

Report Primer

Options for Sustainable Funding Mechanisms for FCTC Implementation

Executive summary

The World Health Organization Framework Convention on Tobacco Control (WHO FCTC) is a global health treaty that provides a legally binding framework for global action on the tobacco epidemic. In 2003, it was unanimously adopted by the World Health Assembly and currently covers over 90 percent of the global population in 182 Parties to the Convention.

Despite the wide adoption of the WHO FCTC, tobacco consumption claims 8 million lives each year. Full implementation of the series of evidence-based tobacco control measures contained in the WHO FCTC and its Guidelines would go a long way towards drastically reducing that number but numerous barriers to progress exist. One of the more significant barriers is the chronic lack of funding. Based on recent analyses conducted by FCA and the Research Triangle Institute International, there is a funding shortfall of approximately US\$27.4 billion for global tobacco control. This figure represents the gap between the domestic and international funding that is currently allocated to tobacco control efforts and an estimation of the funding that would be needed to scale-up tobacco policies and programmes to levels recommended in the WHO FCTC (RTI, 2018)¹.

A wide variety of funding instruments exist that could be better employed to address the global funding gap. The Options for Sustainable Funding Mechanisms for WHO FCTC Implementation report examines funding instruments that have been used for other international issues, including an assessment of the positive and negative aspects of each mechanism. This assessment includes an outline of the challenges to fully funded WHO FCTC implementation and matches existing instruments with how well they address the various challenges. Finally, recommendations are provided for how best to proceed, based on the data derived from desk research and interviews with key stakeholders.

About the report

The report outlines several approaches and is broken down into four sections, creating an evidence-based narrative. Out of the options explored, two key funding approaches are recommended: domestic public resources and a pooled funding mechanism.

The report was co-authored with researchers from the Overseas Development Institute and supports the adoption of the decision at COP9 to adopt a WHO FCTC Investment Fund.

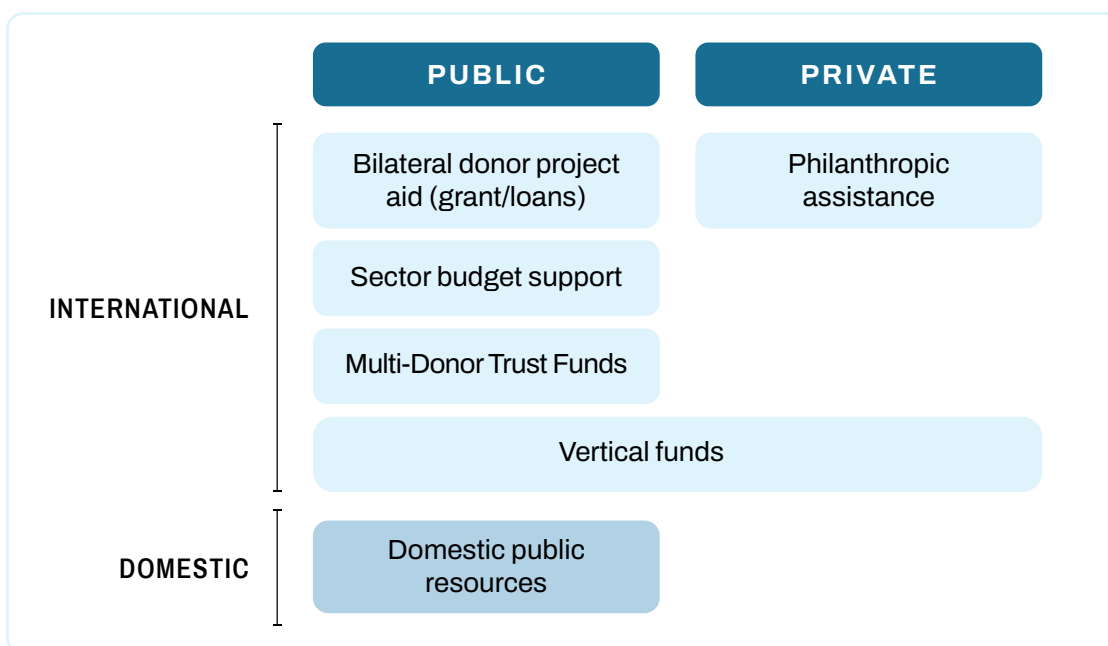
¹ Research Triangle Institute International (2018) 'Financing Gap to Implement Demand Reducing Tobacco Control Strategies in WHO FCTC Countries. Available at: https://www.fctc.org/wp-content/uploads/2019/02/FCTC-Funding-Gap-Report_9_18.pdf

The report and funding options explored within should be considered separate but complementary to the Investment Fund adopted at COP9. The Investment Fund is a tool to generate US\$2 million a year for the FCTC Convention Secretariat, where as the funding mechanisms outlined in this report would focus more on resources for FCTC implementation by the Parties. That is why the proposed fund in the report is much larger in size than the FCTC Investment Fund given the approximate US\$27.4 billion funding shortfall for global tobacco control. In essence, this report is designed to further the conversation and inform the direction the tobacco control community should take towards closing the global funding gap.

Four key sections of the report

1. Funding sources and mechanisms: trends, strengths and weaknesses

The report starts with a review of existing funding mechanisms that could be used to address the global tobacco control funding gap. These include:



Each option is described in detail and assessed for their key strengths and weaknesses. For example, one of the strengths of bilateral aid is that it can be provided at either no or low cost via grants or loans respectively. Bilateral aid packages often include not only financial resources but also technical assistance to strengthen national capacity in the recipient country. On the other hand, bilateral aid

often has conditions attached to the funds, which reflect donor interests as opposed to recipient interests or needs, highlighting a potential weakness.

Each of the funding options are explored in detail and used to build the analytical base for the following section of the report that focuses on the challenges related to FCTC implementation funding and the instruments to address them.

2. Challenges for funding FCTC implementation and assessment of the funding instruments' ability to address them

This section of the report lays out the main challenges to funding WHO FCTC implementation, derived from a combination of literature review and interviews with key informants. These challenges include, for example, lack of policy coherence within governments and a lack of implementation capacity in countries (both lack of human resources and lack of expert capacity). Each funding mechanism outlined in the Funding sources and mechanisms section, is then assessed for its ability to address the funding challenges. The report goes into significant detail in its assessment and uses a traffic light scoring system as way to measure the impact or effectiveness of the mechanism to address the challenge. Below is a high-level summary of the main findings:

TABLE 3. SUMMARY OF MAIN FINDINGS: CHALLENGES AND INSTRUMENTS

		Challenges				
		Capacity	Awareness	Predictability & Sustainability of Funding	Focus & Prioritisation	Policy coherence & coordination
Instruments	ODA grants	HIGH	MIXED	LOW	MIXED	MIXED
	ODA loans	MIXED	MIXED	MIXED	MIXED	MIXED
	Sector budget support	HIGH	HIGH	MIXED	MIXED	LOW
	Multi-donor trust funds	HIGH	HIGH	MIXED	MIXED	HIGH
	Vertical funds	LOW	HIGH	HIGH	HIGH	MIXED
	Philanthropic assistance	MIXED	MIXED	MIXED	LOW	LOW
	Domestic public resources	MIXED	MIXED	HIGH	MIXED	HIGH

The assessment concludes by suggesting that combining and taking advantage of more than one funding mechanism at the same time may be an ideal approach to addressing the unique challenges that come with funding FCTC implementation. Essentially the funding instruments do not need to be used in isolation. As such, the assessment suggests a combination of pooled funds (either through multi-donor trust funds or vertical funds) together with domestic public resources could be a model to help address the global funding gap for tobacco control.

3. Pooled funding mechanisms — a closer look

To guide the reports' recommendations, five pooled funds were evaluated and examined. The five examples were drawn from other international treaties, including: the Basel Convention, the Convention on Rights of Persons with Disabilities, the Montreal Protocol, UNFCCC, and the World Heritage Convention.

The funds were selected using a diverse case selection strategy for illustrative cases, based on the range they offered according to the key governance and financial features central to pooled fund mechanisms. The five examples were assessed according to how they are structured and governed, how they collect and hold resources, and how the resources are disbursed.

The assessment of the five pooled funding models in this section were used as the foundation to develop the report's recommendations.

4. Recommendations

Domestic public resource mobilisation

The key recommendation for domestic resource mobilisation related to tobacco control is taxation, which has been established as one of the most effective demand-reduction policies in the tobacco control toolkit. Our specific recommendations include:

- Increase tax levels on tobacco products and use the revenue to fund tobacco control programmes and other health care initiatives, at least in part; and
- Improve coordination between the ministries for health, budget, and taxation. All three need to be part of the conversation to ensure that tobacco tax revenue is collected and then spent under the correct sections of the national budget.

Pooled funding mechanism

The key recommendations, based on the analysis done in the previous sections of the report are as follows:

What it is used to fund	WHO FCTC implementation in developing country Parties
Who makes decisions	Committee structure, with representation from developing and developed country Parties
Application process	Formal call for proposals, requiring in-country consultations
Who holds the fund	World Bank
How funds are collected	Voluntary contributions, with no set amount or frequency
Who pays into the fund	Parties (primarily developing countries), with potential for international, non-governmental, and philanthropic organisations
How funds are disbursed	Provided to Parties and partner organisations

In addition to the recommendations in the chart above, the report also indicates three further points to take into consideration when designing a fund:

- Consider which type of pooled funding mechanism (multi-donor trust fund or vertical fund) would best fit the purpose;
- Limit earmarked contributions;
- Determine reporting requirements up front.

Final thoughts

Developing a pooled investment fund to support FCTC implementation could be instrumental in accelerating tobacco control efforts globally. As outlined in the report, there is much to consider when establishing a fund, especially when looking to create one that meets the unique needs of FCTC implementation. What we know is there is a funding shortfall of approximately US\$27.4 billion for global tobacco control and immediate steps need to be taken to address the funding gap.

The Framework Convention Alliance's goal in publishing this report is to help provide a framework and foundation to help generate further conversation around establishing a global fund for FCTC implementation by the Parties. We look forward to the conversations this report will generate and to working alongside our tobacco control partners as we continue to explore options and solutions that will help address the global tobacco control funding gap.

For more information, [please read our full-report.](#)



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