

Briefing: Workplan and budget of the Conference of the Parties

Fourth session of the Conference of the Parties to the WHO Framework Convention on Tobacco Control, 15-20 November 2010, Punta del Este, Uruguay

Recommendation

The fourth session of the Conference of the Parties to the WHO Framework Convention on Tobacco Control should decide to:

- request the continuation of efforts towards more efficient coordination between WHO's Tobacco Free Initiative and the Convention Secretariat in order to avoid duplication of efforts and to maximise the use of available resources, and request that these efforts be broadened to promote systematic inclusion of support for implementation of the Convention in the workplans of all relevant programmes, departments and offices within WHO;
- urgently call upon Parties to make extrabudgetary contributions to allow for the 2010-2011 workplan to be fully implemented, and request the Secretariat to use all available means to secure the necessary extrabudgetary funds;
- for the 2012-2013 biennium, increase voluntary assessed contributions (VACs) and commit to extrabudgetary contributions to ensure that, at a minimum, the work identified in the draft workplan presented by the Secretariat can be fully performed; and
- request Parties which have not paid due voluntary assessed contributions to provide to the Convention Secretariat, within 60 days of the conclusion of the fourth session of the Conference of the Parties, an estimate of the timing of payment.

Background

The Conference of the Parties (COP) is required by Article 23.4 of the WHO Framework Convention on Tobacco Control (FCTC) to adopt, at each ordinary session, a budget for the financial period until its next ordinary session. According to the Financial Rules of the COP, each 'financial period' is two consecutive years beginning with an even number. The fourth session of the COP (COP-4) will thus adopt a budget for the biennium 2012-2013, as well as consider the interim performance report for the 2010-2011 workplan and budget adopted by the third session of the COP (COP-3) (decision FCTC/COP3(19)).

The budget adopted by the COP is critical to its ability to perform its functions as set out in Article 23.5 of the FCTC – to 'keep under regular review the implementation of the Convention and take the decisions necessary to promote its effective implementation' – and to the ability of the Convention Secretariat to perform its central role in supporting and facilitating the effective performance of these functions, as set out in Article 24. The budget must fund essential activities including: sessions of the COP and meetings of intersessional bodies established by the COP; provision of implementation assistance to Parties, including technical assistance and support in accessing sources of funding and other forms of assistance; the implementation reporting system; and activities to facilitate cooperation between Parties in implementation, as well as awareness-raising and coordination between the Secretariat and other relevant organisations.

The Framework Convention Alliance (FCA) is deeply concerned that the 2010-2011 budget and the proposed 2012-2013 budget (document FCTC/COP/4/21) do not provide for the effective performance of the functions of the COP and the Convention Secretariat. These functions are particularly critical in the early years of the FCTC's life, during which the instruments and arrangements necessary to guide implementation in the years ahead must be put in place. Although

the COP has indicated its commitment to the performance of its functions by adopting an ambitious programme of work, the resources provided for the work programme have not matched that ambition.

In relation to a number of important tasks set for 2010-2011, the interim performance report (document FCTC/COP/4/20) indicates that 'action will be required to overcome risks related to funding'. These risks are primarily due to a core budget that is substantially lower than the amount required for the tasks requested. The portion of the budget made up of voluntary assessed contributions (VACs) (the contributions calculated for each Party according to the WHO scale of assessment, which, while formally voluntary, are expected to be paid as part of Parties' treaty membership obligations) is US\$ 8,747,727. The remaining US\$ 4,092,273 – approximately one-third – of a total budget of US\$ 12,840,000 is expected to be sourced from extrabudgetary funds. There are no means to realistically predict the level of such funds, which are sourced from fully discretionary contributions. The proposed 2012-2013 budget replicates this model, proposing two budget options, each of which relies on extrabudgetary funds for approximately one-third of the total cost of the proposed workplan.

A second serious source of concern is that even the portion of the budget made up of VACs is not, in practice, fully available for the performance of the tasks in the workplan – an increasing number of Parties are not paying, or are delaying payment, of their VACs. As of 1 July 2010: 51 Parties had still not fully paid their VACs for the 2006-2007 financial period; 67 Parties had not fully paid their VACs for the 2008-2009 financial period; and 105 Parties have not paid the due portion of their VACs for the 2010-2011 financial period¹. VACs should be a very predictable source of funding, making up the core of the COP's budget. Non-payment of VACs, in particular by Parties with high arrears, represents a serious threat to effective FCTC implementation.

The 2010-2011 workplan and budget

COP-3 decided that COP-4 would review progress with the 2010-2011 workplan and budget 'and make revisions, if necessary, in light of the availability of funds that are necessary for its full implementation' (decision FCTC/COP3(19)). COP-4 must attend to what appears to be a serious budget deficit threatening implementation of the workplan. The difference between the approved budget and the funds available has been nominally reduced from US\$ 4,092,273 to US\$ 2,700,000 by a carryover of US\$ 757,125 from the 2008-2009 budget, and implementation of 2010-2011 workplan activities to the value of US\$ 644,413 in the 2008-2009 period. However, no extrabudgetary contributions have yet been received. The Convention Secretariat's interim report indicates that '[a]n update on the status of resource mobilisation as at November 2010 will be available' at COP-4.

FCA is seriously concerned that extrabudgetary funds of US\$ 2,700,000 will not be forthcoming in time for the critical tasks requested in the workplan to be carried out. In particular, due to prioritisation of the work of the COP and its subsidiary bodies, essential work relating to implementation support and assistance is under threat. The interim performance report indicates that 'action will be required to overcome risks related to funding' in relation to the following tasks:

- support to Parties in fulfilling their reporting obligations;
- needs assessments and promotion of access to available resources and mechanisms of assistance;
- promotion of transfer of technical, scientific and legal expertise and technology;
- advice and support on compilation and communication of information on treaty matters;
- support and advice in relation to treaty measures that require a deadline;
- promotion of South-South cooperation; and
- coordination with international and regional intergovernmental organisations and bodies.

Unless significant extrabudgetary contributions are received, it may be expected that many of these tasks will not be carried out, leaving many Parties – particularly developing country Parties and Parties with economies in transition – without the support they need to implement their FCTC obligations.

¹ Performance report for the 2008-2009 workplan and budget (document FCTC/COP/4/19); Interim performance report for the 2010-2011 workplan and budget (document FCTC/COP/4/21). The Financial Regulations and Financial Rules of WHO (adopted as the Financial Rules of Procedure of the COP by decision FCTC/COP1(9)) provide that "instalments of contributions shall be due and payable as of January 1st of the year to which they relate" (Rule 6.4).

FCA commends all Parties for their contributions towards FCTC activities in previous financial periods, and strongly urges all Parties to consider making extrabudgetary contributions to allow for the 2010-2011 workplan to be implemented. COP-4 should urgently call upon Parties to make such contributions, and request the Secretariat to use all available means to secure the necessary funds.

Another serious concern in relation to the 2010-2011 workplan is the non-payment of VACs for the core approved budget. Of the total US\$ 8,747,727 expected to be received for the 2010-2011 financial period, US\$ 5,807,020 remains outstanding, with 101 Parties having made no payment at all towards their voluntary assessed contribution for the period. Added to unpaid contributions for 2010-2011 are the amounts which remain unpaid for the 2006-2007 and 2008-2009 financial periods, which the Secretariat reported at a total of US\$ 978,706 as at 31 May 2010.

FCA recognises that some Parties, especially some low income Parties, may have genuine difficulties paying their VACs. However, noting that the scale according to which the contributions are assessed is designed to take into consideration each Party's particular circumstances, and emphasising the critical importance of the COP's budget to the success of the FCTC in achieving its objective, FCA strongly urges all Parties to make best efforts to pay their VACs in full and on time. COP-4 should request Parties which have not paid due VACs to provide to the Convention Secretariat, within 60 days of the conclusion of COP-4, an estimate of the timing of payment to enable it to plan and carry out the activities in the workplan accordingly.

The 2012-2013 workplan and budget

The proposed workplan and budget for the 2012-2013 financial period replicates the 2010-2011 model. Two options are proposed, as explained in the Explanatory note of the Convention Secretariat (document FCTC/COP/4/INF.DOC./4):

- Option 1 would maintain total VACs at the same level (US\$ 8,757,000 – increased slightly to reflect the addition of new Parties – in a total budget of US\$ 13,502,000), funding existing activities and arrangements ('the next session of the Conference of the Parties, existing working groups whose mandates are expected to be prolonged, reporting arrangements under the Convention, work related to coordination with international and regional intergovernmental organisations and other bodies, and general administration and management'), but not allowing for any new activities, such as meetings of additional working groups and expert groups that may be established by COP-4;
- Option 2 would slightly increase total VACs (to US\$ 9,867,000 in a total budget of US\$ 14,612,000) to fund, in addition to existing arrangements, 'potential activities and arrangements related to treaty administration that may additionally be expected based on previous decisions and practice, such as the establishment of new working and expert groups by the Conference of the Parties and an increase over the biennium (on average by 4%) of the standard salary costs in WHO' – allowing for the establishment of two new working groups, one expert group, and awareness-raising activities by the Convention Secretariat.

Neither option would provide any core funding for implementation assistance activities (including 'needs assessments and promotion of access to available resources; support in the compilation and communication of information and in fulfilling reporting obligations under the Convention; promotion of South-South cooperation; and the transfer of expertise and technology'). Rather, these activities would be expected to be funded by US\$ 4,745,000 in extrabudgetary funds.

FCA does not consider either of the two options presented in the proposed workplan and budget to be an appropriate basis for the budget for the 2012-2013 financial period. Maintaining VACs at the same level as in 2010-2011, as proposed in option 1, would stall the development of critical foundations for effective FCTC implementation in the years ahead. This option would prevent COP-4 from taking decisions on further work on a number of important items on its agenda – including the elaboration of a protocol to eliminate illicit trade in tobacco products, measures for international cooperation to eliminate tobacco advertising, promotion and sponsorship, and work on Article 6 (Price and tax measures to reduce the demand for tobacco) and Article 19 (Liability).

The limited increase in VACs proposed in option 2 would not be sufficient to fund the required work – the funds needed for additional work on the protocol alone are estimated at a minimum of US\$ 2,100,000 (based on one negotiating session of one week), and up to US\$ 5,150,000 (based on one negotiating session of two weeks, and an extraordinary COP session of one week).

In both option 1 and option 2, the critical activities required to support implementation, particularly for developing country Parties and Parties with economies in transition – representing approximately one-third of the total costs in the budget – would again be dependent on highly unpredictable extrabudgetary funds.

The 2012-2013 budget and workplan must provide for the tasks necessary at the international level to allow Parties to achieve their common objective of protecting present and future generations from the devastating consequences of tobacco consumption and exposure to tobacco smoke. A modest increase in VACs, and a commitment to extrabudgetary contributions by those Parties with the capacity to do so, will go a long way towards effective FCTC implementation.

Coordination between the Convention Secretariat and WHO's Tobacco Free Initiative

In adopting the 2010-2011 workplan and budget, COP-3 decided 'to request more efficient coordination between WHO's Tobacco Free Initiative and the Convention Secretariat in order to avoid duplication of efforts and to maximise the use of available resources'. The interim performance report indicates that coordination has been 'strengthened through various mechanisms, such as: regular coordination meetings; coordination of activities at the country and regional levels; participation by the Tobacco Free Initiative in the activities of the 2010-2011 workplan of the Conference of the Parties, at the request of the Secretariat; and the inclusion of aspects of the 2010-2011 workplan of the Conference of the Parties in the 2010-2011 operational workplan of the Tobacco Free Initiative'.

Activities in the 2010-2011 workplan to which the Tobacco Free Initiative (TFI) has already contributed include: elaboration of a technical report on price and tax policies in relation to Article 6 of the Convention; work in relation to Articles 9 and 10 (regulation of the contents of tobacco products and tobacco product disclosures); development of a database of pictorial health warnings; preparation of a report on standardisation and harmonisation of data and data collection activities; preparation of the global summary report on progress in implementation; initial efforts to conduct needs assessments; and organisation of regional implementation workshops, as well as dissemination of implementation guidelines adopted by the COP. The Secretariat's report on its activities (document FCTC/COP/4/3) indicates that it has also 'worked and coordinated closely with WHO regional and country offices to ensure their participation and involvement'.

The Secretariat's report states that while 'good progress' has been made on synergy and coordination, 'the Secretariat will further coordinate with the Tobacco Free Initiative and other relevant WHO departments and offices with a view to broadening their role in support of the implementation of the Convention at the country, regional and global levels'. FCA supports these efforts to broaden the role of competent WHO programmes, departments and offices in supporting FCTC implementation. To ensure further progress towards consistent and coherent activities which effectively utilise the resources available to facilitate implementation of the FCTC as a whole, FCA recommends that COP-4 request the continuation of efforts towards more efficient coordination, and request that these efforts be strengthened to promote systematic inclusion of support for FCTC implementation in the workplans of all relevant programmes, departments and offices within WHO.

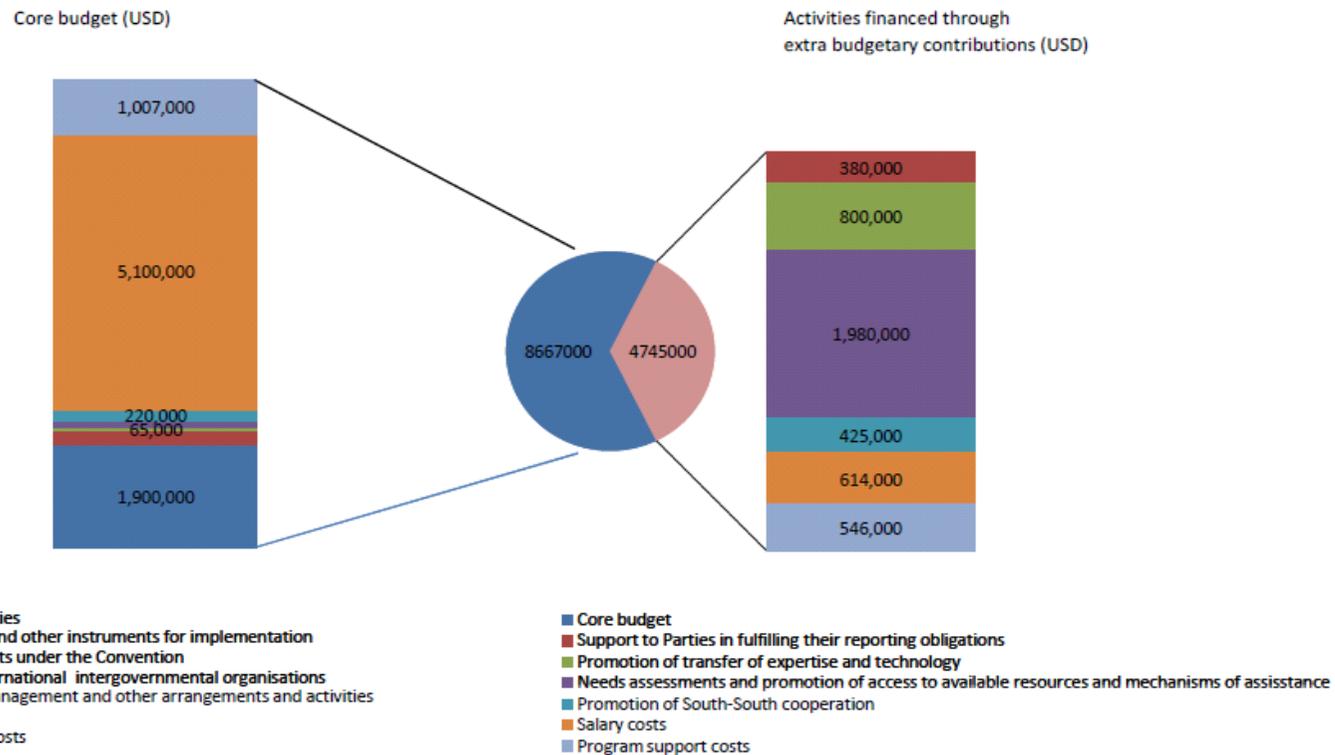


Figure 1 Option 1 budget proposal - categories of expenses

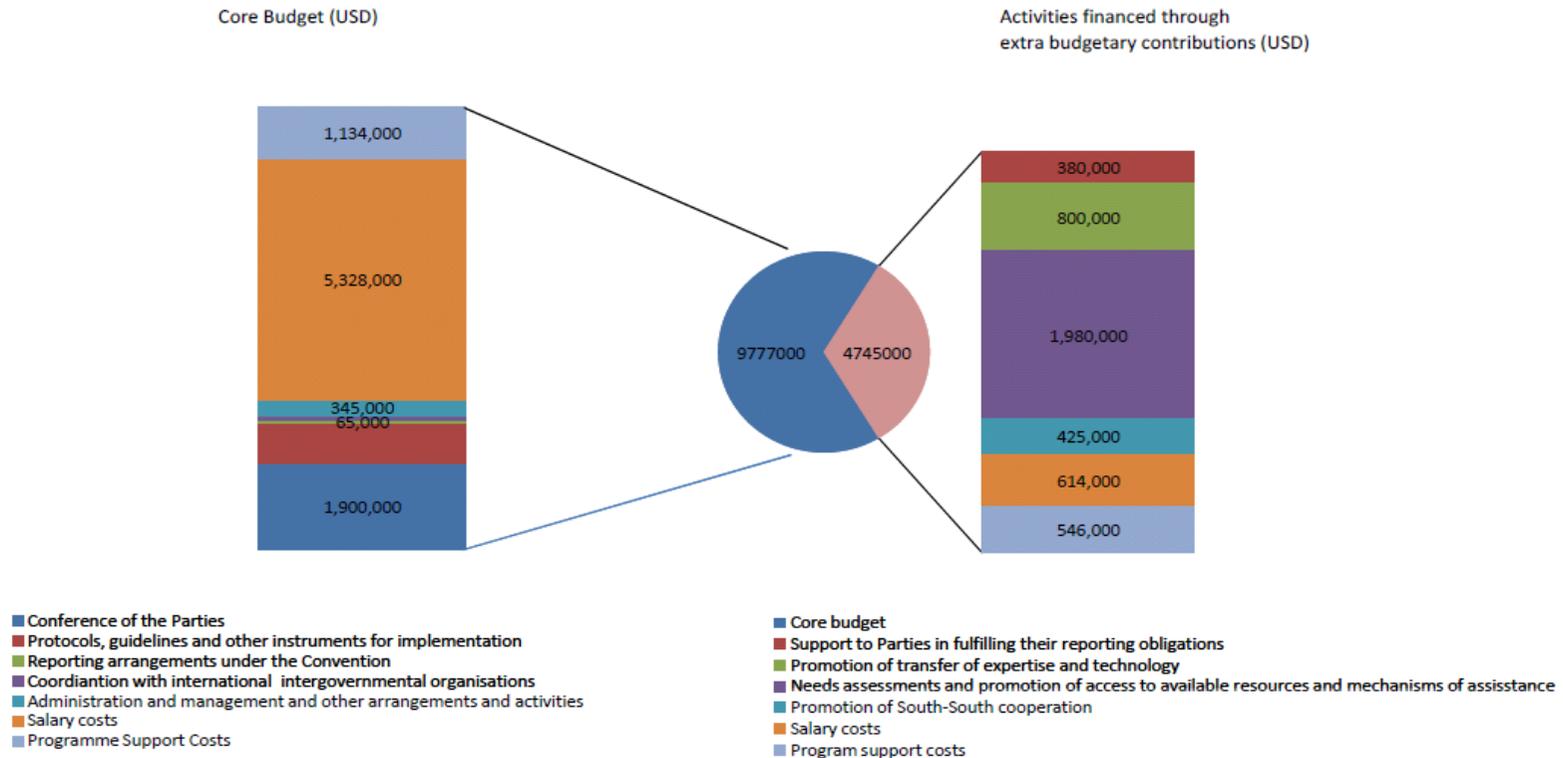


Figure 2 Option 2 budget proposal - categories of expenses