

REPORT OF THE ASIAN-PACIFIC POSTAL COLLEGE GOVERNING BOARD

1. Introduction

- 1.1** The 50th Asian-Pacific Postal College (APPC) Governing Board Meeting was held on 15 June 2020. Due to COVID-19, it was an online session. Seven members participated, namely Australia, China, India, Japan, New Zealand, Pakistan and Thailand. Philippines and Sri Lanka were not present.
- 1.2** In the absence of the Permanent Secretary of the Thai Ministry of Digital Economy and Society (MDES), Ms Ajarin Pattanapanchai, the meeting was chaired by Mr Mr Phuwiang Prakhammin, Deputy Permanent Secretary, MDES. The APPU Bureau was represented by Mr. Lin Hongliang, Secretary of the Governing Board, and Ms Kwanjai Kajornwuttideth, Manager, Administration and APPU Affairs. (Ms Kwanjai was the Presenter for the main part of the Agenda.)
- 1.3** The various agenda items covered, key discussion points raised, and agreed actions are set out in paragraph 2 of this report.

2. Business Discussed

2.1 Agenda Item 1 – Doc 1: Adoption of agenda and business arrangement

This was adopted following agreement to discuss the three most important documents first¹ i.e.,

Doc 5	Statement of Income and Expenditure 2020
Doc 10	Updated Financial Position
Doc 10 Annex 1	The Financial Position
Doc 10 Annex 2	Special Funding Lines
Doc 10 Annex 3	Adjustments to Committed Expenditures
Doc 10 Annex 4	Decisions regarding the Training Section Reserve Fund (TSRF)
Doc 7 Annex 3	Budget projection for 2021

- 2.1.1** The Secretary, Mr Lin, made opening remarks that covered the following points.

COVID-19 has created a very difficult time worldwide. For the College, it is the most serious business scenario that it has ever had to deal with. By its very nature, the College is a fragile business model – financial shocks, such as the pandemic, increase the fragility. However, the College was not standing still and simply letting the future “happen to it”. Rather, specific actions and decisions related to Covid-19 included the following.

- Postponement or cancellation of training programs from March, with there being no certainty when a resumption will take place. However, financial and operational scenarios have been developed that assume courses may resume at different timings in 2020 - it is complex modeling, but it is necessary for the interests of so many people.

¹ Notwithstanding the order of discussion, the Minutes of the meeting record the Agenda Items in their numerical sequence.

- Setting up of special funding lines for 2020 in case we do not have enough funds from training fees to keep the business operating. We thank the GB members and external partners who have been able to assist with this funding initiative. We also fully understand that not all members can respond to such a request.
- Expenditure – the Bureau has reduced the 2020 cash requirement for the priority projects (Renovation Project, IT Review Project, Archives Management Project, 50th APPC Anniversary Celebration) by nearly 50% through postponement or cancellation of some parts of the work programmes, or by switching to in-house resources that are now available because of Covid-19. The Bureau is determined to keep the TSRF above its minimum financial level in 2020 and 2021, and not place any additional financial burden on members.
- We are working on creating on-line training programs.
- The relocation of RTCAP is proving successful with Mr Tan Yong Chee working closely and constructively with colleagues in the Bureau, especially on the training programs.
- The Bureau has responded to the 2019 EC directive to take a strategic view of the College and how a sustainable future might be created. In particular, the High-Level Strategic Discussion was convened on 17 March 2020, attended by 11 APPU Members. Activity has progressed to the drafting of an implementation plan to be presented by the APPU/UPU Reform WG to the EC Plenary in July.
- The APPC Business Plan has been updated from its 2014 template to one that is more relevant to the changing environment. The Vision has changed from “Educate, Inspire, Motivate” to “Motivate, Connect, Innovate”, to emphasize that the College (APPC) is the most important platform for the Union – it connects members with each other, and connects members with stakeholders.
- Strong support continues from GB members and partners, especially donors such as Australia, China, India, Japan, New Zealand, of course also the host country Thailand, as well as UPU, DHL, La Poste and Swiss Post. As an example, since 2014 in addition to its annual contribution of US\$25,000 as a GB member, China has also contributed more than US\$460,000 through special contributions, additional fellowships and investing in special workshops. Thank you to all donors.

2.2 Report on APPC’s activities.

2.2.1 Agenda Item 2.1 – Doc 2, Annex 1 – Staff

Main information

Lecturers

- Ms Yu Yan and Ms Padma Mishra were recruited during 2019.
- Mr. Anucha Soonglertsongpha of Thailand Post completed service in August 2019

Staff

Mr. Thornthan resigned from the Bureau in October 2019 and was replaced by Mr. Ekkachai as Office Assistant in November 2019.

Decision taken

Doc 2, Annex 1 – Staff: noted without comment.

2.2.2 Agenda Item 2.2 – Doc 2, Annex 2, Rev 2 - Course / External Training Programme, workshop and seminar

Main information

In 2019, the Training Section of APPU Bureau:

- conducted 15 courses and 13 workshops
- conducted 3 External Training Programmes, and 2 special programmes on site in Bangkok
- organised 4 UPU workshops
- hosted 2 UNI-Apro workshops, 1 of which being a joint event with APPU

Decision taken

Doc 2, Annex 2, Rev 2 - Course / External Training Programme, workshop and seminar: noted without comment.

2.2.3 Agenda Item 2.3 – Doc 2 Annex 3 - Statement on the use of fellowship grants in 2019

Main information

Details provided on how fellowship grants were used in 2019. Both the Presenter and the Secretary expressed warm appreciation to the generous donors and members (Australia, China, Japan, New Zealand, UPU, La Poste France, Deutsche Post, Swiss Post) whose contributions continue to maintain the training activities.

Decision taken

Doc 2 Annex 3 - Statement on the use of fellowship grants in 2018: noted, with warm appreciation expressed for the continued generous support of donors and members.

2.2.4 Agenda Item 2.4 – Doc 2, Annex 4 – Seat allocation against actual attendance

Main information

The Presenter drew attention to self-funded seats being 12% above allocation (when attendance weeks are compared with allocated weeks) – acknowledging the strong financial support of India, Indonesia, Korea and Thailand in achieving this. Fellowship seats were 97% above allocation (when attendance weeks are compared with allocated weeks) largely due to the UPU granting a high number of seats to Asian and Pacific countries.

Decision taken

Doc 2 Annex 4 – Seat Allocation: noted without comment.

2.2.5 Agenda Item 2.5 – Doc 2, Annex 5 - Summary of the activities in 2019

Main information

- In 2019, the College organized 15 courses and 13 workshops.
- Self-funded seats were above planned levels i.e.,
 - Seat allocation planning number: 181 weeks
 - Actual attendance: 202 weeks (11.60% higher than target)

- Fellowship seats also above planned levels i.e.,
 - Seat allocation planning number: 307 weeks
 - Actual attendance: 606 weeks (97.39% higher than target)
- Highlight was the APPU Postal Business Forum attended by 77 people from 15 APPU member countries

Decision taken

Doc 2 Annex 5 – Summary of the activities in 2019: noted without comment

2.2.6 Agenda Item 2.6 – Doc 2, Annex 6 - Consultants Lecturers Main

information

Extensive use made of consultants to supplement/support the two full-time lecturers. In 2019, 39 external consultants used with Thailand supplying 9 of these, and the UPU supplying 8.

Decision taken

Doc 2, Annex 6 – Consultants Lecturers: noted, with special appreciation to Thailand and UPU.

2.3 Agenda Item 3 – Doc 3 - Auditor's report for the year 2019

Main information

The Presenter introduced the report with the Auditor's comment that it was a fair representation of the College's position. There was no discussion.

Decision taken

Doc 3 - Auditor's report for the year 2019: noted without comment.

2.4 Agenda Item 4 – Doc 4 - Appointment of auditor for 2021

Main information

Kidkeng was selected at the 2019 GB meeting as the Auditor for 2020 and 2021. Currently they are on a 12-month contract for 2020. This will be renewed for 2021 if their services are satisfactory.

Decision taken

Doc 4 - Appointment of auditor for 2021: noted without comment.

2.5 Agenda Item 5 – Doc 5 - Statement of Income and Expenditure 2020

Main information

The Statement of Income and Expenditure for 2020 comprised January to April of actual figures, and May to December of estimated figures. Doc 5 had been prepared based on what was known at 30 April. At that time, the view was that most of the training planned for 2020 could still be achieved.

In May, after the preparation of Doc 5, business conditions worsened significantly. As a result, the details set out in Doc 5 were no longer realistic. Revised planning and budgeting has been done (and this is presented to the Governing Board in GB 2020 Doc 10 and its four Annexes).

For the record, as at 30 April, Doc 5 reported:

- an estimated loss in 2020 of 3,149,220 Baht (approx US\$103,000). This reflected some downturn in income as a result of COVID-19;
- approval from the EC for around 12 million Baht on priority projects (funded from the TSRF); and
- the TSRF would be above the minimum level required at 31 December 2020 (i.e., US\$230,000 versus the minimum requirement of US\$210,000).

Given the fact that Doc 5 (and its Annexes) are no longer relevant, there was no discussion.

Decision taken

Doc 5 (and its Annexes) - Statement of Income and Expenditure 2020: noted, with the observation that the change in business conditions makes the documents no longer relevant, and superseded by Doc 10 (and its Annexes).

2.6 Agenda Item 6 – Doc 6 - Business plan of APPC (2021-2023)

Main information

The Presenter indicated that the main focus of the Bureau is the current year and 2021. This creates a context where the Business Plan is simply noted by the Board. The Chair concurred.

Decision taken

Doc 7 - Business plan of APPC (2020-2022): noted without comment.

2.7 Agenda Item 7 - 2021 Plan and Budget

2.7.1 Agenda Item 7.1 – Doc 7, Annex 1 - Organisation of courses for 2021

2.7.2 Agenda Item 7.2 – Doc 7, Annex 2 – Seat allocation for 2021

2.7.3 Agenda Item 7.3 – Doc 7, Annex 3 – Budget projection for 2021

Main information

Annex 1 - 16 courses and 11 workshops are planned for 2021.

Annex 2 – it is too early to comment on seat allocation as only a few members have completed their Training Needs Analysis.

Annex 3 – the budgeted loss for 2021 is estimated as is 6.2 million Baht (this has been factored into the TSRF already, so it should not be seen as a potential request for additional funds). The Presenter commented that although 2021 does not look promising at this point in time, by the time we are into 2021 there should be some impact on the business from the sustainable future project.

Decision taken

Doc 7, Annex 1 - Organisation of courses for 2021; Doc 7, Annex 2 - Seat allocation for 2020; Doc 7, Annex 3 – Budget projection for 2021: noted without comment.

2.8 Agenda Item 8 – Update on projects

2.8.1 Agenda Item 8.1 – Doc 8, Annex 1 – 50th Anniversary of APPC

Main information

The Presenter informed the meeting as follows:

- **Status of project:** approved
- **Cost:** US\$35,000 (Bureau now targeting a reduced cost of US\$19,000)
- **Timing:** 10 September 2020
- **General state of project work:** on track
- **Special note:** because of uncertainty re COVID-19, the Bureau will decide if the event will need to be postponed. This decision will be made by the end of June (noting that the GB decision on Doc 10 Annex 1 may result in timing changes).

Decision taken

Doc 8, Annex 1 - 50th Anniversary of APPC: noted without comment.

2.8.2 Agenda Item 8.2 – Doc 8, Annex 2 – Renovation of APPU Bureau

Main information

The Presenter informed the meeting as follows:

- **Status of project:** approved
- **Cost:** US\$382,326 - shared between ASRF (US\$52,975) and TSFR (US\$329,352) - Bureau now targeting a reduced cost of around US\$187,000
- **Timing:** commencement scheduled for June 2020; completion scheduled for November 2020
- **General state of project work:** on track for the moment, but GB decision on Doc 10 Annex 1 may result in timing changes.

Decision taken

Doc 8, Annex 2 – Renovation of APPU Bureau: noted without comment.

2.8.3 Agenda Item 8.3 – Doc 8, Annex 3 – Bureau IT upgrade

Main information

The Presenter informed the meeting as follows:

- **Status of project:** pre-Business Case
- **Cost:** US\$50,000 - shared between ASRF (US\$25,000) and TSFR (US\$25,000)
- **Timing:** Business Case scheduled for completion June 2020. Timings beyond that are yet to be determined

Decision taken

Doc 8, Annex 3 – Bureau IT upgrade: noted without comment.

2.9 Agenda Item 9 – Foreign exchange management

Main information

Loss on foreign exchange has been an issue for the Training Section and the Governing Board over many years. The Tokyo GB asked the Bureau to again look at this issue.

Bureau's work focused on what the real issue was, the conclusion being "getting less Baht for the US dollar than had been budgeted in the annual financial plan". If the conversion of US dollars to Baht achieves at least the budgeted rate, then foreign exchange could be regarded as managed responsibly and well.

The Board was informed that the following simple rules were proposed for foreign exchange management.

1. Retain sufficient US dollars to meet annual expenses that are paid in US dollars.
2. Convert the balance of US dollars received to Baht preferably at the exchange rate budgeted for the income in question.
3. It is imperative to remember that the objective is not to try and make a gain through foreign exchange, the objective is to match the annual budgeted exchange rate.
4. There is no point in keeping income in US dollars if it is eventually going to be converted to Baht. That just risks losing real currency value.

Decision taken

Doc 9 – Foreign exchange management: noted without comment.

2.10 Agenda Item 10 – Updated financial position

Main information

The Presenter linked Doc 10 to Doc 5 i.e., Doc 5 had presented the 2020 year based on what was known leading up to 30 April. However, business conditions worsened significantly in May – COVID-19 – and a recalculation exercise has had to be done to show how 2020 might now look when the year is completed. Accordingly, Doc 10, and its Annexes, set out the latest financial assessment for the College. The documents, particularly Doc 10, Annex 1, were described as the most important ones to be considered by the 2020 Governing Board.

Key points in presenting Doc 10 included:

- training at the College had been suspended in March and there was no certainty as to when it might resume
- 1 August is regarded as the latest resumption date to re-open and get a worthwhile portion of the 2020 training done by 31 December (perhaps 90%)
- revised financial calculations had been based on 1 August; however, 1 August now looked unrealistic as a start date
- the Bureau has put special arrangements in place for funding. There are options that will keep the College open through to the end of 2020 even if there is no resumption this year
- two key things need to be mentioned in dealing with the effects of COVID-19 viz.,

- financial monitoring methods have been developed that report on cash resources available and how to adjust expenditure to ensure business continuing; and
- the intention of not asking members for more money in 2020 or 2021 (i.e., the business will survive based on cash reserves, special arrangements, and resumption of training no later than 1 January 2021).

2.10.1 Agenda Item 10.1 - Doc 10, Annex 1 – The financial position

Main information

The focus of Doc 10, Annex 1 is what would need to happen for the College to survive in 2020 without requiring additional funds from members in either 2020 or 2021. This option identified:

- how much Income was required from special funding lines plus the TSRF; and
- what limitations on non-essential funding may have to be applied to the use of the TSRF.

The business assumptions were that the College may not operate again in 2020 but would operate for the full year in 2021.

The financial modelling settled on the option “Reassessment 3” – the features of this option were tabled as:

- the College can survive if there is no more training undertaken in 2020;
- a full year’s training would be needed in 2021 to contribute to that year’s financial requirements;
- the TSRF would be above the minimum financial level required at 31 December 2021;
- there would be no call on members for additional funds in 2020 or 2021;
- projects could be funded. However, the TSRF will only have capacity to do this if additional special income is obtained in 2020 (quantified as additional income of 5.2 million Baht, or 51% of the current uncertain 2020 income of 10.1 million Baht); and
- in the event that the Bureau cannot secure the additional Income of 5.1 million Baht required to make “Reassessment 3” work, then the projects expenditure should not be spent until the GB is satisfied that there is certainty regarding the additional Income being secured.² (If projects cash is spent without the necessary additional Income being secured, then the TSRF will not be adequate for 2021 and members will be asked for replenishment funds.)

The Chair emphasised the importance of Annex 1, describing it as the central part of the Governing Board meeting particularly as it sets out us how to get through 2020 and 2021 without asking members for additional financial contributions.

Thailand asked if consideration could be given to a fourth option i.e., “Reassessment 4”. This would have no project expenditure as its main feature. The Bureau responded that the suggested additional option would be documented as part of an amended Doc 10, Annex 1.³

² Underlining is to draw attention to the comment being the key risk-mitigation aspect of the “Reassessment 3” option.

³ The Bureau has drafted additional document GB 2020 Doc 10 Annex 1 Add 1 as part of the meeting papers. It is an information paper.

2.10.2 Agenda Item 10.2 - Doc 10, Annex 2 – Special funding lines for 2020

Main information

Doc 10, Annex 2 informed the Board that the Bureau had established special funding lines to provide financial support to the Training Section should such funds be required (i.e., if COVID-19 resulted in receiving Income that was less than required to sustain the business in 2020, then the special funding lines would be drawn on). The source of the special funding lines was fellowship and cash contribution donors whose moneys were paid in advance of actual usage.

At the time of preparing Doc 10, Annex 2, more than 11 million Baht had been identified for possible use in 2020.

The Presenter commented that the special funding lines might have implications for potential recipient members regarding the diversion of donor funds to operational expenditure. This would be addressed through clear communication with these members if and when the need arises

China informed the Board that it agrees to the use of its contributions as special funding lines in 2020.

Thailand asked what the funding position might be in 2021 in terms of certainty of funds being made available to the Training Section. The Secretary replied that a reduction in funding had been factored into the 2021 Budget, but it was too early to say if this was sufficient allowance for any funding change.

2.10.3 Agenda Item 10.3 - Doc 10, Annex 3 – Adjustments to committed expenditure

Main information

The strategy for financial survival in 2020 and 2021 included close management of expenditure, particularly where use of the TSRF was concerned. Although the TSRF might be seen as the automatic provider of financial assistance, the Bureau was mindful of the need to think of the TSRF in three contexts viz.,

1. Reserve funds are not intended for major support to a business (albeit COVID-19 might put pressure on this position).
2. The business had built up a significant reserve in the TSRF – much greater than it should have – simply by over-saving – there had been agreement by the EC to make a long overdue investment in projects for the business.
3. There is a need to keep the TSRF above its minimum financial level for as long as possible – thus avoiding asking members for replenishment funds.

Balancing these three factors was difficult and complex.

The Presenter explained that the Bureau had already reduced its call on the TSRF for project requirements from 15 million Baht to 12 million Baht, and that it was now trying to reduce further to 5.3 million Baht. And, even if a project plan using only 5.3 million Baht can be devised and signed off with contractors, Doc 10, Annex 1 will only allow such expenditure to be drawn down if there is additional (and equal) funds secured through special funding lines.

Doc 10, Annex 3 had been tabled to advise the Board that the Bureau was is doing what it could to cut its project costs, thereby increasing the reserves available to the College.

2.10.4 Agenda Item 10.4 - Doc 10, Annex 4 – Decisions regarding the TSRF

Main information

The Presenter explained that the operational rules for the management and replenishment of the TSRF require the minimum amount of the Fund to be calculated each year as an update to the Governing Board on the adequacy of the TSRF to meet current and future financial needs. The process also identifies whether the current annual budgeting process needs to include an expense item to replenish the TSRF.

The Board was informed that the anticipated financial level of the TSRF at:

- 31 December 2020 is estimated to be 13,425,570 Baht (which is 110% above the minimum required level); and
- 31 December 2021 is estimated to be 779,691 Baht (which is 12% above the minimum required level).

It was acknowledged that the financial position of the TSRF at the end of 2021 was tight. However, the sustainable future assignment from the HLSD the TSRF will more appropriately inform actions / decisions regarding the Training Section's financial path during 2021, and this should take the pressure of the minimum required level for the TSRF.

The Presenter proposed no change to the current minimum financial level for the TSRF, nor was there any need to budget for replenishment funds in the 2021 budget.

Pakistan emphasised the need to be very careful regarding the use of the TSRF. Sustaining the operation of the College should be a priority in the dispensing of funds. Any expenditure from the TSRF should follow a consultative approach keeping the future of the College firmly in mind.

Decisions taken (on Doc 10 and its Annexes)

The Governing Board made the following decisions, without comment, on various points and proposals in Doc 10 and its Annexes.

1. **Noted** the change in business conditions that have led to the updated financial position being presented (reference paragraph 1 of Doc 10).
2. **Noted** the financial details of the business option that the Bureau proposes following (reference the Table in paragraph 1.3 of Annex 1, column headed "Reassessment 3").
3. **Noted** that the business option proposed is not without risk (reference paragraph 1.4 of Annex 1).
4. **Further noted** that mitigation of the risk is for greater certainty to be brought to the balance of revenue required in 2020 for "Reassessment 3" to work as planned (reference paragraphs 2.2 and 2.3 of Annex 1).

5. **Approved** the risk-mitigation recommendation for the Bureau to supply the GB with greater certainty of funding of the estimated 5,195,033 Baht being obtained to ensure “Reassessment 3” works as planned in 2020 (reference paragraph 2.3 of Annex 1).
6. **Noted** that the Bureau has already secured over 11 million Baht in special funding lines for 2020 (should they be required) (reference Annex 2).
7. **Noted** that the Bureau has made adjustments to EC-approved expenditure (reference Annex 3).
8. **Noted** that the overall thrust of the Bureau in 2020 is a three-point strategy to manage the TSFR to:
 - provide support to the Training Section for continuity of operation;
 - fund reduced investment in priority projects approved by the EC; and
 - maintain the fund balance above the minimum financial level required thus avoiding a call on funds from members during 2020 and 2021.

(Reference paragraphs 1.2 and 1.3 of Annex 3).

9. **Noted** that, based on the securing of special funding lines in 2020 and adjustments to expenditure, the TSFR:
 - can continue to operate at its current minimum financial level required of 6,405,000 Baht (US\$210,000); and
 - will not require any replenishment funds in the 2021 Training Section budget.

(Reference paragraph 2.1 of Annex 4, Lines 6 and 7)

10. **Noted** that concurrent action in the HLSD assignment will focus on financial issues and opportunities for the College that will address residual or carryover issues from 2020 to 2021 for the College (reference paragraph 2.1 of Annex 4, Line 7).

The Chair acknowledged the complex preparation that the Bureau had undertaken for Doc 10, as well as the expertise of the Presenter in guiding the Board through the material.

2.11 Agenda Item 11 – Appreciation

Main information

Doc 11 was presented as a consolidated statement, for the record, of the various contributions made by members, partners, and stakeholders to the operation of the College. In 2019, the value of such contributions was quantified as around 20.500 million Baht. The meeting concurred in its appreciation for the continued generosity of the parties concerned.

2.12 Agenda Item 12 – Any other business

There were no other business items raised.

3. Conclusion of meeting

The Chair closed the meeting by thanking the Secretary for the preparation and management of the meeting and thanking the Presenter for her excellent work in explaining the Agenda Items and taking the meeting to a conclusion on each of them. The Chair also acknowledged, with appreciation, the Bureau and Thailand Post for the meeting facilities and the technology that connected the participants. The final note of gratitude was to the donors and contributors who so generously sustain the operation of the College in Bangkok.

Updated financial position for the Training Section for 2020: COVID-19: impact and response

The financial position

Note: GB 2020 Doc 10 Annex 1 Add 1 has been prepared following the Governing Board meeting on 15 June. The background reasons and associated comment is set out in paragraph 3. GB 2020 Doc 10 Annex 1 Add 1 is an information document only and does not alter any decisions taken at the Governing Board meeting.

1. Updated financial outlook for 2020

1.1 The material in Annex 1 is topline data only. Further, the uncertainty of the rest of the business year means that outcomes will change. To provide as realistic analysis as possible the Bureau has taken the following assessment approach.

- (i) Calculated the most optimistic outcome.
- (ii) Calculated the most pessimistic outcome.
- (iii) Calculated the point at which the TSRF and special funding lines can sustain the business without requiring additional funds to be requested from members in 2020 (or in 2021).

1.2 The table under paragraph 1.3 below sets out financial performance data (in Baht) for:

- the Statement of Income and Expenditure for 2020 (reference GB 2020 Doc 5 of 30 April 2020)
- the most optimistic outcome calculated in this further review
- the most pessimistic outcome calculated in this further review
- the point at which the business can be sustained through the TSRF and special funding lines without calling for additional funds from members for 2020 or 2021

1.3 The table, in column "Reassessment 3", then makes assumptions / decisions as follows:

- **Line 3:** inclusion of Income regarded as "Possible". The funds in question are from fellowships, cash contribution, and tuition fees that are currently unconfirmed. Only 50% of such funds have been used for the "Possible" calculation;
- **Line 8:** expenditure on projects has been cut from 11,841,663 Baht to 5,316,500 Baht (i.e., a reduction of approximately six million Baht). Currently, this is a theoretical reduction. As explained in Annex 3, details are being worked through to ensure such a reduction can be achieved;
- **Line 11:** at the completion of 2020, the TSRF will hold 7,020,570 Baht in excess of the minimum financial level required (i.e., 6,405,000 Baht as set out in Line 10);
- **Line 12:** at this point in the table, there is no need to replenish the TSRF from the 2021 budget – Line 11 identifies an excess;
- **Line 13:** in the Business Plan (GB 2020 Doc 6), the business result for 2021 is estimated at - 6,240,879 Baht;
- **Line 14:** the TSRF excess above its required minimum financial level (7,020,570 Baht in Line 11) is enough to cover the estimated business loss in 2021;
- **Line 16:** at the end of 2021, the TSRF will have an excess of 779,691 Baht.
- **Line 17:** this identifies what has to happen in terms of securing additional income (of any kind) in 2020 for the business to perform as forecast for the option "**Reassessment – Sufficient Income and Reserves to Sustain Business in 2020 and 2021**" (in the column "Reassessment 3). The requirement is to secure 51% of the currently uncommitted balance of 10,186,339 Baht.

			Reassessment 1	Reassessment 2	Reassessment 3	Reassessment 4
Line No.	Data	Doc 5 Position - 30 April 2020	Reassessment – Most Optimistic	Reassessment – Most Pessimistic	Reassessment – Sufficient Income and Reserves to Sustain Business in 2020 and 2021	Reassessment – No Project Expenditure
1	TSRF – Opening Level 1/1/2020	22,854,060	22,854,060	22,854,060	22,854,060	22,854,060
2	Income-Certain	21,281,936	11,095,597	11,095,597	11,095,597	11,095,597
3	Income- Possible		5,970,061		5,970,061	5,970,061
4	Income-Doubtful		4,216,278			
5	Income - Total	21,281,936	21,281,936	11,095,597	17,065,658	17,065,658
6	Expenditure	24,928,783	23,905,742	18,449,553	21,177,648	21,177,648
7	Business Outcome	-3,646,847	-2,623,806	-7,353,956	-4,111,990	-4,111,990
8	Project Expenditure	11,841,663	5,316,500	5,316,500	5,316,500	0
9	TSRF – Closing Level 31/12/2020	7,365,550	14,913,754	10,183,604	13,425,570	18,742,070
10	TSRF Minimum Level Required	6,405,000	6,405,000	6,405,000	6,405,000	6,405,000
11	TSRF Closing Level v Minimum Required	960,550	8,508,754	3,778,604	7,020,570	12,337,070
12	TSRF Replenishment Required for 2021?	Yes (1)	No (2)	Yes (1)	No (2)	No (2)
13	Estimated 2021 Business Result	-6,240,879	-6,240,879	-6,240,879	-6,240,879	-6,240,879
14	TSRF Capacity to Absorb Estimated 2021 Business Result?	No capacity - replenishment required in budget for 2021	Yes, but income is unrealistically high	Nil - replenishment required in budget for 2021	Yes	Yes (3)
15	TSRF Replenishment Required for 2021	5,280,329	Nil	2,462,275	Nil	Nil
16	TSRF Balance Above Minimum Required At 31/12/2021	Not applicable	2,267,875	Not applicable	779,691	6,096,191
17	What has to happen for this option to meet breakeven at 31 December 2021?	Not applicable – this option is ruled out	90% attendance from August to December. Not realistic.	Not applicable – this option is ruled out	Secure 51% of currently uncommitted income of 10,186,339.	No project expenditure

- (1) Although the TSRF is in excess of the minimum financial level required at 31 December 2020, this excess is not sufficient to cover the estimated 2021 business result of -6,240,879 Baht. Accordingly, it would not be recommended practice to go into 2021 knowing that the TSRF is forecast to reduce below its minimum financial level during 2021.
- (2) The TSRF is in excess of the minimum financial level required at 31 December 2020. Moreover, it has sufficient funds to cover the estimated 2021 business result of -6,240,879 Baht.
- (3) "Reassessment 4" has a balance above the minimum financial level required at 31 December 2021 that is 92% of the projected loss in 2022 (i.e., "Reassessment 4" excess at 31 December 2021 is 6,096,191 Baht, and the projected loss for 2022 is 6,647,237 Baht).

- 1.4 A key reflection is securing the 51% of the 10,186,339 Baht that has not been committed yet. "Securing" includes income from UPU fellowships, special funding arrangements, or training participation through cash contributions or tuition fees (other than commitments already made (as set out in Annex 2). There is an element of challenge in securing the 51% to make this option work (paragraph 2 below comments further on this challenge).

2. The risk in the Bureau plan and possible mitigation

- 2.1 As set out in Annex 3, paragraphs 1.2 and 1.3, the Bureau has designed a plan using the TSRF that concurrently meets three key needs i.e.,
- (i) COVID-19 business support;
 - (ii) investment in the business (the priority projects); and
 - (iii) protecting the minimum financial level of the TSRF (thus not seeking replenishment funding in 2020 or 2021).
- 2.2 To achieve the balance between the three key needs, particularly protection of the minimum financial level of the TSRF, there is one area of risk that is identified in Line 17 of the table under paragraph 1.3 viz., for the plan to work it is necessary for the Bureau to secure a minimum of 51% of the uncommitted income of 10,186,339 Baht (i.e., 5,195,033 Baht). If this figure is not secured, then the TSRF is calculated to go below the minimum level required in 2021 and thus trigger a call for replenishment funds.
- 2.3 **Possible mitigation that is recommended by the Bureau to the GB** is for the Bureau to address the risk set out in paragraph 2.2 by obtaining greater certainty around the minimum 5,195,033 Baht required. This would be done through a process that confirms funding commitments to be received for 2020 that achieve the balance necessary. When this is obtained and reported to the GB there would be greater safety in proceeding with the three-point plan of business support, investment in the business, and protection of the minimum TSRF level.

3. Subsequent calculation ("Reassessment 4" suggested by Thailand)

- 3.1 In the discussion of GB 2020 Doc 10 Annex 1 at the Governing Board meeting on 15 June, Thailand asked whether any consideration had been given to a fourth option (i.e., Reassessment 4") whose feature would be no project funding from the TSRF in 2020 or 2021.
- 3.2 The Presenter responded that a fourth option could be calculated and included in a revised document. Accordingly, GB 2020 Doc 10 Annex 1 Add 1 has been drafted.
- 3.3 The amended table under paragraph 1.3 includes the fourth option i.e., the Column headed "Reassessment 4" with new material highlighted in yellow.
- 3.4 The following comments are made regarding "Reassessment 4".
- (i) By not spending on projects in 2020 or 2021, "Reassessment 4" takes the pressure off the TSRF e.g., there is almost sufficient in the TSRF at 31 December 2021 to cover the forecasted business deficit in 2022 (see Footnote 3 of the table under paragraph 1.3).

(ii) Technically, however, "Reassessment 4" is a variation of "Reassessment 3". To explain:

(a) "Reassessment 3" spends money on projects – but only if additional funds are secured from the uncommitted income of 10,186,339 Baht.

(b) "Reassessment 4" does not spend money on projects and, therefore, does not require the uncommitted income to be probed for additional (project) funds.

(c) The similarity between the two options is clearest if it is not possible to gain sufficient additional funds from the uncommitted income for "Reassessment 3" to invest in projects. This would mean the TSRF is not called on for project expenditure under either option.

3.5 Taking into account the risk-mitigation step that is an integral part of "Reassessment 3" (reference paragraph 2.3), the further material provided in GB 2020 Doc 10 Annex 1 Add 1, does not promote "Reassessment 4" ahead of "Reassessment 3". That said, GB 2020 Doc 10 Annex 1 Add 1 does demonstrate the technical similarity of the two options and, from this point of view, warrants the inclusion of this subsequent document as part of the meeting papers.