This document relates to item 8.5 of the provisional agenda and corresponds to document FCTC/COP/8/18

Eighth session of the Conference of the Parties to the WHO Framework Convention on Tobacco Control, 1-6 October 2018, Geneva, Switzerland

Financing a scale-up of FCTC implementation

Key Recommendations

- FCA recognizes the urgent need to raise funds for FCTC implementation and welcomes the initiative of the Convention Secretariat and its proposal to establish a WHO FCTC Investment Fund.
- FCA also supports the idea to establish a working group as proposed in Annex 1 of document FCTC/COP/8/18. However, FCA recommends that the work of this group should focus on how to address the financing gap for FCTC implementation at the national level, in addition to fundraising to cover costs relating to the Convention Secretariat’s workplan.
- In particular, the working group should develop an investment case and fundraising strategy tied to the Global Strategy to Accelerate Tobacco Control.1
  - An investment case should outline a clear rationale for investment in FCTC implementation and expected returns on investment, built around the objectives and indicators in the Global Strategy to Accelerate Tobacco Control and in line with national commitments to achieve global SDG and NCD targets.
  - An FCTC fundraising strategy might identify a range of financing sources and mechanisms, perhaps including an investment fund as one among other options.
- Since the success of the Global Strategy depends to a large extent on the finance available, FCA recommends that the working group reports to the Bureau in October 2019, so that the Convention Secretariat can make tangible progress before COP9 in 2020.

Why this is important

A lack of sustainable funding for global tobacco control has been a major impediment to implementing the FCTC. If the FCTC Global Strategy to Accelerate Tobacco Control (the ‘Global Strategy’) is adopted at COP8, a concerted effort will be required to raise substantial additional

1 The Global Strategy to Accelerate Tobacco Control is proposed for adoption at COP8 as part of discussions on provisional agenda item 7.1. The text of the Strategy can be found in Annex 2 of document FCTC/COP/8/11, available here: http://www.who.int/fctc/cop/sessions/cop8/FCTC_COP_8_11_EN.pdf
funds to support Parties’ efforts to tackle the tobacco epidemic at the national level, as well as to bolster the Secretariat’s funding to deliver on commitments in the FCTC budget and workplan.

At the same time, the Global Strategy, if adopted by COP8, can help to make strong new arguments for investment in FCTC implementation.

**The Global Financing Gap: A major barrier to FCTC implementation**

While some progress has been made over the past 12 years in turning the FCTC’s policy recommendations into practice at the national level, large gaps still remain within and between regions. Governments have consistently reported that a major obstacle to progress has been a lack of sustainable resources.

FCA recently commissioned an estimation of the size of the ‘global funding gap’ for FCTC implementation based on data from a small, regionally representative group of countries. The analysis has suggested that national per capita expenditure on domestic tobacco control policies rarely meets the levels needed to effectively scale-up policies to FCTC-compliant levels. What’s more, while a number of governments and philanthropies have in recent years made substantial investments of international assistance for tobacco control, there is still a large gap between existing domestic and international funding for tobacco control and what’s needed to fully implement the FCTC.

FCA also recognizes that the Convention Secretariat requires sustainable resources to fulfill its important coordination role and to implement the COP-endorsed commitments in its workplan. Managing extra-budgetary funds that are not aligned with the Global Strategy will increase transaction costs and distract from core priorities set out in this workplan. A pooled fund would allow for greater efficiency and strategic focus.

**Addressing the gap: developing an investment case that builds on the Global Strategy to Accelerate Tobacco Control**

The Global Strategy, which Parties are invited to adopt at COP8 (agenda item 7.1, document FCTC/COP/8/11), provides the basis for any fundraising strategy. The Global Strategy focuses on a small number of high-impact, priority interventions and sets objectives, targets and indicators that can be used to measure progress.

If adopted by the Parties at COP8, FCA recommends that the Global Strategy be translated into an investment case which could be used by the Convention Secretariat to support fundraising activities at the global level. An investment case would serve to:

- define and prioritize funding needs as identified in the Global Strategy,
- identify the financial resources that would be required to implement the strategy (including the costs of the Secretariat),
- identify all potential sources of revenue (i.e. national budgets, official development assistance, corporate taxes, taxes on consumers) and

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• determine strategies and mechanisms that could be used to raise additional revenue to close the financing gap.

Such an investment case should also demonstrate to funders the potential return on their investment, in terms of health outcomes (i.e. progress towards the Global Strategy’s target to reduce tobacco use prevalence by 30% by 2025), but also in terms of co-benefits for other health challenges and economic improvements in terms of countries’ economic productivity and progress towards commitments under the Sustainable Development Goals.

Lastly, it would also need to take into account Parties’ current levels of expenditure and financing gaps at the national level. As per the Global Strategy, this would require Parties to develop costed national plans, where these do not already exist, and improved financial reporting from Parties in order to identify and prioritize investment needs accurately.

**Strategies to raise additional revenue to meet the financing gap may include an FCTC Investment Fund with a catalytic purpose**

FCA is supportive of the concept of an Investment Fund as one possible mechanism to raise funds in line with an investment case and fundraising strategy. Such a fund could provide sustainable multi-year funding and help target scarce resources. However, to be attractive to funders, the WHO FCTC Investment Fund needs to be linked to the proposed investment case outlined above and the Global Strategy. This will provide more accountability as it will enable potential investors to better understand how their funding will be used and what the expected results will be.

The Investment Fund should also have a dual purpose: 1) to provide funds for the Convention Secretariat’s operating budget (including technical assistance and knowledge exchange activities), and 2) to provide catalytic funding for countries in line with priorities identified by the Global Strategy.

Catalytic funding would be provided to those Parties with the greatest needs for strategic investments that cannot be adequately accommodated through country budget allocations. Catalytic funding could be provided as matching funds, with payment made based on performance in priority areas. Clear criteria for applicants and transparent governance arrangements would need to be established.

Catalytic funding might also be allocated, in particular, for strengthening country capacity to implement tobacco taxes, which serve the dual purpose of reducing tobacco use prevalence while at the same time generating sustainable revenue for governments that can be reinvested in tobacco control. The outcome document of the Third International Conference on Financing for Development (the Addis Ababa Action Agenda) recognizes the potential of tobacco taxes as a revenue stream within the financing for development global framework.

Trust funds have been established under other treaties and in support of other global health issues which may provide an example for a similar mechanism under the FCTC. For example, the

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3 Catalytic funding is used in this context to describe funding that would be provided to strengthen country capacity to implement tobacco control policies, including mechanisms to mobilize sustainable domestic financing for tobacco control (i.e. tobacco taxation).

Convention on Rights of Persons with Disabilities established a Multi-Donor Trust Fund\(^5\) that provides funding for both national activities and strategic interventions at regional and international levels. It is governed by a policy board that sets an overall strategy for the use of the funds, as well as a management committee that approves specific projects for funding eligibility.

Similarly, the Global Fund to fight AIDS, tuberculosis, and malaria\(^6\) provides another model which may be worth exploring further.

Finally, FCA welcomes the recommendation that an FCTC fund could be managed by an organization like the World Bank. The World Bank, as a leading financial institution, has considerable experience in managing similar funds, as well as developing appropriate strategies for investing resources in international capital markets, and in managing financial risk\(^7\).

**Urgent action is required**

FCA supports the establishment of a working group to focus on the further development of a global financing strategy for the scale up of FCTC implementation. However, we also recommend that expert advice is sought to develop a compelling, evidence-based set of arguments for why funders should invest in FCTC implementation which are linked to the Global Strategy, should it be adopted by Parties at COP8.

This clear rationale for investment must be developed *before* such a working group considers what kinds of mechanisms could be used to mobilize and/or manage funds - the investment fund described in FCTC/COP/8/18 being one such potential mechanism.

Given the urgent need for additional financing to achieve FCTC implementation, we recommend that COP8 establish a Working Group with a clear mandate to develop an investment case and fundraising plan based on the Global Strategy, if it is adopted by COP8.

This Working Group should report on progress to the COP Bureau in 2019 with a view to ensuring that tangible progress is made before the 9\(^{th}\) Meeting of the Conference of Parties in 2020.

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\(^{5}\) UN Partnership to promote the Rights of Persons with Disabilities Multi-Donor Trust Fund (UNPRD MDTF), see also: [http://mptf.undp.org/factsheet/fund/RPD00](http://mptf.undp.org/factsheet/fund/RPD00)

\(^{6}\) [https://www.theglobalfund.org/en/overview/](https://www.theglobalfund.org/en/overview/)