



ARIPO

Annual Report
2018

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2018

Fostering creativity & innovation
for economic growth in Africa

ARIPO
Harare, Zimbabwe
2019

ARIPO IN BRIEF

The African Regional Intellectual Property Organization (ARIPO) is an inter-governmental organization (IGO) that facilitates cooperation among member states in intellectual property matters, to pool financial and human resources, and seek technological advancement for economic, social, technological, scientific and industrial development.



VISION

To be Africa's leading intellectual property hub



MISSION

To foster creativity and innovation for economic growth and development in Africa



OUR CORE VALUES

- Client-focus
- Engagement
- Innovation
- Integrity
- Accountability



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ABBREVIATIONS & ACRONYMS

AfCFTA	African Continental Free Trade Area
ARIPO	African Regional Intellectual Property Organization
ARPET	African Regional Patent Examination Training
AU	Africa Union
AUC	Africa Union Commission
CIPA	Companies and Intellectual Property Administration
CMOs	Collective Management Organizations
CISAC	International Confederation of Societies of Authors and Composers
COMESA	Common Market for Eastern and Southern Africa
EAC	East African Community
ECOWAS	Economic Community of West African States
EUIPN	European Union Intellectual Property Network
EUIPO	European Union Intellectual Property Office
FAO	Food and Agriculture Organization
GI	Geographical Indications
GHIPO	Ghana Industrial Property Office
IGO	Inter-governmental organization
INTA	International Trademark Association
IP	Intellectual Property
IPDL	Intellectual Property Digital Library
JPO	Japan Patent Office
KOICA	Korea International Cooperation Agency
KNUST	Kwame Nkrumah University of Science and Technology
MIP	Master in Intellectual Property
MoU	Memorandum of Understanding
OAPI	Organisation Africaine de la Propriété Intellectuelle (African organization for Intellectual Property)
PCT	Patent Cooperation Treaty
RECs	Regional Economic Communities
RPET	Regional Patent Examination Training
SADC	Southern African Development Community
TWT	Technical Workshop On Tools
UNECA	Economic Commission for Africa
USPTO	United States Patent and Trademark Office
URSB	Uganda Registration Service Bureau
V&G	Value and Growth
WIPO	World Intellectual Property Organization



FOREWORD

The year 2018 under the Value and Growth Transformation Strategic Plan, 2016-2020 saw yet another positive stride in achieving our mission and objectives. The uptake of the ARIPO online filing system continued to rise. In 2018, the number of new applications filed online was 73% compared to 58% in 2017 and 33% in 2016.

In 2018, 831 patent applications were filed compared to 747 filed in 2017, reflecting a 10% growth in filings. There were 112 industrial design applications filed in 2018, reflecting a growth of 18.7% compared to 2017. We also saw an unprecedented growth in the applications of utility models as compared to previous years. The number of utility model applications filed during 2018 stood at 42 compared to 17 filed in 2017, reflecting a 147% growth in application filings. This is an important signal that innovators are slowly making use of this important tool to protect their innovations with the view to improve their technological learning capabilities and be able in future to file patents.



Director General, Mr. Fernando dos Santos

In the past few years, ARIPO has embarked on a number of Information, and Communications Technology (ICT) projects taking advantage of the ICT tools available to provide efficiency in IP business processing, support the availability of IP information and encourage IP scientific research as well as IP rights protection and enforcement. This is in support of two of ARIPO's objectives which are to establish such common services or organs as may be necessary or desirable for the coordination, harmonization and development of the intellectual property activities affecting its members; and to assist its members, as appropriate, in the acquisition and development of technology relating to intellectual property matters. In the time under review, ARIPO also launched a Regional Intellectual Property (IP) Database developed in a bid to ease the access to published IP titles from ARIPO Office and its Member States. The database, launched in September 2018 has more than 450,000 IP titles, mainly

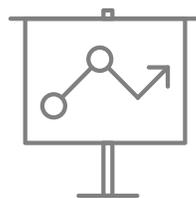
trademarks, from ARIPO Office and the Member States. In 2018, the online service platform was also made available for use 24 hours a day, and the electronic payment platform was opened up to allow agents to pay renewal fees for files not in their online profile.

Every year, ARIPO strives to bridge the gap of knowledge and awareness on intellectual property rights in Africa. 2018 was no exception. The ARIPO Academy has continued to cooperate with the Africa University and the WIPO Academy in the delivery of the Masters in Intellectual Property (MIP) degree program. The 10th cohort graduated in June 2018. So far, the programme has produced 296 MIP graduates from 26 African Countries. Drawing from the success of this Programme, and considering the increasing demand, ARIPO launched a new MPhil programme on IP in collaboration with the Kumasi Kwame Nkrumah University of Science & Technology (KNUST) in Kumasi, Ghana. In collaboration with Ghana Industrial Property Office (GHIPO) and the Copyright Administration of Ghana, The Mphil programme has an intake of 12 students. ARIPO is sponsoring 10 of them on full scholarship while the other two are on partial sponsorship. It is also expected that a new MIP programme will be launched in 2019 in Tanzania in collaboration with the University of Dar es Salaam.

ARIPO continued with Roving Seminars geared towards sensitizing Universities and Research Institutions on the urgent need to develop sound institutional IP policies to stimulate innovation and commercialization of research results, particularly in terms of IP protection and

utilization. A total of 450 participants took part in the Roving Seminars held in Zimbabwe, Liberia, Namibia, Botswana and Mozambique. Since the inception of the roving seminars in Universities and Research and Development Institutions in June 2017, a total of 829 participants from academic and research institutions attended the roving events.

In the same context, as was reported last year, ARIPO in collaboration with WIPO developed guidelines on IP policy and strategy for effective use of the IP system by Universities and Research and Development Institutions in Africa. ARIPO and WIPO completed the selection of Universities and research centres that will be considered for the pilot phase in the implementation of the guidelines.



2019 appears to be promising for ARIPO. In partnership with WIPO, ARIPO will launch the ARIPO Academy as a Regional Training Center of Excellence. It is to enhance human resource capabilities to effectively use IP for development in the ARIPO Member States and Africa as a whole. Another big item will be the WIPO, ARIPO and OAPI Conference on Innovation, IP and value addition for business competitiveness in Africa to be hosted by ARIPO in November 2019. As usual, we look forward to your usual support as we strive to place IP in the lead of innovation and development in Africa.

Fernando dos Santos

Director General

ARIPO'S MANDATE

ORGANS OF ARIPO



OVERVIEW

The African Regional Intellectual Property Organization (ARIPO) is governed through various organs. These organs are: the Council of Ministers, Administrative Council, Board of Appeal and the Secretariat. The Administrative Council has subsidiary bodies, namely Finance Committee, Audit Committee, Human Capital Committee, formerly referred to as the Staff Affairs Committee and Technical Committees.

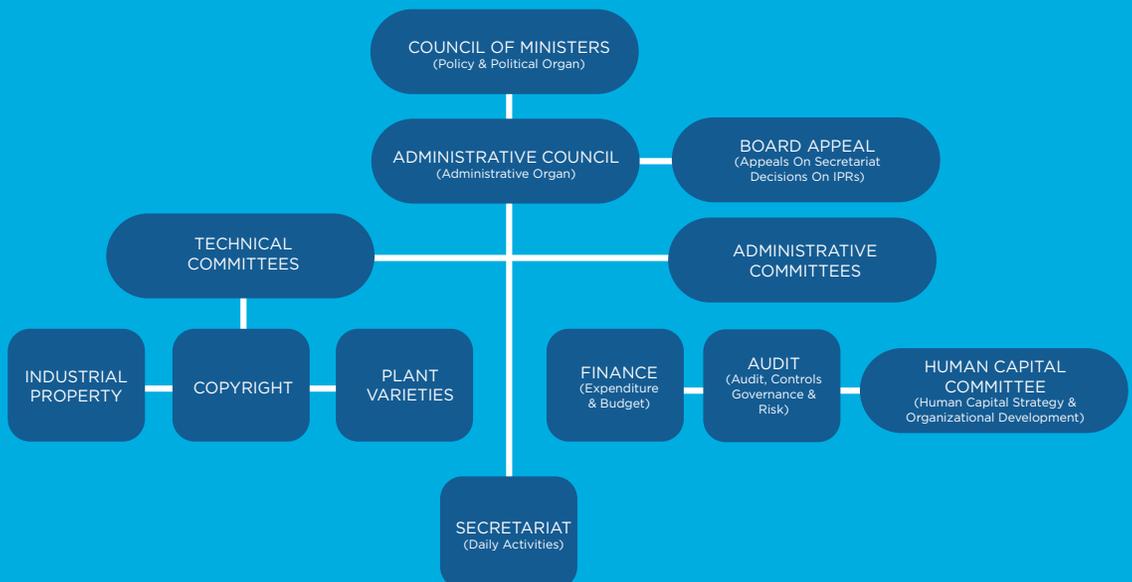


Figure 1: Organs of ARIPO and specialized committees of the Administrative Council of ARIPO



COUNCIL OF MINISTERS

It comprises Ministers of governments of the ARIPO Member States who are responsible for the administration of intellectual property laws in their respective countries. It is the supreme organ of the Organization. The Republic of Malawi is the current Chairman of the Council of Ministers.

ADMINISTRATIVE COUNCIL AND ITS SUBSIDIARY COMMITTEES

The Administrative Council is composed of heads of offices responsible for industrial property and copyright in the Member States. The Administrative Council is subordinate to the Council of Ministers. The Republic of Malawi is also the current Chairman of the Administrative Council.

SUBSIDIARY COMMITTEES OF THE ADMINISTRATIVE COUNCIL

The Administrative Council has subsidiary Committees in place to administer the affairs of ARIPO. These come under two broad categories, namely: Technical and Administrative Committees. Under the former, there are three Committees, namely; Technical Committee on Industrial Property, Technical Committee on Copyright & Related Rights, and one on Plant Varieties Protection.

Similarly, under Administrative Committees, ARIPO also has three Committees for Audit, Finance and Human Capital.

BOARD OF APPEAL

The Board of Appeal is established to hear and review appeals against the administrative decisions of the Office in the implementation of the ARIPO protocols. It is independent of any organ of the Organization.

SECRETARIAT

The Secretariat is responsible for the day to day activities of the Organization and implementation of policies issued by the Administrative Council and the Council of Ministers. It is headed by a Director General who is the principal executive officer of the Organization. The holder of the office must be a citizen of an ARIPO Member State. The incumbent is Mr Fernando A. dos Santos, a national of Mozambique.



ARIPO'S LEGAL INSTRUMENTS

LUSAKA AGREEMENT

ARIPO was established under the Lusaka Agreement, which was signed in Lusaka, Zambia, on 9 December 1976. The objectives are, inter alia, to promote, harmonize and develop intellectual property systems in Africa. To carry out its functions, ARIPO administers four Protocols.

THE HARARE PROTOCOL

The Harare Protocol on Patents and Industrial Designs (the Harare Protocol) was adopted on 25 April 1984 empowering ARIPO to grant patents and register industrial designs as well as utility models on behalf of the Protocol's contracting states. Currently, the Protocol is in force in all the Member States except Somalia.

THE BANJUL PROTOCOL

Adopted in 1993, this Protocol empowers ARIPO to register marks on behalf of the Protocol's contracting states. Ten countries are currently party to the Protocol.

SWAKOPMUND PROTOCOL

The Swakopmund Protocol on the Protection of Traditional Knowledge and

Expressions of Folklore was adopted in 2010 and entered into force on 25 May 2015. The Protocol aims to protect the traditional knowledge and folklore of Africa and to ensure that the same is properly utilized for the welfare of her people. It has eight ratifications so far.

THE ARUSHA PROTOCOL

The Arusha Protocol for the Protection of New Varieties of Plants is the newest of the ARIPO protocols having been adopted by a Diplomatic Conference that was held in Arusha, Tanzania on 6 July 2015. The Protocol is to provide the Member States with a regional plant variety protection system that recognizes the need to provide growers and farmers with improved varieties of plants to ensure sustainable agricultural production.

By the end of 2017, the Protocol had received five signatures from The Gambia, Ghana, Mozambique, São Tomé & Príncipe, and the United Republic of Tanzania. However, the Protocol will only enter into force 12 months after four States have deposited their instruments of ratification or accession.

ARIPO MEMBER STATES AND MEMBERSHIP TO PROTOCOLS

Membership to ARIPO is open to Member States of the Economic Commission for Africa (UNECA) or the African Union (AU). As of 31 December 2017, the ARIPO membership was at 19 Member States.

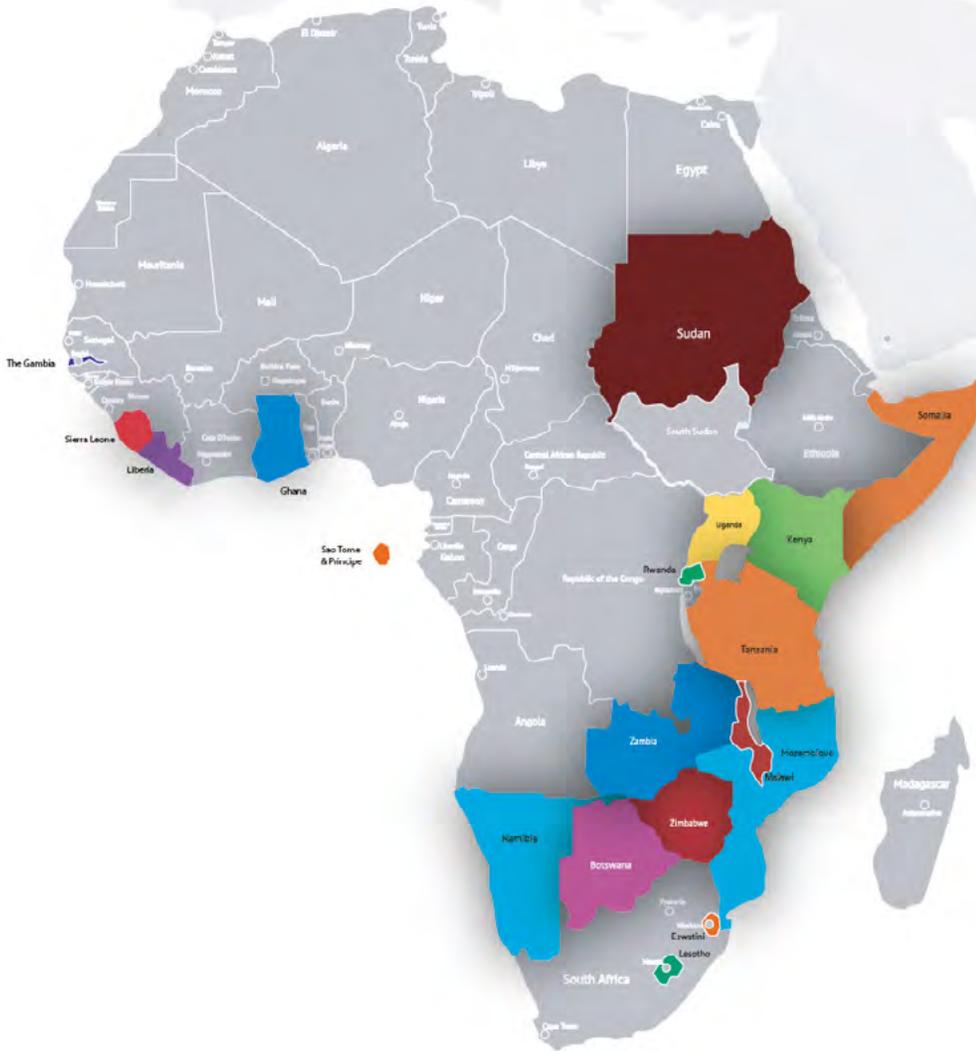


Figure 2: ARIPO Member States (19)



The table below shows the dates of their membership and contracting status with regards to the ARIPO Protocols that are in effect.

COUNTRY	LUSAKA AGREEMENT	HARARE PROTOCOL	BANJUL PROTOCOL	SWAKOPMUND PROTOCOL
 Botswana	6 February, 1985	6 May, 1985	29 October, 2003	28 March, 2012
 Eswatini	17 December, 1987	17 March, 1988	17 March, 1988	
 The Gambia	15 February, 1978	16 January, 1986		11 February, 2015
 Ghana	15 February, 1978	25 April, 1984		
 Kenya	15 February, 1978	24 October, 1984		
 Lesotho	23 July, 1987	23 October, 1987	12 February, 1999	
 Liberia	24 December, 2009	24 March, 2010	24 March, 2010	25 October, 2016
 Malawi	15 February, 1978	25 April, 1984	6 March, 1997	20 December, 2012
 Mozambique	8 February, 2000	8 May, 2000		
 Namibia	14 October, 2003	23 April, 2004	14 January, 2004	11 February, 2015
 Rwanda	24 June, 2011	24 September, 2011		16 July, 2012
 São Tomé & Príncipe	9 May, 2014	19 August, 2014	27 November, 2015	
 Sierra Leone	5 December, 1980	25 February, 1999		
 Somalia	10 December, 1981			
 Sudan	2 May, 1978	25 April, 1984		
 Tanzania	12 October, 1983	1 September, 1999	1 September, 1999	
 Uganda	8 August, 1978	25 April, 1984	21 November, 2000	
 Zambia	15 February, 1978	26 February, 1986		28 August, 2015
 Zimbabwe	11 November, 1980	25 April, 1984	6 March, 1997	22 April, 2013

Table 1: ARIPO Member States and the dates when they became contracting states to the ARIPO Protocols



2018 HIGHLIGHTS

OUR YEAR IN PERSPECTIVE

ARIPO Assemblies

The Forty-Second Session of the Administrative Council of the African Regional Intellectual Property Organization (ARIPO) was held in Windhoek, the Republic of Namibia at the Safari Conference Centre from November 19 to 23, 2018.

The Administrative Council was officially opened by the Deputy Minister of Industrialization, Trade and SME Development of the Republic of Namibia, Honourable Lucia lipumbu who was the Guest of Honor.

In her opening remarks, Honourable lipumbu said that African leaders need to scrutinize Intellectual Property (IP) rights to drive innovation as it is the driver for economic development globally. She noted that the current trends in IP were likely to translate into huge business opportunities for fast movers in the knowledge market. Honourable lipumbu encouraged the delegates to use the Administrative Council session to discuss the latest developments in the realm of IP and explore a new frontier for business in Africa.

The ARIPO Director General presented his report on the 2018 activities, based on the Value and Growth Transformation Strategic Plan 2016-2020 and the Programme and Budget for 2018. He informed the Council that the number

of IP applications under the ARIPO Protocols had increased considerably in 2018 compared to 2017. He particularly emphasized that this year saw unprecedented growth in the number of applications for utility models which was an essential signal that African innovators were slowly making use of this important tool to protect their incremental innovations with the view to improve their abilities and be able in future to file patents.

The Administrative Council discussed and approved the proposals to amend the Harare Protocol on Patents and Industrial Designs and Banjul Protocol on Marks, presented by the Administrative Council subsidiary committees, the Industrial Property Technical Committee. The ARIPO protocols are reviewed annually to continually keep them responsive to the development needs of member states and in line with international trends and improve the implementation of the two legal instruments. The Council also approved the 2019 programme of activities and budget presented by the Secretariat.

Seventeen Member States of ARIPO were represented at the Session, namely; Botswana, Eswatini, The Gambia, Ghana, Kenya, Lesotho, Liberia, Malawi, Mozambique, Namibia, Rwanda, São Tomé and Príncipe, Sierra Leone, Uganda, United Republic of Tanzania, Zambia and Zimbabwe. Mauritius and Seychelles also



Delegates at the Forty-Second Session of the Administrative Council of ARIPO

attended the session in their capacity as Observer States.

Inter-governmental Organizations and Co-operating Partners represented were: the World Intellectual Property Organization (WIPO), the Organisation Africaine de la Propriété Intellectuelle (OAPI), the European Patent Office (EPO), the Community Plant Variety Office (CPVO), the International Union for the Protection of New Varieties of Plants (UPOV), the Japan Patent Office (JPO), the Common Market for Eastern and Southern Africa (COMESA), the French Interprofessional Organization for Seeds and Plants (GNIS) and the African Seed Trade Association (AFSTA).

Patent Agents represented were: Adams and Adams, BW Kahari, Cronje and Co., Spoor and Fischer, and Von Seidles.

It was agreed that the Forty-Third Session of the Administrative Council and the Seventeenth Session of the Council of Ministers would be held in Monrovia, Liberia in November 2019.

The Chairman Administrative Council, Mr. Namelo Chikumbutso, thanked the members of the Administrative Council and other stakeholders for making time to attend the Annual meeting which showed commitment in supporting ARIPO's mandate.



The Guest of Honor, Honorable Lucia Lipumbu (5th from the left) with dignitaries at the Administrative Council in Windhoek, Namibia

In 2018 the Secretariat gave the 'ARIPO prize for the best female Inventor' at the 7th Edition of the African Fair for the Technological Invention, and Innovation (SAIIT) held in Cotonou, Benin from October 24 to 27, 2018.

SAIIT is an event organized by the African Intellectual Property Organization (OAPI) which provides a platform for the inventors from the OAPI Member States to showcase their inventions. The main objective of the 7th edition of SAIIT was to promote the invention and innovation activities by awarding the inventor who comes up with the best invention in different technical fields such as environment, ICT, pharmaceutical, engineering among others.

ARIPO provided a prize of US\$1,000 for the best female inventor category. The prize went to Ms Nseme Nang Yvonne Sarah from Gabon, whose title of the invention was "Cream against sagging skin and skin and hair imperfections".

ARIPO was represented by Senior Patent Examiner (Biochemistry), Mr Said Ramadhan, who was also among the Technical Jury for the awards. Other organizations that support the different categories were the World Intellectual Property Organization (WIPO), West African Monetary and Economic Union (UEMOA), OAPI and an award from the President of Benin.

STRATEGIC PARTNERSHIPS

ARIPO delegation meets Ghana's President

A delegation from ARIPO met with the President of the Republic of Ghana, His Excellency Nana Addo Dankwa Akufo-Addo on August 24, 2018. The delegation comprised of the Chairman of the Council Ministers of ARIPO, Honourable Samuel B. Tembenu, Minister for Justice and Constitutional Affairs of the Republic of Malawi, the Director General of ARIPO, Mr Fernando dos Santos, the Acting Registrar of the Registrar General's Department of Malawi, Mr Namelo Chikumbutso and ARIPO Intellectual Property Development Executive, Mr Emmanuel Sackey. The Attorney General of Ghana, Mrs Gloria Akuffo, who led the team to meet the President of the Republic of Ghana, was accompanied by the Registrar General Mrs Jemima Oware and other officers.

The Chairman of the Council of Ministers of ARIPO briefed the President on the latest developments on IP in Africa. The Chairman highlighted that Ghana, being one of the founding members of ARIPO, has provided leadership and contributed to the current level of development of ARIPO.

His Excellency, the President of the Republic of Ghana, expressed his appreciation for the visit by the ARIPO delegation and highlighted the importance of Intellectual Property to the development of Africa and underscored the important roles played by ARIPO and OAPI.



ARIPO Headquarters

Establishment of WIPO-ARIPO-OAPI (WAO) Tripartite Agreement

During the WIPO General Assemblies that took place at the WIPO Headquarters in Geneva, Switzerland from September 24 to October 2, 2018, a Memorandum of Understanding (MOU) was signed between WIPO, ARIPO and OAPI to establish a tripartite framework among the three Institutions to shape IP policy development and capacity building in Africa. The MOU was signed on October 1, 2018, at the WIPO Headquarters in the presence of the Director General of WIPO, Dr Francis Gurry and the Directors General of ARIPO and OAPI. Other Senior Officials of the three Institutions were also present.

The first meeting of WAO was held on September 28, 2018, where the key elements of the MOU were agreed upon as well as the Plan of Action for 2019. Some of the Key activities proposed

for 2019 included the Joint Celebration of the World IP day, organizing a joint working lunch for the ARIPO and OAPI Ambassadors based in Geneva in the margins of the WIPO Assemblies to brief them on the development of IP in Africa, joint publications in particular the African Journal of IP and other periodicals, organizing annual policy dialogue on the role of IP in Research and Development and joint capacity building programmes.

During the Plenary Session of the Assemblies, the African Union and other regional bodies as well as some Member States of WIPO pledged their support for the establishment of the Tripartite meeting of the three institutions and welcomed the joint activities planned for 2019.

Collaboration with the African Union

ARIPO and OAPI have been invited to participate in Continental IP Policy and Strategic discussions with the view to formulating common positions and strategies on various IP issues.

Continental Strategy for Geographical Indications in Africa 2018 - 2023

The importance of Geographical Indications (GIs), as a tool to foster local development in Africa, has been recognized in recent years by African institutions in charge of intellectual property, such as OAPI and ARIPO, as well as by national offices and Ministries in charge of agriculture or handicraft in Africa. Not too long ago, the African Union Commission (AUC) with support from ARIPO, OAPI and Food and Agriculture Organization (FAO) developed a "Continental Strategy for Geographical Indications in Africa 2018 - 2023" which was endorsed by the AU at Ministerial level in October 2017.

Following its formal adoption, discussions have been held at the technical level to examine ways of implementing the continental strategy. It is in this context that a preliminary draft list for outputs and activities (action plan) contributing to the implementation of GIs in Africa was developed during a preparatory meeting held at FAO Headquarters, in Rome, on February 7, 2018, and May 28, 2018. The Plan of Action was approved at a meeting held in Yaoundé, Cameroon on October 18, 2018.

This Plan of Action was formally launched in October 2018 by a Consultative Committee involving the African Union Commission, the main Intellectual property (IP) Offices and key Inter-governmental organizations (IGOs) including ARIPO and OAPI interested in the implementation of the AU Strategy on GIs in the continent.

The implementation of the Action plan in 2019 will contribute to better coordination in Africa by enforcing convergent rules and practices at the continental level that would encourage trade and improve the positioning of African products on regional, continental and international markets. By doing so, it will contribute to different agendas and programs for the development of Africa, particularly the agricultural sector. ARIPO and OAPI will play significant roles in the activities of the Consultative Committee and the implementation of the Strategy concerning the coordination, exchange of information, registration of potential GIs and management of specific projects on GIs in Africa

The Consultative Committee that was created to implement the Continental Strategy will be chaired by the member of the Committee that will host the yearly meeting and assume the chairmanship for one year. FAO shall play the role of Secretariat. OAPI hosted the first meeting of the Committee on October 18, 2018, and is assuming the Chairmanship of the Committee until the next meeting that shall be hosted by ARIPO which will then take the chairmanship of the Committee.

“**THE WORKSHOP AIMED TO ADDRESS THE LACK OF PROGRESS WITHIN THE VARIOUS NORM-SETTING COMMITTEES OF WIPO DUE TO CONFLICT OF INTERESTS BETWEEN DEVELOPING AND DEVELOPED MEMBER STATES OF WIPO AS WELL AS THE DIFFICULTY FOR WIPO MEMBER STATES...**”

Enhancing the capacities of African Negotiators at WIPO Committees

Within the framework of the implementation of its 2018 activities, the African Union Permanent Representative in Geneva, Switzerland organized in collaboration with the Permanent Mission of Morocco (Coordinator of the African Group for WIPO Issues) a workshop to sensitize African Negotiators at WIPO Committees.

The workshop aimed to address the lack of progress within the various norm-setting Committees of WIPO due to conflict of interests between developing and developed Member States of WIPO as well as the difficulty for WIPO Member States to develop a balanced and accessible international IP system which rewards creativity, stimulates innovation and contributes to economic development, particularly in developing countries while safeguarding the public interest.

The workshop brought together various African Countries that actively participate in WIPO norm-setting Committees as well as ARIPO and OAPI to formulate common approaches to address the divergences in the positions

of the various WIPO Members hampering the harmonious and consensual progress of some on-going negotiations taking place within WIPO Committees such as IGC, CWS, SCP, SCT and SCCR.

The African Continental Free Trade Area - AfCFTA

The Second phase of negotiations of the African Continental Free Trade Area - AfCFTA that was adopted in March 2018 in Kigali, Rwanda, focus on Competition, Investment and Intellectual Property Rights. The United Nations Economic Commission for Africa (UNECA) has been for some time producing its flagship reports commonly known as Assessing Regional Integration in Africa (ARIA) which are meant to provide an informed basis for the African Union and its agencies in decision making, especially in economic and trade issues.

During the preparation of its report for the next steps of the implementation of the AfCFTA, UNECA extended an invitation to ARIPO to share her experience in IP in various Experts meetings. The report shall have a Chapter on Intellectual Property rights to which ARIPO contributed under the title: “Existing IP Policy and Regulatory Frameworks: Africa’s experience - ARIPO case”.

ARIPO deems that it is paramount to keep abreast of the developments with regard to the reports on the IP component prepared by UNECA in the framework of the AfCFTA, as well as the negotiations of the AfCFTA, especially in the phase II on Competition, Investment and Intellectual Property Rights.



Collaboration with Regional Economic Communities in Africa (RECS)

Africa's Regional Economic Communities (RECs) do not only constitute key building blocks for economic integration in Africa but are also key actors working in collaboration with the African Union (AU), in ensuring peace and stability in their regions as well as playing central roles in the various transformative programs of the continent.

In recent years, many of them are developing IP policies and Strategies, which if not properly coordinated, may lead to duplication of efforts and redundancies. To address this challenge, ARIPO is working closely with them to facilitate the harmonization of IP strategies and Policies on the Continent.

ARIPO has signed MOU with COMESA to address areas of common interest, especially concerning IP protection, policy development and capacity building. ARIPO has actively participated in the Meetings of the East African Community (EAC), Southern African

Development Community (SADC) and Economic Community of West African States (ECOWAS).

ARIPO participated and contributed to the development of the SADC Intellectual Property Rights framework and Guidelines. ARIPO is also contributing to the development of the EAC comprehensive Intellectual Property Policy.

ARIPO and ECOWAS held an informal meeting in the margins of the WIPO General Assemblies that were held in Geneva from September 24 to October 2, 2018. It is intended that in due course, ARIPO will sign MOUs with these three RECs whose membership is also shared with ARIPO to a greater extent.

All these collaborative efforts and initiatives are critical for the harmonization of IP issues on the Continent. ARIPO will continue to pursue these efforts so that maximum benefits can be derived by the ARIPO Member States, in particular, an Africa as a whole.

ARIPO's MoU with Arterial Network to promote and protect creativity in Africa



ARIPO and the Arterial Network signed a Memorandum of Understanding (MoU) for the cooperation in the area of copyright and related rights on May 2, 2018, at the ARIPO Headquarters.

The objective of this Agreement is to facilitate cooperation between the two to promote creativity and the protection of creative works for the socio-cultural development of ARIPO member States, Arterial Network member States and Africa at large.

The two parties highlighted the value and importance of copyright and related rights to the growth of developing countries and the need to protect and defend the rights of artists and creative practitioners on the African continent to foster the sustainable development of the creative industry.

The Arterial Network is a vibrant pan-African network of civil society that brings together artists, organisation and institutions involved in the African creative sector. It supports arts through advocacy, capacity building, market access, knowledge management and information dissemination. It has 17 affiliates in Mauritania, Morocco, Nigeria, Mali, Togo, Senegal, Seychelles, Uganda, Cameroon, Congo, Democratic Republic of Congo, Central African Republic, Chad, South Africa, Zimbabwe, Eswatini and Mozambique.

The signing of the MOU was done by the ARIPO Director General, Mr. Fernando dos Santos and the Chairman of the Arterial Network, Mr. Daves Guzha in the presence of the Arterial Network Secretary General Ms Tojo Yharimanana. Also in attendance were ARIPO Executives and Heads of Departments.

KEY ENGAGEMENTS ON IP

INTA 140th Annual Meeting



INTA CEO Mr. Etienne Sanz de Acedo, INTA 2018 President, Ms Tish Berard, ARIPO DG, Mr Fernando dos Santos and INTA Secretary Jomarie B. Fredricks

The INTA 140th Annual Meeting of the International Trademark Association (INTA) was held in Seattle, the United States of America from May 19-23 2018. ARIPO was represented at the event by its Director General, Mr Fernando dos Santos, the Head of Formality Examination, Mr Charles Pundo, the Documentations and Communications Officer, Mrs Susan Mwiti and the Registry Associate, Mr Maxwell Chikuni.

ARIPO had an exhibition at the booth on which it co-exhibited with Agents from the Member States. Other Agents also provided their material for distribution at the booth. ARIPO and participating agents also used the booth to meet clients, attracting over 500 visitors, many who sought to know how to protect their trademarks in Africa.

“ THE 140TH INTA ANNUAL MEETING PROVIDED AN OPPORTUNITY FOR THE PARTICIPANTS TO ATTEND SESSIONS, PARTICIPATE ON DISCUSSIONS ON GLOBAL TRADEMARK ISSUES, AND ATTEND THE BILATERAL MEETING... ”



ARIPO booth at 140th INTA Annual Meeting



Mr Charles Pundo (ARIPO), Mr José Izquierdo, Deputy Director, International Cooperation and Legal Affairs (ICLAD) at EUIPO, ARIPO DG, Mr Fernando dos Santos, Mrs Sharon Blackburn, Team Leader, Institutional Relations Service, EUIPO and Mrs Susan Mwiti (ARIPO)

The 140th INTA Annual meeting provided an opportunity for the participants to attend sessions, participate on discussions on global Trademark issues, and attend the bilateral meeting, networking, the exhibition as well as social activities organized by the host. INTA is the global association of trademark owners and professionals dedicated to supporting trademarks and related intellectual property rights to protect consumers and to promote fair and effective commerce. It is a not-for-profit membership association of more than ten thousand members worldwide.

INTA brings users together in a commercial setting to give relevant information as well as making the organization known worldwide. ARIPO has been attending the INTA Annual Meeting as a way of promoting ARIPO's visibility and an opportunity to reach the audience with a distinct interest in the market by creating awareness and developing relationships with new prospects. Participation in this global gathering is an opportunity to disseminate more information about ARIPO.

Workshop on Best Practices On Trademark Examination

ARIPO participated in a workshop organized by United States Patent and Trademark Office (USPTO), to train the Uganda Registration Service Bureau (URSB) officials on the Best Practices on Trademark Examination held on June 22 and 25 2018. ARIPO's Head of Formality Examination, Mr Charles Pundo attended as a resource person.

The two-day workshop was conducted at the URSB offices in Kampala, Uganda and covered trademark examination techniques, as Trademark Law Treaty and Singapore Trademark Law Treaty, Distinctiveness and Acquired Distinctiveness, Non-Traditional Marks, etc. At least 20 officials from the Office attended.

ARIPO made a presentation on its Trademark System and the procedures for processing an ARIPO Trademark.

The Technical Workshop On Tools (TWT) Developed Under the European Union Intellectual Property Network (EUIPN)

The Technical Workshop on Tools (TWT) developed under the European Union Intellectual Property Network (EUIPN) for representatives of ARIPO, the IP Offices of the Member States of ARIPO and South Africa was held in Windhoek, Namibia from July 16 to 20, 2018. The workshop was organized by the European Union Intellectual Property Office (EUIPO). The workshop brought together senior management officials from the IP offices. It was officially opened by Hon. Tjekero Tweya, Minister of Industrialization, Trade & SME Development for Namibia. The ARIPO Director General, Mr Fernando Dos Santos, attended the opening ceremony and delivered his remarks. Mr Grey Njowola (Head of ICT) and Mr Charles Pundo (Head of Formality Examinations) represented ARIPO during the workshop.

The main objective of the workshop was to provide for a collaborative platform of knowledge and experience sharing sessions concerning the tools developed under the EUIPN and the benefits brought by these initiatives to the Network. This was meant to facilitate the extension of EUIPN tools among the participating offices according to their specific interests. ARIPO is already party to some of the tools and decided to join the DesignClass during the year.

The ARIPO delegation, led by the Director General met with the EUIPO representatives on the sidelines of the workshop and discussed several bilateral issues.

ARIPO National Office Attachment

The Companies And Intellectual Property Administration (CiPA) – Botswana, And Uganda Registration Service Bureau, Uganda

ARIPO Formality Examination staff Ms Perpetua Sireu, Senior Registry Associate and Mr M Chikuni, Registry Associate were attached to the Companies and Intellectual Property Administration (CIPA) – Botswana from August 13 to 17, 2018 and from August 27 – 31 2018, Ms Pedzisai Rewayi, Senior Formality Examiner and Ms Perpetua Sireu, Senior Registry Associate underwent the same program at the Uganda Registration Service Bureau (URSB), Uganda.

The main focus of the attachment programs was to acquaint the ARIPO officials with the processing of IP applications, i.e. trademarks, industrial designs and patents at National level. It

also aimed at educating national office staff on the expected national office actions on ARIPO applications.

“ THE ARIPO DELEGATION, LED BY THE DIRECTOR GENERAL MET WITH THE EUIPO REPRESENTATIVES ON THE SIDELINES OF THE WORKSHOP AND DISCUSSED SEVERAL BILATERAL ISSUES. ”

ARIPO ONLINE SENSITIZATION WORKSHOP IN MOZAMBIQUE AND KENYA

The online sensitization workshops took place in Mozambique on July 23-24, 2018 and in Kenya from September 17-18, 2018. Ms Flora Mpanju, ARIPO Head of Search and Substantive Examination and Mr Robert Chiweza, ICT Associate were in attendance in Mozambique while Mr John Kabare, Intellectual Property Executive, attended the Kenya leg. Participants of the workshop were IP staff members and Patent and Trademark Attorneys. The workshops included presentations from ARIPO followed by a practical session on how to register online with ARIPO.

On both legs of the workshop, ARIPO delegates visited Heads of National offices mainly to encourage usage of the Member State Module and attend to any challenges that may be hindering such usage.

CAPACITY BUILDING

Launch of MPhil in IP at Kwame Nkrumah University of Science and Technology



Delegates at the launch of the MPhil in IP

The Masters of Philosophy (MPhil) in Intellectual Property (IP) program was approved by the Kwame Nkrumah University of Science and Technology (KNUST) Academic Board on August 29, 2017. The University, in collaboration with ARIPO worked towards finalization of the curriculum, the admission requirements and fees. Following the positive assessment of the KNUST facilities and induction training offered to lecturers of the program, the MIP program at KNUST was successfully launched on August 28, 2018.

Among dignitaries present during the historical launch of the 2-year MIP program were, the Chairman of the Council of Ministers of ARIPO, Honorable

Samuel Tembenu; the Director-General of ARIPO, Mr Fernando dos Santos; the Registrar General of the Ghana IP Office, Mrs Jemima Oware; ARIPO's Intellectual Property Development Executive, Mr Emmanuel Sackey; and the Vice Chancellor of KNUST, Professor Kwasi Obiri Danso.

The maiden cohort has 13 students, and ARIPO has provided ten students with full scholarships and two students with partial scholarships. One student is on self-sponsorship. The 13 students are from the following member states of ARIPO: Uganda, Malawi, Namibia, Ghana, Kenya, Botswana, and Tanzania. Classes commenced on September 3, 2018.

Masters Degree in Intellectual Property at Africa University, Mutare, Zimbabwe



MIP Class of 2018

The ARIPO Academy has continued to collaborate and cooperate with Africa University and the WIPO Academy in the delivery of the Masters in Intellectual Property (MIP) degree program in Mutare, Zimbabwe. The MIP at Africa University is now in its eleventh year.

Cohort from ten Member States of the Organization. ARIPO started providing sponsorships in 2009 and has sponsored 74 students from 16 Member States of the Organization.

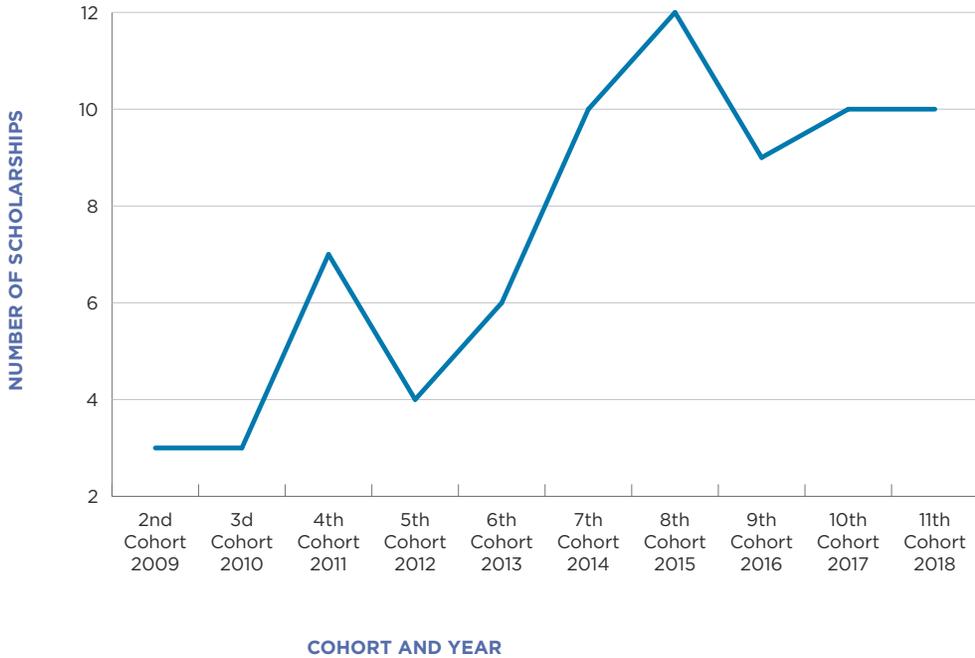
For the year 2018, ARIPO has provided scholarships to 10 students for the 11th

The figure below provides the number of MIP students sponsored by ARIPO for each of the 11 cohorts.

Figure 3: ARIPO scholarships by member state

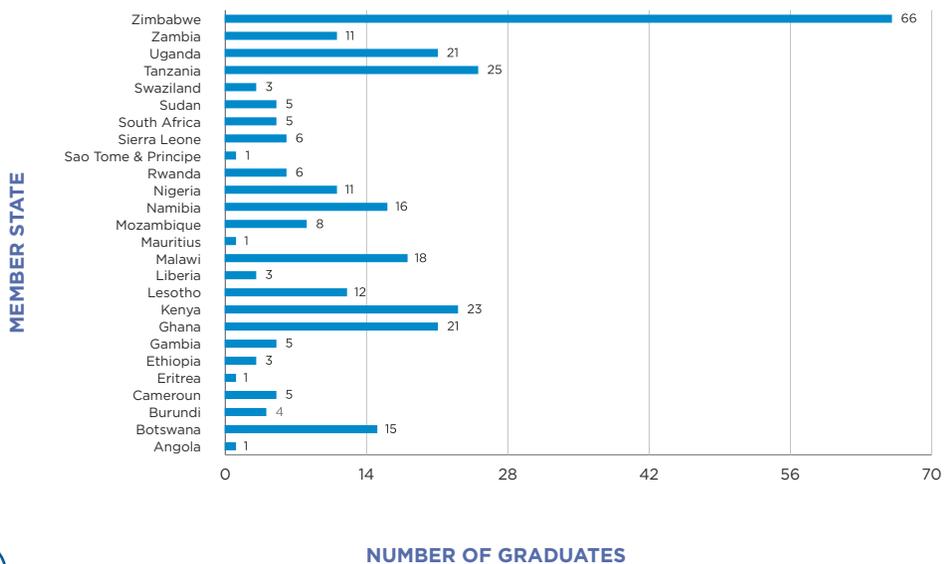


Figure 4: Trend in the numbers of scholarships awarded since MIP inception



The MIP Program has so far produced 296 graduates from 26 countries across Africa as detailed in Figure 4 below:

Figure 5: Number of MIP Graduates by Country



Roving Seminars



The following table summarises the Roving Seminars that were held in 2018:

Dates	Country	Number of Participants
March 26 - 27, 2018	National University of Science & Technology, Zimbabwe	101
May 7 - 8, 2018	University of Liberia, Monrovia, Liberia	127
June 19 - 20, 2018	International University of Management, Windhoek, Namibia	58
July 5 - 6, 2018	Univeristy of Botswana, Gaborone, Botswana	85
July 26 - 27, 2018	Eduarado Mondlane University, Maputo, Mozambique	83
Total		450

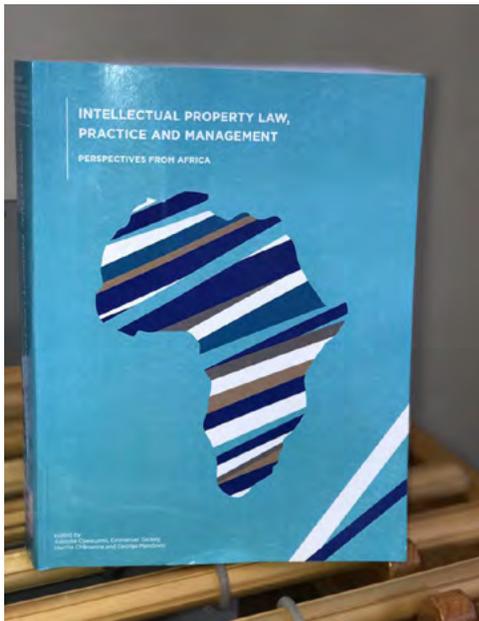
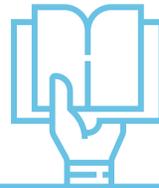
Table 2: 2018 Roving Seminars

Impact of the Roving Seminars

- The seminars raised awareness of IP subject and other different areas
- Enhanced the visibility of the national office.
- They also enhanced the visibility of ARIPO in the Member States
- Some participants submitted IP applications after the seminars
- Long term impact of heightened use of ARIPO registration system by the participants and the concerned Member States in general
- The seminars targeted the very generators of intellectual property where over 90% of knowledge is generated (innovators, universities and R&D institutions)
- Improved services and value addition by SMEs as well as general economic fortunes in the Member States.

MIP @ 10 Years

The Academy has documented the first 10 years of the MIP program (MIP@10). This monumental milestone culminated in a ceremony that coincided with the launch of the MIP 11th Cohort at Africa University on August 20, 2018. The MIP@10 focused on the background of the MIP program, objectives of the MIP program, and development of the program, its launch, administration, management and impact; as well as the sectors from which the students came. It showcased outstanding alumni and celebrated other success stories.



MIP Textbook

The MIP@10 day also showcased the launch of the MIP Textbook, Intellectual Property Law, Practice and Management: Perspectives from Africa. The book was a collective effort of the lecturers of the MIP program. The book publishing and printing were financed by Japan Funds in Trust at WIPO. The textbook will be used as a core textbook for the MIP programs at Africa University, University of Dar es Salaam, and Kwame Nkrumah University of Science and Technology, Kumasi, Ghana.

Patent-Drafting Course

This annual workshop was jointly organized by ARIPO and WIPO. It was held at ARIPO Headquarters in Harare, Zimbabwe from September 3 to 7, 2018. The purpose was to enhance the capacity of patent drafting skills in African Countries with the ultimate goal of increasing the level of patenting in the region.

Thirty participants from 15 countries across Africa participated namely: Namibia (2), Sierra Leone (1), Tanzania (2), Zambia (1), Ghana (2), Kenya (2), Ethiopia (2), Sudan (1), Uganda (2), Botswana (3), Malawi (2), Nigeria (4), Mozambique (2), Eswatini (1) and Zimbabwe (3). Resource persons were drawn from WIPO, ARIPO, UK and South Africa.



Participants at the ARPET training program

Introduction of African Regional Patent Examination Training (ARPET) at ARIPO in partnership with IP Australia

The ARIPO Academy has launched the ARIPO Regional Patent Examiner Training (ARPET). The training is the result of ARIPO's partnership with IP Australia to deliver the Regional Patent Examination Training (RPET) program which is a modern, comprehensive and intensive competency-based blended online training program for patent examiners. This training program aims at improving the competency of examiners to conduct search and examination to international standards (PCT standards), leading to greater confidence in the patents taken out. ARPET is blended

into ARIPO Academy's existing training framework. The Academy is the regional ARPET centre to serve the ARIPO Member States and non-Member States. The program focuses on learning at the workplace while providing the ability to align domestic practices with international standards.

The training consists of three phases, each having several various units of the specific subject matter. It runs for 18 months. The trainers are ARIPO Examiners who have gone through the RPET training with IP Australia. The program was launched in February 2018, with the first trainees being from ARIPO.

The program will be scaled up to enrol and train IP examination staff from the Member States.

African Journal of Intellectual Property

The ARIPO Academy and Africa University have partnered to launch the African Journal of Intellectual Property (AJIP). The journal was launched to respond to the growing need for documentation of and access to research in diverse aspects of intellectual property in Africa. The AJIP is a scholarly peer-reviewed journal which is published bi-annually. Each journal edition features articles, comments and reviews from academia, post-graduate students, administrators, practitioners, and other interested contributors. The journal was officially launched on December 9, 2016, during the 40th Anniversary of ARIPO's establishment.

Since the launch, five editions of the journal have been distributed. A total of 28 articles have been published, with about 60% contributed by Africa University MIP alumni. After the second edition an additional development of an online version, to be sold online through services of experts in the area such as Amazon has been mulled. Currently, consultations are on-going to come up with the most optimal way of going online. ARIPO has engaged a local expert company takaMu Inc. to develop a web application for AJIP online publication.

Directory of IP Practitioners

Part A of the Directory of IP Professionals is made up of names of all IP graduates from Africa University. Part

A of the Directory has been updated with graduates from the 10th Cohort. Part B, which is still outstanding, is a compilation of the broader African crop of professionals in the IP field, from African countries beyond just the ARIPO Member States. The work is still awaiting responses from states to assist with the names and designations of experts.

Creation of the Centre of Excellence at ARIPO

Following bilateral discussions held between WIPO Academy and ARIPO Academy in December 2017, it was agreed that the two academies should jointly enhance human resource capabilities to effectively use IP for development in the ARIPO Member States and Africa as a whole. The ARIPO Academy has developed and submitted a Project Document to WIPO that comprises nominated candidates, list of training courses, the budget involved together with the logical framework of the project. To that effect, ARIPO and the WIPO Academies have entered into cooperation aiming at the establishment of the ARIPO Academy as a Regional Training Center of Excellence.

After the launch of the project in June 2019, ARIPO will work with WIPO to start rolling out the capacity building activities to the Member States. The launch will coincide with the first Training of Trainers which will train the first batch of trainers in teaching methodologies. The trainers will come from the Member States of ARIPO. The Harare training of trainers will be the main training. There are further plans to identify the most cost-efficient way to mirror these train the trainer modules in the regional centers

in Ghana and Tanzania, using ARIPO's partner Universities. WIPO will assist in supporting the project for at least two years after which ARIPO would sustain it going forward.

COPYRIGHT & RELATED RIGHTS

Copyright and Related Rights Symposium

The 2nd edition of the Symposium on Copyright and Related Rights: Shaping the Copyright and Related Rights Systems in Africa was held at the ARIPO Secretariat in collaboration with the World Intellectual Property Organisation from June 12 to 13 2018. The Symposium was attended by delegates from 18 ARIPO Member States and 2 Observer States, as well as International Organizations. The outcome of the Symposium included an addendum of the Harare Strategic Plan that was adopted by the 1st Edition of the Symposium and is intended to expedite the reaching of a level playing field in the global Copyright ecosystem while balancing the interest of all stakeholders.

Collective Management Organizations

ARIPO continued with the support to Collective Management Organizations (CMOs) in the Member States. The Secretariat secured two years (2018-2019) sponsorship from WIPO to enable



Delegates attending the 2nd Copyright and Related Rights Symposium

Copy Ghana and the Copyright Society of Malawi (COSOMA) to mentor the Collecting Society of the Gambia (CSG). Missions to that end were undertaken to The Gambia. The Secretariat also assisted Lesotho to develop a constitution for the CMO.

The Secretariat finalized the following titles: ARIPO Guidelines on ratification or accession and domestication of international treaties on copyright and related rights; Comparative Study of Copyright Laws of ARIPO Member States (Volume 2).

“ THE OUTCOME OF THE SYMPOSIUM INCLUDES AN ADDENDUM OF THE HARARE STRATEGIC PLAN THAT WAS ADOPTED BY THE 1ST EDITION OF THE SYMPOSIUM AND IS INTENDED TO EXPEDITE THE REACHING OF A LEVEL PLAYING FIELD IN THE GLOBAL COPYRIGHT ECOSYSTEM WHILE BALANCING THE INTEREST OF ALL STAKEHOLDERS. ”

World IP Day Celebrations

ARIPO celebrated the World IP Day at the National Gallery of Zimbabwe located in Harare on April 26, 2018. The celebrations were marked by an exhibition entitled Striking Idea; Powering Change: Women in Innovation and Creativity. ARIPO used the occasion to organize a competition at selected schools in Harare. In total seven schools participated in the competition. The main objective of the competition

was to create intellectual property awareness, among the participating schools who may have no access to information on that matter, a move which arguably creates greater enlightenment on the subject.

The exhibition was segmented into three categories; the 4-7-year-olds, 8-11-year-olds and 12-16-year-olds. The competition was seen as a way of harnessing pupils natural competitive drive by instilling a sense of creativity, design and openness.



Art competition winners awarded during the World IP Day celebrations

The exhibitions from students were impressive.

A parallel event to mark the day was held at the ARIPO Headquarters. The event was organised by ARIPO and the Zimbabwe Institute of Patents and Trademark Agents.



Zimbabwe International Trade Fair 2018

ENHANCING ARIPO'S VISIBILITY

International and National Exhibitions

The Secretariat of ARIPO has participated in a number of international and national exhibitions to raise levels of awareness on the role that IP plays

in business development and policy making. During the reporting period, ARIPO exhibited at the following meetings and trade fairs:

- a) The 2018 edition of the Zimbabwe International Trade Fair, Bulawayo, Zimbabwe from April 24 to 28;

b) 140th Annual Meeting of INTA, Seattle, Washington, USA from May 19 to 23;

c) Zimbabwe Agricultural Show, Harare, Zimbabwe from August 27 to September 1, 2018.

Publicity in Social and Print Media

ARIPO continued to be pro-active in creating awareness and increasing its visibility through social and print media especially in the New African Magazine, a Pan-African publication that sells over 46,000 copies every month in over hundred countries and reaches over 500,000 readers.

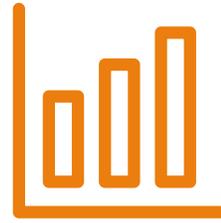
ARIPO was featured in the March 2018 edition under the caption “Huge Potential for IP Professionals”. The Article focused

on ARIPO’s commitment to increase the capacity of IP in Africa. ARIPO was also featured in the January-February World Intellectual Property Review (WIPR) as well as in the New African Magazine published by IC Publications based in London.

ARIPO continuously provided IP information on various social media platforms namely, Facebook, Twitter, LinkedIn and Flickr. These platforms have continued to increase ARIPO’s visibility across the globe.

ARIPO has also featured in several TV shows and print media in Botswana, Ghana, Liberia, Namibia, Zimbabwe and USA.

ICT HIGHLIGHTS



ARIPO Online Services

The ARIPO online services provide IP information service for the stakeholders and have functionality that allows applicants to submit their IP applications without physically visiting the ARIPO offices by providing e-filing and e-payment through e-service. They also provide functions of online file inspection, filing of follow up documents, the Intellectual Property Digital Library (IPDL), journal search and download of forms & fees information. In 2018, about 73% of all new applications were filed online. The online service platform was also made available for use 24 hours a day, and the electronic payment platform was opened up to allow agents pay renewal fees for files not in their profile online.

ARIPO Member States Module

ARIPO is implementing the Member States (MS) module, which allows for online data exchange between POLite+ of ARIPO and IPAS of its Member States. The module allows for the paperless exchange of information, and through

it, ARIPO and its member states can exchange all types of notifications, forms and documents online. The module was implemented in Ghana and Uganda in 2018 with support from WIPO. The module has now been implemented in eight Member States as it had already been implemented in Botswana, Kenya, Mozambique, Rwanda, Zambia and Zimbabwe.

ARIPO Digitization project

ARIPO embarked on a project to digitize the IP physical files lodged before March 2015 when the new system was launched with support from WIPO. The objectives of the project included the automation of all business processes at the ARIPO Office and those of its Member States, provision of greater flexibility in the flow of documents, improvement in the quality of search results and provision of secure access to documents. The project covered Patents, Trademarks, Utility Models and Industrial Designs. A total of 11,566 files consisting of 1,134,090 pages were digitized as part of this project.

ARIPO Regional IP Database

ARIPO launched a Regional Intellectual Property (IP) database on September 10, 2018. It is a centralized database with published IP titles from ARIPO and its Member States. The Regional IP Database is designed to efficiently serve multiple purposes, including the online provision of published IP data, encouragement of regional trade, IP scientific research, IP rights protection and enforcement in the ARIPO region, as well as sustainable development of IP. WIPO supported the development of the Regional IP Database.

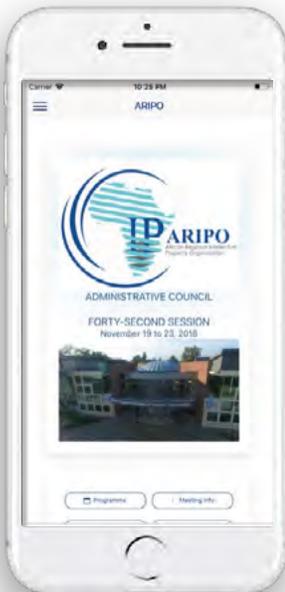


Head of ICT, Mr. Grey Njowola

ARIPO Meetings Mobile App

The ARIPO Secretariat developed a mobile app for use during its meetings and workshops. The app enables delegates to access the agenda, programme, meeting information, organizers' details, speakers' biographies,

notices and accommodation information. The app was used during the 42nd Administrative Council meeting and the Sub-regional workshop on institutional IP Policies. The app is available on the Android and iOS platforms.



OUR PEOPLE



New Staff Appointments

Four new members of staff joined the Organization during the period under review as follows:



Mr John Marius Kagwa

Uganda

Patent Examiner,
Telecommunications
Appointed February 1, 2018



Ms Odireleng Keipopele

Botswana

Patent Examiner,
Biochemistry
Appointed February 1, 2018



Mrs Michelle Rusere

Zimbabwe

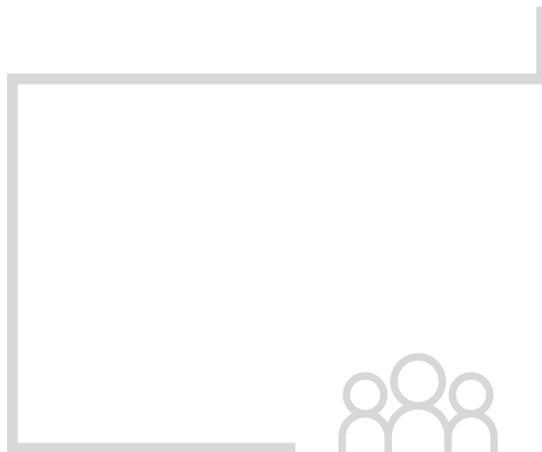
Human Capital Associate
Appointed July 1, 2018



Mr Amadu Bah

Sierra Leone

Copyright and Related Rights
Officer
Appointed November 1, 2018



Staff Promotions



Ms Meroline Shiri

Formality Examiner (ex-Data
Capturer)
Promoted July 2018



Staff Separations



Mr Christopher Joel Kiige

Director, Intellectual Property
Retired, January 31, 2018



Mr Thomas Jackson

Caretaker/Messenger
Deceased, March 25, 2018



Ms Roselyn Moyo

Documentations and
Communications Assistant
Resigned, August 14, 2018



EMPLOYEE DEVELOPMENT

ARIPO Regional Patent Examination Training Program (ARPET)

The Organization enrolled the two new Patent Examiners on the ARPET program which is an intensive competency-based training program, with a focus on enhancing the consistency and quality of patent examination under the Patent Cooperation Treaty (PCT) and contribute to greater confidence in IP rights that are granted and ultimately facilitate trade and technology transfer in the Region.

Soft Skills Training Programmes

The Organization invested 3.30% of the staff costs budget towards staff training and development in various fields including leadership, project management, risk management, financial management, diplomacy and protocol as well as cybersecurity. The total training and development days were 1,480, spread amongst 75% members of staff trained, translating to an average duration of 38 hours of training per staff trained.

Employee Engagement

The employee engagement strategy for 2018 has been focused on increased communication across all categories of staff as evidenced by the religious convention of all staff meetings as well as team building activities to create that much-needed platform for staff's participation and involvement in decision making. Emphasis has been placed on the follow-through of the performance management process to ensure sustainable Organizational transformation.

As a complement to employee engagement, an all staff working retreat was held from February 9 to 11, 2018 at Troutbeck resort, Nyanga, Zimbabwe. During the retreat, the staff was apprised of 2017 achievements in line with the Value and Growth Strategic Plan, as well as the 2018 strategic focus. Various team building activities were also undertaken during the retreat.



ARIPO staff members at the staff retreat

Employee Wellness

The Organization believes that the promotion of employee well-being can help prevent stress and create a positive working environment where staff and the Organization can thrive, and that good health and well-being can be a core enabler of employee engagement and ultimately organizational performance.

The Organization is implementing an employee wellness strategy comprising fitness and diet management coaching sessions, medical and general health awareness, stress management and access to gym facilities.



management system that aligns employee performance to the overall strategy of the Organization. The Organization has continued to achieve a number of milestones: revenue increase, ARIPO brand awareness growth, increase in online filings and increased substantive examination output.

Geographical and Gender Diversity

The Organization continues to strive towards enhancing Member State representation for internationally recruited posts, and 13 out of 19 Member States are now represented at the Secretariat. On the other hand, the gender diversity (male: female) ratio increased to 50:50 as of December 31, 2018.

Long Service Awards

On December 8, 2018, the Organization recognized six members of staff who had served the Organization for various lengths ranging from five years to 35 years.



Recipients of the Long Service Awards 2018 and guests at the ARIPO Annual Dinner

Student Internships

The Organization engaged five interns at different intervals and on a short-term basis in line with the Organization's thrust to expose undergraduate and post-graduate students to the practical world of work while at the same time providing valuable human resource support to ARIPO's activities. The interns were drawn from two ARIPO Member States namely, São Tomé and Príncipe and Zimbabwe.

CORPORATE SOCIAL RESPONSIBILITY

Support to Innovations by the Youth

In 2018 ARIPO participated in the 7th Edition of the African Fair for the Technological Invention, and Innovation (SAIIT) held in Cotonou, Benin from October 24 to 27, 2018.

SAIIT is an event organized by the Organisation Africaine de la Propriété Intellectuelle (OAPI) which provides a platform for the inventors from the OAPI Member States to showcase their inventions. The main objective of the 7th edition of SAIIT was to promote the invention and innovation activities by awarding the inventors who comes up with the best inventions in different technical fields such as environment, ICT, pharmaceutical, engineering among others.

ARIPO provided a prize of USD 1000 for the best female inventor category. The prize went to Ms Nseme Nang Yvonne Sarah from Gabon, whose title for the invention was “Cream against sagging skin and skin and hair imperfections”.

ARIPO was represented by Senior Patent Examiner (Biotechnology), Mr Said Ramadhan, who was also among the Technical Jury for the awards.

Other organizations that supported the different categories were the World Intellectual Property Organization (WIPO), West African Monetary and Economic Union (UEMOA), OAPI and an award from the President of Benin.



Ms Nseme Nang Yvonne Sarah from Gabon, receives the ARIPO award from Mr Said Ramadhan, ARIPO

Breast Cancer Month 2018

According to the World Health Organization, breast cancer is the most common cancer among women, impacting 2.1 million women each year, and also causes the greatest number of cancer-related deaths among women.

In October 2018, ARIPO joined the World in observing the Breast Cancer Awareness Month. The Human Capital department at ARIPO organized activities towards creating awareness, early detection and treatment. In

solidarity with the global clarion to wear pink, ARIPO staff members wore pink ribbons and pink attires during the month.

In collaboration with CIMAS Medical Aid and the Cancer Association in Zimbabwe, awareness creation talks were given at the Secretariat and free breast cancer screening for all staff.

In support of Breast Cancer Month, ARIPO also ran a fundraiser. A total of US\$1,000 was raised and donated to the Cancer Association of Zimbabwe.



Corporate Services Executive, Mrs. Hilary Arko - Dadzie and Human Capital Associate, Mrs. Michelle Rusere handover ARIPO's donation to officials from the Cancer Association of Zimbabwe

2018 INDUSTRIAL PROPERTY STATISTICS



2018 INDUSTRIAL PROPERTY STATISTICS

Summary

The year 2018 was very positive in terms of applications received at the Secretariat. The uptake of the online filing system increased with a record of 73% of new applications filed online in 2018 compared to 58% in 2017 and 33% in 2016.



2018			
	Online	Other Methods	Online %
Patents	691	139	83.25
Industrial Designs	62	48	56.36
Utility Models	11	28	28.21
Trademarks	221	147	60.05
TOTAL	985	362	73.13

Table 3: IP applications received in 2018

2017			
	Online	Other Methods	Online %
Patents	433	313	58.10
Industrial Designs	56	36	60.87
Utility Models	2	14	12.50
Trademarks	224	157	58.79
TOTAL	716	520	57.93

Table 4: IP applications received in 2017

Following is a comparison of the applications filled with ARIPO for Industrial designs, Patents, Trademarks and Utility Models in the past five years.

Patent Applications

In 2018, 831 applications were filed compared to 747 filed in 2017, reflecting a 10% growth in filings. The average monthly filings stood at 69.25 applications per month. The 2018 filings fell short of the highest yearly filings ever realised at ARIPO by four applications. The filing trends for the last five years are shown in Table 5 and Figure 6 below.

	2014	2015	2016	2017	2018
Patents	835	780	697	747	831

Table 5: Patent Applications Received From 2014-2018

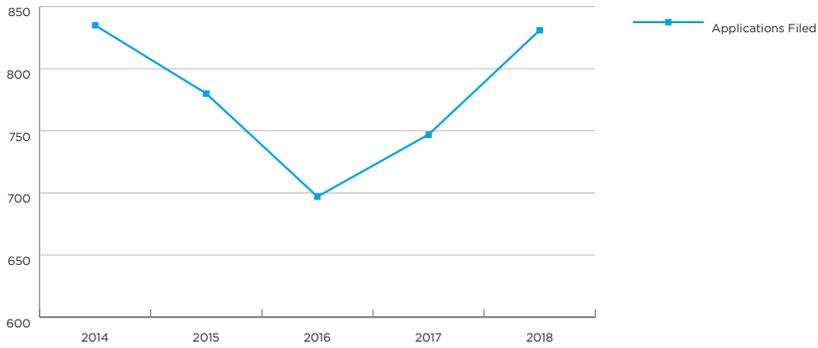


Figure 6: Patent Applications Received From 2014-2018

Industrial Designs

There were 111 industrial design applications filed in 2018, reflecting a growth of 18.7% compared to 2017. The number of applications filed between 2014 and 2016 decreased but recovered in 2017 and 2018. Table 6 and Figure 7 below illustrate the filing trends for 2014-2018.

	2014	2015	2016	2017	2018
Industrial Designs	155	124	83	91	111

Table 6: Industrial Design Applications Received From 2014-2018

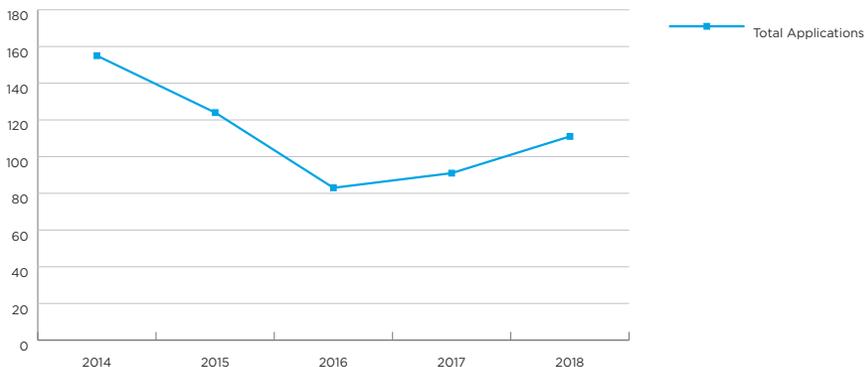


Figure 7: Industrial Design Applications Received From 2014-2018

Utility Model Applications

The number of utility model applications filed during 2018 stood at 42 compared to 17 filed in 2017 reflecting a 147% growth in application filings. Applications filed between 2014 -2016 had a positive trend but slumped in 2017. However, the 2018 numbers have shown recovery. The filing trends for 2014-2018 are shown in Table 7 and Figure 8 below.

	2014	2015	2016	2017	2018
Utility Models	10	21	28	17	42

Table 7: Utility Model Applications Received From 2014-2018

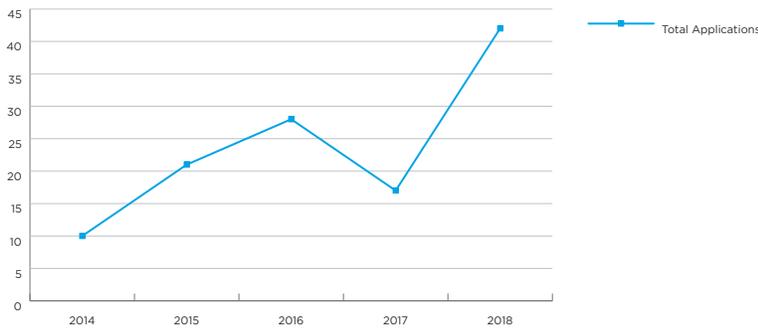


Figure 8: Utility Model Applications Received From 2014-2018

Marks Applications

In 2018, 368 mark applications comprising an accumulative total of 653 classes were filed. The number of applications filed shows a negative growth compared to 2017. Table 8 and Figure 9 below show the filing trends since 2014.

	2014	2015	2016	2017	2018
Marks	362	283	296	381	368
Total Classes	701	505	446	782	653

Table 8: Marks Applications/Classes Filed From 2014-2018

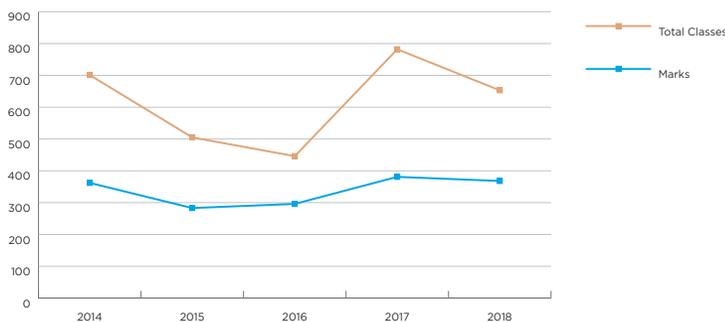


Figure 9: Marks Applications/Classes Filed From 2014-2018

GRANTS AND REGISTRATIONS

Patents Granted

A total of 284 patents were granted during the reporting period. Table 9 and Figure 10 below show the grant trends for 2017-2018.

	2014	2015	2016	2017	2018
Total	255	429	467	453	284

Table 9: Patent Grants From 2014-2018

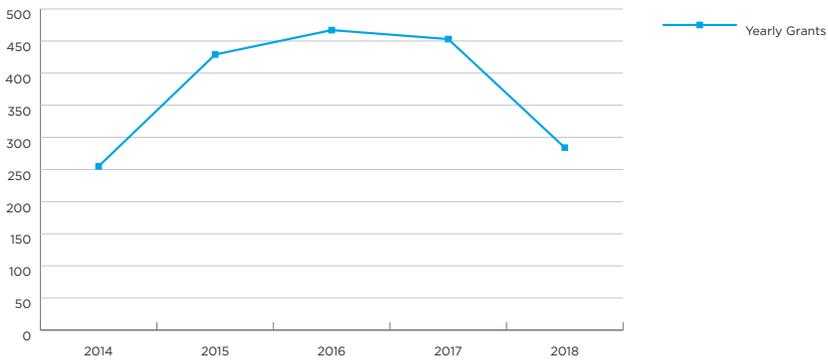


Figure 10: Patent Grants From 2014-2018

Industrial Designs

The number of Industrial Designs registered in 2018 stood at 67. Table 10 and Figure 11 below shows the registration trends for 2014-2018.

	2014	2015	2016	2017	2018
Total	221	103	119	69	67

Table 10: Industrial Designs Registrations From 2014-2018

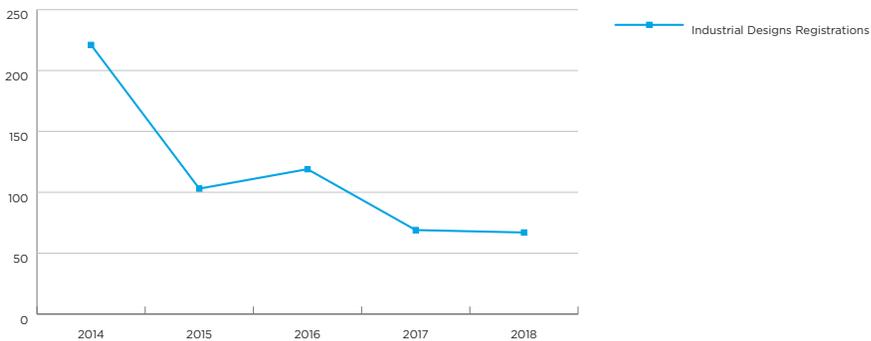


Figure 11: Industrial Designs Registrations From 2014-2018

Marks

The number of Marks registered in 2018 stood at 299, reflecting a 34% growth in registrations in comparison to 2017 registrations. Table 11 and Figure 12 below illustrate registration trend during the reporting period.

	2014	2015	2016	2017	2018
Total	219	221	212	195	299

Table 11: Marks Registrations From 2014-2018

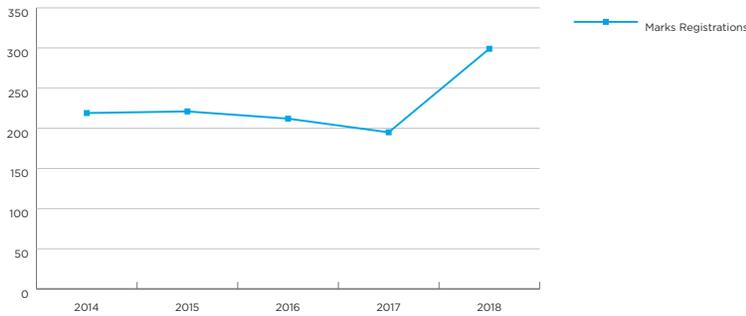


Figure 12: Marks Registrations From 2014-2018

Utility Models

A total of 16 utility models have been registered since their introduction in the ARIPO system. The registered utility models represent 12% of all utility model applications received by the Office. 2 utility models were registered in 2018. Table 12 and Figure 13 below illustrate the registration trend for 2017-2018.

	2014	2015	2016	2017	2018
Utility Models	0	0	2	8	2

Table 12: Utility Models From 2014-2018

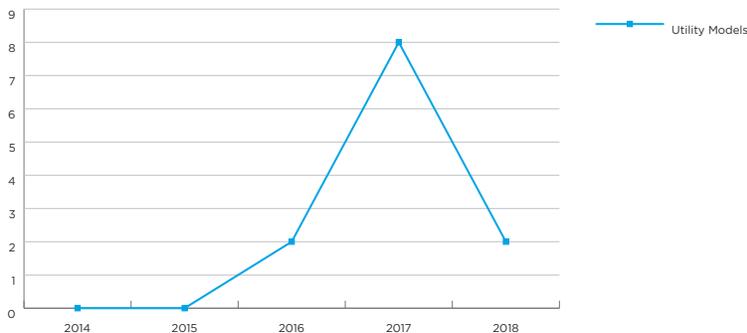


Figure 13: Utility Models From 2014-2018

Formality Examinations in 2018

	Patents	Industrial Designs	Utility Models	Marks
Jan	55	7	1	16
Feb	106	9	6	57
Mar	50	11	4	21
Apr	51	5	4	7
May	42	4	1	36
Jun	66	11	1	49
Jul	63	12	1	33
Aug	89	11	3	15
Sep	48	4	1	13
Oct	49	4	4	16
Nov	84	16	4	33
Dec	45	7	0	28
Totals	748	101	30	324

Table 13: Formality Examinations in 2018

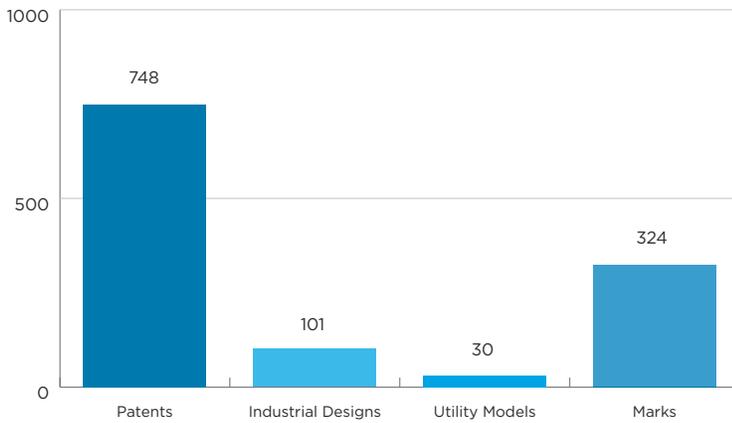


Figure 14: Formality Examinations in 2018

The table and graph show the total number of applications that complied with formality requirements on a monthly bases in 2018. However, these applications include some of which were filed earlier and not necessarily in that month.

2018 IP STATISTICS RECEIVED IN ARIPO MEMBER STATES

Patent Applications in 2018

Regional IP filings denote applications designating each contracting state as received by ARIPO.

Country	National	Regional (Harare Protocol)
Botswana	3	519
Eswatini	2	428
The Gambia	1	422
Ghana	26	595
Kenya	286	647
Lesotho	-	422
Liberia	0	426
Malawi	3	458
Mozambique	34	577
Namibia	26	536
Rwanda	7	445
São Tomé & Príncipe	1	407
Sierra Leone	0	436
Somalia	-	N/A
Sudan	-	460
Tanzania	22	597
Uganda	7	509
Zambia	12	523
Zimbabwe	27	523

Table 14: Patent Applications in 2018. *Blank spaces (-): data not available; *N/A: Country not party to Harare Protocol

Industrial Designs Applications in 2018

Country	National	Regional (Harare Protocol)
Botswana	27	65
Eswatini	0	34
The Gambia	0	52
Ghana	13	76
Kenya	177	79
Lesotho	-	58
Liberia	1	53
Malawi	48	54
Mozambique	9	60
Namibia	41	62
Rwanda	5	65
São Tomé & Príncipe	0	52
Sierra Leone	5	52
Somalia	-	N/A
Sudan	-	59
Tanzania	0	55
Uganda	65	72
Zambia	39	64
Zimbabwe	9	65

Table 15: Industrial Designs Applications in 2018.

Utility Models Applications in 2018

Country	National	Regional (Harare Protocol)
Botswana	12	20
Eswatini	0	15
The Gambia	0	12
Ghana	2	22
Kenya	178	22
Lesotho	-	13
Liberia	0	11
Malawi	0	14
Mozambique	9	19
Namibia	0	19
Rwanda	6	19
São Tomé & Príncipe	0	10
Sierra Leone	0	12
Somalia	-	N/A
Sudan	-	17
Tanzania	3	21
Uganda	13	18
Zambia	0	29
Zimbabwe	0	32

Table 16: Utility Models Applications in 2018.

Mark Applications in 2018

Country	National	Regional (Banjul Protocol)	International (Madrid)
Botswana	1145	205	790
Eswatini	447	125	-
The Gambia	210	N/A	-
Ghana	2110	N/A	-
Kenya	4866	N/A	2008
Lesotho	-	124	-
Liberia	163	132	-
Malawi	1423	185	N/A
Mozambique	2068	N/A	1272
Namibia	2840	169	-
Rwanda	781	N/A	991
São Tomé & Príncipe	88	107	495
Sierra Leone	780	N/A	1000
Somalia	-	N/A	N/A
Sudan	-	N/A	-
Tanzania	3427	181	N/A
Uganda	3200	170	-
Zambia	2024	N/A	1319
Zimbabwe	1096	273	1270

Table 17: Mark Applications in 2018. *Blank spaces (-) data not available;
*N/A: Country not party to the Banjul Protocol;
*N/A: Country not party to Madrid System

FINANCIAL MANAGEMENT



MEMBER STATES FINANCIAL PERFORMANCE

REPORT ON THE MEMBER STATES' FINANCIAL POSITION FOR THE PERIOD ENDING DECEMBER 31, 2018

1. Member States earned a total US\$4,074,220 while in 2017 they earned US\$3,718,336. The increase translates to 5.2% growth. All Member States earned enough fees to offset their annual assessed contributions of US\$27,900.
2. Below is the percentage share for each Member States on the total share of fees earned. The chart highlights that the highest earners earn 7% of the total share of fees while the least earners earned 2% of the total share of fees.

SHARE OF FEES EARNED

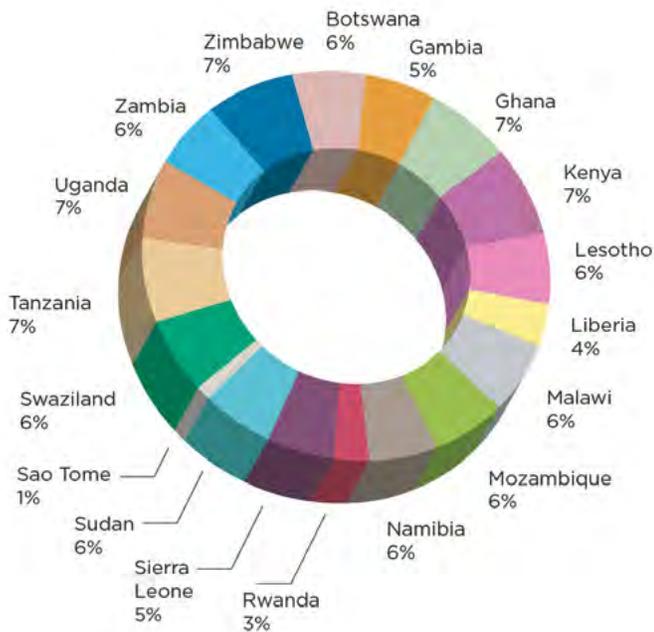


Figure 15

REVIEW OF THE 2017 AUDITED FINANCIAL STATEMENTS

ANALYSIS OF STATEMENT OF COMPARISON OF BUDGET AND ACTUALS

1. The Organization's overall revenue budget for the year 2017 totalled US\$6,875,033. The Organization only realised 86.8% of the projected revenue, which totalled US\$5,970,702.
2. The total expenditure estimates for the year totalled US\$5,878,392, and the Organization actual expenditure was US\$5,855,502, translating to 99.6% of the budgeted amount.
3. The table below highlight the comparison of budget items and the actuals received and incurred thereof.

	Original Budget US\$	Transfers Rule 4.5 US\$	Final Budget US\$	Actual Amounts US\$	Difference Final budget & actual US\$
Revenue					
Fees from Products	5 668 033	-	5 668 033	4 813 469	(854,564)
Contributions from member states	1 107 000	-	1 107 000	1 107 000	-
Other Revenue	100 000	-	100 000	50 233	(49,767)
	6 875 033	-	6 875 033	5 970 702	(904 331)
Programme Title					
IP operation	32 920	-	32 920	32 837	83
IP Knowledge	19 538	-	19 538	15 226	4 312
Policy & Legal	558 680	-	558 680	457 011	101 669
People & Organization Transformation	41 000	(6 922)	34 078	14 519	19 559
Information & communication technology	98 000	(10 000)	88 000	89 653	(1 653)
Marketing, customer engagement & corp	184 500	(10 000)	174 500	88 717	85 783
Financial & Management Accounting	74 000	30 000	104 000	104 022	(22)
Internal Audit	31 000	(10 000)	21 000	18 407	2 593
Running Costs					
Personal costs	3 726 788	-	3 726 788	3 564 039	162 749
Operating costs	445 253	6 922	452 175	591 870	(139 695)
Annual Meetings & conferences	386 713	-	386 713	564 932	(178 219)
Capital expenditure	280 000	-	280 000	314 267	(34 267)
Total Expenditure	5 878 392	-	5 878 392	5 855 500	22 892

BDO Zimbabwe independently audited these financial statements, and their independent report on the audit of the 2017 financial statement together with their opinion, has been annexed to this document.

REVENUE

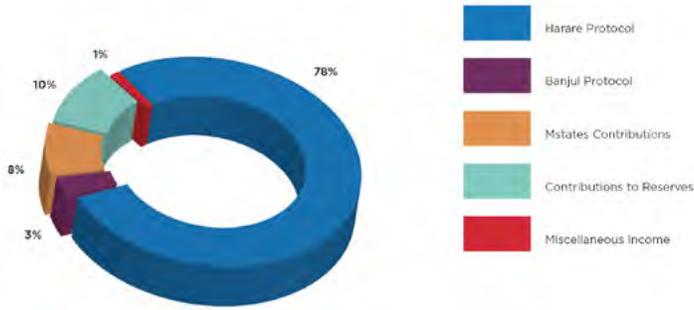


Figure 16

- The overall total Organization’s revenue increased by 10.6%. The total generated during the year was US\$9,689,038 before share of fees with the Member States, while in 2016, the overall total revenue generated totalled US\$8,849,983
- The total Member States share of fees for the year amounted to US\$3,718,336.19 while in 2016 it was US\$3,397,126 translating to an increase of 9.5%.
- After sharing of fees between ARIPO and its Member States the total revenue due to ARIPO for the year was US\$5,970,702, while in 2016 was US\$5,452,857, translating to an increase of 9.5%.
- The Pie chart above gives a highlight of the 2017 revenue composition. The largest source of revenue being Harare Protocol accounting for 78% of the total revenue.

EXPENDITURE

- The total expenses of the Organization for 2017 were US\$6,493,465, representing an increase of 14.4% compared to 2016 total expenses of US\$5,677,070. The largest expense for the Organization being personnel costs amounting to US\$3,653,672, followed by missions and training costs, which amounted to US\$1,295,672. The depreciation and amortisation amounted to US\$952,231 while operating expenses amounted to US\$591,870.

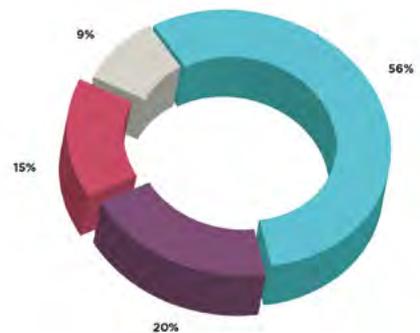


Figure 17



ANALYSIS OF FINANCIAL POSITION

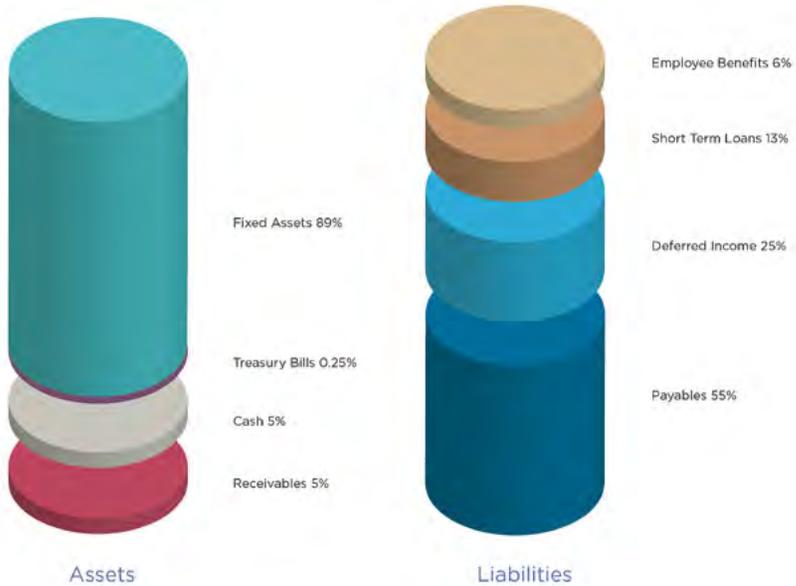


Figure 18

- As at December 31, 2017, the Organization had net assets of US\$5,329,438. This is comprised of total assets being US\$13,522,065, while the total liabilities were US\$8,192,627. The total assets increased by 2.3% from that of 2016, which was US\$13,234,386. The total liabilities increased by 10.9%.
- The chart below provides a summary of the statement of ARIPO Financial Position as of December 31, 2017. The total assets include cash and cash equivalent, trade and other receivables, treasury bills and the fixed assets and the liabilities includes Member States payables and other payables, advance receipts, short term loan and Employee benefits.
- The Organization's cash and cash receivables were US\$720,360, an increase of 6.7% from that of 2016. The trade and other receivables decreased by 2.9% to US\$686,194 while in 2016 the trade and other receivables were US\$706,379.
- The Organization's total payables were US\$4,509,641 increasing by 54.4% to that of 2016. The short-term loan decreased by 46.6% from US\$1,328,659 in 2016 to US\$710,141 in 2017. As at to August 2018 the Organization had paid 58.5% of US\$710,141 and the target is to settle it completely by December 31, 2018.
- The employee future benefits also increased to US\$513,875 from US\$301,602, translating to a 70.4%

increase. These benefits relate to gratuities due to members of staff on contract and payable upon completion of contracts.

- ARIPO is IPSAS compliant and recognises its revenue in a year it relates to not in a year it received such revenue. Deferred revenue of US\$2,091,362 relates to revenue received for Patent renewals due in the current financial year but the renewals extending to the next financial year of 2019. This revenue will be earned by the Organization in 2019.



ANNEXES

AUDITOR'S REPORT

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017



African Regional Intellectual Property Organization Nature Of Business :

The African Regional Intellectual Property Organization (ARIPO) functions are: the modernization, harmonization and development of the Intellectual Property Laws of Member States; fostering the establishment of a close relationship between the Member States in Intellectual Property Matters; the establishment of common services and organs for the modernization, harmonization and development of Intellectual Property activities affecting the Member States; and promotion and evolving of a common view and approach to Intellectual Property matters and assisting the Member States in the acquisition and development of Intellectual Property related technology.

GOVERNING ORGANS:

Council of Ministers

The Council of Ministers consist of Ministers of the Governments of Member States of the Organization who are responsible for the administration of Intellectual Property.

Administrative Council

The Administrative Council consist of the Heads of Offices dealing with the administration of Intellectual Property in the Member States.

Senior Management Team (Secretariat):

Mr. F. Dos Santos (Director General)

Mr. C. Kiige (Director : Intellectual Property)

Mrs. H. D. Arko-Dadzie (Corporate Services Executive)

Mr. E. Sackey (IP Development Executive)

Mr. J. Kabare (IP Operations Executive)

ADDRESS:

11 Natal Road.
P. O. Box 4228
Belgravia,
Harare, Zimbabwe

BANKERS:

Swiss Bank Cooperation
UBS SA, Castle Postale
CHI121, Geneva 2
Geneva 2, Switzerland

INDEPENDENT AUDITORS:

BDO Zimbabwe Chartered Accountants
3 Baines Avenue
Harare, Zimbabwe

ATTORNEYS:

Honey & Blanckenberg
200 Herbert Chitepo Avenue
Harare, Zimbabwe

INDEX TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

CONTENTS	PAGE
Administrative council responsibility statement	2
Independent auditor's report	3
Statement of financial position	6
Statement of financial performance	7
Statement of changes in reserves	8
Statement of cashflows	9
Notes to the financial statements	10 - 24
Statement of comparison of budget and actual amounts	25 - 26

ADMINISTRATIVE COUNCIL'S RESPONSIBILITY STATEMENT

The Administrative Council is required to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is its responsibility to ensure that the financial statements fairly present the state of affairs of the Organisation as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with International Public Sector Accounting Standards.

The Administrative Council acknowledges that it is ultimately responsible for the system of internal financial control established by the Organisation and place considerable importance on maintaining a strong control environment. To enable it to meet these responsibilities, the Administrative Council set standards for internal control aimed at reducing the risk of fraud or error in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Organisation and all employees are required to maintain the highest ethical standards in ensuring the Organisation's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Organisation is on identifying, assessing, managing and monitoring all known forms of risk across the Organisation. While operating risk cannot be fully eliminated, the Organisation endeavours to minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Administrative Council is of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, but not absolute, assurance against material misstatement or loss.

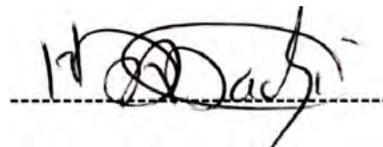
In preparing the financial statements, the Administrative Council is responsible for assessing the Organisation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it either intends to liquidate the Organisation or to cease operations, or has no realistic alternative but to do so. The Administrative Council has assessed the ability of the Organisation to continue operating as a going concern and believes that the preparation of the financial statements on a going concern basis is still appropriate as disclosed in note 21 to the financial statements.

The external auditors are responsible for independently auditing and reporting on the Organisation's financial statements. The financial statements and related notes have been audited by the Organisation's external auditors and their report is presented on pages 3 to 5.

The audited annual financial statements set out on pages 6 to 26 were approved by the Administrative Council on 29 August 2018 and are signed on its behalf by:



F. Dos Santos
DIRECTOR GENERAL



H. D. Arko-Dadzie
CORPORATE SERVICES EXECUTIVE



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Harare
Zimbabwe

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF THE ADMINISTRATIVE COUNCIL OF
AFRICAN REGIONAL INTELLECTUAL PROPERTY ORGANISATION
REPORT ON THE AUDITED FINANCIAL STATEMENTS**

Opinion

We have audited the financial statements of AFRICAN ORGANISATION REGIONAL INTELLECTUAL PROPERTY set out on pages 6 to 26, which comprise the statement of financial position as at 31 December 2017, statement of financial performance, statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of AFRICAN REGIONAL INTELLECTUAL PROPERTY ORGANISATION as at 31 December 2017, its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organisation in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B), together with other ethical requirements that are relevant to our audit of the financial statements in Zimbabwe, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

We draw attention to note 21 to the financial statements which indicates that the Organisation incurred a deficit of \$522,763 (2016:\$224,213) during the year ended 31 December 2017 and as at that date, the Organisation's current liabilities exceeded its current assets by S 6,786,073 (2016:\$6,000,771). These conditions and other matters set forth in note 21 indicate the existence of a material uncertainty that may cast significant doubt about the Organisation's ability to continue operating as a going concern. Our opinion is not qualified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and our response to each matter below does not represent a separate opinion on each of these matters. In addition to the matters described in the material uncertainty relating to going concern section, we have determined the matter described below to be the key audit matter to be communicated in our report.

BDO Zimbabwe, a Zimbabwean partner ship, is a member of BDO International Limited, a UK company limited by guarantee and forms part of the international BDO Network of independent member firms.

A list of partner names is available for inspection at our registered office, No. 3 Baines Avenue, Harare.

Completeness and accuracy of revenue

The Organisation's revenue is derived from intellectual property registrations and annual maintenance fees. The fees earned are based on a number of protocols. Annual maintenance fees are also at times paid for more than one financial year and some of the revenue needs to be deferred to future years. The intellectual property registration process for applications is automated and also involves some online interface. The revenue recognition process is complex and includes judgement in determining the period in which the revenue is recognised. The completeness and accuracy of revenue was thus a key audit matter.

How our audit addressed the Key Audit Matter

We performed the following audit procedures among others with the assistance of our information systems auditors:

- Performed general application control reviews for the operating system to verify operational effectiveness of the controls.
- Performed test of controls on the revenue cycle focusing on key controls and segregation of duties in the validation of applications.
- Evaluated the Organisation's revenue recognition policy for compliance with International Public Sector Accounting Standard 9.
- Vouched applications verifying rates as promulgated in the various Protocols.
- Reviewed management's computation of deferred revenue relating to future period maintenance fees.

Responsibilities of the Administrative Council for the financial statements

The Administrative Council is responsible for the preparation and fair presentation of the financial statements in accordance with International Public Sector Accounting, and for such internal control as the Administrative Council determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Administrative Council is responsible for assessing the Organisation's ability to continue operating as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Administrative Council either intends to liquidate the Organisation or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit

evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organisation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Administrative Council' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organisation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Organisation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Administrative Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Administrative Council with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Administrative Council, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



.....
BDO Zimbabwe Chartered Accountants
3 Baines Avenue,
Harare

Gladman Sabarauta CA(Z)
Partner
Registered Public Auditor
29 August 2018

STATEMENT OF FINANCIAL POSITION

as at 31 December 2017

ASSETS	Note	2017 US\$	2016 US\$
Current assets	5	720,360	675,035
Cash and cash equivalents	6	686,194	706,379
Trade and other receivables		1,406,554	1,381,414
Non-current assets			
Investments - treasury bills	7	33,360	50,040
Intangible asset	8	3,128,318	3,575,220
Motor vehicles, furniture, equipment	9	920,641	901,338
Land and buildings	9	8,033,192	7,326,374
		12,115,511	11,852,972
Total assets		13,522,065	13,234,386
LIABILITIES			
Current liabilities			
Member States payables	10	4,220,458	2,827,712
Fees received in advance-deferred	11	2,091,362	2,545,953
Receipts from agents not allocated		367,608	283,872
Short term loan	12	710,141	1,328,659
Employee benefits	13	513,875	301,602
Other payables	14	289,183	94,387
		8,192,627	7,382,185
NET assets		5,329,438	5,852,201
RESERVES			
Revaluation reserve		1,728,060	1,728,060
Accumulated surplus fund		3,601,378	4,124,141
Total equity		5,329,438	5,852,201

29 August 2018



F. Do, Santos
Director General



H. D. Arko-Dadzie
Corporate Services Executive

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 December 2017

Revenue	Note	2017 US\$	2016 US\$
Fees from protocols		4,813,469	4,255,044
Contributions from member states		502,200	502,200
Member states contribution to reserve fund		604,800	604,800
Donation income			2,237
Other income	15	50,233	88,576
Total revenue		5,970,702	5,452,857
Expenses			
Mission and training costs		1,295,672	1,212,352
Personnel expenditure		3,653,692	3,208,636
Depreciation	9	505,329	324,976
Amortisation	8	446,902	446,902
Other operating expenses	16	591,870	484,204
Total expenses		6,493,465	5,677,070
Surplus for the year before depreciation and amortisation		429,468	547,665
Deficit for the year after depreciation and amortisation		(522,763)	(224,213)
Other comprehensive income			
Total comprehensive loss for the year		(522,763)	(224,213)

STATEMENT OF CHANGES IN RESERVES

for the year ended 31 December 2017

	Revaluation reserve US\$	Accumulated surplus US\$	Total US\$
Balance as at 1 January 2016	1,728,060	4,348,354	6,076,414
Total comprehensive loss for the year		(224,213)	(224,213)
Balance as at 31 December 2016	1,728,060	4,124,141	5,852,201
Total comprehensive loss for the year		(522,763)	(522,763)
Balance as at 31 December 2017	1,728,060	3,601,378	5,329,438

CASH FLOW STATEMENT

for the year ended 31 December 2017

	Note	2017 US\$	2016 US\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Deficit for the year		(522,763)	(224,213)
Adjusted for :			
- Property and equipment depreciation		505,329	324,976
- Amortisation		446,902	446,902
- Profit on disposal of property and equipment		(4,370)	(7,765)
- Donation income			(2,237)
- Interest income		(18,885)	(17,767)
		<u>406,213</u>	<u>519,896</u>
Non-cash movements:			
Decrease/(Increase) in trade and other receivables		20,185	(87,257)
Increase in trade payables and other payables		1,587,542	583,222
(Decrease)/Increase in fees received in advance-deferred		(454,591)	1,137,276
Increase in receipts from agents not allocated		83,736	20,270
Increase/ (Decrease) in employee benefits		212,273	(346,613)
		<u>1,855,358</u>	<u>1,826,793</u>
Net cash flows generated from operating activities		1,855,358	1,826,793
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease/(Increase) in investments		16,680	(50,040)
Interest income received		18,885	17,767
Additions to property and equipment		(1,231,450)	(82,309)
Purchase of building material			(3,667,277)
Proceeds from sale of equipment		4,370	7,765
		<u>(1,191,515)</u>	<u>(3,774,094)</u>
Net cash flows used in investing activities		(1,191,515)	(3,774,094)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease)/Increase in loans		(618,518)	1,328,659
		<u>(618,518)</u>	<u>1,328,659</u>
Net cash flows (utilised in)/generated from financing activities		(618,518)	1,328,659
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		45,325	(618,641)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		675,035	1,293,676
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	5	<u>720,360</u>	<u>675,035</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017

1. OBJECTIVES OF THE ORGANIZATION

African Regional Intellectual Property Organization (“ARIPO” or “the Organization”) was established in 1976.

The objectives of the Organization are:

- promoting the harmonisation and development of the intellectual property laws;
- fostering the establishment of a close relationship between its members in matters relating to intellectual property (“IP”) and;
- establishing such common services or organs as may be necessary or desirable for the co-ordination, harmonisation and development of the intellectual property.

ARIPO carries out a wide variety of tasks related to the protection of IP rights including working with Member States to develop IP laws; managing regional registration systems for trademarks, industrial designs and appellations of origin and a filing system for patents; providing dispute resolution services; and acting as a forum for informed debate and for the exchange of expertise.

The Organization is an inter-governmental organization established by the Lusaka Agreement signed in Lusaka, Zambia on December 9, 1976. The Organization operates and is governed according to the provisions of the Lusaka Agreement. The Membership of the Organization is open to the member states of the African Union and currently has 18 member countries.

ARIPO is governed by the following constituent bodies:

- * the Council of Ministers, which is the supreme body of the Organization, consists of Ministers of Governments of the member states;
- * the Administrative Council, which is responsible for the administration of intellectual property; and
- * the Secretariat, which reports to the Administrative Council and performs duties as delegated by the Administrative the Council.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared on an accrual and going-concern basis and the financial statements have been prepared in accordance with International Public Sector Accounting Standards (“IPSAS”).

The principal accounting policies applied in the preparation of these financial statements are set out below. The accounting policies have been consistently applied to all years presented, unless otherwise stated.

2.1 Changes in accounting policy and interpretations.

a) New standards, interpretations and amendments not yet effective

The following new standards, interpretations and amendments, which are not yet effective and have not been adopted early in these financial statements, will or may have an effect on the Organisation's future financial statements:

IPSAS 1 Preparation of financial statements: The amendments remove the reference to an "approved budget" from PBE IPSAS 1 and replace it with a reference to general purpose prospective financial statements. The amendments also clarify that, for PBEs that had published general purpose prospective financial statements, the comparison between the prospective financial statements and the "historical" financial statements for the current reporting period should be disclosed as follows: - For public sector PBEs, this comparison should be disclosed either on the face of the financial statements or in a separate statement. (Effective for periods beginning on or after 1 January 2018).

a) New standards, interpretations and amendments not yet effective (continued)
IPSAS 26 Impairment of Cash-Generating: The amendments amend IPSAS 26 Impairment of Cash-Generating Assets to include assets measured at revalued amounts under the revaluation model in PBE IPSAS 17 Property, Plant and Equipment and PBE IPSAS 31 Intangible Assets ("revalued assets"). As a result of the amendments, revalued assets are subject to the same impairment assessment requirements as assets that are measured using the cost model. However, where an impairment loss is recognised for an asset (or group of assets) that is revalued, an entity is not necessarily required to revalue the entire class of assets to which that impaired asset (or group of assets) belongs. The amendment also clarifies that for revalued assets, impairment losses and reversals thereof are accounted for in the same way as revaluation decreases and increases. (Effective for periods beginning on or after 1 January 2019).

IPSAS 39 Employee Benefits: Replaces the current standard on employee benefits, PBE IPSAS 25. PBE IPSAS 39 is based on IPSAS 39, which was issued by the IPSASB to update its standards for the amendments to IAS 19 made by the IASB during the 2011-2015 period. (Effective for periods beginning on or after 1 January 2019).

None of the new standards, interpretations and amendments, which are effective for periods beginning after 1 January 2017 and which have not been adopted early, are expected to have a material effect on the Organisation's future financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2017

2.2 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of the Organization are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The financial statements are presented in the United States of America dollar (“US\$”), which is the Organization’s functional and presentation currency.

2.3 Cash and cash equivalents

Cash and cash equivalents comprise balances with less than three months maturity from the date of acquisition, including cash on hand and demand deposits with banks.

2.4 Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method and represent amounts due from staff or customers for services performed in the ordinary course of business.

Other receivables are measured at the fair value of the consideration received or receivable, less an allowance for impairment. An allowance for impairment of other receivables is established when there is objective evidence that the Organization will not be able to collect all amounts due according to the original terms of the agreement. The amount of the allowance is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The allowance is recognised in the statement of financial performance.

2.5 Property and equipment

Motor vehicles and equipment are valued at cost less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent costs are included in the asset’s carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Organization and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of financial performance during the financial period in which they are incurred.

Land and buildings are initially recognized at cost, but are subject to revaluation to fair value by an external independent valuer. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Land is not depreciated. Property and equipment are depreciated on the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Buildings	40 years
Furniture and fittings	10 years
Computer and equipment	4 years
Motor vehicles	5 years
Software	10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. There has been no change to the estimated useful lives from those applied in the previous financial year.

2.6 Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are expensed in the period in which they are incurred.

2.7 Receipts from agents not allocated

Receipts from agents not allocated represent deposits made to the Organisation's bank account without instructions to what the payments relate to.

2.8 Employee benefits

a) *Pension obligations*

The Organization has a defined contribution plan, which is a pension plan under which the Organization pays fixed contributions to a separate entity. The Organization has no legal or constructive obligation to pay further contributions if the entity does not hold sufficient assets to pay all employees the benefits relating to the employee service in the current and prior periods.

b) *Termination benefits*

Termination benefits are payable when employment is terminated by the Organization before the normal retirement date or whenever the employee accepts voluntary redundancy in exchange for these benefits.

c) *Other benefits*

The Organization recognises provisions for the value of accumulated leave deferred at the reporting date and for gratuity payable at the reporting date.

2.9 Member State payables and other payables

The Organization collects maintenance fees on behalf of member states. The Organization holds these funds on a temporary basis until they are transferred to the Member States. These funds are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business). Other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

2.10 Revenue

Fees from protocols comprise fees charged for applications for registration of patents, trademarks and industrial designs; and annual maintenance fees for the protection of the patents, trademarks and industrial designs.

Application fees are recognised immediately when the application is received and is examined. Annual maintenance fees are recognised from the filing date of the patent application and the asset recognition criteria are met. The fees are usually paid upfront for protection for the next 12 months. Where the protection period overlaps between two financial periods, the portion relating to the following financial period is deferred for future recognition.

The distribution of fees between ARIPO Office and Member states shall be as follows:

- 5% of the application fees shall be due to the Member state in which the application is filed and 95% shall be due to ARIPO Office

- 50% of the designation fee shall be due to the designated member state and 50% shall be due to ARIPO
- 50% of the annual maintenance fee shall be due to the designated member state and 50% shall be due to the ARIPO Office.

Fees due to Member States are held in favour of the Member States and, on request, are transmitted to the Member States.

Contributions from Member States are recognized as revenue at the beginning of the financial year to which they relate.

2.11 Operating expenses

Expenses are recognised when incurred than when paid.

2.12 Taxation

The Organization's receipts and accruals are exempt from income tax in terms of paragraph 2(e) of the Third Schedule of the Zimbabwe Income Tax Act (Chapter 23:06).

3. CRITICAL JUDGEMENTS IN APPLYING THE ORGANISATION'S ACCOUNTING POLICIES

In preparing the financial statements, the Administrative Council is required to make estimates and assumptions that affect the amounts presented in the financial statements and related disclosures. Use of available information and the application of judgment is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements.

Significant judgments include:

a) Impairment testing

At the reporting date, the Organisation reviews the carrying amounts of the assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any).

The determination of value in use requires the estimation of future cash flows and a discount rate.

b) Useful lives of property and equipment

The Organisation reviews the estimated useful lives of property and equipment at the end of each reporting period considering expected physical wear and tear.

c) Going concern

The Organisation assesses the appropriateness of the going concern assumption at each statement of financial position date. The assessment requires judgmental estimates and assumptions regarding future cash flows and the discount rate used to determine the present value of cash flows.

4. FINANCIAL RISK MANAGEMENT

The Organization's activities expose it to a variety of financial risks: market risk (including price, foreign exchange and interest rate risks), credit risk and liquidity risk.

a) Market risk

(i) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Organization is not exposed to price risks as it does not hold any equity securities or commodities.

(ii) Foreign exchange risk

Foreign exchange risk arises in respect of recognised financial assets and financial liabilities that are not in the functional currency of the Organization. The Organization does not operate in any other currency apart from its functional currency and is therefore not exposed to foreign exchange risk.

(iii) Interest rate risk

Interest rate risk is the risk that the Organization will be adversely affected by the changes in the level of volatility of market interest rates. The Organization has fixed interest-bearing assets or liabilities therefore has no significant exposure to interest rate risk.

b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2017

4. FINANCIAL RISK MANAGEMENT (Continued)**b) Credit risk (Continued)**

Credit risk arises from cash and cash equivalents held at banks and accounts receivable. The Organizations receivables are mostly from its Member States, representing governments and from staff.

Therefore the risks related to credit are insignificant.

5. CASH & CASH EQUIVALENTS	2017 US\$	2016 US\$
Stanbic Bank Zimbabwe Limited	143,844	132,294
UBS AG Switzerland	524,836	457,119
Swiss Bank Reserves	79	67,686
Stanbic Bank Zimbabwe Limited Revolving Fund	19,188	9,790
CBZ Bank	31,632	4,799
Petty cash	781	3,347
	<u>720,360</u>	<u>675,035</u>
 6. TRADE AND OTHER RECEIVABLES		
Staff debtors	446,701	449,932
Member States receivables (note 6.1)	141,606	197,308
Other receivables	97,887	59,140
	<u>686,194</u>	<u>706,379</u>
 6.1 MEMBER STATES RECEIVABLES		
Arrear contributions:		
Rwanda		40,308
São Tomé & Príncipe	141,606	157,000
	<u>141,606</u>	<u>197,308</u>

The Administrative Council agreed that the fees earned should be utilised towards the Member States current contributions and the remaining amount should be utilised against the arrears of Member States. In 2011 the Administrative Council agreed to write off the balance owed by Somalia and the country will not accrue any liability until such a time the country has a substantive government.

7. SHORT TERM INVESTMENTS

Short term investments represent Government of Zimbabwe treasury bills that were given to ARIPO as compensation for foreign currency bank account balance transferred to the Reserve Bank of Zimbabwe. The treasury bills earn interest of 2% per annum.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2017

7. SHORT TERM INVESTMENTS (Continued)

Below is an analysis of the maturity profile of the treasury bills;

	2017 US\$	2016 US\$
31 December 2017		16,680
31 December 2018	16,680	16,680
31 December 2019	16,680	16,680
	<u>33,360</u>	<u>50,040</u>

8. INTANGIBLE ASSET

	US\$
Carrying amount as at 31 December 2015	<u>4,022,122</u>
Gross carrying amount - valuation	4,469,024
Accumulated amortisation	<u>(446,902)</u>
Amortisation for the year	(446,902)
Carrying amount as at 31 December 2016	<u>3,575,220</u>
Gross carrying amount - valuation	4,469,024
Accumulated amortisation	<u>(893,804)</u>
Amortisation for the year	(446,902)
Carrying amount as at 31 December 2017	<u>3,128,318</u>
Gross carrying amount - valuation	4,469,024
Accumulated amortisation	<u>(1,340,706)</u>

The Intangible asset relates to POLITE + application system, a customised Intellectual Property Rights system that was developed by the Korean International Cooperation Agency (KOICA).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2017

9. PROPERTY AND EQUIPMENT

	Land US\$	Buildings US\$	Computers & equipment US\$	Furniture and fittings US\$	Motor Vehicles US\$	TOTAL US\$
Carrying amount as at 31 December 2015	260,000	2,447,908	472,220	63,803	42,063	3,285,994
Gross carrying amount-cost/valuation	260,000	2,717,558	1,162,231	308,370	182,750	4,630,909
Accumulated depreciation		(269,650)	(690,011)	(244,567)	(140,687)	(1,344,915)
Additions at cost			34,638	44,571	3,100	82,309
Donations				2,237		2,237
Transfers from Capital work in progress		4,736,615	197,207	248,328		5,182,150
Depreciation for the year		(118,149)	(169,930)	(20,823)	(16,074)	(324,976)
Disposals at carrying amount						
Disposals at cost			(264,896)	(125,332)	(40,334)	(430,562)
Disposals accumulated depreciation			264,896	125,332	40,334	430,562
Carrying amount as at 31 December 2016	260,000	7,066,374	534,135	338,114	29,089	8,227,712
Gross carrying amount- cost/valuation	260,000	7,454,173	1,129,180	478,170	145,516	9,467,039
Accumulated depreciation		(387,799)	(595,045)	(140,056)	(116,427)	(1,239,327)
Additions at cost		917,182	175,937	138,331		1,231,450
Non cash additions						
Depreciation for the year		(210,364)	(228,952)	(46,541)	(19,472)	(505,329)
Disposals at carrying amount						
Disposals at cost			(37,620)	(5,821)		(43,441)
Disposals accumulated depreciation			37,620	5,821		43,441
Carrying amount as at 31 December 2017	260,000	7,773,192	481,120	429,904	9,617	8,953,833
Gross carrying amount-cost/valuation	260,000	8,371,355	1,267,497	610,680	145,516	10,655,048
Accumulated depreciation		(598,163)	(786,377)	(180,776)	(135,899)	(1,701,215)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2017

10. MEMBER STATES PAYABLES	2017 US\$	2016 US\$
Botswana	173,941	118,681
Gambia	389,010	432,117
Ghana	543,804	342,690
Kenya	141,367	165,143
Lesotho	1,513,283	1,323,840
Liberia	43,091	38,645
Malawi	615,702	494,480
Mozambique	94,364	68,852
Namibia	690,809	526,458
Sierra Leone	160,333	183,320
Sudan	675,023	496,066
Swaziland	1,723,533	1,502,781
Tanzania	451,446	219,606
Uganda	213,687	188,805
Zambia	113,473	130,451
Rwanda	26,846	
Zimbabwe	417,564	184,399
	<u>7,987,276</u>	<u>6,416,335</u>
Less: Member States Trust Fund bank account	<u>(3,766,818)</u>	<u>(3,588,623)</u>
	<u>4,220,458</u>	<u>2,827,712</u>

11. FEES AND MEMBER STATES CONTRIBUTIONS RECEIVED IN ADVANCE-DEFERRED

Fees received in advance		
Balance as at 1 January	1,556,709	1,408,677
Fees earned in the current period, deferred from the following periods:		
2014		(15,784)
2015	(18,323)	(1,369,177)
2016	(1,501,591)	
Fees received in current period, deferred to the following periods:		
2017		1,501,591
2018	1,645,165	31,402
2019	24,958	
Balance as at 31 December	<u>1,706,918</u>	<u>1,556,709</u>
Member States contributions received in advance		
Contributions earned	604,800	
Contributions deferred to the following financial years;		
2017		604,800
2018	384,444	384,444
	<u>384,444</u>	<u>989,244</u>
Total fees and Member States Contributions received in advance	<u>2,091,362</u>	<u>2,545,953</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2017

12. SHORT TERM LOAN

The short term loan represents funds borrowed from the employee's Provident Fund. The loan was approved by the Administrative Council at the Thirty-Ninth Council meeting in December 2015. The loan has a once off fixed interest of 5% over the period of the loan. The loan has to be repaid by 31 December 2018. Below is a reconciliation of the loan facility;

	2017 US\$	2016 US\$
Opening balance as at 1 January	1,328,659	
Additions during the year		1,270,125
Interest accrued		58,534
Repayments during the year	(618,518)	
Closing balance as at 31 December	<u>710,141</u>	<u>1,328,659</u>

13. EMPLOYEE BENEFITS

Employee benefits comprise of short-term employee benefits that include salary, allowances, grant on initial assignment, grants for the education of dependent children and paid annual leave.

The Organization has recognized liabilities for the following short-term benefits, the value of which is based on the amount payable to each staff member at the reporting date:

Accumulated leave - staff members are eligible for 30 days annual leave and may accumulate up to a maximum of 60 days leave. The Director General is eligible for 34 days annual leave and may accumulate up to a maximum of 68 days leave.

Gratuity - contract employees are eligible to an annual gratuity of 25% of their annual base salary up to a maximum of four years.

	Leave pay provision US\$	Gratuity US\$	Total US\$
Balance as at 1 January 2016	118,252	529,963	648,215
Payments made during the year	(68,726)	(490,816)	(559,542)
Provisions made during the year	(2,564)	215,493	212,929
Balance as at 31 December 2016	<u>46,962</u>	<u>254,640</u>	<u>301,602</u>
Balance as at 1 January 2017	46,962	254,640	301,602
Payments made during the year	(63,742)		(63,742)
Provisions made during the year	157,630	118,385	276,015
Balance as at 31 December 2017	<u>140,850</u>	<u>373,025</u>	<u>513,875</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2017

	2017 US\$	2016 US\$
14. OTHER PAYABLES		
Accruals	289,183	94,387
15. OTHER INCOME		
Interest income	900	2
Search request fees	10,413	10,568
Finance income		17,765
Subscription to ARIPO Journal	220	
Profit on disposal of property and equipment	4,370	7,765
RBZ Treasury Bills		50,040
Miscellaneous income	6,225	2,437
Hire of ARIPO facilities	10,120	
Staff revolving loan Interest	17,985	
	<u>50,233</u>	<u>88,576</u>
16. OTHER OPERATING EXPENSES		
Bank charges	20,028	21,278
Computer consumables	53,212	28,700
Consultancy		26,861
Electricity	37,165	46,617
Fuel and oils	22,327	19,641
Insurance	12,800	11,492
Internet, telex and emails	43,242	42,338
Office cleaning	75,741	29,024
Office stationery	33,996	27,546
Office supplies	46,418	45,712
Postage and courier	21,681	10,860
Repairs and maintenance - computer/office equipment	15,455	13,247
Repairs and maintenance - fixtures and fittings	16,009	7,305
Repairs and maintenance - land and buildings	20,169	7,064
Repairs and maintenance - motor vehicles	12,390	9,525
Security	54,726	61,665
Staff uniforms	3,726	3,715
Subscriptions and fees	6,022	7,027
Sundry expenses	45,251	39,454
Telecommunication expenses	29,473	22,120
Water and rates	22,038	3,013
	<u>591,870</u>	<u>484,204</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2017

17. RELATED PARTIES

The Organization is governed by the Administrative Council composed of representatives of all member countries. They do not receive remuneration from the Organization. The Organization is managed by a Director General and by officers (key management personnel) who are remunerated by the Organization. The aggregate remuneration paid to key management personnel includes salaries, allowances, statutory travel and other entitlements paid in accordance with the ARIPO Staff Rules and Regulations and applicable to all staff.

The Organization key management personnel are as follows:

Director General
 Director Intellectual Property
 IP Development Executive
 IP Operations Executive
 Corporate Services Executive

Their combined aggregate annual and long-term remuneration is as follows:

	2017 US\$	2016 US\$
Short-term employee benefits (annual salaries and allowances)	672,567	454,322
Medical benefits paid for the year	15,237	10,685
Long-term employee benefits (leave days accrued and gratuities due)	218,263	197,137
	906,067	662,144
17.1 Loans to key management		
Staff loans	80,702	52,181

Staff loans are extended to purchase vehicles, furniture or other requisites. Interest on loans is at 5% per annum.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2017

18. FINANCIAL INSTRUMENTS - RISK MANAGEMENT

The Organisation is exposed through its operations to the following financial risks:

1. Credit risk
2. Liquidity risk

In common with all other businesses, the Organisation is exposed to risks that arise from its use of financial instruments. This note describes the Organisation's objectives, policies and processes for managing those risks and methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Organisation's exposure to financial instrument risks.

18.1 Principal financial instruments

The principal financial instruments used by the Organisation from which financial instrument risk

- a) Trade and other receivables
- b) Cash and cash equivalents
- c) Trade and other payables
- d) Loans

18.2 Financial instruments by category

A summary of the financial instruments held by category is provided below:

	Loans and receivables 2017 US\$	Loans and receivables 2016 US\$
Trade and other receivables	686,194	706,379
Cash and cash equivalents	720,360	675,035
Investment in treasury bills	33,360	50,040
	<u>1,439,914</u>	<u>1,431,453</u>

Financial liabilities

	At amortised cost 2017 US\$	At amortised cost 2016 US\$
Member States payables	4,220,458	2,827,712
Other payables	289,183	94,387
Short term loan	710,141	1,328,659
Employee benefits	513,875	301,602
	<u>5,219,782</u>	<u>4,250,758</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2017

18. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (Cont'd)**18.3 General objectives, policies and processes**

The Administrative Council has overall responsibility for the determination of the Organisation's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Organisation's finance function. The main risks facing the Organisation are credit risk and liquidity risk.

Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and cash equivalents, trade and other receivables, trade and other payables. Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, and trade and other payables approximates their fair value.

Credit risk

Credit risk is the risk of financial loss to the Organisation if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. Financial assets which potentially subject the Organisation to concentrations of credit risk consists primarily of cash and cash equivalents and trade and other receivables. The Organisation's cash and cash equivalents are placed with high quality financial institutions. The credit risk with respect to advances and other receivables is limited to contractual obligations by debtors. The Organisation's receivables are mainly staff debtors which are recovered through the payroll and Member States receivables which are recovered through set offs. The Organisation's maximum exposure to credit risk is equal to the carrying amount of the assets.

18.1 Principal financial instruments**9. LIQUIDITY RISK**

This is the risk of insufficient liquid funds being available to cover commitments. In order to mitigate any liquidity risk that the Organisation may face, the Organisation's policy has been throughout the year ended 31 December 2017, to maintain substantial liquid reserves and to negotiate favourable payment terms with Member States.

Financial liabilities At 31 December 2017	Up to 3 months US\$	3 to 12 months US\$	12 to 24 months US\$	Total US\$
Member States payables	4,220,458			4,220,458
Other payables	289,183			289,183
Short term loan		710,141		710,141
Employee benefits		513,875		513,875
	4,509,641	1,224,016		5,733,657

At 31 December 2016

Member States payables	2,827,712			2,827,712
Other payables	94,387			94,387
Short term loan			1,328,659	1,328,659
Employee benefits		301,602		301,602
	2,922,099	301,602	1,328,659	4,552,360

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2017

20. CAPITAL EXPENDITURE COMMITMENTS

	2017 US\$	2016 US\$
Contracted for	-	-
Authorised but not contracted for	450,430	65,000
	450,430	65,000

The capital expenditure will be funded from the Organisation's own resources.

21. GOING CONCERN

The Organisation incurred a deficit of \$522,763 (2016: \$224,213) during the year ended 31 December 2017 and as at that date, the Organisation's current liabilities exceeded its current assets by S 6,786,073 (2016: \$6,000,771). These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Organisation's ability to continue operating as a going concern. Notwithstanding all the above issues, the Administrative council is confident that the Organisation is a going concern. The ability of the Organisation to continue as a going concern is dependent on support from Member States and increase in IP Rights filings. The following are mitigating factors to ensure that the Organisation will continue to operate as a going concern.

50% of the short term loan had already been paid by 30 June 2018 and will be fully paid by December 2018. A repayment strategy is being developed to clear the Member States payables by 2020 Intellectual Property rights filings and renewals have gradually been increasing. New IP rights filings increased by 12% from 2016 to 2017. IP renewals increased by 2.3% from 2016 to 2017.

Management is also in the process of analyzing the Organization's business performance and considering different options to improve the Organization's revenue.

22. EVENTS AFTER THE REPORTING DATE

There were no significant events which occurred from the reporting date to the date of approval of these financial statements.

22.1 Approval of financial statements

The financial statements were approved for issue by the Administrative Council on 29 August 2018.

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

for the year ended 31 December 2017

	Original Budget US\$	Transfers Rule 4.5 US\$	Final Budget US\$	Actual Amounts US\$	Difference: Final budget and actual US\$
REVENUE					
Fees from Protocols	5,668,033	-	5,668,033	4,813,469	(854,564)
Gross carrying amount-cost/valuation	1,107,000	-	1,107,000	1,107,000	-
Accumulated depreciation	100,000	-	100,000	50,233	(49,767)
	6,875,033	-	6,875,033	5,970,702	(904,331)
PROGRAMME TITLE					
IP Operation	32,920	-	32,920	32,837	83
IP Ecosystem for Growth	19,538	-	19,538	15,226	4,312
IP Knowledge	558,680	-	558,680	457,011	101,669
Policy and Legal	41,000	(6,922)	34,078	14,519	19,559
People and Organization Transformation	98,000	(10,000)	88,000	89,653	(1,653)
Information and Communication Technology	184,500	(10,000)	174,500	88,717	85,783
Marketing, Customer Engagement & Corp	74,000	30,000	104,000	104,022	(22)
Financial & Management Accounting	31,000	(10,000)	21,000	18,407	2,593
Internal Audit	-	-	-	-	-

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS (CONTINUED)
for the year ended 31 December 2017

RUNNING COSTS

Personnel costs	3,726,788	-	3,726,788	3,564,039	162,749
Operating Costs	445,253	6,922	452,175	591,870	(139,695)
Annual Meetings and Conferences	386,713	-	386,713	564,934	(178,221)
Capital Expenditure	280,000	-	280,000	314,267	(34,267)
TOTAL EXPENDITURE	5,878,392	-	5,878,392	5,855,502	22,890
Surplus as per actual budget statement					115,200
<u>IPSAS adjustments to deficit for the year:</u>					
Depreciation					(505,329)
Ammortisation					(446,902)
Purchase of property plant and equipment					314,268
Adjusted deficit for year per IPSAS					(522,763)

ARIPO's budget and financial statements are prepared using two different bases. The Statement of Financial Position, Statement of Financial Performance, Statement of Changes in Net Assets and Cash Flow Statement are prepared on a full accrual basis, whereas the Statement of Comparison of Budget and Actual Amounts is prepared on a modified accrual basis in accordance with ARIPO's Financial Regulations and Rules.

As required by IPSAS-24, the actual amounts presented on a comparable basis to the budget shall, where the financial statements and the budget are not prepared on a comparable basis, reconciled to the actual deficit amount presented in the Statement of Financial Performance as shown above.



ARIPO

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