

**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 7.5**FCTC/COP/7/26**
26 July 2016**Convention Secretariat's fundraising efforts and
collaborative work****Report by the Convention Secretariat****BACKGROUND**

1. More than half the activity costs (including assistance to Parties and intercountry collaborative work) in the workplans and budgets adopted by the Conference of the Parties (COP) are dependent on extrabudgetary funds. The Convention Secretariat has allocated significant time and effort to raise funds for such activities. To date, the COP has not provided guidance on how the Convention Secretariat's fundraising activities should be structured, nor has it adopted clear guidance for this work. This document and consideration of the issue by the current COP Bureau aims to move towards adoption of such a policy.
2. The Bureau, elected by the COP at its sixth session in 2014 (Moscow, Russia), at its second and third meetings (in October 2015 and April 2016, respectively), discussed opportunities to raise extrabudgetary contributions for activities in the work plan adopted by the COP, and for collaborative work amongst the Parties. These discussions were based on background materials prepared by the Convention Secretariat.
3. It should be noted that the increase in the number of Parties from 113 to 180 since the establishment of the WHO FCTC Secretariat was not followed by the corresponding increase in the assessed contributions of the Parties (US\$8 010 000 to US\$8 800 000) during the same period. Moreover, the fact that a significant percentage of activity costs budgeted in the successive COP workplans are dependent on extrabudgetary contributions, has prompted the Convention Secretariat to strengthen its fundraising efforts to seek extra budgetary contributions in order to additionally support country work on implementation of the provisions of the Convention, the recommendations of the COP guidelines and the decisions of the COP.
4. Additionally, the number of requests for assistance from the Parties, and the subsequent funding requirements, has increased significantly. Some of them relate to new challenges in implementation of the Convention faced by developed country Parties or those Parties that are in a more advanced stage in their WHO FCTC implementation work. These new challenges that were added on top of existing ones include: the need to address legal actions initiated by the tobacco industry against national regulations, the increasing recognition of the role of the treaty implementation in reaching global targets on NCDs, the inclusion of the implementation of the Convention in the new SDGs targets, and subsequently, their funding, to name only a few.

5. As such, this report aims to reflect the discussions of the Bureau and to propose three mechanisms to raise extrabudgetary funds: dedicating revenues for tobacco-control programmes (hypothecation), creation of an international fund for tobacco control and the financing dialogue. This paper also contains a draft fundraising policy for the Convention Secretariat.

DEDICATING REVENUES FOR TOBACCO CONTROL

6. In Article 26 of the Convention, Parties recognize the importance of financial resources in achieving Convention objectives. Article 26.2 calls upon each Party to “provide financial support in respect of its national activities intended to achieve the objectives of the Convention, in accordance with its national plans, priorities and programmes.” Furthermore, the guidelines for implementation of Article 6 of the WHO Framework Convention on Tobacco Control (WHO FCTC), which concern price and tax measures to reduce tobacco demand, and were adopted by the COP in 2014, allow Parties to dedicate revenue to tobacco-control programmes. The guidelines make this recommendation in relation to the revenue stemming from tobacco taxation.

7. Between 2010 and 2014, 40 Parties reported that they had, or planned to, earmark tobacco tax for tobacco control and/or other purposes in their jurisdiction¹. Parties earmark such revenues not only for tobacco-control programmes, but also to support broader health and development agendas, such as health care, education, physical activity, social security or the welfare of those involved in tobacco production. Examples of such programmes are provided in the implementation reports of the Parties.

8. The Convention Secretariat initiated a discussion with Parties dedicating tobacco taxation revenue at COP6; and followed this with a more in-depth analysis of these Parties’ experience. The outcome of this process is published in the WHO FCTC implementation database.² It was also noted by some Parties, that although such mechanisms were established by national legislation, these funds were not necessarily channeled into the activities they were designed to support.

9. In addition to the use of revenues for tobacco control within national jurisdictions, Parties could also consider, while bearing in mind Article 22 of the WHO FCTC, dedicating tobacco tax revenue to international, bilateral or multilateral tobacco control programmes, such as, for example, South-South and triangular cooperation, by providing extrabudgetary resources for the implementation of the work plan adopted by the COP. They could thereby engage with, and provide resources to, where appropriate, developing country Parties and Parties with economies in transition to strengthen their capacity to fulfill obligations arising from the Convention.

INTERNATIONAL FUND FOR TOBACCO CONTROL

10. An international fund for tobacco control, can be an option to raise funds for global implementation of the Convention. The concept³ relies on participating Parties’ decision to add, on a voluntary basis, a “micro-levy” to their existing national taxes on tobacco products and to contribute this levy to international tobacco control activities based on a solidarity principle. Alternatively, using “micro-levy” on any other products’ tax. For example, UNITAID, has raised over half of its funds in the last five years through an ‘air ticket levy’. Nine countries have implemented the air ticket levy. France, for example, from 2011-2013 pledged a yearly sum of EUR 110 million from its levy to UNITAID. These funds can be used for extrabudgetary activities of the Convention Secretariat, developing country Parties and Parties with economies in transition where resources are scarce.

¹ Survey conducted by the Convention Secretariat in July 2015 among the Parties that reported applying tobacco tax earmarking in any reports submitted in the period 2010 to 2014.

² <http://bit.ly/2a40LXL>

³ http://www.who.int/nmh/events/un_ncd_summit2011/ncds_stc.pdf

FINANCING DIALOGUE

11. The financing dialogue, a mechanism that received strong support from the Bureau, is a mechanism already used by some agencies such as WHO to gather commitments and pledges from Member States for the funding of the organization's activities. This mechanism could be adapted for the requirements of the Convention. To ensure a better match between the budgetary needs agreed by the COP in the adopted work plan and budget, and the funds available to finance their implementation, Parties might pledge contributions soon after the adoption of the work plan, especially in respect to those activities that are to be funded from extrabudgetary sources.

12. For example, two-to-three months after adoption of a work plan and budget, Permanent Missions of interested Parties might meet in Geneva for a financing dialogue at which they could confirm pledges or share at least indicative information (such as the approximate financial resources available, or the provision of human capacity through secondments) about their extrabudgetary funding for the biennium. This delay of two-to-three months after the adoption of the work plan would allow consultations within a Party and between the Permanent Missions of the Parties and their capitals. These efforts could help ensure fuller and more predictable planning by the Convention Secretariat of the work dependent on extrabudgetary contributions; it might also broaden the donor base, enhance involvement by Parties and encourage faster implementation of COP decisions.

DRAFT FUNDRAISING POLICY OF THE CONVENTION SECRETARIAT

13. The draft fundraising policy is available in the annex. It should be noted that when considering fundraising policies of the Convention Secretariat, all extrabudgetary funds received by the Convention Secretariat must be utilized according to the hosting agency financial policies and regulations and are, additionally, subject to programme support cost (PSC).

14. The Bureau of the COP considered this matter, taking into account the documentation submitted to them by the Convention Secretariat. The proposed fundraising policy of the Convention Secretariat was welcomed by the Bureau in regard to the outlined ethical principles of independence, transparency and integrity to protect the Convention Secretariat's reputation and credibility and the document was forwarded for the appreciation by the COP.

ACTION BY THE CONFERENCE OF THE PARTIES

15. The COP is invited to note the draft fundraising policy developed by the Convention Secretariat and provide further guidance on:

- whether the Convention Secretariat should aim to encourage the Parties that already dedicate resources stemming from tobacco taxation for tobacco or broader health programmes in their national jurisdictions, and to promote the utilization of part of such resources, for international tobacco control efforts in line with Article 26 of the Convention;
- whether the proposal concerning an international fund for tobacco control as described in paragraph 8, should be further considered.
- whether the financing dialogue shall be utilized as fundraising mechanisms to ensure collection of extrabudgetary funds;

Annex

DRAFT FUNDRAISING POLICY BY THE SECRETARIAT OF THE WHO FCTC

Purpose

1. This policy is intended primarily to assist the Convention Secretariat, WHO Framework Convention on Tobacco Control (WHO FCTC), in ensuring full and timely implementation of the work plan adopted by the Conference of the Parties (COP) by mobilizing the necessary funds while protecting its reputation and credibility.

Scope

2. This policy applies in its entirety to all staff of the Convention Secretariat, regardless of the type or duration of appointment, hereinafter referred to as “staff members”.

3. This policy applies to donations dedicated to the implementation of the work plans adopted by the COP, especially those dependent on extrabudgetary contributions, as well as to donations that are not earmarked for specific activities and thus could be used by the Convention Secretariat to carry out its general functions (such as communications, advocacy, promoting Convention ratification among non-Parties, technical work for which the need emerges during the implementation of particular decisions of the COP, etc.).

4. The types of contributions that could be mobilized are as follows:

- Flexible: Funds that are not dedicated for a specific activity of the work plan adopted by the COP.
- Designated: Funds that are donated to be used in a specific area of work or component/activity in the work plan

5. While the list of potential donors may include the following groups, the general principles for accepting contributions identified below shall apply:

- Parties and their governmental entities and bilateral agencies;
- United Nations (UN) organizations;
- Intergovernmental organizations (IGOs) outside the UN system;
- Nongovernmental organizations (NGOs) including but not limited to those that are accredited as observers to the COP;
- Philanthropic foundations;
- Private sector entities including associations representing commercial enterprises and foundations not at arms’ length from their commercial sponsors;
- Individuals

GENERAL PRINCIPLES

6. For the sake of transparency, anonymous donations shall not be accepted under any circumstances.

7. The Convention Secretariat maintains a discretionary right to decline a contribution without explanation.
8. The acceptance of a contribution does not constitute an endorsement by the Convention Secretariat of the donor entity, or its activities, products or services.
9. The acceptance of a contribution will not give the contributor any right to advise, influence, participate in, or direct the management or implementation of the Secretariat's operational activities.
10. Financing from donors under 5 (above) is regulated by the hosting agency Financial Rules and Regulations.

Addressing tobacco industry interference

11. Tobacco industry interference remains one of the greatest obstacles to implementation of the Convention.
12. The Convention Secretariat must act in the spirit of Article 5.3 of the Convention and its Guidelines for implementation.
13. The Convention Secretariat shall not accept funding from the tobacco industry or any entity or individual working to further the interests of the tobacco industry.

Addressing possible conflicts of interest

14. The Convention Secretariat's staff should always consider whether a proposed contribution might involve a real or perceived conflict of interest that may compromise the credibility and reputation of the staff member, the work of the Secretariat and/or the Convention.
15. The Secretariat shall ensure that each non-State actor provides all relevant information about themselves and their activities, including annual income and funding sources, and in particular its links (direct and indirect) to the tobacco industry. Thereafter the Secretariat will conduct the necessary due diligence by taking steps to find and verify relevant information on a non-State actor and to clarify its interest and objectives and what it expects in return, before a donation might be accepted.

Acknowledging contributions, donations and other support

16. In the absence of specific requirements from the donors for acknowledging contributions, contributions for outputs, outcomes and activities may be acknowledged as follows:
17. "The Secretariat of the WHO Framework Convention on Tobacco Control gratefully acknowledges the financial contribution of [donor's name] towards [description of the outcome or activity]."
18. In case of specific requirements from donors for acknowledging donations, the Secretariat should apply those requirements, provided they are in line with its internal policies. Should that not be the case, the Secretariat shall approach the donors and agree a mutually agreeable wording of acknowledgment.

19. For the sake of transparency, all contributions received by the Convention Secretariat are listed in the Financial Report and Audited Financial Statements of the hosting agency and on the website of the Secretariat.

Publicizing donations to the Convention Secretariat by the donors

20. Donors may not use the results of the Convention Secretariat's work for commercial purposes or seek publicity from the fact that they have made a donation. In no event may commercial advertisements be placed in publications of the Convention Secretariat. However, donors may make reference to donations in their corporate annual reports or similar documents, or those required under the national law or the jurisdiction where they operate.

21. The WHO FCTC's name and emblem as well as the Convention Secretariat stamp shall not be used for, or in conjunction with, commercial, promotional, marketing and advertising purposes. Any use of the name, emblem or stamp needs the explicit written authorization of the Head of the Convention Secretariat.

SPECIFIC PROVISIONS

22. Extrabudgetary contributions from Parties for activities adopted by the COP in the relevant work plan and budget bear the least conflict of interest and reputational risk.

United Nations (UN) organizations and Intergovernmental organizations outside the UN system

23. The Convention Secretariat will encourage IGOs including WHO, to support Parties in meeting the needs identified through joint needs assessments that are led by the Convention Secretariat, and other ad-hoc technical assistance that Parties may request. To promote and facilitate assistance to Parties and to coordinate joint efforts, the Convention Secretariat may co-organize, co-sponsor or participate in relevant activities or meetings primarily arranged by IGOs.

24. Extrabudgetary contributions from intergovernmental organizations (UN and non-UN) should be considered for activities adopted by the COP in the relevant work plan and budget.

Nongovernmental organizations and philanthropic foundations

25. The Convention Secretariat will encourage NGOs and philanthropic foundations to support Parties in meeting the needs identified through joint needs assessments that are led by the Convention Secretariat and other ad-hoc technical assistance that Parties may request. To promote and facilitate assistance to Parties and to coordinate joint efforts, the Convention Secretariat may co-organize, co-sponsor or participate in relevant activities or meetings primarily arranged by NGOs and philanthropic foundations.

26. The Convention Secretariat may accept funds from NGOs and philanthropic foundations, as long as the integrity, independence and reputation of the Convention Secretariat are preserved, and as long as the activities are in line with the COP adopted work plan, budget and established priorities.

Private sector entities including associations representing commercial enterprises and foundations not at arms' length from their commercial sponsors

27. Financial contributions may be accepted from private sector entities whose business is unrelated to the implementation of the WHO FCTC or the Convention Secretariat, provided they are not engaged in any activity, or have close ties with any entity, that is incompatible with the Convention Secretariat's mandate and work.

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28. The acceptance of a contribution shall not afford the contributor any privilege or advantage.
29. Under no circumstances should funds be sought or accepted from private sector entities that have a direct commercial interest in the outcome of the project towards which they would be contributing, or in the non-implementation of Convention provisions.
30. Caution should be exercised in accepting funds from private sector entities that have even an indirect interest in the outcome of the project towards which they would be contributing, or in the non-implementation of Convention provisions. Should this occur, appropriate legal advice should be sought by the Convention Secretariat, and a decision taken based on such advice.
31. Financing may not be accepted from private sector entities for activities leading to the production of guidelines for implementation of provisions in the Convention.
32. For meetings convened by the Convention Secretariat, a contribution from a private sector entity may not be accepted if it is designated to support the participation of specific invitees (including such invitees' travel and accommodation), regardless of whether such a contribution would be provided directly to the participants or channeled through the Convention Secretariat.
33. Contributions may be accepted to support the overall costs of a meeting, but receptions and similar functions by the Convention Secretariat shall not be paid for by private sector entities.
34. Financing for travel may be accepted in accordance with the Convention Secretariat's travel policy if the private sector entity is also supporting the travel and ancillary expenses of other participants in the meeting, and the risk of a conflict of interest has been duly assessed and managed.
35. Financing for travel to attend a meeting held by a third party may not be accepted from a private sector entity.
36. To ensure compliance with the above, letters requesting funds or accepting donations from private sector entities should always be drafted in consultation with the hosting agency Legal Counsel.

Operational guidelines

37. These policies are aligned with the Guidelines for implementation of Article 5.3 of the WHO FCTC and the hosting agency guidelines for responding to requests made by the tobacco industry to meet with staff.

Compliance

38. The Bureau oversees the implementation of this fundraising policy and proposes revisions to it.
39. The Bureau also oversees whether the Convention Secretariat acts in compliance with this policy. Non-compliance with this policy can include inter alia the following: use of financing of the Convention Secretariat for commercial, promotional, marketing and advertising purposes; attempts at undue influence; and misuse of the Convention's name and emblem.
40. For non-State actors, failure to comply with this policy may result in a reminder, a warning, a cease-and-desist letter, a rejection of renewal of financing and termination of financing.
41. Any donation received by the Convention Secretariat which is subsequently discovered to be noncompliant with this policy shall be returned to the donor.

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