

POLICY BRIEFING

This document relates to item 6.4 of the provisional COP agenda and corresponds to documents FCTC/COP/9/15 and FCTC/COP/9/INF.DOC./2

This document also relates to item 6.4 of the provisional MOP agenda and corresponds to documents FCTC/MOP/2/12 and FCTC/MOP/2/INF.DOC/2

Ninth session of the Conference of the Parties to the WHO Framework Convention on Tobacco Control, 8-13 November 2021

Second session of the Meeting of the Parties to the Protocol to Eliminate Illicit Trade in Tobacco Products, 15-18 November 2021

Investment Fund Concept

Key Recommendations

- FCA welcomes the proposal of investment funds for COP and MOP to address their respective budget constraints.
- The proposed oversight committees to support monitoring and implementation of the investment funds would benefit greatly from the inclusion of civil society observers to the COP and the MOP.
- It is critically important that sources of Party revenue contributed to the investment funds are in addition to their Assessed Contributions and any Extrabudgetary Funds provided.
- FCA recognises that an investment fund could be used to enable the Convention Secretariat to provide additional national-level technical implementation assistance. However, there remains a significant funding gap in national-level FCTC implementation. Moving forward, FCA would recommend the Secretariat continue to explore sustainable funding mechanisms to respond to the gaps in financial resources for FCTC implementation, particularly in Low- and Middle-Income Country Parties.

Why this is important

FCA recognises that the Convention Secretariat requires sustainable resources to fulfill its important coordination role and to implement both the COP and MOP workplans. The need for the Secretariat to consider various fundraising options to acquire sustainable sources of funding, including the possibility of an international fund for tobacco control, was made clear in Decision [FCTC/COP7\(25\)](#). The decision to pursue an investment fund as a third revenue stream in line with Decision [FCTC/COP8\(5\)](#), to complement existing resources from Assessed Contributions and Extrabudgetary Funds, is a welcome proposal for COP and MOP to address their respective budget constraints.

FCA also welcomes the recommendation that an FCTC fund would be managed by 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.

Turning the proposals into action

In light of the Convention Secretariat's need for sustainable resources, FCA recognises the importance of launching the investment funds at COP9 and MOP2 with the Convention Secretariat working with the WHO and the World Bank to establish the necessary legal and administrative arrangements.

When working out the details to turn this proposal into action, FCA notes the value in seeing greater detail on the composition and proposed functioning of the oversight committees for each of the investment funds. The functioning of such committees will be greatly impacted by their membership; the oversight committees to support of the monitoring and implementation of the investment funds would benefit greatly from the inclusion of civil society observers to the COP and the MOP.

The global funding gap: A major barrier to FCTC implementation

A lack of sustainable funding for global tobacco control has been a major impediment to implementing the FCTC. While some progress has been made over the past 15 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. Investment funds for the Convention Secretariat would be one step towards addressing that problem, as they could fund technical assistance activities in the COP and MOP workplans that would assist Parties with national-level implementation, but Parties and other stakeholders need significantly greater levels of resources to address the global funding gap. Rough estimates suggest a gap of US\$27B between existing domestic and international resources and those required to achieve a global scale-up of the treaty's demand-reduction measures.¹

Moving forward, FCA would recommend the Secretariat continue to explore sustainable funding mechanisms to respond to the gaps in financial resources for FCTC implementation, particularly in Low- and Middle-Income Country Parties, in line with *Global Strategy* Specific objective 3.2.3 to mobilise sustainable resources for tobacco control. This could include working with partners to explore global pooled funding mechanisms like vertical funds and multi-donor trust funds; examples under other treaties and in support of other global health issues could provide examples for a similar mechanism for global tobacco control.

This could also include a focus on strengthening national-level resource mobilisation systems within Parties. In line with the *Global Strategy* and also with the [Addis Ababa Action Agenda](#), strengthening domestic tobacco taxation systems should also be prioritised as a source of revenue. Further, pairing increased tobacco tax revenue with costed national plans, another *Global Strategy* priority, represents a valuable opportunity to strengthen FCTC implementation across Parties. In line with Article 22 of the WHO FCTC and with document [FCTC/COP/7/26](#), High Income Country Parties could also consider dedicating tobacco tax revenue to international, bilateral, or multilateral tobacco control programmes in order to engage with and provide resources to Low- and Middle-Income Country Parties to strengthen their capacity to fulfill FCTC obligations.

¹ Research Triangle Institute. *International financing gap to implement demand reducing tobacco control strategies in WHO FCTC countries*. Ottawa: Framework Convention Alliance, 2018.

Relatedly, FCA looks forward to seeing the development of an indicator that measures the gap in global funding for WHO FCTC implementation to be developed as one of the indicators under Strategic Objective 3.1 of the Global Strategy. Understanding the scale of the problem can help in determining effective solutions.