

**FCTC**WHO FRAMEWORK CONVENTION
ON TOBACCO CONTROL**Conference of the Parties to the
WHO Framework Convention
on Tobacco Control**Seventh session
Delhi, India, 7–12 November 2016
Provisional agenda item 7.3**FCTC/COP/7/24**
27 July 2016**Payment of the voluntary assessed contributions and
measures to reduce Parties in arrears****Report of the Convention Secretariat****INTRODUCTION**

1. Payment of arrears of voluntary assessed contributions (VAC) has been discussed in successive sessions of the Conference of the Parties (COP) since COP4. At COP4 (Punta del Este, Uruguay, 15–20 November 2010), Parties' reporting inadvertent delays in the payment of their voluntary assessed contributions (VAC) were noted with concern and identified as hampering the timely implementation of the workplan. Parties were requested to make their VAC within the timeframe established by the COP. The Secretariat was requested to prepare and present to COP5 a report on ways and means to improve payment of VAC in accordance with Article 19 of the Charter of the United Nations¹. Though the COP noted a reduction in VAC arrears at COP5 (Seoul, Republic of Korea, 12–17 November 2012), it also noted that a substantial amount was still outstanding. Accordingly, in soliciting corrective measures, the COP mandated the Secretariat to, inter alia, draw up a report, for consideration at COP6, on the feasibility of incentives for the timely payment of VAC². At COP6 (Moscow, Russia, 13–18 October 2014), the (COP) adopted decision FCTC/COP6(21) entitled "Voluntary assessed contributions". In it the COP noted with concern that nearly one third of the Parties were in arrears for one or more biennium and that 21 of those countries had never paid a contribution. Furthermore, the COP recognized that some countries face challenges in fulfilling their financial commitments to the Convention, and that this is due to a misconception that the contributions are of a voluntary nature and thus do not merit priority. Against this background³, the COP was mindful of the need to identify the reasons for payment shortfalls and reporting deficiencies in order to strengthen commitment to the Convention. Consequently, the COP requested the Convention Secretariat to⁴:

- (a) identify the main reasons or barriers for those Parties to be in any of the above-mentioned concerns;

¹ Documents FCTC/COP/4/3, FCTC/COP/4/REC/1, FCTC/COP/4/REC/3.

² Documents FCTC/COP/5/4, FCTC/COP/5/21, FCTC/COP/5/DIV/5, FCTC/COP/5/REC/2

³ See document FCTC/COP/6/23.

⁴ Document FCTC/COP6(21)

- (b) make an appraisal of the Party based on tailor-made bilateral actions between the Convention Secretariat, under the guidance of the Bureau as appropriate, and each of the Parties identified;
- (c) submit to the Bureau the appraisal, with any additional comments or information from the Party, with a recommendation for action;
- (d) prepare, under the guidance of the Bureau, a report on the actions taken in this regard and the results achieved for the consideration of COP7.

2. In accordance with decision FCTC/COP6(21) and under the guidance of the Bureau of the COP, the Convention Secretariat has prepared this report detailing the fulfilment of its mandate, as well as identifying the main reasons and/or difficulties for Parties falling into arrears and their consequent inability to fulfil Article 26 obligations to provide financial resources for treaty implementation. Furthermore, this report contains a draft decision proposed by the Bureau for consideration by the COP in this regard.

ACTION TAKEN BY THE SECRETARIAT

- (i) The Convention Secretariat, on 16 February 2015, sent individual letters (CSF/HS/15/27) to the Ministers of Health of the Parties in arrears, with permanent missions, WHO Regional Directors (RDs) and WHO country Representative (WRs) copied in the same communication informing about the arrears in contributing to VAC;
- (ii) Subsequently, the Convention Secretariat sent, on 30 April 2015, a note verbale (CSF/NV/15/05) to permanent missions, reminding them of VAC 2014–2015 with an annex detailing those Parties in arrears;
- (iii) The Convention Secretariat engaged with most of the Parties in arrears during the 136th session of the WHO Executive Board held 26 January–3 February 2015, the 138th session of the WHO Executive Board held 25–30 January 2016 and at the 139th session of the WHO Executive Board held 30–31 May 2016; on the Sixty-eighth session of the World Health Assembly held 18–26 May 2015 and the Sixty-ninth session of the World Health Assembly held 23–28 May 2016, and shared copies of notes verbales and the VAC status table;
- (iv) The Convention Secretariat consulted the office of WHO Comptroller & Director and the Governing Bodies and External Relations department to ascertain WHO's policy on such matters. The office advised that the countries in question be contacted directly by phone. The weaknesses in WHO FCTC's VAC system were underlined by the benchmarking of WHO FCTC's implementation performance and strategy against that of WHO with regards to dealing with contributions and arrears;
- (v) The Convention Secretariat shared the status of VACs and invoices during regional meetings and needs assessment missions convened by the Convention Secretariat in the last biennium;
- (vi) The Convention Secretariat contacted the concerned Parties individually by phone, on multiple occasions, and on face to face meetings with High level officials reminding them of the need to settle their respective arrears; In these contacts, Parties received clarification on the distinction between contributions to the World Health Organization and the Convention Secretariat;
- (vii) The Convention Secretariat informed Parties twice again and individually, in Note Verbale CSF/NV/16/02 and CSF/NV/16/11, reminding them of decision FCTC/COP6(21) concerning arrears in the payment of VACs, and specifically requested that payments of arrears be made before 20 March 2016 and 10 July 2016. In addition, Parties were asked,

in the event of an inability to pay before 20 March 2016 and 10 July 2016, to provide a complete response via an attached questionnaire (see Annex 2) by the same deadline.

CURRENT STATUS OF ARREARS

3. Tables 1 provides an overview of current arrears. Of the Parties previously in arrears, 47, a majority, have now accrued additional arrears for VAC 2014–2015; furthermore, 21 of the 47 Parties have never paid their contributions since the Convention's entry into force. As of 30 June 2016, the total number of Parties in arrears stands at 82, compared with 57 as at 31 August 2015. Table 1 provides the figures for each Party individually, of the amount accrued through each of the scales of assessment, including the total amount as of 30 June 2016, the combined outstanding total of Parties through each of the scales of assessment, a sum of US\$ 973,461 as well as shows which of the concerned Parties have made efforts to settle their respective arrears. In response to Secretariat inquiries, the majority of the 82 Parties in arrears of VAC had provided no formal communication on the matter by 30 June 2016

ACTION BY THE CONFERENCE OF THE PARTIES

4. The COP is invited to consider the Bureau's proposed draft decision in Annex 1, which contains recommended measures to incentivize Parties (especially those failing to meet their financial obligations without due cause) to comply with their treaty obligations, thereby holding Parties accountable for their commitments, improving compliance and strengthening commitment to the Convention. The draft decision allows:

- (i) suspension of Parties' entitlement to voting rights;
- (ii) loss of eligibility of nationals of the Party in question to hold elected positions;
- (iii) restrictions on eligibility for certain benefits (e.g. eligibility for funding to attend meetings, to host meetings, or to participate in technical training);
- (iv) differing treatment of interest due;
- (v) adoption of plans for repayment of outstanding contributions.

5. Such measures may be adopted while retaining the current VAC system, or in conjunction with a change to assessed contributions as set out in a previous report on this matter (COP/Bureau/6/2/12). The feasibility of such measures is substantiated through their use by, inter alia, WHO Constitutional measures (under Article 7 of the Constitution). The WHO FCTC has no such mechanism in place, despite the COP's agreement to use WHO Financial Regulations and Rules (decision FCTC/COP1(9)). The application of such proven measures should foster greater engagement by Parties in meeting their obligations, as the consequences of such penalties would outweigh the potential benefits for intransigent Parties. This is in keeping with the practice of multilateral agreements and United Nations system organizations

Table 1
Parties with arrears of voluntary assessed contributions (VAC as of 30 June 2016)
as of 30 June 2016

	Parties	2006-2011		2012-2013		2014-2015		Total outstanding VAC as of 30 June 2016	Motive for non-payment
		Approved VAC ¹	Outstanding balance	Approved VAC ²	Outstanding balance	Approved VAC ³	Outstanding balance		
1	Albania	1,970	1,388	1,162	1,162	1,160	1,160	3,710	Not communicated
2	Angola	800	0	1,162	0	1,160	1,160	1,160	Not communicated
3	Antigua and Barbuda	820	0	232	232	232	232	464	Not communicated
4	Azerbaijan	1,754	1,754	1,743	1,743	4,641	4,641	8,138	Not communicated
5	Bahrain	11,083	11,083	4,531	4,531	4,525	4,525	20,139	Not communicated
6	Belize	350	0	116	0	116	116	116	Not communicated
7	Benin	474	474	348	348	348	348	1,170	Not communicated
8	Botswana	4,662	0	2,091	0	1,973	1,973	1,973	Not communicated
9	Brazil	387,545	0	187,178	0	340,438	340,438	340,438	Not communicated
10	Bulgaria	6,643	0	4,415	0	5,453	5,453	5,453	Not communicated
11	Burundi	350	0	116	0	116	116	116	Not communicated
12	Cabo Verde	350	0	116	0	116	116	116	Not communicated
13	Cambodia	474	0	348	0	464	464	464	Not communicated
14	Cameroon	2,948	0	1,278	185	1,392	1,392	1,577	Not communicated
15	Central African Republic	350	350	116	116	116	116	582	Not communicated
16	Cook Islands	350	0	116	0	116	116	116	Not communicated
17	Democratic People's Republic of Korea	2,827	2,827	813	813	696	696	4,336	Not communicated
18	Democratic Republic of the Congo	1,052	0	348	348	348	348	696	Not communicated
19	Djibouti	350	0	116	0	116	116	116	Not communicated
20	Dominica	347	0	116	116	116	116	232	Not communicated
21	Ecuador	7,065	2,380	4,648	4,648	5,105	5,105	12,133	Not communicated
22	Equatorial Guinea	702	702	930	930	1,160	1,160	2,792	Not aware of the situation
23	Fiji	1,176	0	465	0	348	348	348	Not communicated
24	France	2,176,548	0	711,417	0	648,981	54,071	54,071	Not communicated
25	Gambia	346	110	116	116	116	116	342	Not aware of the situation
26	Grenada	346	346	116	116	116	116	578	Lack documents to facilitate payment
27	Guatemala	10,976	0	3,253	3,190	3,133	3,133	6,323	Not communicated
28	Guinea	226	226	232	232	116	116	574	Not communicated
29	Guinea-Bissau	113	113	116	116	116	116	345	Not communicated
30	Iceland	12,605	12,605	4,880	4,880	3,133	3,133	20,618	Not communicated
31	Iran (Islamic Republic of)	60,281	0	27,070	27,070	41,305	41,305	68,375	Not communicated
32	Iraq	3,399	0	2,323	2,323	7,890	7,890	10,213	Lack of financial resources
33	Israel	152,918	0	44,614	0	45,946	45,946	45,946	Not communicated
34	Jamaica	3,259	0	1,627	1,627	1,276	1,276	2,903	Not communicated
35	Jordan	4,085	0	1,627	1,627	2,553	2,553	4,180	Not communicated
36	Kiribati	350	0	116	0	116	116	116	Not communicated
37	Kuwait	61,033	0	30,555	0	31,675	31,675	31,675	Not communicated
38	Kyrgyzstan	348	226	116	116	232	232	574	Not communicated
39	Lebanon	10,683	0	3,834	0	4,873	1,796	1,796	Not communicated
40	Lesotho	350	0	116	0	116	50	50	Not communicated

41	Liberia	113	113	116	116	116	116	345	Not communicated
42	Libya	30,431	0	14,987	1,319	16,475	16,475	17,794	Not communicated
43	Madagascar	826	0	348	0	348	348	348	Not communicated
44	Malaysia	68,254	0	29,394	794	32,603	0	794	Not communicated
45	Mali	474	0	348	0	464	151	151	Not communicated
46	Marshall Islands	350	0	116	0	116	116	116	Not communicated
47	Mauritania	350	0	116	116	232	232	348	Not communicated
48	Micronesia (Federated States of)	350	0	116	0	116	116	116	Not communicated
49	Nauru	350	0	116	0	116	116	116	Not communicated
50	Nepal	1,161	0	697	697	696	696	1,393	Not communicated
51	Nicaragua	454	454	348	348	348	348	1,150	Not communicated
52	Niger	350	0	232	0	232	201	201	Not communicated
53	Niue	350	0	116	0	116	116	116	Not communicated
54	Palau	350	0	116	0	116	116	116	Not communicated
55	Paraguay	2,577	0	813	813	1,160	1,160	1,973	Not communicated
56	Saint Kitts and Nevis	0	0	116	116	116	116	232	Not communicated
57	Saint Lucia	474	245	116	116	116	116	477	Not communicated
58	Saint Vincent and the Grenadines			116	116	116	116	232	Not communicated
59	Sao Tome and Principe	348	348	116	116	116	116	580	Not communicated
60	Senegal	1,527	863	697	697	696	696	2,256	Not communicated
61	Sierra Leone	113	113	116	116	116	116	345	Not communicated
62	Spain	985,476	0	369,127	0	344,964	30,960	30,960	Not communicated
63	Sudan	3,259	3,259	1,162	1,162	1,160	1,160	5,581	Not communicated
64	Suriname	113	0	348	0	464	464	464	Not communicated
65	Syrian Arab Republic	8,341	1,814	2,905	2,905	4,177	4,177	8,896	Not communicated
66	Tajikistan					348	348	348	Not communicated
67	The former Yugoslav Republic of Macedonia	1,863	1,863	813	813	928	928	3,604	Not communicated
68	Timor-Leste	350	0	116	0	232	232	232	Not communicated
69	Togo	350	0	116	42	116	116	158	Not communicated
70	Tonga	350	0	116	0	116	116	116	Not communicated
71	Trinidad and Tobago	8,849	0	5,111	0	5,105	5,105	5,105	Not communicated
72	Tunisia	0	0	3,485	3,485	4,177	4,177	7,662	Not communicated
73	Tuvalu	350	0	116	0	116	116	116	Not communicated
74	Ukraine	14,958	14,958	10,107	10,107	11,486	11,486	36,551	Not communicated
75	United Arab Emirates	97,613	0	45,427	0	69,034	69,034	69,034	Not communicated
76	United Republic of Tanzania	2,080	73	930	930	1,044	1,044	2,047	Not communicated
77	Uzbekistan			1,162	1,162	1,740	1,740	2,902	Not communicated
78	Vanuatu	350	0	116	0	116	116	116	Not communicated
79	Venezuela (Bolivarian Republic of)	66,124	0	36,481	36,481	72,747	72,747	109,228	Not communicated
80	Yemen	2,307	2,307	1,162	1,162	1,160	1,160	4,629	Not communicated
81	Zambia	226	0	465	465	696	696	1,161	Not communicated
82	Zimbabwe	0	56	0	0	232	232	288	Not communicated
	Total	4,234,478	61,050	1,573,153	120,779	1,736,636	791,632	973,461	

Annex 1

Draft Decision: Proposed by the Bureau : Voluntary Assessed Contributions (VAC)

The Conference of the Parties (COP),

Recalling decisions FCTC/COP4(22), FCTC/COP5(17) and FCTC/COP6(21);

Noting with concern that 87 Parties are in arrears, including some registering arrears for one or more biennium;

Welcoming with appreciation the overall spirit of commitment by Parties to meet their financial obligations to support the implementation of the WHO FCTC;

Emphasizing that the Voluntary Assessed Contribution (VAC) is the mandatory financial contribution of each Party to the WHO FCTC in accordance with the agreed scale of assessment, despite the customary use of the word “voluntary”

1. **URGES** the Parties to pay Voluntary Assessed Contributions in full, at the beginning of the biennium, in order to ensure adequate resources to implement the workplan and budget adopted by the COP;
2. **DECIDES** to establish the following process and methodology if a Party fails to meet its financial obligations to the Convention. The Conference of the Parties may, on such conditions as it thinks proper, consider applying the following measures:
 - (a) suspension of Parties’ entitlement to voting rights;
 - (b) loss of eligibility of nationals of the Party in question to hold elected positions;
 - (c) restrictions on eligibility for certain benefits (e.g. eligibility to obtain funding to attend meetings, to host meetings, or to participate in technical training);
 - (d) differing treatment of interest due;
 - (e) adoption of plans for repayment of outstanding contributions.
3. **DECIDES** the Conference of the Parties shall have the authority to restore such privileges and services upon a Party’s compliance with its financial obligations to the Convention;
4. **REQUEST** the Convention Secretariat to invite:
 - (a) The intergovernmental organization observers to the COP, in particular UNDP through its UN Resident Coordinators, to support the Convention Secretariat in following up with Parties to collect the voluntary assessed contributions.
 - (b) The Secretariat of the World Health Organization, in particular through its established regional and country representative office structure, to support the Convention Secretariat in following up with Parties to collect the voluntary assessed contributions
5. **REQUESTS** the Convention Secretariat:
 - (a) to communicate this decision to all Parties with arrears in payment of Voluntary Assessed Contributions (VAC)
 - (b) to report at each COP session the status of Voluntary Assessed Contributions (VAC).

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Annex 2

Reasons for non-payment of the Voluntary Assessed Contribution (VAC)

Please identify and/or state the reason(s) for the non-payment of your Party's respective Voluntary Assessed Contributions (VAC) and, if applicable, state ways in which the Convention Secretariat can support you in addressing your challenges.

1. Unaware of the situation

2. Lack documents to facilitate payment

3. Financially unable to fulfill payment

4. Disputed – please explain:

5. Other reason (s) – please state:

If applicable, state ways in which the Secretariat can support you in addressing your challenges: