



WHO FRAMEWORK CONVENTION
ON TOBACCO CONTROL

**Conference of the Parties to the
WHO Framework Convention
on Tobacco Control**

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Arrears in the payment of assessed contributions

Report by the Secretariat

INTRODUCTION

1. This document has been prepared in response to the decision taken by the Conference of the Parties (COP) at its fourth session in 2010 concerning arrears in the payment of financial contributions.¹
2. In that decision the COP requested the Convention Secretariat to prepare and present to the fifth session of the COP a report on ways and means to improve payment of voluntary assessed contributions (VAC) to the WHO FCTC, taking into account relevant practice in the United Nations system. In making that request the COP expressed deep concern at the fact that a very large number of Parties still had outstanding VAC and that a number of Parties had never paid any of their VAC.
3. This report contains two main sections, addressing: (a) the current situation regarding payment of VAC to the WHO FCTC; and (b) relevant practice in the United Nations system and in other international treaties.

STATUS OF PAYMENTS OF VOLUNTARY ASSESSED CONTRIBUTIONS TO THE WHO FCTC

4. The system of VAC was established by the COP at its first session in 2006. At that first session the COP also adopted the first scale of such contributions for the financial period 2006–2007. Thereafter, similar scales were adopted at the second, third, and fourth sessions of the COP for, respectively, the financial periods 2008–2009, 2010–2011 and 2012–2013. The level of actual contributions by Parties, by the end of each biennium, varied between 90% and 95% (90–91% in the financial periods 2006–2007 and 2008–2009 and 94.5% in the financial period 2010–2011). Some

¹ Decision FCTC/COP4(22).

arrears were paid after the end of each biennium; as a result, the collection rate for all three previous bienniums reached 98% as at 30 June 2012.

5. Despite the relatively high rate of collection of VAC as regards the amount paid, the number of Parties that have arrears remains significant.

6. The analysis of arrears for the three financial periods between 2006 and 2011 is presented in Table 1. Parties to the WHO FCTC have been divided into five groups, based on the scale of assessment,¹ for ease of reference. Group 1 consists of the five Parties with biennial contributions that exceed US\$ 500 000, while group 5 consists of the 77 Parties with contributions of less than US\$ 1000. The three remaining groups contain Parties whose contributions are in the range US\$ 100 000 to US\$ 500 000 (13 Parties); US\$ 10 000 to US\$ 100 000 (35 Parties); and US\$ 1000 to US\$ 10 000 (44 Parties). Table 1 presents the number of Parties with arrears and the amount of pending contributions in each of those groups.

Table 1. Distribution of arrears among Parties grouped according to their biennial contributions, over the bienniums 2006–2007, 2008–2009, and 2010–2011 (status as at 30 June 2012)

Group	Biennial contribution (US\$)	Number of Parties						Total arrears (US\$)
		Total	Those with no arrears	Those with arrears				
				for 1 biennium	for 2 bienniums	for 3 bienniums	Total with arrears	
1	>500 000	5	5	0	0	0	0	0
2	100 000–500 000	13	13	0	0	0	0	0
3	10 000–100 000	35	29	1	0	5	6	393 895
4	1000–10 000	44	26	8	2	8	18	76 820
5	<1000	77	39	9	9	20	38	19 073
Total		174	112	18	11	33	62	489 949 ²

¹ According to the scale of assessment adopted by the COP at its fourth session; see Annex 2 of decision FCTC/COP4(20).

² Including a total of US\$ 161 of small unpaid amounts normally linked to variations of exchange rate at the time of payment.

7. As shown in Table 1, 62 out of the 174 Parties have arrears for one or more bienniums¹. The highest number of Parties (38) with arrears is contained in group 5, while groups 2, 3 and 4 include the remaining 24 Parties with arrears. Parties in groups 1 and 2 have no arrears. Approximately half (29) of the Parties with arrears have not paid their contributions for one or two bienniums while the other half (33) have not paid contributions for all three bienniums. The total amount of arrears for 2006–2011 stands at US\$ 489 949.

8. In addition, as at 30 June 2012, contributions for the current biennium 2012–2013 have been received, either in full or in part, from 70 of the 174 Parties, in the amount of US\$ 3 188 188 (or 35%) of the total of US\$ 9 110 124. This information is summarized in Table 2. Out of the 70 Parties that have made payments, 50 have paid their biennial contribution in full while 20 Parties have made a partial payment for the first year of the biennium. The remaining 104 Parties have not yet made payments for the current biennium.

Table 2. Payment of contributions for the financial period 2012–2013 (status as at 30 June 2012)

Scale (US\$)	Full payment for 2012–2013		Partial payment for 2012		No payment	
	Number of Parties	US\$	Number of Parties	US\$	Number of Parties	US\$
>500 000	0	0	4	1 667 792	1	767 311
100 000–500 000	2	440 113	3	328 668	8	2 004 235
10 000–100 000	14	586 268	5	108 041	16	924 486
1 000–10 000	12	48 098	1	675	31	178 598
<1 000	22	7 432	7	1 101	48	33 935
Total	50	1 081 911	20 ²	2 106 277	104	3 908 565

9. The analysis also showed that 61 out of 62 Parties that have arrears for previous bienniums have not made payments for the current 2012–2013 biennium. Thirty-seven Parties have never paid any of their VAC.

10. Detailed information on the status of Parties' payments of their VAC for all four bienniums can be found on the WHO FCTC web site (<http://www.who.int/fctc>). An update on the status of payments and arrears as at 1 November 2012 will be made available at the fifth session of the COP.

¹ Including 6 Parties with partial arrears for one biennium.

² Including 6 Parties whose relatively small unpaid amounts may be linked to the variations of exchange rates at the time of the payments, to be settled by the end of the biennium.

RELEVANT PRACTICE IN THE UNITED NATIONS SYSTEM AND IN OTHER INTERNATIONAL TREATIES

11. With a view to establishing the relevant practice in other organizations of the United Nations system, the available information was reviewed pertaining to WHO and other UN agencies, as well as several international treaties.

12. Article 7 of the **WHO** Constitution addresses the issue of arrears in the payment of assessed contributions: “If a Member fails to meet its financial obligations to the Organization ... the Health Assembly may ... suspend the voting privileges ... to which a Member is entitled”. If at the time of the opening of the Health Assembly the Member is in arrears by an amount that equals or exceeds the amount due from it for the preceding two full years, the Health Assembly takes a decision on whether to suspend the Member’s voting privileges (without prejudice to the right of any Member to request restoration of its voting privileges in accordance with Article 7 of the Constitution). Member States in arrears are encouraged to submit proposals to the Health Assembly for repaying/settling such arrears over an extended period. Such proposals for special arrangements are considered by the Programme, Budget and Administration Committee of the Executive Board, which subsequently makes its recommendations to the Health Assembly. Towards the end of the year preceding each Health Assembly, the Director-General invites Members in arrears to submit to the Executive Board a statement of their intention to pay their arrears.

13. The Convention Secretariat also utilized the relevant review¹ available with respect to several **United Nations system organizations**. When assessing the status of received contributions, United Nations agencies apply different classes of incentives and penalty schemes. The budgeting practices, in particular, include incentive schemes such as: type of earning distributed and their order of magnitude; eligibility requirements for receipt of benefits; contributor’s first payment record period considered for the calculation of benefits and first period of related benefit distribution; any mechanism for apportioning benefits earned to date of receipt of payment. Several organizations, such as the Food and Agriculture Organization of the United Nations, the International Atomic Energy Agency (IAEA), the International Civil Aviation Organization, the International Labour Organization (ILO), the International Maritime Organization (IMO), the **United Nations Educational, Scientific and Cultural Organization**, the United Nations Industrial Development Organization and the World Trade Organization, use one or more of the above-mentioned incentives. They are applied to the assessed contributions of Member States that pay the full amount by a specific date and have no outstanding payments. However, as several organizations indicated in the survey, the overall arrears position has not improved significantly despite the introduction of an incentive scheme for prompt payment of contributions.

14. United Nations system organizations have also put in place administrative measures and penalty schemes that affect the contributions to be made by Parties, such as: rate charged; date from which interest accrues; disposition of interest payment received; treatment of interest due in calculating arrears and determining voting rights; any similar arrangements applied for activities not financed by assessed contributions. Several organizations, such as the IAEA, ILO, IMO, International Telecommunication Union and World Intellectual Property Organization also withdraw voting rights after a certain number of years of non-payment of contributions. In some organizations, the suspension of voting rights entails the non-eligibility of the Member State in question to host meetings that are funded by the organization through assessed contributions or to attend technical training courses;

¹ *Budgeting practices in UN system organizations – 2009 survey results* (document CEB/2009/HLCM/FB/14).

restrictions on their access to publications; and loss of eligibility of nationals of that State to elected positions. Within this scheme, a Member State with considerable arrears is offered the possibility of submitting a payment plan, normally over a maximum of 10 years, to enable it to recuperate its voting rights.

15. Several measures are also employed by **international treaties** to facilitate the payment of contributions. Most treaty secretariats use early invoicing, regular reminders sent to Parties in arrears and contacts with capitals and permanent missions. Several of them also place and regularly update information on the status of contributions on their web sites. These measures are also applied by the secretariat of the WHO FCTC.

16. Some Conventions have discussed and promoted additional measures related to non-payment, in some cases with the adoption of formal decisions. For example, at its most recent (2010) session, the Conference of the Parties of the Convention on International Trade in Endangered Species of Wild Fauna and Flora urged Parties to clear all outstanding arrears without delay and if unable to do so to enter into arrangements with the Secretariat to mutually agree on a “schedule of payments”. The Rotterdam and Stockholm Conventions¹ amended their financial rules in 2011 in respect of assessed contributions, agreeing, in particular, that contributions should be paid by 1 January of each calendar year in full, that the convention secretariats shall agree with Parties in arrears for two or more years on a payment schedule to clear arrears within six years, and that Parties in arrears for two or more years that are not least developed countries or small island developing States shall be subject to measures to be decided by the Conference of the Parties.

17. Some other Conventions have introduced stricter measures. Two of them – the Convention on Migratory Species of Wild Animals and the International Whaling Commission (IWC) – have the mandate to suspend the voting rights of parties that have not paid their dues. The IWC also applies an interest charge to late payments. The Convention on Biological Diversity applies a series of measures to Parties that are in arrears for two or more years, including: restricting those Parties to a maximum of two delegates at meetings of the Convention’s bodies; excluding them from receiving funding from the Secretariat to attend those meetings; and loss of eligibility of nationals of that State to membership of any bureau of the Conference of the Parties or its subsidiary bodies (the two latter measures do not apply to least developed countries and small island developing States). The statutes and regulations of the International Union for the Conservation of Nature and Natural Resources stipulate that “the rights of a member in connection with elections, voting and motions shall be suspended when the dues of that member are one year in arrears”.

18. Overall, the report reveals that even if the collection rate of VAC is relatively high the number of Parties that have not paid their contributions still remains substantial. The report also reveals a complex of measures adopted by United Nations system organizations and other treaties to improve the collection of assessed contributions. The Secretariat will continue and intensify its regular contact and follow-up with Parties to promote the payment of arrears and the timely payment of VAC in general. In the meantime, the COP may wish to consider tailored measures to stimulate the payment of arrears and VAC in general, in a step-by-step manner as appropriate.

¹ Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade; Stockholm Convention on Persistent Organic Pollutants.

ACTION BY THE CONFERENCE OF THE PARTIES

19. The COP is invited to note this report and provide further guidance.

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