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FCA Policy Briefing
FCTC Voluntary Assessed Contributions

Key recommendations

- Collection of Voluntary Assessed Contributions, as well as efforts to secure extrabudgetary resources, should be regularly reviewed by the Conference of the Parties.
- The fifth session of the Conference of the Parties may consider introducing measures to encourage Parties in arrears to pay their contributions – incentive schemes should be implemented before punitive measures are put in place.

Introduction

Voluntary Assessed Contributions (VACs) are crucial for the operation of the WHO Framework Convention on Tobacco Control (FCTC), as they represent a predictable and vital cash flow allowing the Secretariat to carry out the workplan agreed by the Conference of the Parties (COP). Although 98 percent of the total VAC amount was collected for the past three biennia, the Framework Convention Alliance (FCA) remains concerned at the number of Parties that have never provided contributions to the FCTC budget. In FCA's view, the COP should appropriately address both the collection of VACs and measures to secure extrabudgetary contributions on a regular basis.

Voluntary Assessed Contributions (VACs)

At COP1, the system of VACs was established to ensure sufficient resources for the work of the FCTC¹. Although the text of the Convention does not contain an obligation for Parties to contribute financial resources to the FCTC², and no decision on the mandatory nature of the contributions was adopted by the COP³, Parties are expected to pay these contributions to facilitate the work of the Convention Secretariat and, correspondingly, progress on tobacco control.

Recognizing the differences in the resources possessed by Parties, a specific scale to determine the amount of their contributions is adopted at each session of the COP⁴. As a result, the most affluent Parties can pay up to hundreds of thousands of US dollars, while some developing countries are assessed as little as US\$113 biennially. The specific amount of contributions is determined according to

¹ COP1 decision FCTC/COP1(11) on Budget and workplan 2006-2007.

² See A/FCTC/COP1/5 (para 6) at: http://apps.who.int/gb/fctc/PDF/cop1/FCTC_COP1_5-en.pdf.

³ See the summary records of the proceedings of Committee B at COP4 (fourth meeting) in document FCTC/COP4/REC/3 (p.98): http://apps.who.int/gb/fctc/PDF/cop4/FCTC_COP4_REC3-en.pdf.

⁴ Decisions of past four COP session on Budget and workplan: FCTC/COP1(11), FCTC/COP2(11), FCTC/COP3(19), FCTC/COP4(20).

the level of income and population of a Party, using a methodology used broadly in the United Nations system to assess contributions.

Although the decisions of past COP sessions provide information on the amount of VACs assessed for each Party, little clarity exists on their due date⁵ or the way in which they should be collected⁶. The WHO Financial Rules and Regulations, which were adopted by COP1 and became Financial Rules and Regulations for the Convention⁷, do not provide clarity. Regulation VI of the WHO Financial Rules and Regulations deals only with the due date, installments and the payment procedure for assessed (mandatory) contributions⁸. No subsequent decision of the COP extended the provisions of such rules to the FCTC voluntary contributions.

Status of payment of VACs

The overview of payment of VACs by each Party to the FCTC has been regularly posted on the official web site of the Convention since COP4. The report prepared by the Convention Secretariat for COP5 (FCTC/COP/5/21) contains additional facts and figures on the collection of VACs since 2006. These documents provide important information and reveal several trends.

First, it is very encouraging that the overall level of arrears for the previous biennia is low, and that most VACs due by 2011 were paid by the Parties. The total amount of VACs approved between 2006 and 2011 reached \$25,650,094. Of this amount, \$25,169,989 was collected as of 15 September 2012. This represents a collection rate of more than 98 percent.

However, the flow of VAC payments remains unpredictable. Funds provided by individual Parties are received throughout the biennium for which the payments were intended, on an irregular basis. For example, as of 15 September 2012 only 77 Parties have paid their contributions for the 2012-2013 budget; 56 Parties paid their VACs in full; and 21 Parties paid part of the amount assessed.

At the same time, a significant number of Parties have never paid their contribution to the FCTC. As of 15 September 2012, 38 Parties had not provided any payment. A majority, but not all, of these countries are low- or lower-middle-income country Parties, which suggests that domestic financial constraints may be one of the reasons why Parties postpone payment of contributions for international tobacco control efforts.

Way forward

To allow the FCTC and its Secretariat to work to their full capacity, all Parties to the Convention should contribute to the budget of the FCTC. Regular reviews of measures to collect VACs and secure extrabudgetary contributions should be part of discussions at each session of the COP. In addition, FCA recommends that COP5 takes steps to encourage Parties in arrears to pay their contributions. Incentive schemes should be implemented before punitive measures are put in place. Further clarifications regarding the rules for the payment of the contributions may also be beneficial.

⁵ COP4 decision on VACs FCTC/COP4(22) urged “all Parties, mainly those which are in a position to do so, to comply with their contributions in due time”.

⁶ COP4 decision on budget FCTC/COP4(20) states: “to authorize the Convention Secretariat to request the payment of voluntary assessed contributions, including from countries that may become a Party to the Convention between the fourth and fifth sessions of the Conference of the Parties, in line with the scale of assessment as indicated in Annex 2”.

⁷ COP1 decision FCTC/COP1(9).

⁸ It’s worth noting that while the WHO Financial Rules and Procedures establish two equal annual instalments per biennium (regulation 6.1, 6.4), the Secretariat’s report seems to consider the payment of VACs due in full on 1 January of the first year of the biennium.