

EXECUTIVE COUNCIL 2025

Topic: Development of a proposal for a new financial contributions system for the APPU: Report of the Joint Sub-Committee of the Finance Committee and Reform Working Group (JSC)

1. Subject	References/ Paragraphs
<p>Informing the EC on:</p> <ul style="list-style-type: none"> - the requirement for the JSC to identify a sustainable, fair and equitable contribution class system at the 2025 EC meeting - the background to the current system, its relationship with the former UPU system, and the need to find a new basis for the APPU system - work undertaken by the JSC since the 2024 EC meeting - the five contribution class variants developed and the assessment of these variants - two variants that meet the criteria for a new contribution class system - draft amendments to the Acts to enable either of the two variants (that meet the criteria) to apply - the preferred variant and accompanying reasons 	<p>§ 1.2 (ii)</p> <p>§ 2, Appendix 1</p> <p>§ 4</p> <p>§§ 8 – 9</p> <p>Appendices 2 – 6</p> <p>§ 10</p> <p>§ 10.3, Appendix 8</p> <p>§§ 10.4 – 10.5</p>
<p>2. Decision expected</p> <p>The EC is asked to:</p> <ul style="list-style-type: none"> - note the requirement for the JSC to identify a sustainable, fair and equitable contribution class system at the 2025 EC meeting - note the background to the current system, its relationship with the former UPU system, and the need to find a new basis for the APPU system - note the work undertaken by the JSC since the 2024 EC meeting - note the five contribution class variants developed and the assessment of these variants - note the two variants that meet the criteria for the new APPU contribution class system - note the basis for deciding which of the two variants is submitted as the preferred option - agree with the JSC recommendations that: <ul style="list-style-type: none"> - Variant 5 be accepted, in principle, by the 2025 EC as the proposed new contribution class system for the APPU; - the JSC, supported by the Reform Consultant, undertakes any further work required on Variant 5 until such time as the membership confirms the proposed new contribution class system is considered fit-for-purpose; and - the JSC, supported by the Reform Consultant, be available as required remains in place until the new contributions system is adopted by the Union for the purpose of supporting members and the Bureau with information and guidance on the proposals to ensure there is an efficient conclusion to the mandate from the 2022 APPU Congress per Resolution C 6/2022. 	<p>§ 1.2 (ii)</p> <p>§ 2, Appendix 1</p> <p>§ 4</p> <p>§§ 8 – 9</p> <p>Appendices 2 – 6</p> <p>§ 10</p> <p>Appendix 4, Appendix 6</p> <p>§§ 10.4 – 10.5</p> <p>§ 11 (i)</p> <p>Appendix 4 (Variant 3)</p> <p>Appendix 8 (proposals)</p> <p>§ 11 (ii)</p> <p>§ 11 (iii)</p>

1. Introduction

- 1.1 This document responds to Resolution C 6/2022 (“Full review of the financial contributions system”). The Resolution was supported by Congress 2022 Doc 24.6.
- 1.2 To enable the necessary work to be done, Resolution EC 3/2023 (“Work programme on the full review of the financial contributions system”), requested the Joint Sub-Committee of the Finance Committee and Reform Working Group (JSC) to proceed as follows.
- (i) By the 2024 Executive Council meeting, to analyse data, sourced by the Bureau and the Reform Consultant, on the current apportionment of the Union’s income, and to identify the most appropriate income level of the Union to maximise values and benefits brought to member countries (this was undertaken and completed as set out in EC 2024 Doc 17).
- (ii) By the 2025 Executive Council meeting, to identify a sustainable, fair and equitable contribution class system of the Union, with regard to the contribution system for the Universal Postal Union and member countries’ level of development, by referring, if required, to contribution systems for restricted unions governed by Article 8 of the Constitution of the Universal Postal Union. (This is now presented in this document.)

2. Background

- 2.1 The financial contributions system is a mandatory arrangement to cover the operating cost of the Union i.e., the expenses of the Administrative Section of the Bureau. Members’ contributions are set in contribution units, these (up until 2018) being based on a member’s contribution class in the UPU.
- 2.2 Appendix 1 sets out the relationship between the UPU and APPU contribution classes from 1962 onwards (i.e., from the establishment of the APPU through to the present day). Because of its relevance to the issue that this document deals with (i.e., the need for a new basis for the APPU contributions system), the more recent information in Appendix 1 is copied below.

Table 4¹: Third Revision of Relationship between the two Contribution Class Systems (2019-2021)

Contribution Units for UPU Expenses	Contribution Units for APPU Expenses
50, 47, 45, 43, 40, 37, 35, 33, 30, 27, 25, 23, 20, 17	5
15, 13, 10, 7, 5	3
3, 1	2
0.5 (available only to LDCs and other countries designated by the CA)	1 (available only to LDCs and other countries as decided in the UPU system)
0.1 (available only to SIDS with population less than 200,000)	No corresponding contribution class

¹ Table number is from sequence in Appendix 1.

Table 5²: Uncoupling of Relationship between the two Contribution Class Systems (2022 onwards)

Contribution Units for UPU Expenses	Contribution Units for APPU Expenses
Based on scale of assessments for UN expenses	5
	3
	2
0.5 (available only to LDCs and other countries designated by the CA)	1 (available only to LDCs and other countries as decided in the UPU system)
0.1 (available only to SIDS with population less than 200,000)	0.5 (available only to SIDS with population less than 200,000)

2.3 The issue is clear from the two tables. Table 4 shows that up until 2021 there was a relationship between the two organisations' financial contributions systems. From 2022, however, when the UPU moved to a system based on the UN scale of assessments, it ceased to be the point of reference for the APPU system (apart from LDCs and SIDS³). A key issue being that UPU members would be recorded in contribution classes of one-unit steps (or, possibly, half-unit steps in some instances) and any relationship with the APPU classes needed revision.

3. JSC activity – recap on 2024 work

3.1 At the 2024 EC meeting the JSC identified that the most appropriate income level for the Union (i.e., the expenditure covered by mandatory member contributions) should be based on the current range of services / work undertaken in the Administrative Section. There was no support for mandatory contributions to cover any activities in either the Training Section or the Consultancy Section.

3.2 As far as an actual expenditure figure was concerned (i.e., what should the income level for the Union be expressed in USD), nothing was confirmed. This is a matter that can be dealt with during the preparation of budgets for future years.

4. JSC work – 2025

4.1 As set out in paragraph 1.2 (ii), the JSC is required to “... **identify a sustainable, fair and equitable contribution class system of the Union ...** “. This work has been undertaken. A proposal has been prepared for presentation and review.

4.2 The format for describing the work that has been done is as follows.

- (i) Definition of key terms to ensure JSC meets the requirements of “sustainable, fair and equitable”.
- (ii) Re-statement of the issue to be resolved.
- (iii) Summary of approach to developing options for a new contribution class system.
- (iv) Calculations and financial impacts of options developed.

² Table number is from sequence in Appendix 1.

³ The 0.5-unit APPU contribution class for SIDS is an interim arrangement pending review.

(v) Assessment of the options developed.

(vi) Preferred option.

5. Definition of key terms

5.1 It is important to the assessment of the options that there is an understanding of what the criteria are. In this regard, the JSC agreed on the following definitions.

Term	Definition
Sustainable	Relates to the capacity for a system to maintain its initial design and not require modification, in whole or in part, due to financial stress caused for members.
Fair	Relates to: <ul style="list-style-type: none"> • what is covered by expenditure in terms of balancing the interests / needs of members and the interests / needs of the Administrative Section e.g., members are entitled to money being spent carefully, staff are entitled to reasonable conditions and equipment for their work • minimising the financial impact of any change in system on members
Equitable	Relates to the importance of recognising different financial capacities among members and keeping contributions at an appropriate level on an individual basis.

6. The issue to be resolved

6.1 The APPU contributions system was originally based on the UPU contributions system

6.2 The UPU has changed its contributions system. Thus, the linkage in APPU General Regulations Article 116, § 1 no longer exists. The APPU needs to establish a new basis for its contributions system.

7. Summary of approach to developing options for a new contribution class system

7.1 The new contributions system considered possible approaches: developing a system unique to the APPU; or reviewing systems used in other organisations and applying or adapting them to the APPU.

8. Calculations and financial impacts of options developed

8.1 Five variants were developed under the two approaches set out in paragraph 7.

Approach	Variants	Type
1: Developing a system unique to the APPU	1	Fixed and variable cost system where there is a fixed element that is the same for all 32 members, and a variable cost levied on current 2, 3, 4 ⁴ and 5-unit members
2: Reviewing systems used in other organisations	2	UPU system 1.0 - based on UN scale of assessments at system design level
	3	UPU system 2.0 – based on UN scale of assessments at practical application level
	4	PAPU system based on scale of assessments using a grouping methodology that equalizes contribution amounts
	5	PUASP system of voluntary contribution classes but expanded to better match divergent financial capacities.

8.2 For ease of presentation, the details on each of the five variants are set out in appendices viz.,

Appendix 2: Variant 1 - Fixed and variable cost system

Appendix 3: Variant 2 - UPU system 1.0

Appendix 4: Variant 3 – UPU system 2.0

Appendix 5: Variant 4 - PAPU system

Appendix 6: Variant 5 - PUASP system

8.3 All calculations have been based on the approved 2025 budget (EC 2024 Doc 6b Annex 1 Rev 1). This is included in Appendix 7.

9. Assessment of the options developed

9.1 The information in Appendices 2 to 6 outlines the principles and outcomes of each of the variants. Further, there is a detailed calculation of cost impacts for each system.

9.2 The table below provides a summary assessment of the material in Appendices 2 to 6.

⁴ The 4-unit contribution class is not provided for in the General Regulations. However, it was selected by one member (Bangladesh) in 2019 when it volunteered to move to a higher level of contribution.

Feature	Variant 1	Variant 2	Variant 3	Variant 4	Variant 5
Document Ref	Appendix 2	Appendix 3	Appendix 4	Appendix 5	Appendix 6
System Type	Fixed and variable components	UN Scale of Assessments – system design level (UPU 1.0)	UN Scale of Assessments – practical application level (UPU 2.0)	PAPU Tiers based on Scale of Assessment	PUASP system based on voluntary unit selection
Degree of change from current system	Significant	Significant, albeit with UPU now using the system	Minor	Significant	Minor
Need to recalculate key components for new Congress cycle	Yes, but not significant work	Only contribution unit value for revised ceiling and unit numbers.	Only contribution unit value for revised ceiling and unit numbers.	Yes, but not significant work	Only contribution unit value for revised ceiling and unit numbers.
Sustainability	Untested, but two components will probably give rise to ongoing debate	System has created transitional difficulties in UPU	No issues	Untested, but two components will probably give rise to ongoing debate	No issues
Fairness (financial impacts on members)	Significant variations (from -42% to +16%)	Extremely significant variations (from -99% to +610%)	No change to current contribution levels	Significant variations (from -69% to +40%)	No change to current contribution levels
Equitability	No. Produces increases for a number of less financially able members, and decreases for those with strong financial capacity.	No	Yes. Members have some control over their contribution class, and there is scope to increase contributions on a voluntary basis to a greater degree than currently applies. Does not allow members to automatically decrease contributions.	Undecided. Provides decreases for less financially able members, and increases for those with strong financial capacity.	Yes. Members have some control over their contribution class, and there is scope to increase contributions on a voluntary basis to a much greater degree than currently applies. Allows members to decrease contributions.
Linked to UPU system	No	No	Yes	No	No
Revision of Acts	Requires new material to be drafted	Requires new material to be drafted	Minor change to text currently in Acts	Requires new material to be drafted	Requires new material to be drafted

Note: Both Variant 3 and Variant 5 retain the status quo for APPU contribution classes.

The point of difference between the two Variants is that Variant 3 re-establishes the link with the UPU contribution class system; as such it is not a voluntary system. Variant 5 on the other hand is a voluntary system which generally uses the rules established by PUASP for the management of contributions.

10. Variants that meet review criteria

10.1 From the summary assessment in the table at paragraph 9.2, there are two Variants that meet the review criteria i.e.,

(i) Variant 3: UN Scale of Assessments – practical application level (UPU 2.0); and

(ii) Variant 5: PUASP system based on voluntary unit selection.

10.2 Both Variants 3 and 5 retain a structure identical to the current system, have no financial impact on members, and generally meet the criteria of sustainable, fair and equitable. The other three variants are complex in comparison to Variants 3 and 5. Further, and significantly, they result in contribution changes, some of which may be unacceptable.

10.3 As part of the assessment process for Variants 3 and 5, amendments to the Acts have been drafted to understand what might be involved. The details are at Appendix 8 where it can be seen that Variant 3 is a much simpler procedure.

10.4 Refining Variants 3 and 5 to identify a preferred option is set out below.

Feature	Variant 3	Variant 5	Comment
Equitability	Yes. Members have some control over their contribution class, and there is scope to increase contributions on a voluntary basis to a greater degree than currently applies. Does not allow members to automatically decrease contributions.	Yes. Members have some control over their contribution class, and there is scope to increase contributions on a voluntary basis to a much greater degree than currently applies. Allows members to decrease contributions.	Both Variants introduce classes higher than those currently used to provide scope for voluntary increases for the current highest class. However, Variant 3 is limited to the current UPU model (6 units), whereas the PUASP basis for Variant 5 has three additional classes at the top end (6, 7 and 8 units).
Linked to UPU system	Yes	No	Variant 3 is not a voluntary system i.e., members are encouraged to increase contributions up to their UN Scale of Assessment, but members are not able to automatically decrease contributions. In the sense that it encourages alignment with the UN Scale of Assessment, it continues a link with the UPU system. Variant 5 is a voluntary system and as such, allows members to increase or decrease contributions.
Revision of Acts	Minor change to text currently in Acts	Requires new material to be drafted	Treaty drafting for Variant 3 is more straightforward than for Variant 5.

10.5 While both Variants have positive aspects, Variant 5 was regarded as the preferred option when discussed at the JSC on 5 June, noting that Variant 3 had not yet been developed. Having assessed the new Variant 3, developed in response to comments from the APPU Bureau, against Variant 5,

which had received some support from APPU member countries, it appears that the two Variants are similar in merit, but with Variant 5 having flexibility for APPU member countries to decrease contributions.

11. Recommendation

11.1 The JSC recommends that:

- (i) Variant 5 be accepted, in principle, by the 2025 EC as the proposed new contribution class system for the APPU;
- (ii) the JSC, supported by the Reform Consultant, undertakes any further work required on Variant 5 until such time as the membership confirms the proposed new contribution class system is considered fit-for-purpose; and
- (iii) the JSC, supported by the Reform Consultant, be available as required until the new contributions system is adopted by the Union for the purpose of supporting members and the Bureau with information and guidance on the proposals to ensure there is an efficient conclusion to the mandate from the 2022 APPU Congress per Resolution C 6/2022.

Relationship Between APPU and UPU Contribution Class Systems

1. The contribution class system for apportioning the administrative expenses of the APPU is set out in the APPU General Regulations (Article 116). The system is based on a member’s contribution to the expenses of the UPU.
2. The relationship between the UPU and APPU contribution class systems has generally been stable. Since the founding of the APPU in 1962, there have been four revisions of the relationship between the two contribution class systems.
3. The original and revised relationships between the contribution class systems are set out below.

Table 1: Original Relationship between the two Contribution Class Systems (1962-1965)

Contribution Units for UPU Expenses	Contribution Units for APPU Expenses
25, 20	7
15, 10, 5	3
3, 1	1

Table 2: First Revision of Relationship between the two Contribution Class Systems (1966-1985)^{5 6}

Contribution Units for UPU Expenses	Contribution Units for APPU Expenses
50, 25, 20	5
15, 10, 5	3
3, 1	2

Table 3: Second Revision of Relationship between the two Contribution Class Systems (1986-2018)⁷

Contribution Units for UPU Expenses	Contribution Units for APPU Expenses
50, 40, 35, 25, 20	5
15, 10, 5	3
3, 1	2
0.5 (available only to LDCs and other countries designated by the CA)	1 (available only to LDCs and other countries as decided in the UPU system)

⁵ The APPU changed from 7/3/1 to 5/3/2 in 1966.

⁶ The 1974 UPU Lausanne Congress created a new 50-unit class.

⁷ The APPU added (APPU Bangkok Congress, 1985) the 1-unit class to reflect, in principle, the 0.5-unit class (UPU Hamburg Congress, 1984) in the UPU system. (The 0.5-unit class was created by the UPU for the Least Developed Countries as specific recognition of the affordability aspect.)

Table 4: Third Revision of Relationship between the two Contribution Class Systems (2019-2021)⁸

Contribution Units for UPU Expenses	Contribution Units for APPU Expenses
50, 47, 45, 43, 40, 37, 35, 33, 30, 27, 25, 23, 20, 17	5
15, 13, 10, 7, 5	3
3, 1	2
0.5 (available only to LDCs and other countries designated by the CA)	1 (available only to LDCs and other countries as decided in the UPU system)
0.1 (available only to SIDS with population less than 200,000)	No corresponding contribution class

Table 5: Uncoupling of Relationship between the two Contribution Class Systems (2022 onwards)⁹

Contribution Units for UPU Expenses	Contribution Units for APPU Expenses
Based on scale of assessments for UN expenses	5
	3
	2
0.5 (available only to LDCs and other countries designated by the CA)	1 (available only to LDCs and other countries as decided in the UPU system)
0.1 (available only to SIDS with population less than 200,000)	0.5 (available only to SIDS with population less than 200,000)¹⁰

⁸ The 2018 Addis Ababa UPU Extraordinary Congress introduced:

- (i) 47, 43, 37, 33, 27, 23, 17, 13 and 7 units where the motivation was to reduce the financial impact of a member changing (down) from one class to another; and
- (ii) a new class of 0.1-unit reserved for countries which are recognised by the United Nations as Small Island Developing States (SIDS) with a population of under 200,000.

⁹ Apart from LDCs and SIDS, the UPU contribution class system, in principle, changed to a system where contributions started at one unit and rose in incremental one-unit steps to a level defined with reference to the most recent scale of assessments for the apportionment of the expenses of the United Nations.

¹⁰ Introduced on an interim basis by 2022 APPU Bangkok Congress pending further review (Resolution C 5/2022 refers).

Variant 1: Fixed and variable cost system

Principles

1. Retains current contribution units (i.e., 5, 4, 3, 2, 1, 0.5).
2. All members contribute equally to a minor proportion of the budget.
3. Members in certain contribution classes contribute to the balance of the budget based on their selected unit class.
4. Standard rules apply to selection of contribution class and movement between classes.

Example definition of Principles 2 and 3 to show how Variant 1 works

Principle	Quantified Principle	Impact on Members
2 – All 32 members contribute equally to a minor proportion of the budget	25% of budget = \$US 50,969	\$US 1,593 each for all members as contribution to fixed cost
3 – Members in certain contribution classes contribute to the balance of the budget based on their selected unit class.	Contribution classes 2, 3, 4, 5 contribute to 75% of the budget based on their selected unit class. 75% of budget = \$US 152,908 Number of contribution units = 66. Cost per contribution unit = \$US 2,317	2-unit class: \$US 4,634 3-unit class: \$US 6,950 4-unit class: \$US 9,267 5-unit class: \$US 11,584

Impact of Variant 1 on members

As shown on next page

Assessment of Variant 1: financial

- 13 members decrease between -1% to -42%
- 19 members increase between 4% to 16%

Assessment of Variant 1: general

- Interesting concept for all members to meet a portion of budget equally, and the balance funded variably (according, in principle, to financial capacity).
- Impossible to design without impacting current payment levels.
- Will result in ongoing debate about the correct split of fixed and variable budget percentages, and thus potentially a divisive methodology.

Member	Variant 1					
	25% of Budget Paid by All Members in Equal Shares; 75% of Budget Paid by Members in 2, 3, 4 and 5 Unit Classes on Pro Rata Basis					
	Member Contribution Per Fixed Component	Contribution Units for Calculating Variable Component	Member Contribution Per Variable Component	Total Member Contribution Per Variant 3	Change in Member Contribution v Current System (\$)	Change in Member Contribution v Current System (%)
Afghanistan	1,593			1,593	-1,144	-41.80%
Australia	1,593	5	11,584	13,177	-506	-3.70%
Bangladesh	1,593	4	9,267	10,860	-86	-0.79%
Bhutan	1,593			1,593	-1,144	-41.80%
Brunei Darussalam	1,593	2	4,634	6,226	753	13.76%
Cambodia	1,593			1,593	-1,144	-41.80%
China	1,593	5	11,584	13,177	-506	-3.70%
Fiji	1,593	2	4,634	6,226	753	13.76%
India	1,593	5	11,584	13,177	-506	-3.70%
Indonesia	1,593	3	6,950	8,543	333	4.06%
Iran	1,593	3	6,950	8,543	333	4.06%
Japan	1,593	5	11,584	13,177	-506	-3.70%
Korea	1,593	5	11,584	13,177	-506	-3.70%
Lao	1,593			1,593	-1,144	-41.80%
Malaysia	1,593	2	4,634	6,226	753	13.76%
Maldives	1,593	2	4,634	6,226	753	13.76%
Mongolia	1,593	2	4,634	6,226	753	13.76%
Myanmar	1,593			1,593	-1,144	-41.80%
Nauru	1,593			1,593	224	16.41%
Nepal	1,593	2	4,634	6,226	753	13.76%
New Zealand	1,593	3	6,950	8,543	333	4.06%
Pakistan	1,593	3	6,950	8,543	333	4.06%
Papua New Guinea	1,593	2	4,634	6,226	753	13.76%
Philippines	1,593	2	4,634	6,226	753	13.76%
Samoa	1,593			1,593	224	16.41%
Singapore	1,593	2	4,634	6,226	753	13.76%
Solomon Islands	1,593			1,593	-1,144	-41.80%
Sri Lanka	1,593	3	6,950	8,543	333	4.06%
Thailand	1,593	2	4,634	6,226	753	13.76%
Tonga	1,593			1,593	224	16.41%
Vanuatu	1,593			1,593	-1,144	-41.80%
Vietnam	1,593	2	4,634	6,226	753	13.76%
	50,969	66	152,908	203,877	0	

Variant 2: UPU system 1.0

Principles

1. Based on UN Scale of Assessments – system design level.
2. APPU LDC and SIDS included in the overall Scale of Assessments calculation simply because keeping them in their 1-unit class and 0.5-unit class respectively (as applies in the UPU) does not have any material impact on the outcome of Variant 2.

Impact of Variant 2 on members

As shown on next page

Assessment of Variant 2: financial

- 29 members decrease between -2% to -99%
- 3 members increase:
 - China +610%
 - Japan +274%
 - Korea +20%

Assessment of Variant 2: general

- Inequitable and unfair

Member	Variant 2			
	Based on UN Scale of Assessment (UPU System)			
	% Share Based on UN Scale	Member Contribution Per UN Scale of Assessment	Change in Member Contribution v Current System (\$)	Change in Member Contribution v Current System (%)
Afghanistan	0.019	38	-2,698	-98.60%
Australia	6.591	13,438	-245	-1.79%
Bangladesh	0.031	64	-10,883	-99.42%
Bhutan	0.003	6	-2,730	-99.77%
Brunei Darussalam	0.066	134	-5,340	-97.56%
Cambodia	0.022	45	-2,692	-98.37%
China	47.627	97,101	83,418	609.64%
Fiji	0.012	25	-5,448	-99.53%
India	3.260	6,646	-7,037	-51.43%
Indonesia	1.714	3,495	-4,715	-57.43%
Iran	1.158	2,362	-5,848	-71.23%
Japan	25.081	51,135	37,452	273.71%
Korea	8.037	16,385	2,702	19.75%
Lao	0.022	45	-2,692	-98.37%
Malaysia	1.087	2,215	-3,258	-59.53%
Maldives	0.012	25	-5,448	-99.53%
Mongolia	0.012	25	-5,448	-99.53%
Myanmar	0.031	64	-2,673	-97.67%
Nauru	0.003	6	-1,362	-99.53%
Nepal	0.031	64	-5,410	-98.84%
New Zealand	0.965	1,967	-6,243	-76.04%
Pakistan	0.356	726	-7,484	-91.16%
Papua New Guinea	0.031	64	-5,410	-98.84%
Philippines	0.662	1,350	-4,124	-75.34%
Samoa	0.003	6	-1,362	-99.53%
Singapore	1.574	3,208	-2,265	-41.38%
Solomon Islands	0.003	6	-2,730	-99.77%
Sri Lanka	0.141	286	-7,923	-96.51%
Thailand	1.149	2,343	-3,131	-57.20%
Tonga	0.003	6	-1,362	-99.53%
Vanuatu	0.003	6	-2,730	-99.77%
Vietnam	0.290	592	-4,881	-89.18%
	100.000	203,877	0	

Variant 3: UPU system 2.0

Principles

1. Based on UN Scale of Assessments – practical application level.
2. APPU LDC and SIDS included in the overall Scale of Assessments calculation simply because keeping them in their 1-unit class and 0.5-unit class respectively (as applies in the UPU) does not have any material impact on the outcome of Variant 3.

Impact of Variant 3 on members

As shown on next page

Assessment of Variant 3: financial

- No impact – all member contributions are unchanged.

Assessment of Variant 3: general

- Variant 3 would commence as being the current system with the General Regulations containing the classes.
- Continuing the link between the APPU contributions system and the UPU contributions system means that the APPU is not a voluntary system and there may be greater stability in the system as a result.
- Re-establishing the link between the APPU and UPU systems would require amendment to how the respective contribution classes in the two organisations are aligned. This is because, theoretically, a UPU member (that is not LDC or SIDS) could be on any one of 60 1-unit steps (between 1 and 60 units), with the possibility of extending further (i.e., more 1-unit steps beyond the current maximum of 60 units).

Current alignment of UPU and APPU systems		Amendment necessary for alignment of systems	
UPU Units	APPU Units	UPU Units	APPU Units
		More than 55	6
Over 50 50 40 35 25 20	5	More than 20 and up to and including 55	5
15 10 5	3	More than 5 and up to and including 20	3
3 1	2	More than 1 and up to and including 5	2
0.5	1	0.5	1
0.1	0.5	0.1	0.5

Variant 3						
Member	UPU Contribution Units	APPU Contribution Units	Member Contribution Per Approved 2025 Budget	Member Contribution Per Current System of Contribution Units	Change in Member Contribution v Current System (\$)	Comment on Relationship Between UPU and APPU Contribution Units
Afghanistan	0.5	1	2,737	2,737	0	Correct
Australia	20	5	13,683	13,683	0	Correct
Bangladesh	3	4	10,946	10,946	0	See Note 1
Bhutan	1	1	2,737	2,737	0	See Note 2
Brunei Darussalam	1	2	5,473	5,473	0	Correct
Cambodia	1	1	2,737	2,737	0	See Note 3
China	40	5	13,683	13,683	0	Correct
Fiji	1	2	5,473	5,473	0	Correct
India	20	5	13,683	13,683	0	Correct
Indonesia	5	3	8,210	8,210	0	Correct
Iran	5	3	8,210	8,210	0	Correct
Japan	55	5	13,683	13,683	0	Correct
Korea	15	5	13,683	13,683	0	See Note 4
Lao	0.5	1	2,737	2,737	0	Correct
Malaysia	3	2	5,473	5,473	0	Correct
Maldives	1	2	5,473	5,473	0	Correct
Mongolia	1	2	5,473	5,473	0	Correct
Myanmar	1	1	2,737	2,737	0	See Note 5
Nauru	0.1	0.5	1,368	1,368	0	Correct
Nepal	0.5	2	5,473	5,473	0	See Note 6
New Zealand	5	3	8,210	8,210	0	Correct
Pakistan	9	3	8,210	8,210	0	Correct
Papua New Guinea	1	2	5,473	5,473	0	Correct
Philippines	1	2	5,473	5,473	0	Correct
Samoa	0.1	0.5	1,368	1,368	0	Correct
Singapore	4	2	5,473	5,473	0	Correct
Solomon Islands	0.5	1	2,737	2,737	0	Correct
Sri Lanka	3	3	8,210	8,210	0	Correct
Thailand	3	2	5,473	5,473	0	Correct
Tonga	0.1	0.5	1,368	1,368	0	Correct
Vanuatu	1	1	2,737	2,737	0	See Note 7
Vietnam	1	2	5,473	5,473	0	Correct
		74.5	203,877	203,877	0	

Note 1: Bangladesh is an LDC. It qualifies for 0.5 units in UPU and 1 unit in APPU. However, it pays 3 units in UPU and 4 units in APPU.

Note 2: Bhutan graduated out of LDC status in 2023; it should be recategorised as a 2-unit APPU contributor.

Note 3: Cambodia is an LDC. It qualifies for 0.5 units in UPU but pays 1 unit. The APPU contribution unit is correct.

Note 4: Korea pays 15 units in UPU and qualifies for 3 units in APPU. However, it pays 5 units in APPU.

Note 5: Myanmar is an LDC. It qualifies for 0.5 units in UPU but pays 1 unit. The APPU contribution unit is correct.

Note 6: Nepal is an LDC. It qualifies for 1 unit in APPU but pays 2 units.

Note 7: Vanuatu graduated out of LDC status in 2020; it should be recategorised as a 2-unit APPU contributor.

Variant 4: PAPU system

Principles

1. PAPU’s system is as follows.
 - It uses a scale of assessment
 - Members are grouped into Tiers according to their place on the assessment scale
 - Tier 1 - six countries @ 7.525% of annual budget (for a total percentage contribution of +/- 45%)
 - Tier 2 - 12 countries @ percentages of annual budget ranging from 4.000% down to 1.200% (for a total percentage contribution of +/- 33%)
 - Tier 3 - 37 countries @ percentages of annual budget ranging from 1.199% down to 0.115% (for a total percentage contribution of +/- 22%)

2. The APPU adaption of the PAPU contributions model is designed as follows:
 - (i) Group members within a defined range on the UN Assessment Scale into a single Tier
 - (ii) Allocate a percentage of APPU budget to each Tier
 - (iii) Minimise to the extent possible increases or decreases to current contributions

Example definition of Principle 2 to show how Variant 4 works

Principle	Quantified Principle	Principle Applied to Members
(i) Group members within a defined range on the UN Assessment Scale into a single Tier	Tier 1: UN Scale 1.001 upwards	5 members (Australia, China, India, Japan, Korea)
	Tier 2: UN Scale 0.101 to 1.000	8 members (Indonesia, Iran, Malaysia, New Zealand, Pakistan, Philippines, Singapore, Thailand)
	Tier 3: UN Scale 0.011 to 0.100	3 members (Brunei Darussalam, Sri Lanka, Vietnam)
	Tier 4: UN Scale 0.004 to 0.010	10 members (Afghanistan, Bangladesh, Cambodia, Fiji, Lao, Maldives, Mongolia, Myanmar, Nepal, Papua New Guinea)
	Tier 5: UN Scale 0.001 to 0.0039	6 members (Bhutan, Nauru, Samoa, Solomon Islands, Tonga, Vanuatu)
(ii) Allocate a percentage of APPU budget to each Tier	Tier 1	40.00% of budget
	Tier 2	30.00% of budget
	Tier 3	8.75% of budget
	Tier 4	18.75% of budget
	Tier 5	2.50% of budget
(iii) Minimise to the extent possible increases or decreases to current contributions - shown on next page		

Assessment of Variant 4: financial

- 17 members decrease between -7% to -69%
- 15 members increase between 9% to 40%

Assessment of Variant 4: general

- Because it is based on the UN Scale of Assessments, there is an element of fairness that is not present in more traditional Variants. However, some of this is lost when the Tier-grouping is applied to equalise the extremes of increases and decreases.
- As with Variant 1, there is the risk of Variant 4 being a divisive methodology i.e., ongoing debate about the correct allocation of budget percentage to each of the Tiers.
- Members would be looking for / expecting an outcome that produced smaller variations versus current contributions.

Variant 4										
Base Information				Design and Calculation						
Member	Current Units	Current Contrib	UN Scale	APPU Tier	Tier Share of Budget for Cycle	Contrib Unit for Tier	Current Contrib	Variant 3 Contrib	Change in Member Contribution v Current System (\$)	Change in Member Contribution v Current System (%)
India	5	13,683	1.044	Tier 1	40%	16,320	13,683	16,320	2,637	19%
Australia	5	13,683	2.111				13,683	16,320	2,637	19%
Korea	5	13,683	2.574				13,683	16,320	2,637	19%
Japan	5	13,683	8.033				13,683	16,320	2,637	19%
China	5	13,683	15.254				13,683	16,320	2,637	19%
Pakistan	3	8,210	0.114	Tier 2	30%	7,650	8,210	7,650	-560	-7%
Philippines	2	5,473	0.212				5,473	7,650	2,177	40%
New Zealand	3	8,210	0.309				8,210	7,650	-560	-7%
Malaysia	2	5,473	0.348				5,473	7,650	2,177	40%
Thailand	2	5,473	0.368				5,473	7,650	2,177	40%
Iran	3	8,210	0.371				8,210	7,650	-560	-7%
Singapore	2	5,473	0.504				5,473	7,650	2,177	40%
Indonesia	3	8,210	0.549				8,210	7,650	-560	-7%
Brunei Darussalam	2	5,473	0.021	Tier 3	8.75%	5,950	5,473	5,950	477	9%
Sri Lanka	3	8,210	0.045				8,210	5,950	-2,260	-28%
Vietnam	2	5,473	0.093				5,473	5,950	477	9%
Fiji	2	5,473	0.004	Tier 4	18.75%	3,825	5,473	3,825	-1,648	-30%
Maldives	2	5,473	0.004				5,473	3,825	-1,648	-30%
Mongolia	2	5,473	0.004				5,473	3,825	-1,648	-30%
Afghanistan	1	2,737	0.006				2,737	3,825	1,088	40%
Cambodia	1	2,737	0.007				2,737	3,825	1,088	40%
Lao	1	2,737	0.007				2,737	3,825	1,088	40%
Bangladesh	4	10,946	0.010				10,946	3,825	-7,121	-65%
Myanmar	1	2,737	0.010				2,737	3,825	1,088	40%
Nepal	2	5,473	0.010				5,473	3,825	-1,648	-30%
Papua New Guinea	2	5,473	0.010				5,473	3,825	-1,648	-30%
Bhutan	1	2,737	0.001	Tier 5	2.50%	850	2,737	850	-1,887	-69%
Nauru	0.5	1,368	0.001				1,368	850	-518	-38%
Samoa	0.5	1,368	0.001				1,368	850	-518	-38%
Solomon Islands	1	2,737	0.001				2,737	850	-1,887	-69%
Tonga	0.5	1,368	0.001				1,368	850	-518	-38%
Vanuatu	1	2,737	0.001				2,737	850	-1,887	-69%
		203,877								203,877

Variant 5: PUASP system

Principles

1. PUASP's system is as follows.
 - It is a voluntary system where members can select a contribution class of 10, 9, 8, 7, 6, 5, 4, 3, 2 or 1.25 units.
 - Decreases in contribution class can only be requested per Congress cycle. Increases can be advised at any time.
 - Members' choices of contribution class are formalised in a Congress Resolution and renewed at each Congress.

2. The APPU adaption of the PUASP contributions model is designed as follows:
 - Members retain their current contribution class of 5, 4, 3, 2, 1, or 0.5¹¹ units.
 - Additional classes are included to provide flexibility for members with greater financial capacity (i.e., 6, 7, 8).
 - As with PUASP:
 - Decreases in contribution class can only be requested per Congress cycle. Increases can be advised at any time.
 - Members' choices of contribution class are formalised in a Congress Resolution and renewed at each Congress.

Assessment of Variant 5: financial

- No impact – all member contributions are unchanged (as shown on next page).

Assessment of Variant 5: general

- Variant 5 would commence as being the current system with the General Regulations containing the classes.
- Uncoupling the APPU contributions system from the UPU contributions system means that the APPU becomes a voluntary system in its own right (in its previous link to the UPU system it was subject to voluntary movements in the member selection of UPU contribution classes). Becoming a voluntary system in its own right may be perceived as presenting a risk, however, at this time of financial and transitional difficulty for the postal sector, the ability to decrease contribution units may be valued by postal operators. In this regard, it is noted that:
 - 83% of APPU funds are currently provided on a voluntary basis
 - In the past, members have voluntarily contributed more to the APPU mandatory budget than required under the link to the UPU contribution system. On the most recent review (2021), there were four members in this category.

¹¹ Although 0.5-unit class is an interim arrangement, it is included in the assessment of Variant 5 to understand all aspects of applying the PUASP model.

Variant 5				
Member	Contribution Units	Member Contribution Per Approved 2025 Budget	Member Contribution Per Current System of Contribution Units	Change in Member Contribution v Current System (\$)
Afghanistan	1	2,737	2,737	0
Australia	5	13,683	13,683	0
Bangladesh	4	10,946	10,946	0
Bhutan	1	2,737	2,737	0
Brunei Darussalam	2	5,473	5,473	0
Cambodia	1	2,737	2,737	0
China	5	13,683	13,683	0
Fiji	2	5,473	5,473	0
India	5	13,683	13,683	0
Indonesia	3	8,210	8,210	0
Iran	3	8,210	8,210	0
Japan	5	13,683	13,683	0
Korea	5	13,683	13,683	0
Lao	1	2,737	2,737	0
Malaysia	2	5,473	5,473	0
Maldives	2	5,473	5,473	0
Mongolia	2	5,473	5,473	0
Myanmar	1	2,737	2,737	0
Nauru	0.5	1,368	1,368	0
Nepal	2	5,473	5,473	0
New Zealand	3	8,210	8,210	0
Pakistan	3	8,210	8,210	0
Papua New Guinea	2	5,473	5,473	0
Philippines	2	5,473	5,473	0
Samoa	0.5	1,368	1,368	0
Singapore	2	5,473	5,473	0
Solomon Islands	1	2,737	2,737	0
Sri Lanka	3	8,210	8,210	0
Thailand	2	5,473	5,473	0
Tonga	0.5	1,368	1,368	0
Vanuatu	1	2,737	2,737	0
Vietnam	2	5,473	5,473	0
	74.5	203,877	203,877	0

Approved Budget for 2025

No.	Member Country	Contribution Unit	Contribution Share
1	Afghanistan	1	2,737
2	Australia	5	13,683
3	Bangladesh	4	10,946
4	Bhutan	1	2,737
5	Brunei Darussalam	2	5,473
6	Cambodia	1	2,737
7	China	5	13,683
8	Fiji	2	5,473
9	India	5	13,683
10	Indonesia	3	8,210
11	Iran	3	8,210
12	Japan	5	13,683
13	Korea	5	13,683
14	Lao PDR	1	2,737
15	Malaysia	2	5,473
16	Maldives	2	5,473
17	Mongolia	2	5,473
18	Myanmar	1	2,737
19	Nauru	0.5	1,368
20	Nepal	2	5,473
21	New Zealand	3	8,210
22	Pakistan	3	8,210
23	Papua New Guinea	2	5,473
24	Philippines	2	5,473
25	Samoa	0.5	1,368
26	Singapore	2	5,473
27	Solomon Islands	1	2,737
28	Sri Lanka	3	8,210
29	Thailand	2	5,473
30	Tonga	0.5	1,368
31	Vanuatu	1	2,737
32	Vietnam	2	5,473
Total		76.5 74.5	203,877

Contribution unit = \$US 2,737

Current Text	Proposed Text – Variant 3	Proposed Text – Variant 5
<p>CONSTITUTION Article 13 - Expenditure of the Union</p> <p>The annual expenditure of the Union shall be separate for the administrative section and for the training section. Each Congress of the Union decides on the maximum amount for the annual expenditure for the administrative section on the basis of the recommendation made by the Director of the Bureau. The expenditure for the administrative section is shared by all the member-countries of the Union. The contribution units of each member-country shall be determined on the basis of that member-country's Universal Postal Union contribution class, as prescribed in the General Regulations of the Asian-Pacific Postal Union. The annual expenditure for the training section is covered in principle by participating countries in direct proportion to their use of the training course and by voluntary contributions of the other countries or organisations or the administrative section.</p>	<p>CONSTITUTION Article 13 - Expenditure of the Union</p> <p><u>1.</u> The annual expenditure of the Union shall be separate for the administrative section and for the training section.</p> <p><u>2.</u> Each Congress of the Union decides on the maximum amount for the annual expenditure for the administrative section on the basis of the recommendation made by the /.../ <u>Secretary General</u> of the Bureau.</p> <p><u>3.</u> The expenditure for the administrative section is shared by all the member-countries of the Union. The contribution units of each member-country shall be determined on the basis of that member-country's Universal Postal Union contribution class, as prescribed in the General Regulations of the Asian-Pacific Postal Union.</p> <p><u>4.</u> <u>Other provisions that may be necessary from time to time to ensure the efficient management of the Union, may be prescribed in resolutions of Congress or as delegated to the Executive Council by Congress for specific situations.</u></p> <p><u>5.</u> The annual expenditure for the training section is covered in principle by:</p> <p>(i) participating countries in direct proportion to their use of /.../ training courses;</p> <p>(ii) voluntary contributions of /.../ other countries or organisations; <u>or</u></p> <p><u>(iii) voluntary contributions of the administrative section.</u></p>	<p>CONSTITUTION Article 13 - Expenditure of the Union</p> <p><u>1.</u> The annual expenditure of the Union shall be separate for the administrative section and for the training section.</p> <p><u>2.</u> Each Congress of the Union decides on the maximum amount for the annual expenditure for the administrative section on the basis of the recommendation made by the /.../ <u>Secretary General</u> of the Bureau.</p> <p><u>3.</u> The expenditure for the administrative section is shared by all the member-countries of the Union. The contribution units of each member-country shall be determined on the basis of /.../ contribution /.../ <u>units</u> as prescribed in the General Regulations of the Asian-Pacific Postal Union.</p> <p><u>4.</u> <u>Other provisions that may be necessary from time to time to ensure the efficient management of the Union, may be prescribed in resolutions of Congress or as delegated to the Executive Council by Congress for specific situations.</u></p> <p><u>5.</u> The annual expenditure for the training section is covered in principle by:</p> <p>(i) participating countries in direct proportion to their use of /.../ training courses;</p> <p>(ii) voluntary contributions of /.../ other countries or organisations; <u>or</u></p> <p><u>(iii) voluntary contributions of the administrative section.</u></p>

Current Text	Proposed Text – Variant 3	Proposed Text – Variant 5														
<p>GENERAL REGULATIONS</p> <p>Article 116 Contribution Classes</p> <p>1. For the apportionment of the expenses of the administrative section, the member-countries are divided into four groups. Those contributing to the expenses of the Universal Postal Union as members of the over 50, 50, 40, 35, 25 and 20 unit classes contribute 5 units; those contributing as members of the 15, 10, and 5 unit classes contribute 3 units; those contributing as members of the 3 and 1 unit classes contribute 2 units; and those contributing as members of the half-unit class contribute 1 unit. However, a member-country may contribute more units.</p> <p>2. Countries which accede to the Union as well as those which withdraw from the Union share in the expenditure of the administrative section for the entire year during which their accession or withdrawal becomes effective.</p>	<p>GENERAL REGULATIONS</p> <p>Article 116 Contribution Classes</p> <p>1. For the apportionment of the expenses of the administrative section, /... / member-countries /... / are divided into /... / <u>six</u> groups. Those contributing to the expenses of the Universal Postal Union in the contribution classes as shown in the table will contribute at the corresponding rate to the administrative expenses of the APPU.</p> <table border="1" data-bbox="705 678 1262 1159"> <thead> <tr> <th data-bbox="705 678 982 743"><u>UPU Contribution Class</u></th> <th data-bbox="982 678 1262 743"><u>Corresponding APPU Contribution Class</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="705 743 982 776"><u>More than 55 units</u></td> <td data-bbox="982 743 1262 776"><u>6 units</u></td> </tr> <tr> <td data-bbox="705 776 982 873"><u>More than 20 units and up to and including 55 units</u></td> <td data-bbox="982 776 1262 873"><u>5 units</u></td> </tr> <tr> <td data-bbox="705 873 982 938"><u>More than 5 units and up to and including 20 units</u></td> <td data-bbox="982 873 1262 938"><u>3 units</u></td> </tr> <tr> <td data-bbox="705 938 982 1003"><u>More than 1 unit and up to and including 5 units</u></td> <td data-bbox="982 938 1262 1003"><u>2 units</u></td> </tr> <tr> <td data-bbox="705 1003 982 1068"><u>0.5 units (reserved for LDCs)</u></td> <td data-bbox="982 1003 1262 1068"><u>1 unit (reserved for LDCs)</u></td> </tr> <tr> <td data-bbox="705 1068 982 1159"><u>0.1 units (reserved for SIDS with a population of less than 200,000)</u></td> <td data-bbox="982 1068 1262 1159"><u>0.5 unit (reserved for SIDS with a population of less than 200,000)</u></td> </tr> </tbody> </table> <p><u>1 bis A member-country may voluntarily move to higher contribution class at any time.</u></p> <p>2. Countries which accede to the Union as well as those which withdraw from the Union share in the expenditure of the administrative section for the entire year during which their accession or</p>	<u>UPU Contribution Class</u>	<u>Corresponding APPU Contribution Class</u>	<u>More than 55 units</u>	<u>6 units</u>	<u>More than 20 units and up to and including 55 units</u>	<u>5 units</u>	<u>More than 5 units and up to and including 20 units</u>	<u>3 units</u>	<u>More than 1 unit and up to and including 5 units</u>	<u>2 units</u>	<u>0.5 units (reserved for LDCs)</u>	<u>1 unit (reserved for LDCs)</u>	<u>0.1 units (reserved for SIDS with a population of less than 200,000)</u>	<u>0.5 unit (reserved for SIDS with a population of less than 200,000)</u>	<p>GENERAL REGULATIONS</p> <p>Article 116 Contribution Classes</p> <p>1. For the apportionment of the expenses of the administrative section, /... / member-countries /... / <u>will select, on a voluntary basis, the contribution class they wish to be placed in, from the classes listed in this paragraph.</u></p> <ul style="list-style-type: none"> - <u>8-unit class</u> - <u>7-unit class</u> - <u>6-unit class</u> - <u>5-unit class</u> - <u>4-unit class</u> - <u>3-unit class</u> - <u>2-unit class</u> - <u>1-unit class</u> - <u>0.5-unit class (reserved for SIDS with a population of less than 200,000).</u> <p><u>1 bis. A list of the contribution classes selected by member-countries will be recorded in a Resolution by each Congress starting from the first Congress following the one scheduled for 2026. Until the Congress that follows the Congress scheduled for 2026, members will remain in the contribution class applying on 1 January 2026, unless there is a change of contribution class for any group of member-countries.</u></p> <p><u>1 ter. Member-countries may change their contribution class provided they notify the Bureau six months prior to the opening of a Congress. Such</u></p>
<u>UPU Contribution Class</u>	<u>Corresponding APPU Contribution Class</u>															
<u>More than 55 units</u>	<u>6 units</u>															
<u>More than 20 units and up to and including 55 units</u>	<u>5 units</u>															
<u>More than 5 units and up to and including 20 units</u>	<u>3 units</u>															
<u>More than 1 unit and up to and including 5 units</u>	<u>2 units</u>															
<u>0.5 units (reserved for LDCs)</u>	<u>1 unit (reserved for LDCs)</u>															
<u>0.1 units (reserved for SIDS with a population of less than 200,000)</u>	<u>0.5 unit (reserved for SIDS with a population of less than 200,000)</u>															

Current Text	Proposed Text – Variant 3	Proposed Text – Variant 5
	<p>withdrawal becomes effective.</p>	<p><u>notices will be reported to the other member-countries and to the Congress, with the new contribution class coming into effect on the date applying to the financial provisions approved by the Congress.</u></p> <p><u>1 quater. Member-countries may lower their contribution class by only one class at a time. Those member countries who fail to disclose their wish to lower their contribution class six months prior to the opening of a Congress will remain in their current class.</u></p> <p><u>1 quinquies. There are no restrictions on transfers to higher contribution classes.</u></p> <p>2. Countries which accede to the Union as well as those which withdraw from the Union share in the expenditure of the administrative section for the entire year during which their accession or withdrawal becomes effective.</p>