



Investment Fund for the Protocol to Eliminate Illicit Trade in Tobacco Products Oversight Committee

Terms of Reference

The Protocol to Eliminate Illicit Trade in Tobacco Products (the Protocol) is the first protocol to the WHO Framework Convention on Tobacco Control (WHO FCTC), and a new international treaty in its own right.

The Investment Fund for the Protocol operates under the direction of the Meetings of the Parties (MOP), which has overall governance responsibility for the establishment of the policy and operational arrangements of the Fund. The MOP is supported by the Convention Secretariat of the WHO FCTC (which also serves as the Secretariat of the Protocol) in the implementation and monitoring of the Fund under the guidance of the MOP and its Bureau.

To ensure that the MOP and its Bureau receive all necessary information for the MOP to carry out its governance responsibilities in relation to the Fund, the Secretariat will liaise with the World Bank as the Fund Trustee, which will administer assets of the Fund in accordance with the direction of the MOP.

It is in this context that the MOP requested the Secretariat to facilitate the establishment of an Oversight Committee (OC) to provide support to the MOP and its Bureau in the governance of the Fund, with specific emphasis on the management of financial investments, liquidity, market exposure and inherent risk to the MOP.

The OC is established in accordance with terms of reference contained in the present document.

The OC, Secretariat and the Bureau shall take the necessary actions to ensure a periodic review of these terms of reference. Any proposed amendment shall be submitted to the Bureau for approval.

Purpose of the Committee

The OC serves in an advisory capacity, providing independent expert advice to the Secretariat and the Bureau. The OC will support the Secretariat in monitoring of Fund operations, managed by the Fund Trustee, specifically in the areas of investment strategy and investment policy, and to ensure that the Fund operates in accordance with decisions and direction of the MOP.

The OC aims to add value by strengthening the accountability and governance of the Investment Fund for the Protocol.

The OC shall advise the MOP, through its Bureau, and the Secretariat, as required on issues within its mandate.

Functions

The OC provides technical and financial knowledge, expertise, and experience to inform the implementation and monitoring of the Fund. In order to do so, the incoming OC will receive a comprehensive induction into the Protocol to Eliminate Illicit Trade in Tobacco Products and the particularities of its Investment Fund.

The oversight function of the OC is to provide assurance to the MOP, through its Bureau, that the investments are being managed with care, diligence, and transparency.

The specific responsibilities of the OC include reviewing the following matters for the Investment Fund for the Protocol, and providing advice to the MOP, through its Bureau, and the Secretariat, with reference to:

- the investment policy of the Fund, including changes thereto;
- asset allocation and investment strategy;
- selection of benchmarks and targets for investment returns;
- risk management of investments and portfolios;
- diversification of investments by geographic area, instrument, currency, etc.;
- performance measurement of investments;
- validation and recommendations of external parties such as investment adviser to the Fund Trustee; and

- other investment matters as may be relevant from time to time to reflect the changing needs of the Protocol and the financial market environment.

The OC advises on investment strategy rather than on individual investments. Specifically, it will:

- advise on the development and implementation of the Fund's investment strategy;
- provide advice on the maintenance of adequate liquidity and appropriate risk management;
- continuously review the appropriateness of the policies in relation to investments and the related cash flow requirements;
- review the performance of the Fund and the Fund Trustee, as well as other external parties, as may be required to provide support in the management and performance evaluation of its investments; and
- participate in the Fund's performance exercises, including meetings with the Fund Trustee together with the Secretariat, under the guidance of the Bureau.

An additional function of the OC is to undertake a review of specific investment policies and the selection of funds as chosen by the Fund Trustee to ensure their compliance with the provisions of Article 5.3 of the WHO FCTC and its Guidelines for implementation, as well as the principles of the WHO Framework on Engagement with Non-State Actors (FENSA), and measures to protect the Fund against the influence and interference by the tobacco industry and other vested interests of economic and commercial actors whose main part of business is related to the implementation of the Protocol.

Authority

The authority for the OC is derived from MOP decision FCTC/MOP/2(8), authorizing the establishment of an OC to provide support to the MOP and its Bureau in the governance of the Fund.

The MOP, its Bureau, the Secretariat, and the Fund Trustee shall have unrestricted and confidential access to the OC.

The OC, the Secretariat and the Bureau shall take the necessary actions to ensure a periodic review of these terms of reference. Any proposed amendment shall be submitted to the Bureau for approval.

The OC, as an advisory body, has no management decision-making responsibility, executive authority or other operational responsibilities.

Composition and Selection

The composition of the OC and the qualifications of its members shall be as follows:

- The OC shall consist of 6 members, appointed by the Bureau, with a representative from each World Health Organization (WHO) Region.
- Each OC Member shall be selected based on his or her qualifications and experience as a senior oversight professional or senior financial manager, with experience in global investment institutions, the United Nations System, or other international organizations.
- OC Members should have relevant financial investment experience, specifically in areas that pertain to distribution of investments in various investment markets: fixed income, equities, emerging markets, etc.
- Membership of the OC shall be balanced, as far as is practicable, in terms of gender and the public and private sector experience of each member.
- English communication skills are required. The working language of the OC will be English, and interpretation will not be available for meetings of the OC.
- One additional person from a nongovernmental organization (NGO) accredited as NGO Observers to the MOP will serve as an Observer to the OC.
- The NGO Observer should have sufficient knowledge to assess compliance with Article 5.3 of the WHO FCTC and the principles of WHO FENSA, and measures to protect the Fund against the influence and interference by the tobacco industry and other vested interests of economic and commercial actors whose main part of business is related to the implementation of the Protocol. Knowledge of or experience in financial investment and global investment institutions will be considered an asset.

- OC Members and NGO Observers will not receive any honorarium.

The process for selection of the OC Members is as follows:

- A request for expressions of interest in serving as a member of the OC will be broadly circulated by the Secretariat, with the support of the Regional Coordinators of the MOP.
- Following the deadline for submission of expressions of interest, the Secretariat will prepare a roster of potential candidates for OC membership to be further considered by a selection committee of the Bureau, which will be comprised of the President and a designated Vice-President of the MOP, as well as the Head of the Secretariat. Parties will be informed of those candidates from their jurisdiction who have been shortlisted for consideration. The Secretariat will verify with the Parties concerned to ensure that there are no concerns with the applicant's candidacy, prior to recommending that candidate to the selection committee.
- Members will be identified by the selection committee acting on behalf of the Bureau of the MOP.

The process for selection of the NGO Observer to the OC is as follows:

- A request for expressions of interest in serving as an observer to the OC will be circulated by the Secretariat to all NGO Observers to the MOP.
- Following the deadline for nominations, the Secretariat will prepare a list of potential candidates for OC Observer as nominated by NGO Observer to the MOP. Should there be more than one person nominated, the NGOs that nominated them will be invited to confer and to agree on a single nomination. The Secretariat will verify the nomination to ensure that there are no concerns with their candidacy prior to recommending the nominees to the selection committee.
- The NGO Observer will be confirmed by the selection committee acting on behalf of the Bureau of the MOP.

Recommendations of the OC

The OC will present its recommendations by consensus. OC Members may put on record any independent opinion they consider pertinent to the matter.

The Secretariat and NGO Observer will not participate in the making of recommendations. The NGO Observer may put on record any independent opinion they consider pertinent to the recommendations made by the OC Members.

The quorum for the conduct of business and adoption of recommendations at OC meetings will be 50 percent plus one of the number of OC Members.

To facilitate the deliberations of the OC, the Secretariat will provide the OC Members with relevant background information.

The Finance and Administration (FAD) team of the Secretariat will have responsibility for ensuring that the recommendations of the OC are made in accordance with the WHO Financial Regulations and Financial Rules.

The minutes of each OC meeting, including all recommendations adopted at the meeting, will be considered by the Bureau.

The OC may set up subcommittees to review matters that require more time than is available at the regular OC meetings, or which are urgent, and which need to be addressed before the next OC meeting.

Examples of the activities to be addressed by such subcommittees may include:

- meetings with the Fund Trustee, and assigned managers for presentation of fund performance reviews;
- timely reviews of the risk assessment plan and preventive risk management strategies, and recommendations on changes to the investment strategy and policies; and
- reviews of investment policies, the selection of funds and activities in compliance with Article 5.3 of the WHO FCTC, WHO FENSA, and measures to protect the Fund against the influence and interference by the tobacco industry and other vested interests of economic and

commercial actors whose main part of business is related to the implementation of the Protocol.

Conflicts of Interest

OC Members and Observers must be free of any real, potential or perceived conflicts of interest.

To this end, the Secretariat will require each OC Member and Observer to complete and sign a WHO FCTC Declaration of Interests. By completing and signing the WHO FCTC Declaration of Interests and by providing documentation confirming compliance with the provisions of Article 5.3 of the WHO FCTC, an OC Member or Observer declares that they:

- will commit to adhering to the provisions in the WHO FCTC Declaration of Interests and related Code of Conduct;
- will inform the Bureau of any links with the tobacco industry and its front groups and other vested interests, or other industries that may have direct interests in the Protocol that may give rise to an actual or perceived conflict of interest.
- acknowledge that information disclosed by him/her and contained in the form is true and complete to the best of his/her knowledge; and
- should there be any change to the disclosed information, the Member or Observer will promptly notify the Secretariat and complete a new WHO FCTC Declaration of Interests that describes the changes.

The information disclosed by a Member or Observer in the WHO FCTC Declaration of Interests will be reviewed by the Secretariat, under the guidance of the Bureau, prior to the appointment of that OC Member or Observer to determine whether they have a conflict of interest relevant to the topics to be discussed by the OC. The Secretariat may request additional information, as necessary and appropriate. Depending on the declared interests, the Secretariat, under the guidance of the Bureau, may conclude that no potential conflict exists or that the interest is irrelevant or insignificant.

Term of Office

OC Members shall be appointed for a term of three years, renewable for a second and final term of three years. In the initial year of the launch of the Fund,

arrangements will be made for one OC Member for three of the WHO Regions, who will be drawn by lot to be appointed for a term of one year, allowing for the ongoing staggered rotation of members of the OC to be appointed for a term of one year, allowing for the ongoing staggered rotation of members of the OC.

The NGO Observer of the OC will serve for a term of three years, and may be renominated by the NGO Observers to the MOP for successive three-year terms.

The Chairperson of the OC shall be selected in agreement by the OC Members for a period of two years. If the Chairperson is unable to attend the meeting, the OC Members present shall elect an acting Chairperson.

OC Members and Observers may resign their position by giving notice in writing to the President of the MOP and the Head of the Secretariat.

Administrative arrangements

The following arrangements shall apply:

- Members and Observers of the OC will provide their services pro bono.
- The OC shall meet at least two times per year through virtual means, with English being the working language of the meetings. Where circumstances require more frequent meetings, OC meetings will be scheduled quarterly, and the length of the meetings will ensure that there is sufficient time to discuss the agenda items fully.
- In at least one meeting per year, the OC will discuss and review the Investment Fund's investment policy.
- The Secretariat shall provide secretariat support to the OC, as may be required and in accordance with MOP decisions.
- The draft agenda for meetings will be circulated for comments to OC Members and the Observer at least two weeks in advance of the meeting, and the final agenda with background documentation will be made available at least one week in advance of the meeting.
- Minutes of OC meetings will be circulated to all OC Members for approval, and to the OC Observer for comment, within two to three weeks of the meeting date. The minutes will set out the recommendations made (including any independent opinions that are

not in accordance with the consensus reached) and the actions to be taken, together with target dates and timing, as applicable. The minutes will be sent to the Bureau, in consultation and with input from the Secretariat, as necessary.

- The quorum for the conduct of business and adoption of recommendations at OC meetings is 50 percent plus one of the OC Members. The OC will present its recommendations by consensus. Opinions that are not in accordance with the consensus views of OC Members will be recorded in the report.
- The Secretariat shall attend meetings of the OC. Other officials with functions relevant to the items on the agenda may likewise be invited.
- All confidential documents and information submitted to, or obtained by, the OC shall remain confidential unless otherwise determined by the Secretariat following appropriate consultation. Members and Observers of the OC shall acknowledge this obligation in writing at the time of their appointment.
- The Chair of the OC may inform the Bureau and the Secretariat at any time of any pressing issue which, in his or her view, requires attention.
- OC Members and Observers shall be held harmless in providing independent advice and will be indemnified from actions taken against them as a result of activities performed while exercising their responsibilities as OC Members and Observers, if such activities are performed in good faith, with due diligence and within the scope of these terms of reference.