentators believed that negative interest rates would stay for approximately five years. So it was quite possible over that time frame that WIPO would see some of its capital eroded. The Delegation of Germany had asked about the legal framework surrounding the investment policy, what the basis for making changes was and the Secretariat explained that references in the Financial Regulations and Rules of the Organization determined that there would be an investment policy for the Organization which covered short-term and long-term investments. The Delegation had also asked about the investment strategy of the ILO, featured in document WO/PBC/23/7, and whether the Secretariat would decide to do something similar. The Secretariat said that the answer to that was positive. The idea was to go to external fund managers and ask them to aim for a particular target return. The Secretariat would stipulate the sort of risks it was prepared to accept in trying to achieve that return. Basically, certain criteria would be established, just as the ILO had done. The Secretariat then turned to the questions related to ASHI and firstly specified that the minimum credit rating would be the same for that operating in respect of core cash. In response to the question of how the financing of ASHI was managed in other organizations, the Secretariat said that most of the concerned organizations had placed the money with external fund managers. These external fund managers invested in a range of asset classes including equities, real estate funds, hedge funds and sometimes commodities. In response to the question on how ASHI, the strategic fund investment, aligned with pension funds, the Secretariat said that an assets and liability management study was underway. This was also related to a point raised by the Delegation of Canada. The work had just started and the study would examine the liability, look at the time frame associated with the liability and advise as to what sorts of investments should be held over what sorts of time frames. So, continued the Secretariat, the kinds of investments that would be appropriate had already been identified. This was from looking at what other agencies had done and from looking at what pension funds did. So basically they invested in classes such as equities, real estate, and hedge funds. In that sense, WIPO was not doing anything differently from other agencies that had invested their ASHI financing but the ALM study would be useful in providing information as to what sorts of percentages should be put into each of the asset classes. In response to the question raised by the Delegation of Greece as to whether this investment policy or these investment policies should actually be named or considered as treasury policies given the changes in the banking environment, the Secretariat recalled that, as could be seen from last year's paper, it had requested some external treasury consultants to do a treasury study and draw up a treasury policy. So WIPO had a treasury policy which was basically a suite of policies, one of which was the investment policy. However, a couple of weeks after having received the treasury policy from the external consultants, the Organization received a letter from the Swiss authorities saying that it could no longer keep its money with the Swiss authorities. This meant that the investment policy, which formed part of the treasury policy, had to be changed. In response to the question raised by the Delegation of Canada, the Secretariat confirmed that two investment policies would be prepared. These would go to the PBC session in September, and then on to the General Assembly for approval. If the investment policies for operating core cash and strategic cash were approved, then the policy document falling under WO/PBC/23/6 would not be required. Document WO/PBC/23/6 was

only required if the whole of document WO/PBC/23/7 was not approved. In response to the observation on the negative interest that could be incurred by the Organization from December 2015, the Secretariat affirmed that the operating cash, the 125 million Swiss francs, had to be kept in either cash or in very liquid assets. The problem with this amount was that it was very difficult to identify liquid assets that would yield a positive return. They were all presently incurring negative interest. The Secretariat said that, given this situation, it was open to ideas. It was looking at ways of possibly investing the cash in non-Swiss francs to see if some positive return could be generated in such investments but, in principle, liquid cash needed to be available in liquid form and liquid for Swiss francs meant negative interest. Amongst the asset classes described in document WO/PBC/23/7, those that could not be used under the current investment policy mainly concerned section two, i.e. the Organization could not invest in repurchase or reverse repurchasing agreements and could not use bankers' acceptances either. Also, in section three, WIPO could not use private placements or real estate investment trusts in section four. With regard to the question concerning the minimum credit rating, there were different credit ratings which had been applied. This, again, was based on advice received in working with various treasury experts and financial institutions over the previous few months. It was unlikely that a positive return would be obtained from corporate bonds if the rating was not brought down to BBB minus. It was possible to place money with banks and Government bonds at a slightly higher credit rating whilst achieving positive returns. On corporate bonds, the advice was that this would only be possible if the credit rating were lowered to that given in document WO/PBC/23/7. The FITs had been included because they were covered by the policy. If it were decided to invest WIPO's money, this would also be applied to FITs money. FITs money was kept within operating cash since it needed to be readily available. The Secretariat said it was available to answer questions any delegations may have.

563. The Delegation of Germany had asked about the legal framework and had been advised to look at the financial rules and regulations. Having looked at these, it wondered whether this external management of funds was possible within the current financial rules and regulations or if it was something that could be regulated within the investment policy. The Financial Regulations and Rules mentioned that financial management was entrusted to the Controller. The Delegation requested clarification in this respect.

564. The Delegation of Mexico, from the instructions received from capital, did not recommend going along with the proposals on investments in direct real estate holdings, equities and hedge funds for the strategy in respect of long term cash. The Delegation understood the point from the Secretariat in terms of the benchmark they had made with other international organizations, especially for those who had initiated an investment policy concerning ASHI. It wished to rephrase its question to ask what the status of discussions on ASHI investments within the working group of the UN was. The Delegation requested more feedback from the Secretariat about what the tendency was in ongoing discussions on what the best investment for the ASHI liability was. The Delegation wished to fully understand why these kinds of investments were being proposed and what the experience and work in this working group was. In the light of the explanations given by the Secretariat, the Delegation thought that point (iv) of the decision paragraph of document WO/PBC/23/7 might need to be amended since it referred to a limiting of the financial institutions in which operating cash could be held to four institutions whereas the Secretariat had confirmed that the idea was to have diversification and it expected that at least four institutions would be needed. Therefore, the Delegation considered that it would be more accurate to say that investments should be distributed among multiple institutions with the aim of dividing the money invested among a minimum of four institutions. The current text in the proposed decision mentioned a reduction in the number of institutions. This led to confusion, said the Delegation. If indeed the intention was to have diversification, the text appearing in paragraph 8 was probably more appropriate than this one. Finally, said the Delegation, it wished to mention its reservations on the changes to paragraph 2 (document WO/PBC/23/6). It considered that, for a policy, the text in brackets was not needed. It realized that this was the

current situation and that negative interest rates may be incurred, but for a policy, it did not consider it appropriate to have this kind of language.

565. The Delegation of Spain referred to the redrafting of paragraph 6. Previously, said the Delegation, this paragraph had said that the Organization would hold investments with the Swiss National Bank except for, and this was a condition, when a commercial bank offered a higher rate of return. The new paragraph 6(b) mentioned investments in sovereign institutions and that this would be the same as investing in sovereign bonds. It also referred to Swiss francs and to the possibility of whether or not to invest in funds. Paragraph 6(b) of the new draft referred to investments in something else limited to certain ratings such as BBB. The Delegation was not sure of the implications of the way in which this paragraph had been redrafted. Given the new circumstances, it seemed that paragraph 7 was the key one. Paragraph 7 said that it would be possible to invest in derivatives for purposes of hedging and yet then mentioned investments in currencies other than Swiss francs, which meant that there was a suggestion of speculative investment. The Delegation wondered if this negative implication to the idea of investing outside the Swiss franc should be given. So there was a question about whether the sovereign institutions referred to in six included sovereign funds and whether the negative implication of investing outside the Swiss franc should be removed. The Delegation found it difficult to believe that this is what Member States wished to imply.

566. The Delegation of Brazil wished to reiterate the questions regarding the impact on the FITs. This was one question that had been asked and the Delegation had not heard an answer to this. The proposed text included the FITs in the investment policy and the Delegation wished to better understand the change that was proposed and how this would affect the investment policy currently in place for the various funds that WIPO managed. Regarding minimum credit ratings, the Delegation asked why there were different classifications regarding sovereign bonds and other elements and if it was possible to use the investment grade in the same way as for the Organization's investment policy.

567. The Delegation of Switzerland had one more question and request regarding Roman (iv) in the decision part of document WO/PBC/23/7. The Delegation wondered whether the suggestion that was made by the coordinator of Group B to introduce a 30 per cent limitation on assets that could be held in a single institution would really meet the concerns of the Mexican delegation because it seemed to the Delegation that the point raised by the distinguished colleague corresponded precisely to the Group B statement in that while four institutions did seem to be possible, this should not mean 90 per cent in one institution and 10 per cent in another. The Delegation considered that both documents referred to the same thing and that it would be useful if the Secretariat could explain whether the suggestion by Group B could be included in paragraph (iv) and whether it could meet the concerns expressed by Mexico.

568. The Delegation of Canada, on the points mentioned earlier on the issue of the ALM study, said it had understood from the Secretariat that the study was ongoing but that it was trying to ascertain the order between the study and the identification of asset classes that was being done in document WO/PBC/23/7. The Delegation wished to understand where the asset classes that were recommended came from if the study was not yet completed. Secondly, it wished to confirm the way it had outlined the situation in terms of the need for any risk in terms of monetary risk of lost capital to not exceed the provision of 2.4 million Swiss francs made in the budget. The Delegation requested clarification in this respect and asked if there was a way of comparing the figure of 2.4 million to the actual risk, a quantified risk of losing capital.

569. In response to the question raised by the Delegation of Germany, the Secretariat (Legal Counsel) confirmed that the Controller did indeed have the authority to manage the funds including by using the services of fund managers. The condition was that the management of the funds must be consistent with the investment policy approved by the Member States through the PBC and the General Assembly.

570. The Secretariat, having clarified this question of a legal nature, went on to say that the Organization had benchmarked itself with other agencies who were investing ASHI funds in various ways including real estate funds, equities, equity funds, hedge funds, private equity and commodities. It could be said that these were investments which were at the further end of the risk curve. With regard to the review of this area of work by the ASHI working group, looking at how the ASHI funds were being invested was one of the pillars of the terms of reference of the working group. In this regard, the treasury community, an interagency treasury group, had been consulted. The group had recently issued a survey to all of the agencies asking exactly what they did with their ASHI financing and what it was invested in. Last year, when the Organization had put the paper on investments together, it had gone through this sort of exercise itself. The Secretariat had looked at what the various agencies were doing and had updated this as much as possible for the present document. So the Secretariat basically knew that agencies had invested this source of cash in the asset classes mentioned which were, predominantly, equities, real estate, and hedge funds. For the paragraph little 4 of the decision paragraph 24 in WO/PBC/23/7, the Secretariat was basically referring to the minimum number of financial institutions currently stipulated in the investment policy. Currently, the minimum number was ten. What the Secretariat was saying was that it had now become so difficult to find banks with which Swiss Francs could be held that the number had to come down to at least four. This was just for operating cash, it did not reflect the question of diversifying. The Secretariat would still try to diversify all of the different cash categories so as to ensure that the strategic cash and the core cash would be placed with different external fund managers. They would not be placed with one external fund manager. Here, however, reference was being made to operating cash. In this regard, the Organization would try to find more institutions, but the number of these would definitely have to be reduced from ten to approximately four as the minimum. The Secretariat hoped this clarified that matter and removed any possible confusion between little 4 and paragraph 8.

571. The Delegation of Mexico fully understood that this referred to operating cash. The only point was that the proposed draft for the new policy contained in the very last part of paragraph 8 could better reflect what the Organization was intending to do. For someone who did not have the same background information, going from a minimum of ten institutions to at least four may sound a little restrictive. The Delegation just wanted to ensure that the decision was clear by referring to the distribution among multiple institutions by having moneys among a minimum of four, something like that, instead of speaking of a reduction. The Delegation said it understood the process being followed in respect of the discussion within the working group in terms of ASHI investments and would convey this information to its capital. The Delegation also wished to say that it was a little hard to understand the full picture especially because the work of the working group was not yet finished and it had not seen the report of the Secretary General on this. The Delegation was following this topic very closely and recalled that one of the proposals at that time for the working group was to pool funds together for a number of concerned organizations. This was why the Delegation was hesitating in giving a full approval on this bearing in mind that possibility too. It wanted the Secretariat to understand its position in this respect.

572. The Secretariat said that this did not pose a problem, that it was possible to work together and to change the text slightly if the Delegation so wished. It was also possible to reflect the suggestion made by the Swiss Delegation concerning the tightening up of the decision in little 4 to cover the point of not being able to hold 90 per cent with one institution and 3 per cent with three other institutions. This wording could be changed slightly to make sure that this was not a possibility because that had certainly not been the Secretariat's intention. Speaking of the question raised by the Delegation of Spain, the changes proposed to paragraph 6 and the fact the inclusion of a sovereign institution had been maintained, the Secretariat said that the idea there was to keep sovereign institutions just in case there was a possibility of actually finding a sovereign institution with which it was possible to invest. This possibility did currently seem rather slim, but the Secretariat did not want to exclude it completely as a possibility. Then there had been comments concerning the current policy inclusion of investments in derivatives, the



fact that investments in derivatives for speculative purposes were not permitted. The Secretariat said that this would most probably be retained in future investment policies also as the Secretariat would have to invest in currencies other than the Swiss franc and then hedge the investments back into Swiss francs. For that, derivative instruments would definitely need to be used. Obviously, the Secretariat was aware of the fact that it was possible to get positive interest rates in other countries but this would not necessarily lead to a positive return when hedging back into Swiss francs. Hedging instruments would be used to hedge back into Swiss francs so it was not a question of being averse to using derivatives but rather the fact that it was not possible to invest in derivatives as an investment category in its own right. Coming back to the questions raised by the Delegation of Brazil, the Secretariat said that the FITs moneys would be invested in exactly the same way as WIPO moneys. This would probably mean identifying the element within those moneys that needed to be kept as operating cash. Looking at the cash flows for FITs, the amount to be used over, perhaps, a one year time horizon would be decided on, and the balance would be kept in the core cash and invested in the same way as core cash. The Secretariat had received advice from fund managers that it would not be possible to get a positive return on corporate bonds issued in Swiss francs if they were rated at BBB, which would be the equivalent to the credit rating established for banks and other financial institutions. It was only by going down to BBB minus that positive returns on corporate bonds would be obtained. On the query from the Delegation of Canada concerning the means of identification of the assets for ASHI investments, the Secretariat said that, basically, it had looked at what other UN agencies had done. Additionally, the advice of treasury consultants had been sought. In the context of the treasury study done the prior year, the consultants there had told the Secretariat that in order to obtain a return of 2.3 per cent on ASHI financing, it would be necessary to revert to the use of asset classes such as equities, real estate and so on. Having looked at what UN agencies had done, they were in exactly these asset classes. The Secretariat had also spoken with the actuary that would be carrying out the assets and management liability study and the information obtained was similar. On the idea of the monetary risk not exceeding the 2.4 million, the Secretariat commented that it would indeed be nice if this could be done. Basically the proposal was to invest core cash and strategic cash in a range of assets which were along the risk curve shown in the document. Although managers would be asked to produce a particular return and the sorts of risks deemed acceptable would be stipulated, it was obvious that investments fluctuated over time. The extent of such fluctuations, which had to be reflected in the accounts, was quite uncertain. In a year's time, hopefully all of the investments would have gone up in value, and the 2.4 million would have been forgotten. However, within a year, investments could have gone down more but this was extremely difficult to predict and was just the way the markets operated.

573. The Delegation of Brazil asked if the rationale provided should allow for this level of investment risk and if this rationale could not be applied also to Government bonds because when speaking of Government bonds this meant B minus or the same level of risk category that was applied to corporate bonds. This would actually provide a higher return. So the question was why make this differentiation between Government bonds and corporate bonds. The Delegation understood that one way would be not to allow for investment of corporate bonds, this would allow for the same ratings for the three kinds of investments. The Delegation wondered why WIPO should not allow for the use of the BBB minus level for the three kinds of investments. In regarding specifically the FITs, the information on how resources would be invested would be conveyed to the Delegation's capital. It was understood that most of the resources were managed by WIPO outside of Switzerland and it would be interesting, went on the Delegation, not to have two or three times the transactions of resources coming to Geneva and being converted into Swiss francs to then be applied in activities outside Geneva. The Delegation said it would need more clarification on that. It had noted that many countries provided funds for activities in WIPO and it would need more information on this.

574. The Delegation of Canada said that its intervention had been a call for a prudent approach in relation to the relatively small extent of the monetary risk. The Delegation was satisfied with the approach presented and the reply provided by the Secretariat.

575. Referring to the intervention made by the Delegation of Brazil, the Secretariat said that it would be possible to have the same lower credit rating for everything. It would be possible to have BBB minus for banks, Government bonds, corporate bonds – this could be done across the board. However, the risk taken would be increased. This was unnecessary, banks with a credit rating that was higher than BBB minus could be used. Investments could be made in bonds with a credit rating higher than BBB minus. There it had been decided to opt for a slightly higher credit rating as a minimum for those institutions and for Government bonds but for corporate bonds it made no sense to have a higher credit rating. The Secretariat had aimed at reducing the overall risk of the Investment Policy. Regarding the FITs, the Secretariat said that the Organization was moving towards asking donors to send the money in Swiss francs or would convert it into Swiss francs and hold it as such in the accounts. That left the Organization with the same issue, i.e., the Organization would be sitting on Swiss francs but how to invest them? The Secretariat added that it would identify the split in the funds received as to what would be the operating cash and the core cash and investments would be made accordingly.

576. Seeing that there were no more requests for the floor, the Chair summarized by saying that there had been some suggestions and adjustments to the text. One of those concerned document WO/PBC/23/6 and a deletion of the wording inside the brackets in paragraph 2 (proposed changes to Investment Policy), which would be done. The Chair did not know if there were any other requests for adjustments there and believed he had understood that there were some. Since the Chair was not sure about these in the light of how delegations felt after having received the responses from the Secretariat, he suggested proceeding with the reading of the paragraph regarding that document, bearing in mind that it was a temporary document. Afterwards, the adjustments to the wording on the draft decision paragraph regarding the other policy document would need to be made. He asked if there were any further comments.

577. The Delegation of Spain proposed that the message of concern regarding the financial situation that the Organization might face in view of negative interest rate was included in the text of the decision. It added that it still awaited the response from the Secretariat, including on whether the Director General would be contacting the Swiss authorities.

578. The Chair read out the existing decision paragraph: “The Program and Budget Committee (PBC), recognizing the need for an Investment Policy to be effective December 1, 2015, recommended to the Assemblies of the Member States of WIPO to approve the revised Policy on Investments contained in document WO/PBC/23/6, Annex II.”

579. The Delegation of Mexico, before agreeing to the text, wished to ascertain that the text in brackets in paragraph 2 of the Policy (document WO/PBC/23/6) would be deleted.

580. The Chair replied in the affirmative.

581. The Delegation of Brazil said that it needed more detail on the impact on the FITs and needed to further consult on the matter with its capital.

582. The Delegation of Spain was generally satisfied with the Secretariat’s replies but stressed that passing the message of concern to the Swiss authorities was a key part of the decision.

583. The Delegation of Japan requested confirmation that changes to paragraph 3 of Annex II would also be incorporated, as it did not hear the Chair mention that fact.

584. The Chair concluded that the best way to proceed was to allow the Secretariat time to consult with the delegations concerned and prepare an amended decision text that would include the agreed changes to paragraphs 2 and 3 and the text regarding the request to the Director General. He adjourned the discussion on this item.

585. The following day the Chair reopened discussion on the decision text on item 8(i) and announced that the redrafted text had been distributed and contained: a specific reference to

amendments in paragraphs 2 and 3 of Annex II, as well as a request to the Director General to address the Swiss authorities on the issue of negative interest rates reading: “The Program and Budget Committee recommended to the WIPO General Assembly to request the Director General to convey to the Host country’s competent authorities and to the UN General Assembly, through the UN System Chief Executives Board for Coordination, Member States’ concerns regarding the impact on WIPO finances of the Swiss National Bank’s current negative interest rate policy and the challenges that it poses to Switzerland-based Agencies in their everyday finances, especially taking into account that their activities in Swiss francs are linked with their headquarters and everyday operations in Switzerland.”

586. The Delegation of the United States of America wished to amend paragraph 2, after the words “Director General”: “(...) the Director General to coordinate with other UN agencies in Switzerland on a joint letter to convey (...)”

587. The Chair read out the amended decision text, which was adopted.

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

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

(i) Proposed changes to paragraph 2 to read:

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

(ii) Proposed changes to paragraph 3 to read:

The Organization’s investments shall be distributed among multiple institutions, with the aim of dividing investment monies amongst a minimum of four institutions, if possible, with no more than 30 per cent of the investment monies to be held with any one institution. All of the Organization’s investments may be placed with a single institution which enjoys sovereign risk and AAA/Aaa<sup>1</sup> rating.

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

(II) PROPOSAL FOR ADDITIONAL REVISIONS TO POLICY ON INVESTMENTS

588. The Chair opened the floor for discussion on the proposed decision for item 8(ii).

589. The Delegation of Mexico announced that following consultations with the Secretariat and the authorities in the capital, it had received the instructions to accept the proposal on the different long-term investment vehicles and the investments with respect to ASHI. Therefore, the Delegation was in a position to support the proposed decision text. Regarding Roman (ii),

the Delegation had consulted with the secretariat on the wording, which would be distributed to the delegations.

590. The Chair invited the Secretariat to distribute the amended text of decision for item 8(ii). The Chair then read out the proposed decision text. There were no objections and the decision was adopted.

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

- (i) the definition of short-term investments as those maturing within one year;
- (ii) minimum credit ratings for short-term investments to be A-2/P-2 for banks and government bonds, A3-P3 for corporate bonds;
- (iii) revised minimum credit ratings for medium and long-term investments to be A-/A3 for banks and government bonds, BBB-/Baa3 for corporate bonds;
- (iv) a reduction in the minimum number of financial institutions (from the ten stipulated in the current Investment Policy), amongst which operating cash can be held, to four institutions, with no more than 30 per cent of the investment monies to be held with any one institution;
- (v) the use of external fund managers to manage core and strategic cash;
- (vi) the payment of both of the scheduled loan repayments related to the New Building which are due in November 2015 and January 2016;
- (vii) a revised list of acceptable asset classes as follows:
  - A. Within the investment policy applicable to operating and core cash:
    - I. Cash or equivalent:
      - (a) Call, savings or deposit accounts
      - (b) Certificates of deposit/time deposits
      - (c) Structured deposits
      - (d) Cross-currency deposits
    - II. Money market investments:
      - (a) Commercial paper
      - (b) Repurchase/reverse repurchase agreements
      - (c) Banker's acceptance
    - III. Bonds, notes or other obligations (short, medium or long-term) and other fixed income products:
      - (a) Government bonds

(b) Sub-sovereign bonds – provincial, municipal or territorial bonds for example

(c) Supranational bonds

(d) Corporate bonds

(e) Private placements

IV. Real Estate Investment Trusts (REITs)

B. Within the investment policy applicable to strategic cash:

(a) All asset classes stipulated for use with operating and core cash;

(b) Direct real estate holdings;

(c) Equities and equity funds;

(d) Hedge funds.

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

592. Discussions were based on document WO/PBC/23/8.

593. The Chair proposed to proceed with agenda item 9, the Proposal on WIPO Policy Related to Reserves (Net Assets) and passed the floor to the Secretariat.

594. The Secretariat explained that the document WO/PBC/23/8 presented a revised policy on the management of WIPO's reserves which aimed to provide enhanced guidance to the Secretariat on this subject, including target levels, liquidity and the criteria to be applied when making proposals for the use of reserves. The document also proposed that the Working Capital Funds component for the PCT Union be returned to the Member States of the PCT Union. It suggested a revision to the required (target) level of reserves and explained how an equivalent amount to the target would be retained in cash or readily liquidated investments. It further proposed that the disclosure of reserves, most notably in respect of those reserves set aside to finance projects (to be known as the Special Projects Reserve) be enhanced following audit recommendations received from the External Auditor. The policy also contained a revised set of principles to be applied for the use of the reserves. The revised policy was aimed at further strengthening the financial management and risk management of the Organization. It further looked to provide enhanced guidance to the Secretariat on the on-going management of the reserves including the target levels and liquidity. The policy also sought to clarify and enhance reporting on the reserves, in accordance with the applicable accounting standards (IPSAS), the Regulatory Framework of the Organization (Financial provisions of the different Unions of the Organization and the Financial Regulations and Rules), and Audit and Oversight Recommendations. This revision would allow the establishment of clear criteria and information requirements that would facilitate the Member States' evaluation of proposals for the use of available reserves for the financing of projects and their decisions thereon. Finally, the policy looked to ensure greater compliance with the Audit and Oversight recommendations received in respect of the reserves.

595. The Delegation of Japan wished to underline the fact that it was a decision of the Member States to use the reserves for specific purposes and stressed the importance of having a shared understanding on the stricter interpretation of the extraordinary and exceptional circumstances requirement among the Secretariat and the Member States. With respect to the returning of

Working Capital Funds to the PCT Union, the Delegation thought this was a reasonable way forward and that it addressed the financial situation of the PCT Union.

596. The Delegation of Romania, on behalf of the CEBS Group, thanked the Secretariat for drafting a proposal on the policy related to the reserves. The CEBS Group was convinced that it was time to be engaged in such a process as WIPO needed to mitigate the various risks posed by the new banking landscape and the uncertainty in the global economic environment. The CEBS welcomed the proposal to raise the target level of reserves and the working capital funds from 18.5 per cent to 22 per cent, a measure which, it said, aimed at strengthening financial risk management. The CEBS also supported the revised set of principles and the approval mechanism for the use of the reserves. Lastly, the CEBS voiced satisfaction with regard to the proposal that the PCT Working Capital Funds be returned to the Member States of the PCT Union through deductions from contribution invoices in the next biennium. The CEBS believed that such a measure made sense in raising the target level of reserves and Working Capital Funds for the PCT Union.

597. The Delegation of Mexico expressed its support for the policy on reserves on the grounds that the reserves must continue being sufficient in order to fund and offset any potential deficit in the Organization. The Delegation also wished to approve the proposals for the use of reserves as proposed by the Director General and the examination by the State Parties and the unions through the PBC. However, as the Delegation of Japan had said on behalf of Group B, it considered that there must be a common understanding regarding the exceptional nature of the proposal being looked at concerning the question of funding on the basis of reserves. This, said the Delegation, should only be an exception. Regarding the operating funds, some 2 million Swiss francs, the Delegation wished to say that there should be deductions on the part of the States Parties for 2016/17.

598. The Delegation of Canada had a short question and wished to know if there were any implications of the policy and reserves as revised in the policy on investment. They wished to know if raising the target level to 22 per cent would have any consequence on investments or if it was inconsequential.

599. The Delegation of Spain thanked the Secretariat for the document and for having taken into account a number of the comments and discussions expressed over the years. The Delegation expressed support for the statement made Group B and said that it wished to have a common understanding of what was meant by an exceptional request for the use of reserves because, in the current policy, there was the same concept of extraordinary exceptional circumstances and pointed out that there had, over the years, been requests for the use of the reserves. The Delegation asked for this concept to be clarified so as to ensure a common interpretation since there had been a difference in interpretation in the context of the current policy, it said.

600. The Delegation of Japan fully supported the statement made by the Group B Coordinator. In general, said the Delegation, it supported the direction of this proposal. It wished to clarify two points. First, the Delegation wanted to clarify the question of the required available reserves. Basically, although the original proposal was to increase the PCT PBE factor from the current 15 per cent to 20 per cent, said the delegation, the reason for doing this was not fully explained in the proposal. The 5 per cent increase was a significant amount in terms of the PCT Union budget, which was why the delegation was requesting further information and clarification from the Secretariat on the necessity of this measure and concerning the basis used to calculate the increase in the PBE factor. Secondly, regarding the refund of the Working Capital Funds, the delegation said it fully supported the Secretariat's proposal. It wished to know if the original amount corresponding to its contribution would change if this deduction were to be made from its contribution in the next biennium.

601. The Delegation of Nigeria, speaking on behalf of the African Group, recognized the effort made by the Organization to align its policy in this area with that of other UN agencies. The delegation mentioned the proposal made about 10 years ago to meet the original 25 per cent target and recalled that the Organization had then decided to leave this target level at 18.5 per cent. The African Group understood that this new target to move to 22 per cent was a goal to be met with in the next two biennia and that it was therefore not immediate. The African group wished to know how this change would impact the Organization's regular budgetary expenses because if the level of the percentage of reserve were to be increased this must mean a greater allocation of money to the reserve. On a second note, the African Group had noted the request concerning the use of the reserves and wished to know what kind of expenditure could be made under the reserves and if there were any criteria to meet any such an exceptional request for the use of the reserves.

602. The Secretariat said it would respond to the various questions raised but not necessarily in the order in which they were asked. Firstly, there was the question about whether the proposal had any impact on the regular budget and expenditure. The Secretariat explained that it would have to take this target into consideration when planning and, referring to the evolution of WIPO's reserves which had been provided in page 9 of Annex 1, pointed out that WIPO had consistently managed to maintain its reserves at a level above the target. The Secretariat explained that the reason to move from 18.5 to 22 per cent was basically that this was the target level recommended several years previously by the External Auditor. However, at the time, the Organization was not in a position to take a decision on this matter. The percentages reflected the amount of expenditure that could be covered by the reserves. Specifically, 18.5 per cent represented less than four months expenditure that would be covered and 22 per cent would cover about five months of biennial expenditure. So the idea was to increase coverage from four months to five months of operating expenditure in the event of a shortfall of the income levels falling below planned levels or below the expenditure levels required to meet the Organization's ongoing obligations over a four to five month period. This was really the rationale which may answer some questions of other delegations in this regard. The Secretariat then went on to the questions concerning the principles for the use of the reserves, in particular principle 3 which appeared to have come under some question. There were two elements related to principle 3, extraordinary one-time capital projects and expenditure under exceptional circumstances for strategic initiatives as decided upon by the Assemblies of the Unions of WIPO. There was no list defining exceptional circumstances but, said the Secretariat, it would be happy to work with Member States to obtain their guidance about whether they wished to characterize this further. In fact, went on the Secretariat, the proposals from the Secretariat concerning the current use of the reserves had been primarily in the first category, the one-time capital projects. The Secretariat added that Member States may have noted that it had not, this time, made any proposals for the use of the reserves and projects of this nature. This was very much in line with the guidance and wishes expressed by Member States during the last discussions that had taken place. Such expenditure had been accommodated within the regular budget of the Organization. So in fact the Secretariat was not proposing the use of reserves for the next biennium, but a policy framework that would be useful for the Organization for several years to come. Concerning the question from Japan on why the PCT/PBE factor had been increased from 15 per cent to 20 per cent, the Secretariat said that this policy was aimed at strengthening financial risk management. It explained that one of the largest areas of exposure from a financial risk management perspective were potential short falls in PCT income, since income from PCT represented up to 78 per cent of the Organization's budget. This was therefore the single biggest risk that the Organization could face. Since the percentages in question had not been reviewed for several years, the Secretariat deemed it appropriate to better align them with reality and to the scale of operations in the PCT at the present time. In order to respond to the Organization's increased exposure to risks associated with a possible short-fall in income in the PCT area, the Secretariat had proposed this increase in the PBE factor, from 15 per cent to 20 per cent. The Secretariat confirmed that there was a link between the increase in the target and the approach to investments because obviously if a

greater level of liquidity had to be readily available this would mean keeping it either as cash or in a form which could be readily liquidated.

603. Regarding the function of the reserves, the Delegation of Brazil wished to know if a 2 million PCT reserve fund could serve as a safeguard for eventual policies on lower PCT fees. This kind of disruption of lower level of income of the institution would be safeguarded in case the Organization were to have a lower level of income.

604. The Secretariat explained that when speaking of reserves, there was the reserves component and the Working Capital Funds component. The Working Capital Funds were funds held in trust that belonged to the Member States. These funds had been set up several years ago, decades ago and had remained static. At the time, they had been set up by decision of the Member States for temporary purposes in case of temporary short falls in liquidities. Therefore, the intent behind this was that when the Organization returned to a situation which no longer required the coverage of possible short-falls in income, which was indeed the case for the PCT Union, these funds should be given back.

605. The Delegation of Spain said it had no problem with principle 3 concerning the financing of extraordinary one-time capital projects and expenditure. Its problem was with the interpretation of the text, and a text that might come up in the future budget. The Delegation understood that investment projects were not going to be financed with reserve funds but, it said, there had been a similar request to that in the past, which was to have a regular use of these funds rather than an extraordinary use. So a comprehensive interpretation of this could come about from time to time with certain requests that might come up. The Delegation considered that something additional was required to clarify the interpretation. It suggested replacing "under exceptional circumstances" by, for example, "under strictly interpreted exceptional circumstances".

606. The Chair asked by whom the circumstances should be deemed exceptional, saying that this would be the question since this matter would in any case have to be decided on by the Assemblies. The Chair said that he understood that many delegations had expressed concern about this matter and pointed out that, in any case, it would be up to the Assemblies to take such decisions.

607. The Delegation of Spain suggested that, in order to be clear about the idea of exceptional circumstances, the word "expenditure" should be taken out of principle 3 and replaced by "capital projects" or "investments".

608. The Delegation of Mexico considered that if the suggestion made by the Delegation of Spain were to be taken up, it would be possible to reach a proposal for the use of the reserves as being for extraordinary circumstances on the occasion of strategic initiatives taken or decided on by the Assemblies of the Unions.

609. The Delegation of the United States of America supported the idea of working off-line with Mexico and Spain on this. The Delegation agreed with Spain in that the word "expenditure" should be avoided since it may give the wrong signal, said the delegation. It would be possible to work further in this direction.

610. The Chair, in summary, said that there were now three delegations working on drafting a new proposal for principle 3, and once this proposal would be finalized, it would be distributed amongst delegations to see if a decision could then be reached. The Chair recalled that there were two decisions associated with this agenda item. One was the decision concerning the revised policy and the other one was the recommendation on the use of the Working Capital Funds and the 2 million francs of the PCT. The Chair confirmed that a new proposal would be distributed, once drafted, for the consideration of the Member States.



611. The Chair informed Member States that a proposed draft had been received for the pending issue, principle 3, and read the decision paragraph regarding agenda item 9. The Chair asked if there were any objections to this decision paragraph, and, seeing none, gavelled the decision.

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

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

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

## **ITEM 10 GOVERNANCE AT WIPO**

612. Discussions were based on background documents WO/PBC/18/20, WO/PBC/19/26 and WO/PBC/21/20.

613. Opening agenda item 10, the Chair recalled that discussions on the issue of governance began the previous year, during which Member States had negotiated the following decision paragraph, which was in the Chair's summary: “the PBC recognizing the need to address the topic of governance in accordance with the mandate given by the WIPO General Assembly, at its forty-fourth session, contained in document WO/GA/44/6, engaged in constructive discussions on governance-related issues including on the proposal by the Delegations of Belgium, Mexico and Spain, contained in document WO/PBC/22/6. Several Delegations stated that ideas and measures contained in previous proposals merited further consideration and favored a more comprehensive approach. Some progress was made including the consideration of short-term and long-term measures and, while no decision was reached, future discussions would benefit from building on the progress made in the previous sessions of the PBC. Such discussions could take into account the text produced by the Vice-Chair through informal consultations, and ideas and suggestions expressed during the plenary session”. He recalled that after that, there had been an Assemblies' decision, which was paragraph 203 of the Report (document A/54/13), regarding matters considered under the item, except on External Offices. “The Assemblies of the Member States of WIPO and of the Unions administered by it, each as far as it was concerned, (i) took note of the list of decisions in document WO/PBC/22/29; (ii) approved recommendations by the Program and Budget Committee; and, (iii) requested the PBC to continue the discussions on governance at WIPO and the definition of development expenditure at the twenty-third session.” He explained that this was the reason why this item was included on the agenda. He recalled that, the previous

week, he had convened an informal session during which the PBC Vice-Chair (Spain) had made a proposal for members' consideration. He hoped delegations would not be repeating exactly the same discussions as the previous time, and for that, he wished to turn the session into an informal discussion with the Regional Coordinators plus some other delegations to see if they could start an organized discussion on the governance issue for which they had received a mandate from the General Assembly. He therefore gave the floor to the Vice-Chair to explain the distributed document, where it came from and what its contents were.

614. The Vice-Chair (Spain) confirmed that the text was based on the discussions that Member States had had in the previous PBC session. He pointed out that the structure had 13 main paragraphs. Some were short-term measures and included proposals that came from a number of different Member States. Then, there was a paragraph that established the measures that would have to be reviewed before being adopted the following year, which was to see whether or not to continue with them, to retain them or to amend them. A third paragraph was to undertake informal discussions chaired by the Chair of the PBC, to go into matters that were more comprehensive with respect to governance, and this included the mention of the Joint Inspection Unit (JIU) report. The results of these discussions would be submitted in the following year to the PBC. He noted that, in his view, those three elements were crucial. It was difficult to have an agreement if they addressed only one of them, and also based on the comments that he had received from various Delegations, he believed there was some room to deal with the short-term measures. He observed that it was important to take into account that this was a package and, were it to be accepted, it could be said that compliance with recommendation number one of the JIU had begun, and Member States would have proved themselves to be capable of reaching an agreement on matters that were sometimes quite controversial. He then invited the Delegations to make comments, drafting suggestions and/or proposals as to how they should organize their consideration of the issue to see whether they could reach an agreement.

615. The Chair opened the floor for discussions on the Vice-Chair's proposal and asked for initial reactions and suggestions on how they could proceed to find a way to converge on something close to a specific proposal.

616. The Delegation of Mexico expressed support for the text that had been circulated by the Vice-Chair. In the Delegation's view, the text seemed to be a very balanced result that took into account the various views that had been expressed over the past years on the subject of governance, and the Delegation had at no time excluded the possibility of having a more in-depth discussion on more long-term considerations, which explained the importance of the mention of that in paragraph 3. If adopted, Member States would be giving a positive sign of their willingness to take up an issue that had been on the table for many years and which they would have discussed in a deliberate and calm manner. The Delegation reiterated its support for the proposal and added that if there were any further suggestions or consultation it would be happy to participate so as to assist in the formation of a consensus.

617. On that note, the Chair wondered if they could begin to draft a point for decision.

618. The Delegation of Pakistan appreciated the efforts of the Vice-Chair and his proposal. It had noted, with concern, that governance in WIPO had been a long outstanding issue, and usually it was deferred right to the end of the meeting when delegations did not have time for in-depth consultations. The Delegation observed that the Vice-Chair's initial proposal seemed to be more expressions of intent, and in its view, there would not be much opposition to it. The Delegation pointed out that that was already a positive thought, but for its Delegation, what would be most important would be having an organized framework in which Member States could continue with informal detailed consultations. The Delegation expressed its support for the formation of an open-ended working group for more in-depth deliberations.

619. Speaking on behalf of the African Group, the Delegation of Nigeria wished to thank the Secretariat and the Vice-Chair for the document he had presented to Member States. The African Group took note that the issue of WIPO governance had been discussed since 2011 and Member States had not had any opportunity to discuss it in-depth. It noted that throughout that period there had been proposals which had evolved, but the principles had remained the same. The African Group observed that the Vice-Chair's proposal did provide a basis for further discussion because it took into account the varying interests of different Groups and Member States. In line with the JIU recommendation 1, the African Group was of the view that from the document provided by the Vice-Chair, it would be important to have a holistic look at the governance issues, the deficiencies Member States had recognized in WIPO structure and therefore an open-ended working group as provided in paragraph 3 of the Vice-Chair's paper to hold consultations would be welcome. The African Group took note of the provisions made in the first few points, and was of the view that those were short-term goals that Member States hoped to achieve. The African Group, however, pointed out that in its opinion Member States should begin with, first of all, agreeing. It said that it liked the language used to say that it was a package. If Member States intended to solve the issue holistically and make sure they had covered and filled all gaps and addressed all concerns and issues and deficiencies, the African Group was of the view that it was best to start from paragraph 3, which was to have the open-ended working consultation guided by the Chair of the PBC, and then address all of the issues or the best practices the Vice-Chair had highlighted in his paper. At this point, the first step should be the open-ended working group because Member States needed to address the core issues of governance in terms of the PBC and the declining role of the WIPO Coordination Committee which was now symbolic, and the governance roles of these two bodies which had become conflated somewhat, as well as the aspect of oversight. Therefore, in the Group's opinion, starting from paragraph 3 of the Vice-Chair's paper would be the best way forward.

620. The Delegation of Iran (Islamic Republic of) expressed its support for the interventions made by the Delegations of Nigeria and Pakistan on the issue. It recalled that governance issues were very important and related to efficiency in the Organization. It echoed the comment from the Delegation of Nigeria that the issue was outstanding and that there had been no progress in the previous sessions on the important issue. The Delegation reiterated its suggestion that the issue needed to have a formal framework, and proposed again the establishment of an ad hoc working group which could address all proposals on the table and the issues related to governance. It pointed out that in accordance with Rule 12 of the General Rules of Procedure, the said body could be established. The Delegation recalled that there had been precedents and wished to thank the Vice-Chair for his proposal, as all elements of the proposal could be discussed in the working group.

621. The Delegation of Japan, speaking on behalf of Group B, thanked the Vice-Chair for his tireless effort to find a common ground on the issue. With respect to short-term measures included in bullet point one, the Group was of the view that those items were a good basis for further improvement. It observed that some of them needed language adjustment, but was of the opinion that those sorts of measures would be a good start for the work on the issue. With respect to point 3, Group B said that it had heard from many voices in its Group that it was important to identify the problems to be tackled first, in order to realize efficient, effective and focused discussion on governance matters.

622. The Delegation of South Africa expressed its support for the intervention made by the Delegations of Japan and Nigeria. It recalled that as stated by the Delegation of Pakistan, this was a long outstanding issue and its Delegation wished to thank the Vice-Chair for the efforts he had made in drafting the proposal as well as for his hard work at the previous session. Looking at the proposal, it noted that there were several short term measures which were good, but observed that governance was a three pronged process; short, medium and long-term. The Delegation believed that it was important to have a formal process and framework to work on the issue where Member States could divide the issues and address them in that way. It also recalled that it had heard the Delegation of Mexico saying that there was need to

demonstrate good faith when discussing those issues, and so in that regard, it believed that paragraph 3 should actually be the main paragraph for that decision so that when the working group was in place, they could then decide on all issues and adopt them as a package.

623. The Delegation of China said that regarding the proposal and especially the short-term measures, its Delegation wished to thank WIPO for the tremendous efforts to organize meetings as well as the preparation of the documents. Regarding improvement of governance at WIPO, the Delegation's view was that the practical measure mentioned in the proposal would increase the efficiency of all of the mechanisms at WIPO because the meetings' efficiency was directly related to the costs and efficiency of the Organization and Member States' participation was also at stake. It pointed out that the progress of work was also at stake. The Delegation said that, in the meantime, it believed that the positive and the constructive attitude of Member States could also increase the efficiency of the meetings. This was a common responsibility and will of WIPO and its Member States. It stated that its Delegation stood ready to work with other Member States to increase the efficiency of the meetings. Regarding paragraph 3, the Delegation said it was flexible and open with regard to informal consultations. However, regarding the subject and content of those consultations, it wished to emphasize that it was a complicated issue because governance was related to many aspects. Therefore, Member States should not limit the subjects of the discussion beforehand. First of all, they should identify the real problems in governance and after the discussions should be carried out depending on the importance of the issues, the timeliness and how difficult it was to solve the problems. Finally, the Delegation said that it was of the view that Member States should discuss the priority of the issues to be discussed and what were the practical measures to be adopted. Currently while they were not very clear about the subjects of discussions, the presumption or limitation of subjects of governance issues or problems would not be conducive for Member States to solve those problems objectively.

624. The Delegation of Romania, speaking on behalf of the CEBS Group, thanked the Vice-Chair for presenting the Member States with a draft paper on governance, a topic which was of great importance to the CEBS Group. Its understanding was that the main objective of the paper was to provide a basis for the meeting's discussion on measures aimed at increasing the efficiency of WIPO meetings and on a framework where governance issues could be addressed. It noted that the short-term measures proposed in the first part of the text had been analyzed by its Group which had various suggestions and comments to make. With regard to paragraph 3, taking into account past discussions, CEBS was not yet convinced about the usefulness of engaging in an open-ended discussion. The Delegation said it had heard other delegations saying that there might be deficiencies in WIPO's governance. The CEBS Group believed that there was need to first identify what those deficiencies were in order to see whether there was a need for Member States to engage in such a discussion.

625. The Delegation of El Salvador thanked the Vice-Chair for the proposed document and supported it in general terms, without going into detail, on the understanding that these were simply initial measures to improve governance and would be merely a starting point for the eventual result to be achieved.

626. The Vice-Chair (Spain) thanked delegations for their encouragement and comments. He said that he wished to give his impression as a facilitator of the process and his views in an effort to assist delegations in reaching consensus or agreement. He noted that there were several positions. Many countries had supported the text while others were of the view that before the adoption of short-term measures, they wished to define the medium and long-term proposals before Member States engaged in the process. In his opinion, those requests were quite understandable, but he was rather afraid that they might be incompatible and would prevent them from reaching agreement. He therefore appealed to the Delegations that wanted to start the procedure before adopting the medium-term proposals, to consider that perhaps it might be a good idea to adopt some of the less controversial procedures as a step forward, and to those delegations that felt that they should first define the medium and long-term proposals

before getting into the procedure, to consider that this might actually be somewhat difficult in a short period of time. He suggested that they might wish to consider the two differing positions and see if they could find some kind of a point in between them that would enable them to get started.

627. The Chair announced that further discussion on item 10 would be adjourned to allow time for consultations.

628. Upon resumption of discussions the Vice-Chair (Spain) said that following the recommendations of the Chair, inasmuch as the Groups had had an opportunity to look at the draft that was circulated before the beginning of the session, delegations should give their specific proposed amendments if they still had some that they wished to make. He recommended that they should make note of those changes, and if it was necessary to meet in smaller groups to be able to put things up on the screen, it would be done. He specified that what he was asking for were specific drafting proposals and specific requests and, if delegations had them, the meeting would take careful note of them and then see how to move ahead. In order to facilitate the suggestions, he recommended that they begin with paragraph 2, because from what he had heard from the various delegations and Groups, that was perhaps the least controversial paragraph after which they would go back to paragraphs 1 and 3, on the understanding that this was a package. He clarified that no delegation should think that deliberations would end on these particular decisions without the whole picture.

629. The Delegation of Nigeria, speaking on behalf of the African Group, said that it wished to align itself with the intervention it had made the previous day. It was of the view that the discussions on the document should begin from paragraph 3. If the first sentence which would read number one, that is, "the PBC recommends to the General Assembly the adoption of the following measures without prejudice to the rules of procedure to increase the efficiency and effectiveness of the WIPO governance" then it would start with paragraph 3, and move on therefrom.

630. The Vice-Chair (Spain) observed that if the Delegation did not disagree, they would go over the paragraphs one by one and ensure that everyone agreed and added that, for example, whether paragraph 2 would remain paragraph 2 or whether the order would change, which did not mean that they would take a decision before having considered everything. The same would apply to paragraphs 1, 2 and 3. He said that he wished to begin with paragraph 2, in order just to take note of the initial reactions and after which they would go back to paragraphs 1 and 3. He reiterated that that was only a preliminary consideration and in no way influenced the decision on whether or not they would be adopted or in what order. He then suggested that if the Delegations agreed, they could begin with the consideration of paragraph 2.

631. The Delegation of Nigeria asked what the Vice-Chair meant by saying that they should look at paragraph 2. It wondered if, first of all, that was for the Secretariat to report on activities related to the paragraph and if it was so, it did not meet the request being made by the African Group.

632. In response, the Vice-Chair stated that if the Delegation of Nigeria did not agree with his suggestion as to the order which they should start, in that case they could start with general comments on the document as a whole and take notes on them to see if they could be adopted, but added that the Delegation could make a comment on any part of the document that it felt was appropriate.

633. The Delegation of Romania said it perfectly agreed with the Vice-Chair's proposed way forward and said that it was ready to deliver its Group's position on paragraph 2. The CEBS Group had no problem and supported the text as it currently stood.

634. The Vice-Chair (Spain) thanked the Delegation of Romania and requested the African Group to make comments on any of the other parts of the text if it had specific comments.

635. The Delegation of Nigeria said that the African Group's comments were made the previous day, which were that the Group African wished to start the discussion from paragraph 3 which provided a holistic approach on WIPO governance. The Delegation said that its Group liked the idea of giving one year for the Secretariat to report back. It was of the view they could start from paragraph 3 and then discuss all issues, including the list provided in paragraph 1. It was of the view that that was the essence of the comments its Group had made the previous day and they remained the same.

636. The Delegation of Iran (Islamic Republic of) expressed its full support for the proposal made by the Delegation of Nigeria on behalf of the African Group that the discussions should start with paragraph 3 and continue on further elements.

637. The Vice-Chair (Spain) wondered if delegations could provide specific comments on any part of the text. If a delegation had a specific suggestion to make on paragraph 3, they should do so, so that note could be taken of the specific proposals and the meeting would also focus on the key elements of the text as a whole. He encouraged delegations to comment on any part of the text as the idea was to find a method that would enable them to move forward or else they would just move around in circles.

638. The Chair observed that it was very clear that if they were going to be making a decision it would be a package. It would be better to know if delegations were ready to build a package or not. He wondered if the position of the African Group, backed by the Delegation of Iran (Islamic Republic of) was that they could only live with something in the line of paragraph 3, and nothing else.

639. The Delegation of Nigeria clarified that the African Group wished to start with paragraph 3 and could adopt it as a package beginning with paragraph 3 and then paragraphs 1 and 2. If that was the agreement of the delegations, the Group would be happy to adopt that beginning with paragraph 3.

640. Commenting on the intervention by the Delegation of Nigeria, the Delegation of Romania said that it was always exciting to read the end of the story but one might really miss the very story that one would like to hear. It stated that from its perspective, it was of the view that they should start with the beginning of the story, that is, with the first paragraph and then go through the whole text.

641. The Vice-Chair (Spain) observed that from what the African Group had said, he was of the view that it could be agreed that this was a topic that was not going to be adopted until the full package of the three sections had been reviewed. In his opinion, a final decision could not be reached on the three paragraphs until they had dealt with one and two. Nothing would be agreed until everything was agreed on. One was free to comment on paragraph 3 and make a suggestion for further drafting, as to whether they agreed or not.

642. The Delegation of Iran (Islamic Republic of) said that its Delegation believed that paragraph 3 was the beginning of the story because it was about the whole story, that is, the structure of the Organization and it also encompassed all issues of governance, including paragraph 1 which was why the Delegation was insisting on starting from paragraph 3.

643. The Delegation of Mexico said that from its standpoint, the proposed changes were merely cosmetic and apologized for putting it that way. Basically what the Delegation saw was that there was a compromise-building towards a series of measures in order to move forward, and that, from its standpoint, was the most important. The Delegation did not mind if discussions started with paragraph 3 or paragraph 1 as in the decision point what counted was that Member States commit themselves to a process which, in its opinion, was the most

important. It said that it had listened carefully to the African Group and to the Delegation of Iran (Islamic Republic of) and it believed that the two Delegations had made specific proposed changes to paragraph 3 that needed to be considered. The Delegation suggested that, if the Chair agreed, they could consider the text in an informal consultation and then come back with a more finished product to be considered in plenary. The Delegation said that if there was consensus, time should not be lost over a matter of procedure but move ahead with substance.

644. The Delegation of the United Kingdom thanked the Vice-Chair for the efforts he had put into this complex issue. The Delegation said it agreed with the Vice-Chair's working methods, in the sense that starting with the short-term measure as they were less controversial and would make it easier to achieve middle ground and get convergence. It recalled that the previous day, the problem of trust had been mentioned and the way Member States worked in the house and it believed starting to deal with those issues in everybody's interest, would be a good trust-building exercise. The Delegation observed that if they could start constructively working on those issues, they would be in a better spirit to tackle the most difficult issue of the paper which everyone recognized was in paragraph 3. It recalled that, as the Chair had said, at the end of the day, this was a holistic process and it understood if some colleagues wanted to see the outcome of all those three items before they could have their final judgment of the outcome, but added that it was only reasonable and logical for them to start as outlined by the Vice-Chair.

645. The Delegation of the United States of America thanked the Vice-Chair and expressed its appreciation for his work on the issue. It said that it completely agreed with what the Delegation of the United Kingdom had just mentioned. In its view, paragraph 1 looked like a low-hanging fruit, something that could be accomplished and that was relatively easy. It observed that, to that end, rather than getting into a long debate on which one should be handled first or reordering of those paragraphs it wished to make a textual suggestion to the Chair or the Vice-Chair, that under the first bullet point of paragraph 1, the last line where it said "preferably until 7 p.m." it wished to have "preferably until" replaced with "no later than". In the Delegation's opinion, the meetings should go up to 6 p.m. unless exceptional circumstances dictated otherwise but pointed out that they needed to put in a full stop there.

646. The Vice-Chair (Spain) reiterated that all they wanted was to receive comments and then would see whether or not it was necessary to have a smaller group meeting and work on the screen. It was absolutely clear that until everyone was satisfied with the entire document there would be no conclusion of an agreement. He pointed out that one was not to worry about the order of the paragraphs to be discussed as it was a package deal. He stated that there was no real disagreement on that but the important point was that Delegations be flexible. If they had comments or drafting proposals on any of the paragraphs they should feel free to point to the most crucial or relevant paragraphs and where they needed to make changes.

647. The Delegation of Greece said it wished to add its voice to what the Delegation of the United Kingdom had suggested. In its opinion, it was wiser to proceed with discussing the shorter measures which were less controversial.

648. The Delegation of Australia wished to add a few textual comments it had in regard to paragraph 1, building on the idea of focusing on these issues first. It referred the meeting to paragraph 1, bullet point 2, where it said to avoid overlap of official meetings and to avoid holding consecutive meetings of various Committees. The Delegation expressed the concern that it would remove the possibility of having consecutive meetings where the same sets of experts would be involved. It went on to say that where one had experts traveling from capital for one meeting a week long, it was actually better and more efficient from the Delegation's perspective, to sometimes not rule out the possibility of consecutive meetings. It stated that it was open to textual suggestions on how best to capture that and wanted not to rule out that possibility, which it felt might be done by the second point. Skipping down to the last bullet point, under paragraph 1, where it read "reduce when possible the Committees from five to four working days", the Delegation was of the opinion that rather than having an automatic set down

mechanism, its view was that the meeting schedule should be determined on a case by case basis, taking into account the agenda, how much work participants would be able to actually undertake and how much time it was likely to take. The Delegation reiterated that it was not disagreeing with the spirit of what was ongoing but its preference was to perhaps find a way of having that phrased so that it was more focused around what was on the agenda and how long the material at hand was likely to take.

649. The Delegation of Romania said it wished to make comments and textual suggestions that the CEBS group had discussed. With regard to paragraph 1, with respect to the first line, it wished to propose that instead of “meetings should strive” it should be “Member States should strive to end meetings”, as this should be a common effort, for the chairmanship and the Member States”. With regard to the second line of the paragraph, the Delegation said it was aware of Delegations coming from far away, which made it useful to have consecutive meetings, but at the same time that put a lot of pressure on delegations in Geneva. Its preferred option would be to say, “holding more than two consecutive meetings of various Committees”. With respect to the last line of the paragraph, the Delegation also agreed with the fact that the duration of a meeting should very much depend on the agenda of that meeting. It would not favor a general reduction of the duration of Committees, but was of the view that it should be included in the text that the duration should depend on the agenda and Member States should have the flexibility to accommodate this concern each time there was a meeting.

650. The Delegation of Canada thanked the Vice-Chair for the document and assured him of its Delegation’s support throughout the process. First, in general terms, the Delegation wished to express its support for the interventions by the Delegations of Greece, United Kingdom and United States of America, with the suitability of beginning the discussion with paragraph 1, as a confident-building measure and low-hanging fruit. That would allow Member States to pick up speed and to create a common working method that would allow them to tackle the other issues they had before them. On the more substantive issues, its position was actually quite similar to the one of the Delegation of Australia. In general, the principles outlined under paragraph 1 were sound and recalled that it had previously expressed that view. In its opinion, there should be flexibility within those principles to look at the meetings and the individual needs, the same went also for consecutive meetings which could be convenient to some extent, it was also a matter of balance and need and of choosing the most convenient option.

651. The Delegation of the United Kingdom said that just as a follow-up on some of the comments mentioned by other delegations, under paragraph 1, first bullet point, it also supported the amendment by the United States of America that it should not be later than 7 p.m. The expression “strive to end” was not that strong, and Member States had to make it as strong as they could. In the second part of that bullet point, the Delegation said that they were aware of all the decisions they came up with until 6 p.m., maybe 7 p.m., if they extended the meeting, the decisions would not get better with time. It made sense to really have a bit of time pressure when discussions were to come to a conclusion for everybody to put in their utmost efforts to get the best outcome possible. In relation to the second bullet point, the Delegation said that it shared the view that they should avoid calling consecutive meetings, as having a gap between meetings helped them to prepare better. On the other hand, it fully understood the concerns of the Delegations of Australia and Canada. It might be useful to identify from those delegations that come from far, which Committees had the same representatives participating in them and suggested that at least those meetings that were unrelated should have at least a gap of a week or more. On the last point, bullet point 7, the Delegation was of the view that the duration of the meetings in any case should be guided by the workload and the agenda, as had been said by other Delegations. It referred to the Rules of Procedure according to which the duration of the meetings was in the hands of the Secretariat. The Secretariat was better placed to estimate, on the basis of the agenda and of previous experience, the time needed to tackle the agenda items, and how to be more efficient and take into account the financial aspect of holding a five-day meeting. The Delegation proposed to include language to that effect.



652. The Delegation of Singapore thanked the Vice-Chair for the proposal and expressed its full support as he embarked on the process. It said that it had a question on paragraph 1 bullet point 3 for the Secretariat. The Delegation stated that it wished to see the documents in all official languages two months in advance but was not sure if it was always possible for the Secretariat in cases, for example of the PBC, where there was a two-month gap for the PBC between the July and September sessions. The Delegation would support that point but it wanted to make sure that the Secretariat could handle that, and it might be necessary to add something according to which the Secretariat might not be able to comply.

653. The Delegation of Iran (Islamic Republic of) said that it wished to state its concern on undermining the governance issues at WIPO on the duration, that is, starting and ending of the sessions. It wished to state that temporary measures had already been implemented and the number of meetings had been reduced in the Draft Program and Budget document. It also wished to say that any diplomat in Geneva welcomed and supported the temporary measures because everybody wished to go home early. It was of the view that governance was very important and so could not compromise on paragraphs 1 and 2 on temporary measures.

654. The Vice-Chair (Spain) clarified that the meeting was only having a first go around and he was not limiting the comments to paragraph 3. He observed that there had been a lot of comments on paragraph 1 at the moment and reiterated that that was a package deal and at no point was he thinking to take a decision on paragraph 1 before agreeing on the package. He once again invited delegations to make any brief comments that they had, and that perhaps in a short time they should go into small groups where they could put the text up on the screen and could have a calm second look at it and then come back to plenary with a full discussion on the entire text.

655. The Delegation of Switzerland wished to make its comments on paragraph 1 in the same spirit as other delegations. It expressed its support for the point made by the Delegation of the United Kingdom that there were some matters concerning the Director General under the Rules of Procedure and that should be respected in the drafting. It therefore encouraged that similar words perhaps should be used when speaking of the responsibilities incumbent upon the Director General. On paragraph 1, bullet point 5, the Delegation said it had a question regarding the second part of the paragraph which referred to comparative studies of other UN agencies. The Delegation pointed out that a lot of the UN bodies were established quite late and had different histories as it were. It wondered whether such a comparative study would be useful given the differences. If one looked at bullet point 7, according to which it was up to the Director General to decide on the duration of the meetings, this should be based on the workload, and it should take into account the differences among delegations regarding travelling distance.

656. The Delegation of China had some comments with regard to paragraph 1, bullet 5. First of all, the participating experts should represent a broad geographical representation; secondly, the study should be based on facts which meant that the participating experts would have the only responsibility of collecting and analyzing facts and providing information. One should take full consideration of the specifics and uniqueness of the Organization but a final recommendation with regard to the improvement of WIPO governance should be made jointly by Member States on the basis of the information.

657. The Delegation of Mexico observed that after having listened to the discussion, it had a couple of comments to make and wished to consider the origin of some of the proposals. It noted that with respect to the possibility of not having an overlap of official meetings and consecutive meetings, on many occasions the same delegations had mentioned that delegations based in Geneva needed sufficient time to hold consultations to ensure that they could move ahead on the various agenda items. That was more difficult when there were consecutive meetings. Sometimes the workload had been so heavy that Member States simply had not had time to hold consultations and to be sufficiently well prepared to have a clear view

of all of the items. It said that while it did understand the implications of that for some delegations that come from far away, in its opinion, that was a point that had been taken into account. The Delegation said it agreed with delegations who said that they should not have a standard off-the-shelf response to how long the meetings should be. The key element should be the workload of the agenda.

658. The Delegation of Nigeria, speaking on behalf of the African Group, said that there was no doubt in the room the previous day that whatever they discussed on governance would be adopted as a package. The African Group welcomed the interventions as well as exchange of ideas from Member States and reiterated that its view was that discussions should actually begin from paragraph 3.

659. The plenary was suspended to allow informal consultations to take place.

660. Upon resumption of the plenary, the Vice-Chair (Spain) reported that during the informal meeting, they had looked at specific proposals to improve the text, and that progress had been made on the short-term measures, under paragraph 1. The difficulty lay in the differences in views between those delegations who felt that it was necessary to prioritize paragraph 3 and give precedence over procedure, and other delegations who had no problem with the procedures and felt that, in the beginning of the procedure Member States could decide on the more longer-term points for discussion. Some delegations saw the possibility, if necessary, of holding another one-hour meeting, a small meeting, in order to receive specific proposals for paragraph 3. He said that his concern was that if they were not able to come up with specific proposals and to agree on a language acceptable to all, it would be very difficult for them to reach an agreement on the entire text because the agreement had to be a general one. He noted that he could only see any interest in scheduling the additional meeting if there were delegations that wished to come forward with specific proposals for paragraph 3, otherwise it would be very difficult for Member States to come up with an agreement during that particular session.

661. The Chair said that there was a need to decide if Member States should continue with discussions on eventually delivering something for that agenda item or if they should start preparing a different set of strategy that would be a different paragraph calling for continued discussions and sending it back to the General Assembly or continue with previous arrangements.

662. The Delegation of the United States of America thanked the Vice-Chair for the summary with respect to the informal meeting that they had held. It said that it was willing to engage in a one-hour discussion on the issue with respect to paragraph 3, specifically on further ideas on text considerations.

663. The Delegation of Brazil, speaking on behalf of GRULAC, expressed its support for the efforts of the Vice-Chair and said it was ready to engage in any follow-up process.

664. The Delegation of Nigeria, speaking on behalf of the African Group, welcomed continued discussion on the issue and indeed there were several proposals by different delegations on different areas to address in the governance structure. It said that it would welcome continued discussion, however, it wished to reiterate that the language in the Vice-Chair's text would be to start the discussions with paragraph 3.

665. The Delegation of the United Kingdom said it would go along with the proposal and what was said by the Delegation of the United States of America, that is, to have another one-hour of discussion and see where they would get.

666. The Delegation of Romania said that following the informal meeting, it was of the view that it had been useful and also thanked the Vice-Chair for the summary. The Delegation said it was ready to report back to its Group and then try to find textual suggestions for paragraph 3.

667. The Chair observed that that was excellent news and announced that they would come back to the issue and would organize an informal meeting after the lunch break.

668. Regarding agenda item 10, the Chair called the Vice-Chair to provide an update on the status of discussions within the Committee regarding the governance issue.

669. The Vice-Chair (Spain) thanked the delegations for the efforts they had made to reach agreement on the topic. He said that the Committee had been working on the governance issue for many years, and that delegations would be receiving a copy of the latest proposal which took into account the conversations from the second drafting session in which the Committee had made some amendments in search of an agreement. The most important changes were in paragraph 1, taking into account the discussion the Committee had the day before and included the fact that the consultations would first define the topics to be dealt with. The Vice-Chair stated that the Committee had also included the word "targeted consultations" so as to, once again, seek to assuage the concern that the consultations could go on for a long time, even though the Committee had cited one year. So the Committee had included the word "targeted" to signal that the consultations would be limited and would have a clear objective. The other items were identical to those submitted in the second session. The Vice-Chair noted that he had tried to include all of the comments and suggestions that had been made by Delegations to the extent possible. The Vice-Chair said that it was true that delegations would not see everything reflected in the paper, but that was because he, as the Vice-Chair, felt that it was also part of his mandate to reflect the objectives, not necessarily the positions to the very last degree, in order to try and bring together the positions of Delegations so as to achieve agreement. He may not have succeeded, but he made his best efforts to do so. The paper was based on what the delegations had the year before, which was not then adopted but offered a good basis on which the Delegations could build to see if it was possible to reach agreement.

670. The Vice-Chair turned to delegations and asked whether the text was acceptable.

671. The Delegation of the United Kingdom noted that it had not heard most of the introductory remarks and had not received the latest version of the paper. The Delegation further noted that the delegations had agreed in the plenary to consult in a small informal setting the day before, and discussed concrete proposals in relation to the issue. There was a concrete proposal made in that setting and the Delegation noted that it would wait for the proponent to explain the proposal. When this proposal was presented to the plenary for the record, the Delegation would express its support.

672. The Delegation of Romania reiterated its cooperative spirit and willingness to work on the text that had been proposed, and wanted to put on the record the proposal that it made during the informal consultations for the benefit of everyone that was not in the room. The CEBS Group had proposed the following with respect to paragraph 3 concerning the open-ended informal consultations. The PBC would consider possible deficiencies in WIPO's governance, and of the 2014 JIU report, with a view to identifying remedies as needed and reporting to the General Assembly. In explaining its proposal, the Delegation said that its Group found discussions in the plenary very useful for issues as important as governance issues with a record being provided for every Member State. The Delegation also noted that it could understand the fact that a facilitator cannot include everything, but it was afraid that in looking at the last revised text, the Delegation could not see anything from its proposal in that text. The Delegation would therefore not be ready to support that text.

673. The Delegation of Nigeria, on behalf of the African Group, thanked the Vice-Chair for the current version of the proposal for governance. It thought that the text was balanced, and it reflected the concerns raised by different Member States during the informal sessions. After listening to the intervention by the Delegation of Romania, the Delegation of Nigeria questioned whether it had concerns with the content of the JIU report. If that were the case, the proposal by the Vice-Chair would allow delegations to consider perceived or possible deficiencies if they

exist, and the Committee could discuss all the items in the text. The African Group fully endorsed this effort by the Vice-Chair and thanked him very much for that. It hoped that the Member States could allow the Committee to have a necessary conversation.

674. The Delegation of Pakistan fully supported the proposal as it stands. The Delegation believed that the Vice-Chair had fully encapsulated the discussion which had taken place in the informals. This appeared to be a balanced proposal taking into account the concerns of several delegations to have targeted consultations and first define the topics.

675. The Delegation of the United Kingdom said that it also had seen the latest proposal and it did not reflect the views of many delegations. The Delegation had gone to the informal consultations with the view to having concrete proposals. The Delegation of Romania, on behalf of the CEBS Group, had come up with a proposal that could conciliate different positions. The Delegation believed that proposal was fully aligned with the JIU recommendation, and it would fully support the CEBS Group's proposal.

676. The Delegation of Switzerland felt that it had repeatedly tried to take up the very important and complex issue of governance, but, unfortunately, the Committee had not succeeded in past years to develop wording that was similar or even identical to what is now being proposed in the current version. The Delegation felt that there were very different ideas amongst the delegations as to what constituted governance, and it was necessary to have a useful dialogue that could lead to results. The Committee needed to have a minimum of consensus on what was meant by governance. The Delegation noted its support for the CEBS Group's proposal.

677. The Delegation of Italy also supported the CEBS Group's proposal.

678. The Delegation of Japan supported the CEBS Group, along with the Delegations of the United Kingdom and Italy. The Delegation said it was practical and realistic to identify the areas on which the Committee had to focus for the effectiveness of WIPO before deciding on a procedural framework. The Delegation preferred the proposal made by the Delegation of Romania.

679. The Delegation of Australia thanked the Vice-Chair for his continued efforts to find a way forward in this difficult area, and it wanted to voice its support for the CEBS Group's proposal, and the comments made by the Delegations of Switzerland, United Kingdom, and other colleagues. The Delegation thought it was important to recognize that this proposal would allow the conversation on the JIU report to be commenced in a constructive and efficient way. It had hope that it would be a way forward which all could support.

680. The Delegation of South Africa supported the intervention made by Nigeria on behalf of the African Group, as well as the Delegation of Pakistan. The Delegation thanked the Vice-Chair for the work he put forward. The Delegation thought that the open ended consultations allowed sufficient time to discuss a lot of the issues.

681. The Delegation of France associated itself with the comments made by the Delegations of the United Kingdom and Switzerland, and supported the CEBS Group's proposal.

682. The Delegation of China agreed with the proposal, however, it wanted to raise one point. It had proposed the day before to delete "decision" in the first paragraph, last sentence, "for its consideration and decision".

683. The Delegation of Greece noted that, in line with recommendation 1, it supported the CEBS Group's proposal.

684. The Delegation of Nigeria spoke in its national capacity and wanted to endorse the statement it had made on behalf of the African Group.

685. The Delegation of Algeria also supported the statement made by the African Group.

686. The Vice-Chair (Spain) thanked the Delegations for their consideration. He said that it was not very easy to reach an agreement on this issue. It was a shame but he thought it was better to acknowledge that was the case and that the procedure had so far been unsuccessful. The Vice-Chair wanted to remind delegations that he had started from the basis of the year before, and he was not suggesting these concerns and legitimate opinions were not around at the time, but he did not hear the idea the year before that it was not possible to launch these consultations without having previously defined the issues for discussion. He had heard it this time, loud and clear, and accepted it. It was a legitimate concern, but as a Vice-Chairman and a facilitator, he had to say that the Committee was taking a step backwards instead of a step forward. That was his opinion, and he, of course, could be mistaken, but it was how he felt. The Vice-Chair agreed the Committee could continue discussing this but it was obviously not going to be easy to reach an agreement. He thanked delegations again for the interest they had shown, and their dedication in trying to deal with it, but the Committee did not have an agreement, and personally -- although he very much regretted it, he did not think he was in a position to come back to try to facilitate this process. The Committee did not seem to him to have the premise on which to find an agreement.

687. The Chair agreed with what the Vice-Chair just said and noted that Delegations were playing a kind of ping-pong game because they were going to be sending this to the General Assembly saying that the Committee had tried again and it was moving backwards. The Chair did not see any other alternative and closed the issue for the Committee to address it in the afternoon. He would then propose some text to close this discussion for the PBC.

688. The Delegation of Spain said that concerning agenda item 10, WIPO governance, it had a proposal very similar to the proposal for agenda item 11 which was: "The Committee decided to continue its deliberations on this matter at the 24<sup>th</sup> session of the Program and Budget Committee".

689. The Delegation of Nigeria, on behalf of the African Group, asked on what document would these deliberations continue, because it had been a very useful exercise during this session, with the efforts of the Vice-Chair, and it wanted that recognized in the future discussions related to WIPO governance.

690. The Chair said that the Committee could add some sort of general language acknowledging there had been documents produced and there was also a specific proposal by the CEBS Group, as well as a specific paper produced by the Chair. The Committee could make an explicit reference to the papers and proposals put forward during the discussions of the current PBC meeting. Again what the Committee heard very clearly however was that it unfortunately cannot count on the coordination of the Vice-Chair for these discussions. The Chair understood that it was a very important item. He did not see how the Committee could call this a PBC without having it as an agenda item in the next one. Although he understood that some delegations wanted it to be delayed, he did not see that as feasible. The Committee would have to allocate some time for that in the coming session. He asked the Vice-Chair whether he could help with some general language to acknowledge the proposals and papers done during this session, which he could perhaps draft for circulation and approval by the Committee.

691. The Delegation of Spain stated that, taking into account what had been said under the Chair's guidance, it would suggest that it add to the proposal that "the Program and Budget Committee decided to continue its deliberations on this matter at the 24th session" the fact that it was on the basis of proposals circulated during the 23rd session.

692. The Delegation of Switzerland wanted to clarify that this was not just the proposals circulated because its Delegation had made a proposal on an informal basis. So it proposed to

open up this wording a little so as not to limit it to proposals circulated, but to include proposals made during the discussions. The Committee could say proposals made and circulated.

693. The Delegation of Nigeria, on behalf of the African Group, thought the proposal by the CEBS Group could be circulated in writing so the Committee clearly knew what the proposal was. Concerning the notion just introduced by the Delegation of Switzerland, the African Group asked if that included existing proposals, the JIU report and the proposal from the CEBS Group. It believed that the last text provided by the Chair addressed all these concerns. And it hoped there would be agreement to have a framework to discuss all these proposals. At this point, it wanted to see the proposal from CEBS Group in writing.

694. The Chair asked if it would be possible to have the proposal from the CEBS Group in black and white. So the Committee would have two papers circulated. One by the Vice-Chair, which had been an attempt to compromise, and one new proposal that would refer to circulated proposals.

695. The Vice-Chair proposed, "proposals circulated or otherwise made on this matter".

696. The Delegation of Nigeria said that it was not clear what those "otherwise made" referred to.

697. The Delegation of Spain said that based on agenda item 11 of the attached texts, and then it included the proposal from the Vice-Chair and the proposal from the CEBS Group.

698. The Chair asked if the Delegation of Switzerland and the CEBS Group could live with that.

699. The Delegation of Switzerland insisted that it was important that the Committee included all proposals that had been made on this subject. The African Group also had a proposal and the Committee had tried to put one forward informally. The Delegation would not like to see the door slammed in the face of such proposals.

700. The Chair stated that he was going to stop the meeting to consult with all Delegations to see if the Committee could come up with something as well as to allow time for other Delegations to consult on specific paragraphs and other programs.

701. The Delegation of Nigeria, on behalf of the African Group, endorsed the proposal that had been just read out by the Vice-Chair. And with respect to what the Delegation of Switzerland noted, the African Group made a proposal but the Vice-Chair's language did not include all the proposals. If the Committee then began to provide a list of all proposals or ideas of Member States then the Committee had to start a framework discussion. The African Group supported the proposal by the Vice-Chair to have formal targeted discussions. Otherwise, if it had this list of proposals it could agree to go with that.

702. The Chair said that there were two agenda items pending: agenda item 9 and agenda item 10. He would start with agenda item 10 as the Committee had had a discussion just before the break for which there had been a breakthrough. The Groups agreed that the Committee could go ahead with what the Vice-Chair helped them craft as a decision paragraph, which read as follows: The Program and Budget Committee decided to continue its deliberations on "Governance at WIPO" at its twenty-fourth session on the basis of the attached draft texts. The two attached draft texts were the Vice-Chair's proposal for governance (the third version of July 17), and also the proposal by the CEBS Group. The Chair said what the Committee had before it were two alternative views on the way forward, and what the Committee would be gaveling was a decision paragraph that would just illustrate these two views. The Chair understood that the African Group as well as the Delegations of Switzerland and the United Kingdom agreed with this decision.

703. The Chair heard no other comments and declared that the Committee had a decision for agenda item 10.

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

(see Annex I and II of the document WO/PBC/23/9)

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

705. Discussions were based on a background document WO/GA/43/21.

706. The Chair opened agenda item 11 and invited the Vice-Chair (Poland) to report on any progress in discussions on the definition of development expenditure.

707. The Vice-Chair (Poland) reported that during a meeting held the previous week he had provided background information to the attending delegations and explained how he intended to proceed during the present session. The Vice-Chair recalled that the Secretariat had distributed the text that had been arrived at the previous PBC session (September 2014), which would be the starting point for further discussion at the present session. The Vice-Chair noted that there were only two square brackets in the text and said that it was his understanding that the other elements of the text had found delegations' approval in September 2014. The Vice-Chair invited discussion on the first square bracket. He added that delegations had held informal consultations the previous week and hoped that they had had the time to further consult in the meantime.

708. The Delegation of Brazil, speaking on behalf of GRULAC, thanked the Vice-Chair (Poland) for proposing the text. As the Delegation understood from the discussions there had been no agreement on the text in the previous session of the PBC. Discussions had been held within GRULAC on some elements of the text and, as a group, GRULAC understood that members were very close to an agreement. The Delegation recalled that GRULAC had made three proposals for additions and/or changes. The first proposal was the inclusion of a specific mention of LDCs in the first paragraph: *"to finance development-oriented [assistance/activities] provided by WIPO to developing countries and Least Developed Countries (LDCs)"*. The second issue that needed to be addressed was the phrase *"inter alia"* (in the text below the two bullets), which had no place in the definition since the expression meant *"among other things"* and thus did not provide any guidance on what was being defined. The third proposal was for the deletion of the bracketed text in bullet 2 that stated *"to reduce the cost of its use"*. It was GRULAC's position that the PCT reductions should not be deemed as development expenditure. GRUALC could name many reasons as to why, however, it did not wish to make a long intervention. The issue of fee reductions not being development expenditure had already been raised in the present week's discussions and the definition/list of the countries that would benefit from the fee reductions was different from that of developing countries. There were some developed countries that benefited from fee reductions and that was why these should not be included in a definition.

709. The Chair noted that the proposal should be bracketed in the updated version of the text.

710. The Delegation of Nigeria, speaking on behalf of the African Group, supported the proposal made by GRULAC. The Group proposed to use the word *"activities"* instead of *"assistance"* in the first paragraph, i.e., *"development-oriented [assistance/activities] provided by WIPO to developing countries and least-developed countries"*. In the last part of the sentence the African Group preferred to use the word *"shall"* in the bracketed text. It agreed with GRUALC's statement regarding the first bullet point i.e., that the bracketed text *"to reduce costs*

*of its use*” should not appear in the text because it was not a development expenditure as explained by GRULAC. In the second line of the same sentence the Group wished to add the word “*their*”, between “*to better protect*” and “*inventions and creations around the world*”. In the sentence after the first set of bullet points, the word “*shall*” should be used, i.e., “*It is understood that the following activities, [inter alia], shall seek to contribute (...)*”.

711. The Delegation of Japan, speaking on behalf of Group B, thanked the Chair for his efforts to find compromise among Member States. Group B wished to focus its comments on the bracketed parts of the text, in line with the Vice-Chair’s instructions. With respect to the first bracketed text in the first paragraph, namely the selection of “*shall*”, Group B wished to propose an alternative language in order to duly take into account that the definition of development expenditure was meant to serve for accounting purposes. It suggested that the following phrase be used instead of “*should*” or “*shall*”: “*(...) are those that are considered to contribute*”. With that amendment, the sentence in the last line of the first paragraph would be left out (“*In addition, the development activities financed by WIPO are those that are considered to contribute to ...*”). Group B believed the definition served an accounting purpose and in that sense the proposed amended language would completely fit the nature of the definition. Regarding the next bracketed text (“*to reduce the cost of its use*”), Group B believed that that text should stay. As pointed out by the Delegation of Brazil, the fact that some countries, which were not developing countries, could benefit from fee reductions based on the current PCT standard was not contradictory to what Group B believed, as a matter of principle, that the PCT fee reduction was a kind of subsidy from WIPO to some countries which could benefit from those fees. The language should therefore be kept as it was. In order to have a better understanding of the current situation for the benefit of developing countries, Group B requested the Secretariat to provide the second figure, which would include the benefit of the fee reduction as per the current PCT standard, in parallel with the development expenditure figure as information and reference information. Group B then referred to the last part of the text: “*It is further understood that “development expenditure” is not used to finance the Organization’s management, administrative and finance-related activities or functions*”. Based on the explanation given by the Secretariat at the previous session, Group B understood that the purpose of that sentence was to exclude general management and administrative expenditure and that of financial activities or functions which effected the entire Organization. The purpose of the sentence was not to exclude the expenditure used for the management of activities or functions specific to development-oriented assistance. In order to clarify that point, taking into account the explanation provided by the Secretariat at the previous session, Group B proposed to replace the current language with the following: “*The Organization’s management, administrative and finance-related activities or functions specific to development-oriented assistance are to be understood as development expenditure*”. Group B also wished to respond to the proposal for deletion of “*inter alia*” appearing earlier in the text. Group B recalled that, to the best of its recollection, the current compromise text came from two proposed definitions: a very detailed definition proposed by the former PBC Chair and one that was a much simpler definition. The previous year the two texts had been merged by using the phrase “*inter alia*”, which was a core part of the compromise. Group B understood that the list that followed was not an exclusive list of activities falling within the scope of the definition of development expenditure. In order to make it clear that this was an indicative list, not an exhaustive list, it was essential for Group B to maintain the phrase “*inter alia*”.

712. The Delegation of South Africa supported the statements made by the Delegation of Nigeria and admitted to being confused as to what constituted development expenditure. Therefore it was important to be very clear. In that regard, the delegation thought that there could be confusion between “*assistance*” and “*activities*”. Assistance could include staff and travel cost, while activities could be clearly identified. Therefore, the Delegation supported the use of the word “*activities*” as opposed to “*assistance*”. With regard to the proposal made by GRULAC regarding “*inter alia*”, the same argument could be used. If the activities were listed, it would be clear and would help provide clearer guidance on what the activities constituted. With regard to the fees, as many delegations would recall, the subject had been discussed in the



PCT Working Group. The Delegation found it ironic that members would consider assistance to developed countries as a subsidy and the assistance to developing countries as development assistance. If members wished to restrict the meaning to development expenditure, then reduction of PCT fees should be removed.

713. The Delegation of Pakistan believed that the definition of development expenditure should be clear and concise in order to be better reflected in the budget. Therefore, the Delegation supported the statement made by GRULAC and the African Group.

714. The Delegation of China emphasized the importance of development activities in the work of the Organization. The precise definition of development expenditure would allow the Organization to appropriately allocate its resources and track their use and implementation. The definition was very important to developing countries and the LDCs and, in the Delegation's view, development expenditure should be directly used in all development activities of developing countries and LDCs. The inclusion of other indirect expenses such as PCT costs and development-related administrative costs would lead to ambiguity of the definition and would make it more difficult and complicated to track and plan development expenditure. In addition, the PCT Working Group, at its 7th meeting, had adopted a new standard filing fee reduction and an evaluation method of income and innovation and had decided to renew the list of countries that would benefit from the fee reduction. The PCT standard did not differentiate between developing countries and developed countries because some developed countries, in times of crisis, could also benefit from fee reduction. The recent PCT Working Group had also discussed the possibility of fee reduction for SMEs, universities, research institutions, although no consensus had been reached, but it had showed the willingness of Member States to use the PCT system to promote SMEs, universities and research institutions and to explore the means as a promotion. That discussion did not differentiate between developing and developed countries. Therefore, the PCT fee reduction was not particularly for developing countries and as such it was not appropriate to include it in development expenditure definition.

715. The Delegation of Trinidad and Tobago thanked the Chair and the Secretariat for the work done so far. The Delegation aligned itself with views expressed by GRULAC. The definition of development expenditure had been an ongoing issue for quite some time in the Organization and the Delegation expressed its wish for its speedy resolution. The Delegation agreed to the inclusion of LDCs in the presented text. Therefore, wherever there was a mention of developing countries, a reference to LDCs should also be added. It also agreed that fee reductions were not a development expenditure. Fee reductions or fee discounts were not an expenditure undertaken by the Organization per se, but rather it was a payment which was made by the LDCs if one was to follow the trend presented in the document. For those reasons, the Delegation wished to align itself with GRULAC and all other delegations who had spoken in favor of fee reductions not being considered as development expenditure.

716. The Delegation of Iran (Islamic Republic of) stressed the importance of having a definition that could be trusted by Member States and which could really show the amount of the resources of the Organization spent on development activities. In this regard, the Delegation fully supported the proposals made by GRULAC and the African Group.

717. The Delegation of Algeria supported the statement made by the African Group, saying that Member States' goal should be to arrive at a definition of development expenditure that would be very concrete and precise in order to help the Secretariat calculate the related amount. It believed that all the proposals made by the African Group, especially the one regarding the use of the word "*activities*" instead of "*assistance*" would be the best way to achieve this goal. As to the proposal on whether to include or not include the PCT fee reductions, the Delegation was not in favor of including those activities. It did not think that reduction of the PCT fees was a development expenditure as such. As mentioned by the Delegation of China, there were discussions in the PCT Working Group on the reduction of fees for universities, in developed and developing countries. If Member States engaged in

discussing the reduction of fees as development expenditure, they would be confused in the end. The Delegation did not think that the text should be included.

718. The Delegation of Japan wished to clarify that, when it talked about the “*shall*” bracket, it had meant that its compromise solution would be applied also to the second bracketed “*should/shall*” which could be replaced with the phrase “*considered to contribute*”. The final sentence would read as followed: “*It is understood that the following activities are considered to contribute towards achieving the above impact.*”

719. The Delegation of Brazil thanked for the delegations’ support of GRULAC’s proposals. Regarding the points made by Group B, the Delegation understood that the text proposed to substitute should/shall went in the opposite direction to that expressed in the requests of other delegations, i.e., to have a concrete and specific definition. Should or shall, either or, both would be better than having the proposed new language. As previously stated by GRULAC, the Delegation was ready to engage in the discussion on the points which remained to be resolved.

720. The Delegation of Canada fully supported the statement made by Group B, particularly on the two compromise solutions to address the two occurrences of should/shall in the document. The Delegation thought that the proposed adjustment reflected the fact that this document was an accounting document, not a normative document, and was made to establish what were considered X for the purpose of X. It was not to say that this was not an expenditure. It was made to provide a framework for the Secretariat to calculate what should go into the column of “expenditure”, much like a tax authority would define what a house was for tax purposes. If the passive voice was a concern, as mentioned by GRULAC, perhaps the membership could look into it as well.

721. The Delegation of Chile supported the statement made by GRULAC. It emphasized the importance it attached to development activities of the Organization. Therefore it was important to be clear on the resources for this type of work and the share of the budget devoted to it. Those resources should be used for activities that were development activities and, therefore, the Delegation supported the statements made by other delegations in that the inclusion of fee reductions that did not correspond to specific activities could corrupt the definition, giving less clarity to the allocation of budgetary resources to development.

722. The Chair adjourned further discussion on this item until the afternoon of that day when the updated text of the definition would be ready.

723. Following distribution of the updated text of the proposed definition, the Chair reopened discussion on item 11 and inquired whether any delegations objected to the proposed change of the word assistance for activities and the introduction of a reference to LDCs in the first paragraph. The Chair said that since there were no comments he assumed that the brackets could be lifted.

724. The Delegation of Spain said that it did not have a very strong position on this point, but felt that other members of Group B, which were not present at the moment might have a different opinion. The Delegation thought that all delegations should be present before any brackets were lifted.

725. The Chair inquired whether delegations present in the conference room had any objection to the lifting of the first two brackets. He added that, possibly, the third bracket could be lifted as well.

726. The Delegation of Brazil preferred to keep the third bracket.

727. The Delegation of Japan, speaking on the bracket (to reduce the costs of its use), believed that the reduction was substantive hence it was important to know how much benefit the beneficiaries derived from it. That information was of great importance. However, in the

spirit of flexibility, if the Delegation could have the assurance from the Secretariat that it would provide the figures for the fee reductions in addition to the development expenditure, it was ready to further reconsider the necessity to the reference to the fee reductions within the definition of development expenditure itself.

728. The Chair commended the suggestion as a very good effort to try to compromise and understood that the brackets would be kept until members received a satisfactory answer from the Secretariat.

729. The Delegation of Nigeria commented that the Delegation of Japan arrived late and that in the meantime the delegations that had been present had taken certain decisions regarding the first two brackets.

730. The Chair recalled that there were no objections to lifting of the first two brackets and requested confirmation from Group B to that effect.

731. The Delegation of Japan responded that it preferred the original wording, i.e., “*assistance*”. Therefore, if other groups maintained their proposal (for the use of “*activities*”), both words should be kept in the brackets. The delegation had no objection to the lifting of the second bracket (“*and the least developed countries*”).

732. The Chair referred to the third bracket (and the use of shall//are those that are considered to) and concluded that since some delegations insisted on keeping “*shall*” and there was no agreement the two alternatives should be kept in brackets.

733. The Delegation of Japan reiterated that, as it had explained, the definition served accounting purposes and was not a normative document. That was why it did not consider that “*shall*” was an appropriate word in that context and continued to believe that the text proposed by Group B could fit the purpose of the document better.

734. The Chair referred to the following bracketed text (to reduce the cost of its use) and understood that that bracket would be kept until the Secretariat provided clarifications on the figures and the feasibility of providing this information.

735. The Secretariat pointed the delegations to page 187 of the proposed Program and Budget 2016/17, with a chart showing the PCT income forecast until 2017. The table below it contained a breakdown of the different fee elements, where one line referred to the developing country reductions, which was 9.1 million plus 9.7 million for 2016/17, amounting to 18.8 million Swiss francs. This was a recurring question, which had been answered in the past in the previous years’ Q&A paper.

736. The Delegation of Japan thanked the Secretariat for the clarification and recognized the information as such was provided in the Program and Budget document in a separate manner. What the Delegation wished to see was the full picture of the benefit for developing countries, including fee reductions and other developing activities. It requested the Secretariat to provide the figures as defined by the definition of development expenditure, plus development country fee reduction in a parallel way with the figure under the definition of development expenditure, and not in a separate manner.

737. The Secretariat sought confirmation whether the request was to show the element of developing country fee reductions alongside development share in the Results Framework.

738. The Delegation of Japan thought the information on development expenditure should be provided in parallel with the information on fee reduction in order to allow the person to see that data to capture the full picture of the development benefit or support. From that perspective, the Delegation confirmed that what it requested was to show the development expenditure figure and the fee reduction figure in parallel in the Result Framework.

739. The Delegation of Brazil wished to explain what it understood from the request by Group B and the data in the chart on page 187 of the budget document. The chart showed the figure for developing country reduction of the PCT fees, but, as understood from the earlier discussions, that figure, actually, was not solely related to reductions for developing countries. The figure was related to PCT fee reductions that were also applied to developed countries. Henceforth, the figure did not relate specifically to developing countries only. It was therefore necessary to change at least the heading in the said table to indicate that the figures showed information on fee reductions and not developing country fee reductions. What was needed was the figure for the reductions specifically for developing countries.

740. The Delegation of South Africa fully endorsed the statement just made by the Delegation of Brazil and requested the Delegation of Japan to clarify whether, when it talked about fee reductions, it meant developing country fee reductions in addition to the fee reductions for subsidized countries or were those considered as a consolidated fee reduction?

741. The Delegation of Japan responded that, if it was not possible for the Secretariat to calculate the fee reduction separately for developing countries, Group B would be happy with having the second figure, which included fee reductions for the benefit of developing country with an explanatory footnote. The question was whether it was possible for the Secretariat to calculate the number or not. The Delegation repeated that it wished to see the full picture of the benefit for the developing countries.

742. The Secretariat said that it could provide the figures, as long as the request was clear. Member States might recall that the definition of which States had access to the fee reductions was quite complicated and resulted from a long and controversial process. The original proposal on this had been that the reduction should be available to all applicants from least developed countries and to all persons from developing countries. Unfortunately while “least developed countries” was a well-defined group, of which there was a list and everyone could agree on, there was no agreement on the definition of developing countries. There were different lists used by different organizations and no agreement existed on one specific list. Consequently, a list existed which included several countries that the Secretariat thought everyone would agree on, which were not included as generally understood “developing country”, and various countries where the Secretariat was not quite sure whether to include them or not. Ultimately, yes, the Secretariat could provide a list of how this was divided up, but the Secretariat would need to know exactly which countries Member States would consider developing countries for the purposes of this list. The Secretariat would also need to know how to deal with cases where the application was split between two countries. For example, if there were two applicants, one who was from Greece, who was eligible for the fee reduction and the other was a resident of Nigeria, presumably Member States would want to know about reductions given to Nigeria and exclude the reductions given to Greece. The Secretariat would need to know whether to include those or not, but the number of cases involving such situations was very small and could probably be ignored for this purpose. The Secretariat confirmed that the list could be produced if members defined what list exactly they wished to see.

743. The Chair concluded that, for the time being, the text would be kept in brackets. The Secretariat would check with the PCT whether it was feasible to have the requested figures. The Chair then proposed to discuss the following bracketed text i.e., “*their*” before the word inventions.

744. The Delegation of Japan thought that it should be considered what a fee reduction meant in substantive terms because, for example, technical assistance in the field of legislative advice would contribute to the improvement of the IP system in a specific country but at the same time an inventor who filed for obtaining IP rights would not be limited to the people living in that country. Therefore, at the moment, the addition of the word “*their*” might lead to some confusion, so at least for the time being the Delegation preferred to keep the bracket.

745. The Chair inquired whether delegations were ready to either lift that bracket for “*inter alia*” or eliminate that expression. The question was mainly directed to the African Group and GRULAC whether they considered the alternative language proposed by Group B.

746. The Delegation of Brazil reiterated that the definition needed precision. The phrase “*are considered to contribute*” did not give enough guidance to the Secretariat to provide Member States with figures. Flexibility should not be used in this part of the text.

747. The Chair concluded that the bracket would be kept.

748. The Delegation of Nigeria wished to refer to the last bracket. It saw that the entire last paragraph was bracketed in the updated version of the text. It thought that only the part of the text proposed by the Delegation of Japan should be kept in brackets.

749. The Chair explained that the proposal by the Delegation of Japan was an entirely different formulation for that sentence, changing its word order and making it a completely new phrase. In fact there were two options for that sentence, which was appropriately expressed by putting them both in brackets.

750. The Delegation of Nigeria was not clear on the need to keep both options in brackets and recalled that the previous bracket read: “*it is further understood that development expenditure is not used to finance the Organization's management, administrative and finance related activities or functions.*” Only the additions should be in a bracket, i.e., any new text.

751. The Chair clarified that there the entire paragraph was bracketed as there was no way to capture a completely new formulation for the same sentence. It showed one sentence that would be replaced by the other and this was consistent with the way other brackets were used.

752. The Delegation of Brazil wished to bring some background on the discussion members had had in the past regarding the last part of the text. The idea of the previous text (that was now in brackets) was that the financing of the Organization's management, administration and finance related activities would not be accounted for as development expenditure. Member States were trying to mainstream development activities in WIPO and it was understandable that having this as part of the definition would give more clarity on what activities were included in the development expenditure. The second option, the proposal by Group B, actually, made it more difficult to draw a line between what was development expenditure, what was financing of the management of the Organization specifically when talking about mainstreaming development oriented activities. Since this was a new text, the Delegation fully agreed with the position of the African Group on having the previous proposal as unbracketed text.

753. The Chair asked if “*inter alia*” should also be unbracketed.

754. The Delegation of Brazil recalled that “*inter alia*” was one of the points made by the Delegation in the previous discussion and there were no consensus on whether there was agreement on the use of “*inter alia*”.

755. The Chair reminded delegations that the proposed text was a working document that expressed positions and alternatives. It was actually a step ahead, because if members agreed to this as being the negotiating text, then some progress with the discussion would have been made. He added that a negotiating text must accurately represent where members stood at the end of the discussions. Therefore, there were words and phrases and the alternatives for them in brackets. Where there was just one element within the bracket, it should be read as some delegations not wanting to have that element in the bracket. Where there were two elements in the brackets, it showed two alternative positions regarding the same issue. If that format was accepted then the Committee could claim to have made some progress in coming forward with a collective document to drive its work ahead.

756. The Delegation of the United Kingdom shared the Chair's view. It recalled that lengthy discussions had been had in previous sessions. There had been obvious divergent views when it came to this particular point. The Delegation believed that a mistake had been made at the end of the previous session where this part should have been bracketed because of the opposite views expressed. The Delegation thought that the present text reflected accurately that there were two options and none of them had the common agreement of all in the room.

757. The Chair asked delegations whether they thought it viable to engage in a process during the present session by which the seven brackets would eventually be lifted, or whether delegations would need more time and a different format to advance the resolution of the issue.

758. The Delegation of Brazil stated that it was a long standing item on the agenda and added that it was ready to work on it in any process envisaged by the Chair.

759. The Chair said that he had asked the Secretariat about implications of having or not having a decision on the definition at the present session. The Secretariat had said that it could not change the Program and Budget even if the new definition was decided on right at this time. Therefore, Member States had some flexibility. Knowing the incredibly busy agenda the Chair suggested leaving this item until the last day of the session and if sufficient time was left, the discussion would continue. Should there be no time, a decision paragraph acknowledging the existence of the proposed text and the progress made in revising it would be prepared. It would also state the commitments to advance the work further.

760. The Delegation of Brazil proposed to wait until a response was provided to Group B's request.

761. The Delegation of Nigeria, speaking on behalf of the African Group, stated its readiness to engage in the process in any way the Chair saw fit. It also said that, for the sake of consistency, in the last sentence where a reference was made to development-oriented assistance, the word "*activities*" should be used instead.

762. The Chair agreed that it would make the text consistent. However, replacing "*assistance*" with "*activities*" in the first bracket would have to be decided first.

763. The Delegation of Japan remarked that every word had meaning in that context and members had to further reflect on the context. Therefore, the Delegation fully supported the working methodology proposed by the Chair and added that the Committee could get back to the discussion at the end of the session if the time allowed.

764. The Delegation of the United States of America, in terms of the process for next steps, supported the idea of coming back to this item if there was sufficient time left. The Delegation, however, did wish to have clarification from the PCT on whether they could capture the developing countries PCT fee reductions. Then the substantial issue, of the first sentence, raised by the delegation of Nigeria could be tackled. The Delegation also contemplated using a simpler sentence. One suggestion would be "*a development expenditure is that which is used by WIPO to provide to developing countries (...)*" followed by the rest of that sentence. The issue goes beyond the debate on "*assistance versus activities*".

765. The Chair said that if that was a formal proposal then it would have to be added to the text, in brackets.

766. The Delegation of Nigeria commented that if delegations started adding new language to the text it might expand to several pages. The Delegation understood the effort by the Delegation of the United States of America to find common language that could sit with everyone, but the idea was development-oriented assistance or activities and the Delegation did not want to see that language taken out of the text. If the United States proposal was

introduced, then other delegations might have more to add and this would take the process backward instead of forward.

767. The Chair stated that the document would be left “as is”, with the bracket referring to LDCs lifted. He encouraged the Delegation of the United States of America to engage bilaterally and with others to conceive the viability of completely restructuring the text. But, as a working document, the present version of the text would be kept (with seven brackets). The Chair adjourned discussion on this agenda item until later time.

768. The Chair reopened item 11 on the last day of the session and read out a suggested decision paragraph acknowledging constructive discussion that had taken place and a decision to continue deliberations on this matter at the 24<sup>th</sup> session of the PBC on the basis of the attached text of the revised definition of development expenditure. The Chair explained that the updated text of the definition would be attached to the List of Decisions document. He thanked the Vice-Chair (Poland) for his help in drafting the decision and called on the membership to be prepared for further constructive discussions at the September PBC. There were no objections and the decision was gavelled.

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

(see Annex III of the document WO/PBC/23/9)

## **ITEM 12 CLOSING OF THE SESSION**

770. The Chair announced that draft List of Decisions taken at the present session had been distributed and asked if there were any comments on the document, of which there were none. The Chair opened the floor for any closing remarks.

771. The Delegation of the United States of America commended the Chair on the timely manner in which the session had been conducted, recalling that several years back it had been involved in the initiative to develop guidelines for the selection of WIPO Chairs, including how the Chairs would conduct meetings. The Delegation praised the work method of the PBC Chair, adding that it would be an excellent model should the initiative resume. The Delegation also expressed appreciation for the work of the Secretariat in preparing the session. However, it called for more time to review the first draft of the Program and Budget, which had been made available on June 4, i.e., five weeks before the opening of the session, and asked for the planning timeline to be extended to allow more thoughtful consideration by Member States. Regarding Program 6, the Delegation reiterated that it was not in a position to approve the draft Program and Budget for 2016/17 absent the following conditions: firstly, a separation of the accounting for the Lisbon and Madrid Systems, two separate programs and separate expected results; secondly, the Lisbon System's use and contribution to WIPO services and operating costs to be accurately reflected as expenses – whether direct or indirect – or income, as appropriate; thirdly, the Lisbon budget be balanced, as provided under the Lisbon Agreement, including the Geneva Act, without the use of other Unions' income, general Member States' contributions, or income not derived from the Lisbon Union; fourthly, that the Secretariat conduct a study on the Lisbon's financial sustainability; fifthly, that the earmark for Diplomatic Conferences in the 2016/17 Biennium be conditioned of full participation; and, finally, that the Secretariat reviewed Annex III, including the allocation of miscellaneous income and, as in the case of rental income that was directly attributable to the Madrid Union, whether the miscellaneous income could be more accurately attributed to how the assets from which the income was acquired and were being maintained. The Delegation regretted that none of its suggested edits to Program 6 had been included in the revised version, and therefore stood ready to constructively engage in the continued discussion of the important points at the

forthcoming PBC session in September. It also expressed its appreciation for the continued commitment by other Member States which had shown support for the principles it had brought forward. The Delegation wished to explain the reasons for taking the position it did. It recalled that it considered the Geneva Act of the Lisbon Agreement illegitimate because of the way it had been negotiated and concluded. It was of the opinion that a small subset of the Organization, 28 members, had excluded the vast majority of the Organization from full participation, relying on Article 13 of the Lisbon Agreement, under guise of a revision of the agreement. The Delegation stressed that that was not a revision, but rather a complete overhaul of the agreement by including the broader concept of geographical indications. The Delegation believed that, with regard to making the Lisbon System financially self-sustainable – which was the Delegation’s goal –, it seemed the Lisbon members continued to ignore their Treaty obligations. The Lisbon Union conveniently invoked Article 13 of the Treaty in order to exclude others from participating so as to craft a workable international instrument for all member States, yet disregarded another Treaty obligation when considered to be against their financial interests. The Delegation was deeply troubled that the legitimacy deficit of the Geneva Act was being worsened by the attempts by some to perpetuate the long-standing financial deficit of the Lisbon System to the detriment of all. The great majority of WIPO members, who were excluded from meaningful participation in the recent Diplomatic Conference, could not and should not be asked to subsidize the few who refused to fund their own Treaty. Over the course of the week, some of the more vocal Lisbon members had stated that the Lisbon and Madrid Systems should remain in one program, with the implication that Madrid would continue to fund the deficits incurred by Lisbon, the baseless justification being that as it had always been that way, why change it? The Delegation refused to stand for the continued bootstrapping of an illegitimate financially irresponsible system by the Madrid System. The Delegation had hoped that a number of its conditions would have been agreed upon that week, as many touched upon transparency and financial sustainability, the issues that many of the Lisbon members constantly called for in broader WIPO discussions, not to mention broader UN discussions. The Delegation considered it unfortunate that they shelved those principles in serving their self-serving principles in how to best protect geographical indications. In addition to the concerns with the Lisbon parties in terms of implementing their own financial obligations, the Delegation was also concerned about WIPO’s stewardship of its Treaties by failing to follow the legal provisions of the Lisbon Agreement with respect to financing and the provisions of the Madrid Agreement with respect to the revenue, setting up specific fees to be divided between Contracting Parties as specified by Article 8.4, and not used for other purposes to which they had not been consented. As stated in the Delegation’s opening statement, the failures raised critical concerns on transparency, accountability, and governance which had to be addressed. The Delegation closed by reiterating its appreciation to the Chair for his handling of the session and declared that it looked forward to seeing him again at the next session.

772. The Delegation of Brazil, speaking on behalf of GRULAC, thanked the Chair for his very effective guidance of work, without which much progress would not have been made in the session. The Delegation also thanked the Vice-Chairs for the facilitation of the discussions, the Secretariat for the hard work in revising the documents, and the interpreters for their help. It stressed that members had had an intense week, paving the way for a successful outcome in September which, it added, would probably be as intense a session. The Delegation commented on the 2016/17 Program and Budget. On Program 3, GRULAC emphasized that the text on the project TAG of excellence for collective management societies should state, in an unambiguous manner, that the member copyright offices should actively participate in the process of defining standards. WIPO being a member-driven Organization, precedence should apply among the members when discussing the project. It also stressed that, despite the inclusiveness of the process, it had noted the absence of any reference to support copyright offices in the budget, an activity deemed important by the GRULAC members. As for Program 4, GRULAC looked forward to receiving responses from the Secretariat to a set of questions presented on the work of the IGC. As mentioned during the Committee’s discussions, and in its opening statement, GRULAC considered the IGC to be very important for its members, who had high expectations that discussions would resume soon over the three areas



covered in its mandate. On Program 5, without prejudging any results of the discussions held in the PCT Working Group, GRULAC was still awaiting the responses to its requests for information on planning and provision in the budget for a possible fee reduction for universities and research institutions, before considering their eventual reflection in the draft proposal. With regard to Program 15, the Delegation thanked the Secretariat for the information provided in the Q&A paper. GRULAC had thoroughly reviewed that paper and considered that more data on different software used in support of IP Offices was still required, especially concerning the management system and the amount of resources allocated to them. More generally, GRULAC regretted that no agreement had been reached on a definition of the development expenditure. It emphasized that it was a matter of great importance to the Group, developing countries and for the Organization in general, aimed at increasing transparency in determining development share in the Program and Budget. It believed the Committee had made good progress during the course of the week. Although all should feel a sense of accomplishment for what had been covered, one should not lose sight that it was just the first part of the journey which would be concluded at the September session.

773. The Delegation of Pakistan, speaking on behalf of Asia and the Pacific Group, praised the Chair's guidance and patience with the Committee. It also commended the hard work of the Vice-Chairs, the Secretariat and the interpreters. It firmly believed that political will, inclusiveness and mutual respect of diversity of users was essential for the resolution of recurring issues before to the Committee. Although the Group appreciated the progress made during the session, it hoped for the resolution of many pending issues in the future sessions.

774. Speaking on behalf of the CEBS Group, the Delegation of Romania expressed its utmost satisfaction with the excellent manner in which the Chair had led the difficult and complex meeting and for setting a very high standard of efficiency, which all delegations had endeavored to follow, and would also do so in future sessions. The CEBS Group thanked the Vice-Chairs for their important work, and the Secretariat and interpreters for their very hard work, declaring that it was already looking forward to having constructive and fruitful discussions in the next PBC session.

775. The Delegation of Nigeria, speaking on behalf of the African Group, thanked the Chair and his Vice-Chairs. It was of the opinion that the Chair's work over the week had been very professional, warm and engaging. It also thanked the Secretariat and the interpreters. The Africa Group stressed that it was pleased to note that WIPO's finances remained sound and recognized the Organization's effort towards a fair and responsible Program and Budget for 2016/17. The Group encouraged the Secretariat to facilitate efforts towards helping the Organization achieve a balanced evolution of the global IP Agenda and also for the use of IP for development, while on their side Member States needed to redouble their efforts to also achieve these organizational objectives. The Africa Group welcomed the state of the agreed budget and program as it stood. Regarding governance, and with particular reference to the JIU Recommendation 1, it believed it was an issue and obligation for the Member States to address. The Group was therefore concerned about the seeming unwillingness by some Member States to advance constructively on this matter. The Group thanked the Vice-Chairs, as well as the Delegation of Spain for its fair, balanced and objective efforts to move the process forward. It hoped that the final recommendations which had been agreed upon to be made to the General Assembly would encourage willingness and good faith and a result-oriented mind frame. The African Group stressed it would place the same concerns for discussions related to development expenditure. It encouraged the Secretariat to continue its efforts to report back to the PBC on activities taken in terms of fulfilling the obligations of the outstanding DA recommendations. With particular reference to the JIU report, although it was aware of the fact that a lot of responsibility rested on them, the Group expected updates from the Secretariat. Regarding the External Offices, it stressed that they undoubtedly played an integral role in WIPO's activities and for WIPO to achieve its objectives. Emphasizing that the establishment of offices in Africa was a strategic investment by the Organization and would be mutually beneficial, it reiterated its request for the establishment of two offices in Africa and looked

forward to the support of Member States. It also looked forward to the support of Member States concerning the proposal which was about to be sent to convert the IGC into a Standing Committee of WIPO. On a general note, the African Group was of the opinion that the session of the PBC had had some success, and it looked forward to taking this forward in the next session.

776. The Delegation of Japan, speaking on behalf of the Group B, thanked the Chair for his guidance, his professional and organized working methodology which had brought all delegations to the end of the meeting with a productive outcome. It also wished to thank the Vice-Chairs for their dedication, the Secretariat for its professional support during this session, and to the interpreters for their support. It believed that progress had been made during the session, especially regarding the urgent issue of investment policy, for which a general direction had been provided so that it could be resolved at the September session of the PBC. It added that members had arrived at an agreement on several points in the Program and Budget which could limit the number of issues to be followed and discussed in the September session. Those were very productive outcomes and Group B hoped this would continue in the next PBC session. Group B reiterated that no one questioned the importance of approving the Program and Budget for 2016/2017 during the Assemblies in October. It hoped and believed the next PBC would also contribute to achieving this goal.

777. The Delegation of Panama praised the way the Chair had led the session, adding that his exemplary efficiency should be followed by other Committees. It also extended its congratulations to the Vice-Chairs and the Secretariat for the arduous work they had engaged in. Regarding the draft budget, it wished to endorse the statement made by the Delegation of the United States of America regarding Program 6. The Delegation of Panama hoped that the Lisbon Conference on self-sustainability and a balanced budget would give rise to a true intention to arrive at that objective. With regard to the draft Program and Budget, and particularly concerning the plan for Diplomatic Conference, looking at the way in which the conference of the Lisbon Union had been held, the Delegation of Panama believed that it should not be conditioned on exclusivity but rather on openness. It should be multilateral in order for all members of WIPO to take part with full rights regarding the External Offices. It hoped that any openness for further External Offices be member-driven, contrary to what had been done in the past, and called for very clear guidelines before embarking on negotiations for further offices. The Delegation also thanked the interpreters for their help throughout the series of meetings.

778. The Delegation of Uruguay praised the Chair for the work he had carried out, adding that his chairmanship was a model to follow, as well as the great work done by the Vice-Chairs and by the Secretariat. It also commended the work done by the Delegation of Brazil as coordinator of GRULAC and endorsed the statement it had made. With major challenges ahead, the September meeting would require flexibility and a pragmatic outlook on the part of all members. Questions would have to be dealt with and solved once and for all; this also concerned Program 6. Citing the declaration made by the Delegation of Panama, the Delegation added that Member States could not simply sweep aside something that had been staring them in the face. The Delegation endorsed the statement made by the Delegation of the United States of America.

779. The Delegation of Chile aligned itself with the statements made regarding the high-quality of work that had been carried out. The Delegation thanked the Chair, the Vice-Chairs and the entire Secretariat which had always been willing and able to dispel any doubts and questions raised throughout the week. The Delegation attached great importance to the theme of development, to the support to national offices, to IP in general, as well as to the issues of clarity of information and transparency, as stated by GRULAC. The Delegation recalled that, during the Diplomatic Conference regarding the Lisbon Agreement, not all members of WIPO had been able to take part on equal terms, notwithstanding the fact that that had been called for on numerous occasions by a number of members. That was the decision of the members of the

Union and the Delegation hoped that their decision would enter into force. The clarity of Program 6 was of increasing importance, not only for the Organization but also for the WIPO Members which had not been able to take part as requested in the decision process of the Diplomatic Conference. The Delegation was also in favor of a separation of the programs (in Program 6) as well as of the insertion of all the changes requested to improve information in the Program and Budget 2016/17. It was fully aware of the arguments which had been put forward by a number of delegations and the fact that the decisions had not yet been taken on Program 6 but it believed it was important for all to be able to sit down and talk very calmly about the matters, although it was at times difficult. The Delegation also supported the intervention made by the Delegation of Panama regarding the importance of approving guiding principles before actually taking further decisions regarding External Offices. It stood ready to work between various sessions on these and other themes. The Delegation closed by thanking the Chair for the efficient running of the discussions.

780. The Delegation of Iran (the Islamic Republic of) thanked the Chair for his patience, hard work and tireless efforts. The Delegation raised its concerns on putting the content of one proposal in the decision on agenda item 5, in point Roman (iv), which, according to its understanding, did not create precedence for the future, nor would it be given priority nor highlight those elements in Program 6. The Delegation hoped the concerns and positions of all Member States would be equally accommodated in the Committee, especially in finalizing the definition of development expenditure and in taking a decision on governance of WIPO issues.

781. The Chair thanked the delegations which had praised his work which, in his opinion, was down to the teamwork. He commended the outstanding support of the Vice-Chairs and the Secretariat for the amount of work put into the success of the PBC. He also thanked the interpreters for their patience. Regarding the future work, he urged flexibility and pragmatism, as mentioned by the Delegation of Uruguay. He encouraged all delegations to not only proactively engage with the Secretariat to address the specific concerns they had, but also to engage with each other to see if compromises could be found on the very important issues raised during the week. He believed there was a request for intersessional informal work between all to address the extremely challenging agenda of the next PBC. The Chair declared that he looked forward to returning and working with all, and once again thanked the Delegations for the constructive engagement and the good outcome reached during the week.

782. The Chair declared the session closed.

[Annex follows]