

## **FCA POSITION ON WHO DISCUSSION PAPER ON HOW TO REALIZE GOVERNMENTS' COMMITMENT TO PROVIDE FINANCING FOR NCDs**

As a founding member of the NCD Alliance, the Framework Convention Alliance (FCA) for Tobacco Control is supportive of their submission and offers these additional, tobacco-specific comments and responses to questions posed in the GCM Working Group's Discussion Paper.

FCA congratulates WHO on producing an interesting, well-argued and useful Discussion Paper. That said, the omission of any reference to the WHO Framework Convention on Tobacco Control (FCTC), save in relation to the Protocol to Eliminate Illicit Trade in Tobacco Products, is a major concern.

Accelerated implementation of the FCTC has been systematically recognized as a top priority for NCD prevention. The Convention sets out clear and legally-binding obligations on all Parties (currently 180) in relation to financial resources (see Annex 1). Furthermore, a considerable amount of work with regards to resource mobilization has been done – and is ongoing – under the auspices of the FCTC Conference of the Parties (COP).

FCA's response is particularly relevant to questions 5 and 6 of the Discussion Paper.

**The establishment of a GCM on NCDs is an opportunity to strengthen, not sideline, the governing body of the FCTC.**

At the sixth session of the Conference of the Parties (COP6) in October 2014, a number of important and highly relevant decisions were taken in relation to:

- Sustainable measures for FCTC implementation
- The need for effective costing tools
- Taxation of tobacco products

### ***Sustainable measures***

The fifth session of the Conference of the Parties (COP5) established a working group on sustainable measures in 2012. The working group, formed of Parties, reported its initial findings to COP6<sup>1</sup> where its mandate was extended<sup>2</sup> through 2015 and 2016, and it will report again to COP7.

<sup>1</sup> The report of the working group is available at: [http://apps.who.int/gb/fctc/PDF/cop6/FCTC\\_COP6\\_19-en.pdf](http://apps.who.int/gb/fctc/PDF/cop6/FCTC_COP6_19-en.pdf)

<sup>2</sup> Decision FCTC/COP6(17) on Sustainable Measures is available at: [http://apps.who.int/gb/fctc/PDF/cop6/FCTC\\_COP6\(17\)-en.pdf](http://apps.who.int/gb/fctc/PDF/cop6/FCTC_COP6(17)-en.pdf)



This COP6 report includes important findings that should be carefully considered by the GCM working group and reflected in its recommendations.

The challenges that Parties experience in mobilizing resources for tobacco control are outlined in para 26 of the Annex to the COP6 report and include, among others:

- difficulty in raising awareness of the health benefits of FCTC implementation and its role in reducing health-care costs;
- difficulty in prioritizing, or even including, tobacco control in development plans; other pressing health issues are prioritized in national health plans;
- resources for tobacco control from international organizations can be accessed for specific programmes but sometimes do not meet the needs of Parties.

The COP6 report also highlights that effective implementation of tobacco control measures depends on the active engagement of the health sector and other sectors of government (para 40 of the Annex).

Multi-sectoral coordination is essential for tobacco control, yet Parties face challenges in setting up functioning coordination mechanisms (UN report E/2012/70, para 38). When relevant ministries are not properly engaged, important resources for implementing tobacco control are lost: skills, knowledge, and additional staff.

### ***The need for effective costing tools***

We agree that the following data is needed for every country:

- current levels of domestic financing for NCDs
- country-level cost estimates to scale-up action on NCDs
- country-level estimates to cost inaction on NCDs

Having all three sets of data would tremendously support country-level efforts to demonstrate current capacities to tackle NCDs, the resource gap between desired and existing funding, and return on investment in tackling NCDs.

Various attempts have been made over many years to develop these datasets and to develop methodologies and tools that can be used effectively at a country level. But these efforts have been piecemeal and, so far, uncoordinated.



Ahead of the NCD Summit in 2011, FCA supported WHO in the development of a costing tool that resulted in the WHO report on best buys<sup>3</sup>. At the time, WHO reported (page 33) that country-level adaptation of the tool in selected WHO Member States would commence shortly after the NCD Summit. To the best of our knowledge, no information is available on experience in adapting the tool to the country-level context.

This was recognized by FCTC Parties at COP6 when they agreed to invite WHO, the World Bank, the United Nations Development Programme and other relevant organizations:

- i. to continue to develop comprehensive tools to cost WHO FCTC implementation and make them available to Parties to be used at country level, adapted to the national context;
- ii. to develop and make available a methodological tool to assess the economic impact of tobacco use on the disease burden and health systems, as well as other related social, environmental and economic costs affecting poverty and development, including the health and economic costs of not controlling tobacco consumption;

Moving forward, it is essential to align work to evaluate the cost of FCTC implementation and the economic impact of tobacco use with efforts to collect data on the cost of NCD interventions and the cost of failure to act on NCDs.

### ***Taxation of tobacco products***

At COP6, Parties adopted guidelines for implementation of Article 6 of the FCTC on tax and price measures<sup>4</sup>. The guidelines represent governments' consensus on what makes – and what does not make – good tobacco tax policy.

As tobacco taxation is promoted throughout the Discussion Paper, we recommend that explicit reference is made to the Article 6 guidelines and that Member States are encouraged and supported to implement these guidelines.

We also note that dedicating a portion of tobacco tax revenue to NCD prevention or control is described under both domestic and innovative financing. Further clarity as to which category WHO wishes to classify this approach under would be desirable.

The document would also benefit from clarifying the difference between “earmarking” and “surcharging”. This difference can have considerable political significance. With an earmarked tax, the

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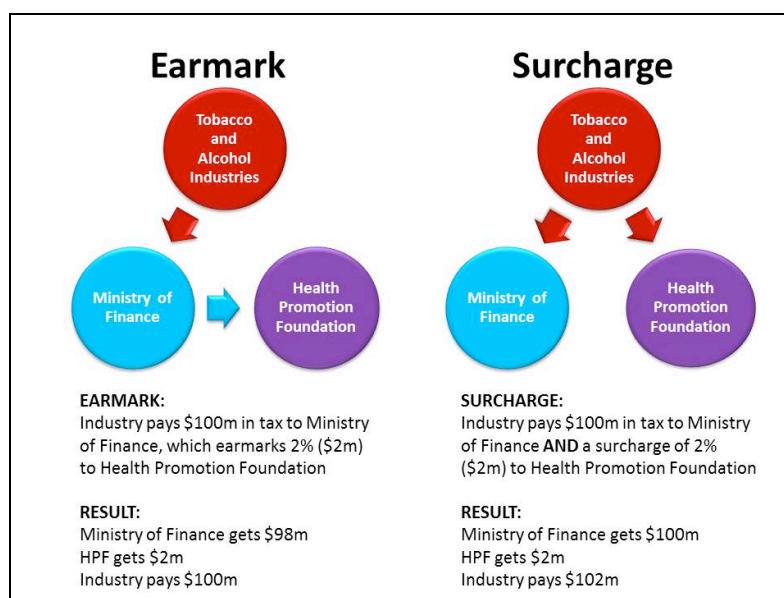
<sup>3</sup> Scaling up action on noncommunicable diseases: how much will it cost?

[http://whqlibdoc.who.int/publications/2011/9789241502313\\_eng.pdf?ua=1](http://whqlibdoc.who.int/publications/2011/9789241502313_eng.pdf?ua=1)

<sup>4</sup> COP6 Decision on Article 6 guidelines: [http://apps.who.int/gb/fctc/PDF/cop6/FCTC\\_COP6\(5\)-en.pdf](http://apps.who.int/gb/fctc/PDF/cop6/FCTC_COP6(5)-en.pdf)

tax revenue goes to the Ministry of Finance who is responsible for allocating it to the earmarked purpose. With a surcharge, the Ministry of Finance receives 100% of taxes due and the surcharge goes directly to the health entity.

In the case of ThaiHealth, for example, the health promotion foundation receives their 2% revenue every month directly from tobacco and alcohol companies:



### ***Innovative mechanisms to mobilize resources for tobacco control***

Two reports on innovative and sustainable mechanisms to mobilize resources for tobacco control were published recently. Neither of these reports is referenced in the Discussion Paper.

1. South Centre, Research Paper 54: Innovative Financing Mechanisms: Potential Sources of Financing the WHO Tobacco Convention, Sy et al. available at: [http://www.southcentre.int/wp-content/uploads/2014/09/RP54\\_Innovative-Financing-Mechanisms-rev\\_EN.pdf](http://www.southcentre.int/wp-content/uploads/2014/09/RP54_Innovative-Financing-Mechanisms-rev_EN.pdf)
2. International Union Against Tuberculosis and Lung Disease, Discussion Paper: Sustainable Funding Models for Tobacco Control available at: <http://www.theunion.org/what-we-do/publications/technical/english/Sustainable-Funding-Models-for-Tobacco-Control-a-Discussion-Paper.pdf>

While these reports may not necessarily represent FCA's views, we recommend these reports are considered by the Working Group and included in documentation for its meetings.



## Annex 1: Relevant excerpts from the [WHO Framework Convention on Tobacco Control](#)

### Article 26 on Financial resources

1. The Parties recognize the important role that financial resources play in achieving the objective of this Convention.
2. Each Party shall provide financial support in respect of its national activities intended to achieve the objective of the Convention, in accordance with its national plans, priorities and programmes.
3. Parties shall promote, as appropriate, the utilization of bilateral, regional, subregional and other multilateral channels to provide funding for the development and strengthening of WHO Framework Convention on Tobacco Control multisectoral comprehensive tobacco control programmes of developing country Parties and Parties with economies in transition. Accordingly, economically viable alternatives to tobacco production, including crop diversification should be addressed and supported in the context of nationally developed strategies of sustainable development.
4. Parties represented in relevant regional and international intergovernmental organizations, and financial and development institutions shall encourage these entities to provide financial assistance for developing country Parties and for Parties with economies in transition to assist them in meeting their obligations under the Convention, without limiting the rights of participation within these organizations.
5. The Parties agree that:
  - (a) to assist Parties in meeting their obligations under the Convention, all relevant potential and existing resources, financial, technical, or otherwise, both public and private that are available for tobacco control activities, should be mobilized and utilized for the benefit of all Parties, especially developing countries and countries with economies in transition;
  - (b) the Secretariat shall advise developing country Parties and Parties with economies in transition, upon request, on available sources of funding to facilitate the implementation of their obligations under the Convention;
  - (c) the Conference of the Parties in its first session shall review existing and potential sources and mechanisms of assistance based on a study conducted by the Secretariat and other relevant information, and consider their adequacy;
  - (d) the results of this review shall be taken into account by the Conference of the Parties in determining the necessity to enhance existing mechanisms or to establish a voluntary global fund or other appropriate financial mechanisms to channel additional financial resources, as needed, to developing country Parties and Parties with economies in transition to assist them in meeting the objectives of the Convention.



#### **Article 21 on Reporting and exchange of information**

Article 21.3 The Conference of the Parties, pursuant to Articles 22 and 26, shall consider arrangements to assist developing country Parties and Parties with economies in transition, at their request, in meeting their obligations under this Article.

#### **Article 22 on Cooperation in the scientific, technical, and legal fields and provision of related expertise**

Article 22.2 The Conference of the Parties shall promote and facilitate transfer of technical, scientific and legal expertise and technology with the financial support secured in accordance with Article 26.

#### **Article 23 on the Conference of the Parties**

Article 23.5 (e) promote and facilitate the mobilization of financial resources for the implementation of the Convention in accordance with Article 26.

