



PROTOCOL
TO ELIMINATE
ILLCIT TRADE IN
TOBACCO PRODUCTS

**MEETING OF THE PARTIES TO THE PROTOCOL
TO ELIMINATE ILLICIT TRADE IN TOBACCO PRODUCTS**

**FCTC/MOP/2/6
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Provisional agenda item 4.1

Report of the Working Group on Tracking and Tracing Systems, including the global information-sharing focal point and unique identification markings for cigarette packets and packages (Article 8)

Purpose of the document

This report describes the work conducted by the Working Group on Tracking and Tracing Systems that was established by the First Session of the Meeting of the Parties (MOP1) in accordance with decision FCTC/MOP1(6). Apart from the logistical aspects, the report reflects the work done on the two separate mandates of the group and contains a draft decision for the continuation of the work on tracking and tracing systems and the establishment of the global information-sharing focal point.

Action by the Meeting of the Parties

The Meeting of the Parties (MOP) is invited to note the report, providing further guidance and to consider adopting the annexed draft decision.

Contribute to the Sustainable Development Goals (SDGs), if applicable: SDG 16.

Link to the workplan and budget item: 1.2.1 and 4.1.4.

Additional financial implications if not included in the workplan and budget: None.

Related document(s): (1) *Collection of information on tracking and tracing systems*; and (2) *Conceptual analysis for the establishment of a global information-sharing focal point*.

BACKGROUND

1. At its first session in 2018, the Meeting of the Parties (MOP) to the Protocol to Eliminate Illicit Trade in Tobacco Products, decided to establish a Working Group for the development and implementation of tracking and tracing systems in accordance with Article 8, including the global information-sharing focal point (Article 8.1) and unique identification markings (UIMs) for cigarette packets and packages (Article 8.3), and to further elaborate on the next steps.¹ The composition of the Working Group is available on the Convention Secretariat's website.²

2. The mandate of the Working Group was divided in two parts. The first part of the mandate requested the Working Group to compile an overview of good practices, employed by Parties willing to participate in the exercise, as regards the implementation of tracking and tracing systems, as well as UIMs for cigarette packs and packages, at the national or regional levels. The other part of mandate requested the Working Group to elaborate on a conceptual analysis – with options – of how a global information-sharing focal point (GSP) could be set up.

WORKING GROUP MEETINGS

3. The Government of Panama hosted the first meeting of the Working Group on Tracking and Tracing Systems. The meeting took place in Panama City from 26 to 28 November 2019. The items on the meeting agenda included:

- (a) adoption of a workplan for the Working Group;
- (b) adoption of a draft questionnaire to collect of information for the report on best practices for tracking and tracing systems and UIMs; and
- (c) discussions on the development of a conceptual analysis for the establishment of a GSP.

4. The Government of Brazil had kindly offered to host the second meeting of the Working Group in Brasilia from 6 to 8 April 2020; however, due to the COVID-19 pandemic, this event was postponed and later cancelled.

5. In view of the situation, the Key Facilitators decided on holding two virtual meetings to continue the work of the Working Group. The first virtual meeting was held on the Zoom platform on 25 November 2020, at which time the following items were discussed:

¹ Decision FCTC/MOP1(6).

² <https://fctc.who.int/protocol/governance/working-and-expert-groups/intersessional-groups-mandated-by-mop1>.

(a) the revision of the workplan of the Working Group to include a report on information technology (IT) specifications for the GSP; and

(b) adoption of the conceptual analysis for the establishment of a GSP.

6. The third and final meeting of the Working Group was held on the Zoom platform on 27–28 April 2021 where the following items were discussed:

(a) presentation by the United Nations International Computing Centre (UN ICC) on IT requirements for the establishment of a GSP;

(b) adoption of the report on information on track and tracing systems for tobacco products; and

(c) adoption of the draft report of the Working Group and its draft decision.

COLLECTION OF INFORMATION ON TRACKING AND TRACING SYSTEMS

7. The Working Group decided to develop a voluntary questionnaire in order to gather information on practices related to the establishment of tracking and tracing systems (national or regional) and the UIMs used. It was decided to send the questionnaire both to the Parties to the Protocol and the Parties of the WHO Framework Convention on Tobacco Control (WHO FCTC) that are not Parties to the Protocol, and to publish the questionnaire on the website of the Convention Secretariat.¹ In order to receive as many responses as possible, the questionnaire was translated into all six official United Nations working languages.²

8. The Convention Secretariat received 16 responses to the questionnaire (11 responses from Parties to the Protocol and five responses from non-Parties). One response addressed a regional system and represented 18 Parties. In accordance with its mandate, the Working Group developed a report that presented an overview of the information received from both Parties and non-Parties. The report is available on the Convention Secretariat website.

9. In summary, 23 Parties to the Protocol and two non-Parties indicated that a tracking and tracing system already had been implemented, and five Parties indicated that they were in the process of implementing a system within the next two years. The report found that most tracking and tracing systems have been recently implemented or are still in the process of full implementation. The initial phase of all these systems has focused on cigarettes, with other tobacco products to be included at a later stage.

10. Furthermore, no common pattern could be identified in relation to the use of UIMs for the purpose of tracking and tracing tobacco products. Some Parties reported having delegated the development of unique identifiers to a specific national entity, while in other cases the contractual partner engaged for the establishment and routine management of the system is responsible for the matter.

¹ First communicated to Parties on 29 January 2020; second communication through CS/NV/20/15 in November 2020.

² Arabic, Chinese, English, French, Russian and Spanish.

11. Finally, it is noted that some of the existing systems are not ready to connect to a possible GSP. This situation has to be taken into consideration when assessing the needs regarding the GSP, as described below.

12. Due to the limited number of existing systems and in view of the number of responses received, the Working Group decided to rename the report as the *Collection of information on tracking and tracing systems* and to propose to the Second Session of the Meeting of the Parties (MOP2) to decide to continue to collect this information in the most appropriate way.

CONCEPTUAL ANALYSIS FOR THE ESTABLISHMENT OF A GLOBAL INFORMATION-SHARING FOCAL POINT

13. At their first in-person meeting, the Working Group mandated the Key Facilitators to draft a conceptual analysis with different options for the establishment of the GSP. Due to the cancellation of the second in-person meeting of the Working Group, scheduled for April 2020, the draft of the conceptual analysis was sent for written comments in June and September 2020. The final version of the analysis was adopted during the second meeting, held virtually, on 25 November 2020 and can be found on the Convention Secretariat website.

14. In the first meeting of the Working Group, participants broadly welcomed the general design of the envisaged system presented in the *Issues Paper*, containing the conceptual analysis for the establishment of the GSP, as a useful basis for further discussion. An important takeaway from the discussions was the general guidance that the GSP be simple, usable and established within the five-year time frame set out in the Protocol. Given the challenging timing, participants expressed a clear preference for the establishment of a basic system delivered in a timely fashion, which would, however, be open to further evolution over time. Participants also stressed the importance of taking due account of different implementation capacities at the national and regional levels, and to work with existing systems as they currently exist.

15. On this basis, participants mandated Key Facilitators to present a revised and expanded version of the *Issues Paper*, including an analysis and recommendations concerning the various options available. The objective was to present a coherent system design for the GSP that could be endorsed by MOP2.

16. The *Issues Paper* covers three main elements that will be elaborated in the paragraphs below:

- (a) basic system design features;
- (b) key issues for discussion and proposed recommendations for a GSP;
- (c) a high-level costing element based on the proposed options and recommendations.

(a) Basic system design features

17. The GSP to be created pursuant to Article 8 of the Protocol is designed to provide a communication platform allowing Parties to exchange information upon request in the context of their enforcement work against illicit tobacco trade. It should be accessible to all Parties, enabling Parties to make enquiries and receive relevant information and, where possible adapt to the track and trace systems implemented by the Parties.

18. The system requirements for a well-functioning GSP are:

(a) **Trust.** The GSP should create trust between Parties by having effective mechanisms to ensure accurate use, to provide data to the right stakeholders and to maximize global cooperation. For information-sharing to work well, the Parties must trust that the sensitive data communicated via the GSP will be handled appropriately. There needs to be clear understanding of the international standards on mutual cooperation and gateways that must be met before information can be shared. The design of the GSP needs to take account that adequate safeguards are in place to ensure the compliance of authorities with Article 8(9)(d) and (e) of the Protocol.

(b) **Minimal impact.** In light of the global reach of the GSP, it should allow each Party to request and share data in line with its system and specific capacities. This can range from enabling manual processes to fully automatic systems integrated with a Party's system. Minimum impact also means that the GSP works with existing systems and would not require Parties to change these again.

(c) **Technological neutrality.** Various Parties have already developed a range of national or regional track and trace systems, or are in the process of setting up such systems. While following the relevant Protocol provisions, these systems may nonetheless differ substantially in terms of the governance, design and technology used. The GSP will have to provide a platform linking to a variety of national systems, without prescribing one model or the other.

(d) **Party scalability.** There are currently 63 Parties to the Protocol, and it is expected this number will continue to grow. The GSP should therefore facilitate and support the future boarding of additional Parties with minimal effort and ensure the GSP can be maintained.

(b) Key issues for discussion and proposed recommendations for a GSP

19. The Working Group analysed different options for key decision points for the functioning of the GSP. These options are summarized in the *Issues Paper*, but the recommendations per decision point as decided by the Working Group are reflected below:

(a) **Product level request.** The GSP enables Parties' requests for information regarding tobacco products based on a specific UIM applied to a single product (tobacco pack). Striving for a simple but workable system at this early stage, it is deemed sufficient to fulfil the proper function of the information exchange system if the GSP would only process UIMs relating to one single pack. A functionality to also process aggregations could be added at a later stage.

(b) **Request entry.** The issue is about how the UIM from a given pack is practically entered into the GSP IT system. The Working Group recommends that both manual entry and scanner-based entry should be supported.

(c) **Requested product information.** This relates to additional information also mentioned in Article 8.4 of the Protocol (for example, more detailed information on the supply chain). The system should be as automated as possible; however, Parties may find it opportune to provide the receiving Party or Parties with some background information on the request made. This makes the use of the system's transparency and thus increases the plausibility and legitimacy of its use. It should be clear to all Parties that a free text field is optional.

(d) **UIM–Party matching.** The GSP matches the received UIM with the issuing Party and all other Parties recognizing the UIM code (for example, unilateral and bilateral recognition). This option requires the storage of Parties’ UIM issuing and accepting coding rules, that is storage capacity required to consider these factors and the periodic increment.

(e) **Information-sharing.** It is reasonable to expect that during the first years of operation of the GSP, a limited number of requests will be generated by participating Parties. To facilitate the roll-out of a simple but functional system, manual data entry may suffice. Linking the various IT systems is a resource-intensive task, since tailor-made solutions may be required in many jurisdictions. Creating such an IT link later, building on the first experiences gained by users during a pilot phase, also allows for the creation of a more refined solution, reflecting users’ needs and interest.

(f) **Confidentiality of information.** A request is encrypted with both link encryption and end-to-end encryption to transfer the information securely between the involved Parties and the requesting Party. Different encryption methods are applied to different parts of a request. Considering the importance of creating a system for the cross-border exchange of data based on mutual trust, the Working Group finds that only a system equipped with advanced security features is suitable.

(g) **Operational data language.** This would require relying to the largest possible extent on standardized data fields (that is, so that translation is not required). Considering the clear guidance from members of the Working Group for a simple and workable solution, sophisticated translation may not be necessary at the establishment phase. However, information terms, codes and text for data elements should be standardized as much as possible to facilitate exchange.

(h) **Evaluation of the response.** There should be no GSP pre-evaluation of the unique identifier; the GSP shares the received responses with the requesting Party and presents it without any logical organization (for example, organizing the product route) or pre-assessment conclusion on the validity of the requested pack on that Party.

(c) High-level costing

20. The Working Group also included a high-level costing estimate in the *Issues Paper* that sets out the costs of the GSP over seven years, in an effort to provide a total cost estimate of implementing the GSP, in line with its mandate. The overview of the costing can be found in Annex 1.

21. The total cost estimate of the GSP over seven years includes one-off investment costs planned to be incurred in the first three years (for example, costs for technical specifications, implementation, testing, change management, etc.), as well as recurring costs during the following four operational years (for example, costs for maintenance, operation, etc.). As this cost estimate is being developed at an initial design phase, not all necessary information will be available. Therefore, a certain number of assumptions and limitations had to be taken into account:

(a) **Assumptions.** The GSP will be hosted on an available physical data centre. Estimated yearly maintenance costs do not take into account the development of integration with systems not explicitly mentioned (for example, additional Parties coming on board), and the infrastructure costs are only related to costs at the hosting domain, excluding costs at the Parties’ domains.

(b) **Limitations.** Estimates are based on desk research and market understanding, but no vendors offering solutions were contacted directly; and there is a high level of uncertainty as regards infrastructure costs (for instance, software choices may influence infrastructure investment).

22. Taking these financial constraints and timing considerations into account, the Working Group proposes to set up an interim basic manual exchange system that would then be upgraded to a more advanced automated version of the GSP, as required. This option would allow the obligations under Article 8 of the Protocol to be fully complied with, albeit through a simpler instrument that could serve as a provisional solution, as well as provide more time to secure funding for the project.

23. This interim system could be hosted by the Convention Secretariat as long as the volume of exchanges can be handled manually. Once a more appropriate process is required, both because a critical mass of countries have joined the Protocol with more data to be exchanged and a stable long-term funding has been ensured to cover the costs, then the fully automated solution provided by the conceptual analysis could be implemented.

IT REQUIREMENTS FOR THE ESTABLISHMENT OF A GLOBAL INFORMATION-SHARING FOCAL POINT

24. Due to the COVID-19 pandemic, MOP2 was postponed for a year, leaving it as the only session at which the MOP can make decisions on the GSP within the deadline set by the Protocol (September 2023). Therefore, the Working Group decided that the IT requirements for the GSP should already be studied to better assess the extent and needs of implementation. The Working Group, through the Convention Secretariat, mandated the UN ICC to present an overview of a possible solution or solutions in this regard during its third meeting, scheduled in April 2021. The Working Group agreed that this overview should be further explored and could be used to further develop the technical specifications of the GSP.

ACTION BY THE MEETING OF THE PARTIES

25. The Meeting of the Parties is invited to note the report of the Working Group and to consider adopting the draft decision contained in Annex 2.

ANNEX 1

HIGH-LEVEL COSTING OF THE GLOBAL INFORMATION-SHARING FOCAL POINT

1. The report outlines a number of assumptions and limitations with regard to the cost estimations presented below:

(i) **Assumptions.** The global information-sharing focal point (GSP) will be hosted on an available physical data centre. Estimated yearly maintenance costs do not take into account the development of integration with systems not explicitly mentioned (for example, additional Parties coming on board), and the infrastructure costs are only related to costs at the hosting domain, excluding costs at the Parties' domain.

(ii) **Limitations.** Estimates are based on desk research and market understanding, but no vendors offering solutions were contacted directly; and there is a high level of uncertainty as regards infrastructure costs (for instance, software choices may influence infrastructure investment).

2. In light of these assumptions and limitations, an overview of the costs per activity for a seven-year period is provided below. Design and Build costs are considered to be incurred during the first three years (for example, costs for technical specifications, implementation, testing, change management, etc.). Run and Maintain costs are considered to be incurred during the following four years (for example, costs for maintenance, operation, improvements, etc.).

Costs Per Activity <i>(total seven-year estimate)</i>	
Design and Build costs (over three years) – expressed in US\$	
Total design and specification costs (Analysis and architecture, specification)	1 028 500
Total infrastructure costs (Hardware, software, facilities – data centre space, power and cooling, storage, network and bandwidth, disaster recovery, installation, configuration and integration)	1 573 000
Total system development and integration costs (Solution design and development, integration, deployment and operational set-up, testing)	1 633 500
Total change management costs (Support and training, administrative change, governance)	605 000
Total Design and Build costs	4 840 000
Run and Maintain costs (over four years)	
Total design and specification recurring costs (Analysis and architecture, specification)	60 500
Total infrastructure recurring costs (Hardware, software, facilities – data centre space, power and cooling, storage, network and bandwidth, disaster recovery, installation, configuration and integration)	5 263 500
Total system development, integration and running recurring costs (Maintenance, operation, running)	544 500
Total change management recurring costs (Support and training, stakeholder management, governance, compliance)	1 936 000
Total Run and Maintain recurring costs	7 804 500

Total Cost Overview

3. To allow the Convention Secretariat, under the guidance of the Bureau of the Meeting of the Parties (MOP), to present a proposed budget to the Second Session of the Meeting of the Parties (MOP2) reflecting work that needs to be carried out in 2022–2023, the table below sets out the total cost estimate per year. The amount estimated for the first two years (2022 and 2023) is US\$ 3 million.

Total cost overview	In US\$
Year	Cost Estimate
1	968 000
2	2 057 000
3	1 936 000
4	1 936 000
5	1 936 000
6	1 936 000
7	1 875 500
Total	12 644 500
Margin of error	20%

THE HIGH-LEVEL COST ESTIMATE, BROKEN DOWN TO COSTS PER ACTIVITY AND TOTAL COSTS PER YEAR IS BASED ON INFORMATION AVAILABLE AT THIS INITIAL DESIGN PHASE. PLEASE NOTE THE ASSUMPTIONS AND LIMITATIONS OF THIS HIGH-LEVEL COST ESTIMATE OUTLINED ABOVE.

ANNEX 2

**DRAFT DECISION
WORKING GROUP ON TRACKING AND TRACING SYSTEMS (ARTICLE 8)**

The Meeting of the Parties (MOP),

Recalling Article 8 of the Protocol to Eliminate Illicit Trade in Tobacco Products,

Also recalling decision FCTC/MOP1(6) on tracking and tracing systems, including the global information-sharing focal point and unique identification markings for cigarette packets and packages,

Having considered the report of the Working Group on tracking and tracing systems contained in document FCTC/MOP/2/6,

Recognizing the comprehensive report made by the Working Group with regards to the collection of information on the establishment of tracking and tracing systems,

Acknowledging the situation regarding the small number of Parties that reported to have tracking and tracing systems currently in place,

Recognizing the recommendations made by the Working Group with regards to the establishment of the global information-sharing focal point,

Considering that certain provisions of Article 8 must be implemented by the Parties within a certain period following the entry into force of the Protocol, namely Article 8.1 (global tracking and tracing, five years) and Article 8.3 (unique identification markings, five and 10 years),

Also considering paragraphs 12 and 13 of Article 8, as well as the provisions of Article 4.2 of the Protocol and Article 5.3 of the WHO FCTC,

1. REMINDS Parties to fulfil their obligations under Article 8 of the Protocol and to inform the Convention Secretariat about their tracking and tracing systems for tobacco products;
2. DECIDES:
 - (a) to adopt the recommendations made by the Working Group on the concept for a global information-sharing focal point contained in document FCTC/MOP/2/6;
 - (b) to extend the mandate of the Working Group on Tracking and Tracing Systems with a view to further develop the technical specifications of the global information-sharing focal point, to guide the implementation of the global information-sharing focal point and to develop proposals for a suitable governance structure, covering various aspects of the global information-sharing focal point system;
 - (c) to request the Working Group to draw a road map setting out the various phases for implementing the global information-sharing focal point taking into account the number of Parties that have established national or regional tracking and tracing systems at each stage, the

information exchange needs of these Parties, and the compatibility and connectivity of their systems with the IT infrastructure of the global information exchange system; the road map should also set out the development costs for each stage of this project.

3. REQUESTS the Convention Secretariat:

(a) to make the necessary arrangements, including budgetary arrangements, for the Working Group to complete its work; in consultation with the Bureau of the MOP and by September 2023, to make the necessary arrangements for the implementation of an interim solution of the global information-sharing focal point, based on a manual exchange of information through an encrypted messaging system until the necessary conditions for setting up information technology infrastructure to host the information exchanges of the global information-sharing focal point are met;

(b) to collect information on national and regional tracking and tracing systems and to report on their findings to the Third Session of the Meeting of the Parties in order to evaluate the possibility of establishing an automated exchange system.

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