



This document relates to item 6.3 of the provisional agenda

Sixth Session of the Conference of the Parties to the WHO Framework Convention on Tobacco Control,  
13-18 October 2014, Moscow

## FCA Policy Briefing FCTC Voluntary Assessed Contributions

### Key recommendations

- Methods of payment currently offered to Parties should be clarified.
- The COP should encourage the Convention Secretariat and WHO to coordinate and regularly remind Parties about the contributions to the FCTC budget, their due date and available methods of payment. Further positive incentives for Parties should be considered at COP6.
- COP6 should align the terminology used in the Financial Rules for the Convention and the name of the contributions requested from Parties, one option being to update the name of the contributions to “Assessed Contributions”.

### Introduction

Voluntary Assessed Contributions (VACs) represent the only predictable income for the Secretariat of the WHO Framework Convention on Tobacco Control (FCTC) to carry out the workplan agreed by the Conference of the Parties (COP). Although the name could suggest that Parties may choose to provide these payments, the COP has urged all Parties to pay their dues<sup>1</sup>.

An overview of payment of VACs by each Party to the FCTC has been regularly posted and updated on the official web site of the Convention since 2010<sup>2</sup>. As of 30 June 2014, 82 percent of all VACs were collected<sup>3</sup>. Over 120 Parties have not provided any payment for the 2014-2015 biennium and more than 20 Parties have never paid their VACs.

### Collection and payment of Voluntary Assessed Contributions (VACs)

The COP repeatedly discussed various ways of encouraging Parties to pay their contributions. At COP5, a number of Parties suggested that the term “voluntary” represents an obstacle in processing the payments. Other concerns, such as lack of clarity on the due date or means of payment, were raised.

<sup>1</sup> COP4 decision FCTC/COP4(22) on arrears in the payment of financial contributions

<sup>2</sup> At the time of writing this report, the overview was provided as of 30 June 2014 at:  
[http://www.who.int/fctc/cop/vac\\_30\\_june\\_2014.pdf?ua=1](http://www.who.int/fctc/cop/vac_30_june_2014.pdf?ua=1)

<sup>3</sup> The total amount of VACs approved between 2006 and 2015 reached US\$43,900,196. Of this amount, \$35,943,919 was collected as of 30 June 2014. This represents a collection rate of over 82%.

Consequently, COP5 adopted decision FCTC/COP5(17) requesting the Secretariat to:

1. Provide Parties with efficient methods of payment of their contributions, including through WHO country offices;
2. Ask Parties with arrears in payments to present the Secretariat with a proposal, including a time frame for settling such arrears;
3. Draw up a report on the feasibility of changing the name from Voluntary Assessed Contributions to Assessed Contributions, and other possible incentives for Parties that continue to have payments in arrears.

The report produced by the Convention Secretariat for consideration at COP6 (FCTC/COP/6/23) does not contain any information on the methods of payments that were offered to Parties. It also does not mention any coordination between the Secretariat and WHO country offices. The report, however, does mention that the Secretariat requested Parties in arrears to draw up a plan to pay their dues. According to the information provided by the Secretariat, no Party responded to this request.

In terms of the possibility of changing the name from Voluntary Assessed Contributions to Assessed Contributions, the report states that this change can be achieved through a COP decision. (There is no need to amend the text of the Convention or its Rules of procedure.) However, the report suggests that such a change will need to be accompanied by an additional administrative procedure.

Currently, 13 percent of all VACs are paid to WHO to cover administrative and logistics arrangements (also known as a Programme Support Charge). This is a standard procedure applicable to all payments received by WHO other than assessed contributions<sup>4</sup>. Should the COP introduce assessed contributions, a separate agreement would have to be signed between the Convention Secretariat and WHO to appropriately compensate WHO for its services, such as housing the Secretariat in its premises, legal services and preparation of various reports for the COP. The report FCTC/COP/6/23 does not indicate whether the compensation is likely to remain at a comparable level or will need to be adjusted.

Furthermore, while it seems that the above mentioned agreement would be critical to ensure further support of WHO to the COP and the Convention Secretariat, no details on its content and cost implications are provided. It is also not clear whether such an agreement would need to be endorsed by the COP or its Bureau.

### **Lack of clarity and rules hampers collection of any payment**

Most importantly, the report FCTC/COP/6/23 highlights the current inconsistencies between the Financial Rules of the Convention and its current practice. The WHO Financial Regulations and Financial Rules<sup>5</sup>, which were adopted by COP1 and became Financial Rules for the FCTC<sup>6</sup>, refer only to “assessed contributions” and “voluntary contributions”, but do not contain any reference or provisions for “voluntary assessed contributions”.

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<sup>4</sup> WHA resolution 34.17

<sup>5</sup> The text of the WHO Financial Regulations and Financial Rules can be found at:  
[http://apps.who.int/iris/bitstream/10665/68539/1/WHO\\_CBF\\_2003.1.pdf?ua=1](http://apps.who.int/iris/bitstream/10665/68539/1/WHO_CBF_2003.1.pdf?ua=1)

<sup>6</sup> COP1 decision FCTC/COP1(9).

It is, therefore, not clear whether any of the provisions contained in the Financial Rules, such as the due date for payments, are applicable to VACs. This lack of clarity could have significantly contributed to the unpredictable nature of payments provided by Parties.

The Framework Convention Alliance (FCA) recommends that the terminology used in the Financial Rules for the Convention and the name of the contributions requested from Parties be aligned. This can be achieved either by amending the Financial Rules to refer to VACs or by changing the name of the contributions to reflect the terminology used in the Financial Rules. Based on the discussion at the last session of the COP, removing the term “voluntary” seems to be a more practical solution which is preferred by many Parties.

### **Possible sanctions**

As mentioned in the official reports for COP5 and COP6, it is an international practice to introduce incentives to encourage countries to pay their dues. Such incentives may also include sanctions, which may result in suspension of voting privileges of Parties in arrears, loss of eligibility of nationals of a Party in arrears to become a Bureau member or restrictions on eligibility for travel support. None of these sanctions are included in the current Financial Rules of the Convention.

In the case of sanctions applicable to WHO member states, Article 7 of the WHO Constitution states that “If a Member fails to meet its financial obligations to the Organization ... the Health Assembly may ... suspend the voting privileges ... to which a Member is entitled”<sup>7</sup>. At each session, the World Health Assembly reviews the list of member states that failed to pay their assessed contributions and takes appropriate action<sup>8</sup>.

A separate decision of the COP would likely be required to introduce any sanctions that would apply to FCTC Parties. While FCA remains concerned by the number of Parties that delay their payment or have never contributed to the FCTC budget, we caution the COP not to adopt sanctions before other incentives have been exhausted.

### **Actions the COP should take**

As a first step, the COP should invite the Convention Secretariat to clarify the methods of payment which are currently offered to Parties. For example, in the case of WHO, instructions for payments, as well as invoices for assessed contributions, are posted on the WHO website<sup>9</sup>. The COP may wish to adopt a similar practice. The COP should also encourage greater cooperation and coordination between the Convention Secretariat and WHO country and regional offices in informing Parties about assessed contributions for the FCTC, their due date, and on methods for collecting these contributions.

Finally, the COP should consider aligning the terminology used in the Financial Rules of the Convention and the name of the contributions requested from Parties. Based on the views voiced by many Parties at COP5, updating the name to “Assessed Contributions” appears to be a preferable option.

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<sup>7</sup> A full text of WHO Convention is available at:

[http://www.who.int/governance/eb/who\\_constitution\\_en.pdf](http://www.who.int/governance/eb/who_constitution_en.pdf)

<sup>8</sup> During the last session of the WHA, the voting rights of Central African Republic, Comoros, Grenada, Guinea-Bissau and Somalia were suspended. More information is available in resolution WHA67.5 available at: [http://apps.who.int/gb/ebwha/pdf\\_files/WHA67/A67\\_R5-en.pdf](http://apps.who.int/gb/ebwha/pdf_files/WHA67/A67_R5-en.pdf)

<sup>9</sup> See: [http://www.who.int/about/resources\\_planning/invoices/2014\\_2015/en/](http://www.who.int/about/resources_planning/invoices/2014_2015/en/).