

EXECUTIVE COUNCIL 2025

**Topic: Review of interim arrangement to accommodate UPU 0.1-unit contribution class members: 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"> <li>- the background to the creation of an interim 0.50-unit contribution class at the 2022 Bangkok Congress for UPU 0.1-unit contribution class members</li> <li>- the requirement for the interim contribution class to be reviewed and formally inserted in the Acts of the Union</li> <li>- the link between the interim contribution unit and the overall review of the financial contributions system</li> <li>- the arbitrary nature of decision-making on this matter due to the absence of useful (comparative) guidance</li> <li>- the financial assessment across three options</li> <li>- the basis for selecting a 0.25-unit contribution class</li> </ul>	<p>§§ 1 – 2.2</p> <p>§§ 2.3 – 2.4</p> <p>§ 3</p> <p>§ 4</p> <p>§ 5</p> <p>§ 6</p>
<p><b>2. Decision expected</b></p> <p>The EC is asked to:</p> <ul style="list-style-type: none"> <li>- <b>note</b> the background to the creation of an interim 0.50-unit contribution class at the 2022 Bangkok Congress for UPU 0.1-unit contribution class members</li> <li>- <b>note</b> the requirement for the interim contribution class to be reviewed and formally inserted in the Acts of the Union</li> <li>- <b>note</b> the link between the interim contribution unit and the overall review of the financial contributions system</li> <li>- <b>note</b> the arbitrary nature of decision-making on this matter due to the absence of useful (comparative) guidance</li> <li>- <b>note</b> the financial assessment across three options</li> <li>- <b>agree</b> with the JSC recommendations for: <ul style="list-style-type: none"> <li>- the creation of either a 0.25-unit contribution class or a 0.1-unit contribution class for the SIDS members with populations of less than 300,000 (i.e., Nauru, Samoa and Tonga), <b>noting that some flexibility to further adjust the population threshold in future will be required</b>; and</li> <li>- the JSC, supported by the Reform Consultant, be available as required to manage the process of the decision through to its adoption by the Union.</li> </ul> </li> </ul>	<p>§§ 1 – 2.2</p> <p>§§ 2.3 – 2.4</p> <p>§ 3</p> <p>§ 4</p> <p>§ 5</p> <p>§ 6</p> <p>§ 7</p>

## 1. Introduction

- 1.1 This document responds to Decision C 4/2022 (“Interim arrangement to accommodate the UPU 0.1-unit contribution class members” – at Appendix 1). The Decision was supported by Congress 2022 Doc 24.5 Rev 1 (at Appendix 2).

## 2. Background

- 2.1 As set out in Congress 2022 Doc 24.5 Rev 1, the reduction in contribution unit for APPU members who qualify for the UPU 0.1-unit contribution class came from an approach by Nauru in 2019. At that time, Nauru sought a reduction from its 1-unit class to a more affordable level.
- 2.2 A key factor for the Nauru request was a decision taken by the 2018 Addis Ababa Extraordinary UPU Congress to create a 0.1-unit contribution class for SIDS members with populations of less than 200,000 people. (In the APPU membership, this not only applied to Nauru, but also to Samoa and Tonga.)
- 2.3 The 2022 Bangkok Congress approved, as an interim arrangement, a 0.5-unit contribution class for the three countries in the UPU 0.1-unit contribution class. Key aspects of Decision C 4/2022 were that the 0.50-unit class for Nauru, Samoa and Tonga:
- (i) came into effect on 1 January 2024; and
  - (ii) remained in place until the necessary amendment is made to Article 116 of the APPU General Regulations.
- 2.4 Procedurally, the arrangements in paragraph 2.3 were made through a proposal of a general nature (resolution). This was because the Acts could not be amended at the 2022 Congress due to domestic approval requirements for some members.

## 3. Link with other JSC work

- 3.1 EC 2025 Doc 14.2 (“Development of a proposal for a new financial contributions system for the APPU”) deals with a revised structure for the APPU contribution class system.
- 3.2 The JSC has recommended a structure that has the following classes of contribution units.
- 8, 7, 6, 5, 3, 2, 1, 0.50 (reserved for SIDS with a population of less than 300,000)
- 3.3 If the recommendation regarding the 0.50 interim contribution class is agreed, then the structure put forward in EC 2025 Doc 14.2 will be amended accordingly.
- 3.4 Timing-wise, the completion of the work for the 2025 EC meeting on the “Development of a proposal for a new financial contributions system for the APPU”, enables Decision C 4/2022 to now be brought forward for consideration by the JSC / EC.

#### 4. The basis for a decision on the interim 0.50-unit contribution class

4.1 The 2022 Congress accepted the fact that any decision in this area would be of an arbitrary nature. Supporting this position were the following points.

- (i) There was no direct relationship (i.e., one-for-one) between the contribution class systems of the UPU and APPU. Nor was there a direct relationship between groups of contribution classes in the UPU and respective classes in the APPU.<sup>1</sup> (This meant that the new 0.1-unit class in the UPU could not be automatically assigned an APPU contribution class reflecting the same level of decrease from a previous APPU contribution class.)
- (ii) The current contribution class system in the APPU produced minimal financial distinction between members. On the other hand, the UPU system had significant financial distinction between members. (Neither of these two points is made to assert “one is right, one is wrong” – it is simply an observation of fact.)
- (iii) The scale of difference across all financial facets of the two organisations resulted in meaningful comparisons or guidance not being available.

4.2 Paragraph 4.1 means that there is no useful material available to the JSC on which to base a decision.

#### 5. Financial assessment

5.1 Below is a financial assessment of three options (all monetary figures in USD):

- (i) Current (interim) contribution class of 0.50 units
- (ii) Variant 1 contribution class of 0.25 units
- (iii) Variant 2 contribution class of 0.10 units

Element	Current: 0.50 Units	Variant 1: 0.25 Units	Variant 2: 0.10 Units
2025 Budget	203,877	203,877	203,877
No. of Contribution Units	74.50	73.75	73.30
Contribution Unit Value	2,737	2,764	2,781
Increase in Contribution Unit Value (\$)	N/A	28	45
Increase in Contribution Unit Value (%)	N/A	1.02%	1.64%
SIDS (<200,000 pop)	1,368	691	278

5.2 Both of the two Variants increase the contribution unit in the 1-2% range. For a 5-unit class contributor, the Variants represent an increase of \$140 (0.25 units) or \$225 (0.10 units).

<sup>1</sup> “Direct relationship” means a mathematical correlation.

## 6. Decision

- 6.1 Although there is no measurable guidance for a decision there are two considerations to take into account.
- (i) No commitment was made in 2022 for any further reduction, however there may have been an assumption amongst APPU member countries that the 0.50-unit class was temporary, and a lower mark would be reached in due course. On that basis, the JSC ruled out settling on the current interim 0.50-unit class as its decision.
  - (ii) The 0.10-unit class is solely in the calculations because of its use in the UPU. Adopting it as a possible solution would diminish the understanding of the benefits derived by the affected APPU member countries from the Union.
- 6.2 The 0.25-unit class is seen as being a reasonable outcome for the APPU membership, being a further discount from the 0.5-unit class, while recognising benefits gained through the Union by the affected member countries, and not unduly burdening those who pick up the additional cost.
- 6.3 Having balanced the benefits and drawbacks of the 0.25 and 0.1-unit contribution classes, and noting the changing financial circumstances of postal operators, many of whom pay the APPU membership contributions, the JSC will continue to consult with APPU member countries on which of the options is appropriate.

## 7. Recommendation

- 7.1 The JSC **recommends** that the EC:
- (i) **agrees** to the creation of a 0.25-unit contribution class for the SIDS members with populations of less than 300,000 (i.e., Nauru, Samoa and Tonga), **noting that some flexibility to further adjust the population threshold in future will be required**;
  - (ii) **agrees** to the JSC, supported by the Reform Consultant, being available as required to manage the process of the decision through to its adoption by the Union.

## Decision C4/2022

### Interim arrangement to accommodate the UPU 0.1-unit contribution class members

#### **Congress,**

**noting** the request from Nauru for a reduction in its contribution class to the expenses of the administrative section,

**further noting** that the request from Nauru arose from the creation by the UPU, at its 2018 Addis Ababa Extraordinary Congress, of a 0.1-unit contribution class for SIDS with a population of less than 200,000 people,

**being aware** that the new UPU contribution class of 0.1 units represented a 90% reduction for eligible UPU members and, as such, was tangible evidence of the UPU's intent to recognise the financial capacity issues of members with smaller economies,

**noting, however,** that the financial scale and contribution class systems of the UPU and APPU are vastly different to the point where valid mathematical comparisons between respective contribution class systems cannot be sustained,

**acknowledging** that a further relevant difference between the UPU and APPU contribution class systems is that the UPU has actively reviewed its structure to respond to member interests whereas the APPU has not undertaken a review since 1985,

**further acknowledging** that the APPU will propose a major review of its financial contributions system at the 2022 Bangkok Congress and that this review will, in part, examine financial capacity aspects of the membership with a view to bringing forward proposals at the 2026 APPU Congress,

**recalling** that, in the scenario where a member's UPU class is no longer explicitly included in Article 116 of the General Regulations, members may be required by Article 13 of the Constitution to pay the nearest prescribed APPU contribution class, being 1 unit in the present situation, until such time as the General Regulations are amended,

**agreeing** that, in the interests of proper management of its financial contributions system, the APPU should make an interim arrangement, as decided by the 2021 EC, that ensures UPU 0.1-unit contribution class members continue to be included in the financial contributions structure of the APPU,

**further agreeing** that the need to create an interim arrangement for the UPU 0.1-unit contribution class members is an opportunity to reflect the spirit of the UPU's consideration of its members with smaller economies as defined by the 2018 UPU Addis Ababa Extraordinary Congress,

#### **Decides**

1. that the existing minimum contribution defined in Article 116 of the General Regulations (i.e., 1 unit) should be assigned to the UPU 0.1-unit contribution class members;
2. that, bearing in mind the inclusivity of the APPU, members other than the UPU 0.1-unit contribution class members will voluntarily make up for the half of the contributions assigned to the UPU 0.1-unit contribution class members in a collective manner where

additional/voluntary contributions will be allocated in proportion to their usual contributions defined in Article 116 of the General Regulations;

3. that, as a consequence, each of the 0.1-unit contribution class has to assume only the remaining half of the assigned units (i.e., 0.5 units);
4. that those interim arrangements become effective on 1 January 2024 for the apportionment of the administrative section budget for 2024 and remain effective until the corresponding amendment to Article 116 of the General Regulations will be made in the future; and
5. that this arrangement is not intended to create a precedent or bind any future Congress in similar circumstances.

***Requests***

the Bureau to make the necessary arrangements to implement the Decision in proposal 04 Rev 1

**REDUCTION IN CONTRIBUTION UNIT FOR APPU MEMBERS WHO QUALIFY FOR THE UPU  
 0.1-UNIT CONTRIBUTION CLASS**

(Document prepared by the Bureau)

1. Subject	References/paragraphs
<p>Informing Congress on:</p> <ul style="list-style-type: none"> <li>- the inter-related nature of three subjects that deal with financial contributions, one of which is the current document (Congress 2022 Doc 24.5)</li> <li>- the request from Nauru for a reduction in contribution class to the expenses of the administrative section based on its placement in a new UPU contribution class of 0.1-unit</li> <li>- the various aspects reviewed by the Finance Committee including the difficulty in making comparisons between the UPU and APPU financial contributions systems</li> <li>- the financial impact on members if an arbitrarily reduced contribution class of 0.5 units was introduced</li> <li>- the elements considered by the EC at its 2021 meeting</li> <li>- the decision taken by the 2021 EC meeting to approve the Finance Committee recommendation to create an interim 0.5-unit contribution class (for APPU members in the UPU 0.1-unit contribution class)</li> <li>- the need to continue regulatory inclusion of the UPU 0.1-unit members via an interim mechanism</li> <li>- matters that Congress need to consider (how to create an interim contribution class, timing)</li> </ul>	<p>§ 1</p> <p>§ 2</p> <p>§ 3, § 4, § 8.2</p> <p>§ 7, Appendix 1</p> <p>§ 8.1</p> <p>§ 8.4</p> <p>§ 9</p> <p>§ 10, Appendix 2</p>
<p><b>2. Decisions expected</b></p> <p>Congress is asked to:</p> <ul style="list-style-type: none"> <li>- <b>note</b> the request from Nauru and the manner in which the matter has been examined by the Finance Committee and the Bureau, including financial impact</li> <li>- <b>note</b> the decision by the 2021 EC meeting to approve a recommendation for the creation of an interim contribution class of 0.5 units to be offered to APPU members in the UPU 0.1-unit contribution class</li> <li>- <b>note</b> the recent observation by the Bureau that an interim step is also required to ensure the UPU 0.1-unit contribution class members remain covered by APPU financial contributions regulations</li> <li>- <b>approve</b> proposal 04 Rev 1 establishing an interim contribution class of 0.5 units that applies from 1 January 2024</li> </ul>	<p>§§ 2 – 7</p> <p>§ 8.4</p> <p>§ 9</p> <p>§ 10, Appendix 2</p>

**1. Background note regarding three inter-related financial subjects**

- 1.1 There are three subjects of a financial nature that are inter-related i.e.,  
**Congress 2022 Doc 24.5:** Reduction in contribution unit for APPU members who qualify for the UPU 0.1-unit contribution class (this is referred to as “**Subject 1**”)  
**Congress 2022 Doc 24.6:** Full review of APPU financial contributions system (this is referred to

as “**Subject 2**”)

**Congress 2022 Doc 24.7:** Request from Nauru for the waiving of arrears in contributions to the APPU (this is referred to as “**Subject 3**”)

1.2 This background note is placed at the start of each of these three documents.

1.3 The inter-related nature of these three subjects is described as follows.

1.3.1 It is clear that there is a relationship between **Subject 1** (reduction of contribution unit) and **Subject 2** (overall review of APPU financial contributions system). The relationship might be described as:

- (i) an immediate, arbitrary reduction in contribution unit to be proposed to the 2022 Congress as an interim arrangement; and
- (ii) a further possible reduction in contribution unit when the proposed overall review of the APPU financial contributions system is completed.

1.3.2 There is no substantive relationship between **Subject 1** (reduction of contribution unit) and **Subject 3** (waiving of arrears in contributions).

1.3.3 There could be a relationship between **Subject 2** (overall review of APPU financial contributions system) and **Subject 3** (waiving of arrears in contributions). Comments in this regard are as follows.

- (i) The system for waiving arrears introduced by the UPU in 2021 resulted in the 0.1 contribution unit being used as the multiplier for the earlier years used in the “waived debt calculation”. This was of significant benefit to countries concerned.
- (ii) If the APPU takes a similar approach to the UPU, then the final position reached on contribution classes (when an overall review of the system is completed), may have a significant bearing on final debt calculations.

## **2. Introduction**

2.1 The reduction in contribution unit for APPU members who qualify for the UPU 0.1-unit contribution class came from an approach by Nauru in 2019. At that time, Nauru sought a reduction from its 1 unit class to a more affordable level.

2.2 A key factor for the Nauru request was a decision taken by the 2018 Addis Ababa Extraordinary UPU Congress to create a 0.1-unit contribution class for SIDS members with populations of less than 200,000 people. (In the APPU membership, this not only applied to Nauru, but also to Samoa and Tonga.)

## **3. Action taken on the Nauru request**

3.1 To make an initial assessment of the request, the APPU EC Finance Committee set up a Working Group (the FCWG) comprising Australia (Chair), China, New Zealand and Thailand.

3.2 The FCWG was assisted in its work by the Bureau undertaking an extremely thorough review of

the background to the contributions system (following which it handed the findings to the FCWG).

3.3 The work covered by the FCWG and the Bureau included examination of the following aspects.

- (i) The basis on which the current contribution system was established in 1962 and then changed in 1966 and 1986.
- (ii) The relationship between the UPU and APPU contribution systems and the assumed principles on which the relationship was established<sup>2</sup>.
- (iii) The factors that might be used to guide a decision.
- (iv) An assessment of financial impact on all Union members if a lower contribution class was introduced.

3.4 The full detail of the work undertaken by the Finance Committee and the Bureau is set out in EC 2019 Doc 5.1 and EC 2021 Doc 5.1.

#### **4. Observations from the work of the FCWG and the Bureau**

4.1 The research and review by the FCWG and the Bureau identified a range of conclusions. Some of these were quite clear, some were not.

4.2 The following points were in the “quite clear” category.

- (i) There was no direct relationship (i.e., one-for-one) between the contribution class systems of the UPU and APPU. Nor was there a direct relationship between groups of contribution classes in the UPU and respective classes in the APPU.<sup>3</sup> (This meant that the new 0.1-unit class in the UPU could not be automatically assigned an APPU contribution class reflecting the same level of decrease from a previous contribution class.)
- (ii) The current contribution class system in the APPU produced minimal financial distinction between members. On the other hand, the UPU system had significant financial distinction between members. (Neither of these two points was made to assert “one was right, one was wrong” – it was simply an observation of fact.)
- (iii) The scale of difference across all financial facets of the two organisations resulted in meaningful comparisons or guidance not being available.
- (iv) The APPU had already provided an affordability option for members that qualified for a contribution reduction. That said, the UPU had recognised the significantly reduced financial capacity of members with low populations and low levels of industrial development. The FCWG believed that the APPU could not ignore this.

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<sup>2</sup> No documentation was located that set out the principles used for establishing the relationship between the UPU and APPU Contribution Class systems. Accordingly, the material prepared by the Bureau was compiled in the context of “assumed principles”.

<sup>3</sup> “Direct relationship” means a mathematical correlation.

4.3 Aspects that were not clear were as follows.

- (i) “Affordability” could not be quantified.
- (ii) Was there a point at which membership would be too expensive for members? Conversely, was there a point at which membership could be too cheap?

**5. Scope for Nauru to reduce APPU contribution**

5.1 Under the current APPU General Regulations, there is no contribution class below the 1-unit class. Accordingly, for Nauru to reduce its contribution, it would require the APPU to create a new contribution class. There is a precedent for a change of this nature to be made.<sup>4</sup>

**6. Other members in the same situation as Nauru**

6.1 As mentioned in paragraph 2.2, there are two other members in the same situation as Nauru i.e., countries recognised by the United Nations as SIDS, with a population of under 200,000 (as per the latest statistical information published by the relevant office of the United Nations). These members are Samoa and Tonga. Whatever decision is made regarding Nauru, should also be offered to Samoa and Tonga.

**7. Financial impact of making a reduction in the contribution unit for Nauru, Samoa and Tonga**

7.1 The Bureau quantified the impact of making a reduction in the contribution unit for Nauru, Samoa and Tonga, as well the increased contribution cost for other members. For calculation purposes only, a nominal level of 0.5 units was used. Details of the calculation are set out in Appendix 1.

7.2 The topline summary of material at Appendix 1 is set out in Table 1 below (figures are based on the 2020 contribution unit of US\$2,650).

**Table 1: Topline Summary of Impact of Nominal 0.5-Unit Contribution Class**

Member	Change
Nauru	Reduction of US\$1,282
Samoa	Reduction of US\$1,282
Tonga	Reduction of US\$3,932
1 unit contributors	Increase of US\$87
2 unit contributors	Increase of US\$173
3 unit contributors	Increase of US\$260
4 unit contributor <sup>5</sup>	Increase of US\$346
5 unit contributors	Increase of US\$433

<sup>4</sup> 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.

<sup>5</sup> Specific class selected by Bangladesh when it increased its contribution by 2 units at the 2019 Tokyo EC meeting.

## 8. EC summary and conclusions

8.1 The summary and conclusions of the EC on the request from Nauru for a reduced contribution to the APPU were as follows.

- (i) The request had been based on a change by the UPU whereby Nauru's contribution (to the UPU) had reduced by 90% (from 1 unit to 0.1 unit). Nauru had not initially requested the same reduction (i.e., 90%) for its APPU contribution. Instead, Nauru requested a reduction to a level "that can be afforded by us". Affordability was not something that the EC could quantify.
- (iii) Close examination of the contribution systems in the UPU and APPU revealed increasing differences between the two organisations' systems. This examination also demonstrated that it was not valid to attempt mathematical alignment between contributions to the UPU and to the APPU. Among the factors that led to this statement were aspects such as:
  - (a) scale: the UPU Regular Budget was more than 180 times the APPU Administrative Budget;
  - (b) contribution options: the UPU had 23 contribution classes, the APPU had 4; and
  - (c) contribution range: the ratio between the highest and lowest contribution classes in the UPU was 500:1, while in the APPU it was 5:1.
- (iii) The UPU contribution model, influenced by the size of its budget, was designed to achieve continuing affordability for all members. The APPU contribution model, also influenced by size of its budget, was designed to achieve minimal financial distinction between members as a means of achieving regional cooperation.
- (iv) The UPU financial system had had intense review. The APPU system had been reviewed once (1985).

8.2 The EC received a report from the Finance Committee regarding four questions that it had been assigned in relation to the request from Nauru. These questions and a summary of the Finance Committee response are set out below.

- (i) Verify the principles followed for the possible creation of a new 0.5 contribution class<sup>6</sup> for the APPU: the FCWG did not find any principles on which to base a mathematically-justified case for a reduced contribution class of, say, 0.5 units.
- (ii) Verify the initially-compiled data and calculations (in Appendix 1 of EC 2019 Doc 5.1): the FCWG verified the data as correct. (This is the material at Appendix 1 of this document.)
- (iii) Provide the EC with an opinion on the creation of a new 0.5-unit contribution class: while sub-paragraph (i) above states that there are no principles on which to base a

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<sup>6</sup> The reference to a 0.5-unit contribution class was simply for the use of 0.5-units as a placeholder figure to get an initial indication of financial impact. It was not initially intended as a proposal or recommendation.

mathematically-justified case for a reduced contribution class, the FCWG noted the particular statistic regarding contribution range viz., the ratio between the highest and lowest contribution classes in the UPU is 500:1, while in the APPU it is 5:1. The FCWG is of the view that the spirit / principle of the Addis Ababa decision could be reflected in the creation of a 0.5-unit class as an interim arrangement.

(iv) Comment on how any confirmed anomalies in current APPU contribution unit classification might best be dealt with in the potential creation of a 0.5-unit class: although some issues were identified, they were assigned for handling separate to the current report.

8.3 The FCWG **recommended** the creation of an interim contribution class of 0.5 units for APPU members who qualify for the UPU 0.1-unit contribution class. The “interim” aspect reflects the reality that the APPU financial contributions system needs to be thoroughly reviewed, following which a more equitable outcome might be available to the membership. (This is the subject of Congress 2022 Doc 24.6, with the review timed for completion no later than the 2026 APPU Congress.)

8.4 The 2021 EC **approved** a recommendation to submit a proposal to the 2022 APPU Congress to create an interim 0.5-unit contribution class.

## 9. Additional observation

9.1 Following the 2021 EC meeting, the Bureau made an important observation, as set out in paragraph 9.2.

9.2 Irrespective of the approach by Nauru that has resulted in the proposal for an interim reduced contribution class, some action by the APPU would have been necessary following the UPU creation of its 0.1-unit contribution class. This is simply because the present text of APPU General Regulations Article 116, paragraph 1 does not specify an APPU contribution class for (APPU) members who are in the UPU 0.1-unit class. The current text reads as follows.

“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.”

9.3 This gap (i.e., the absence of an APPU contribution class that corresponds with the UPU 0.1-unit class) should be referenced in the Congress proposal that deals with the creation of an interim reduced class.

## 10. Congress consideration of matter

10.1 Congress is asked to approve the creation of a reduced contribution class of 0.5 units as an interim arrangement.

10.2 The financial impact of creating the interim 0.5-unit class has been calculated for all 32 members

and provided to the EC in 2019 and again in 2021.

10.3 Two technical aspects need to be dealt with by Congress:

- (i) method of creating the 0.5-unit class (see paragraph 10.4 for detail); and
- (ii) timing for its introduction (see paragraph 10.5 for detail).

10.4 The method for creating the 0.5-unit class would normally be to amend the General Regulations (Article 116). However, given that:

- (i) the 0.5-unit class is an interim arrangement with the possibility of further changes at the 2026 Congress as a result of the overall review of the financial contributions system; and
- (ii) the wish already expressed by some members to confine amendments to the Acts of the Union to one Congress (2026) instead of two Congresses (2022 and 2026) (refer to proposal 01 “Adoption of decisions and recommendations submitted to the 2022 APPU Congress”), the practical method is to use a proposal of a general nature (Resolution) where the enabling provision is a Congress Decision. A draft proposal is at Appendix 2.

10.5 On the matter of timing, the standard practice for implementing changes made at a Congress held in August 2022, would be 1 January 2024. Given that members’ budgets for 2023 may already be approved, it could be difficult to expect a 1 January 2023 timing for the introduction of the 0.5-unit class. Accordingly, the draft proposal at Appendix 2 sets the timing at 1 January 2024.

## **11. Impact of revised proposal (04 Rev 1)**

11.1 Subsequent to the issuing of Congress 2022 Doc 24.5 and its associated proposal (04), the “resolution method” has been refined by Australia and Japan. While acknowledging that the Bureau’s original intention of amending Article 116 of the General Regulations was the most efficient way of introducing the 0.5-unit contribution class, the direction of the Bureau to the “resolution method” resulted in complications not immediately obvious to most parties.

11.2 Australia, supported by Japan, have provided legal resource to ensure that the use of the “resolution method” produces an outcome that does not create issues for the Union. Importantly, Australia and Japan have provided an outcome in proposal 04 Rev 1 that is consistent with the 2021 EC decision and which enables the UPU 0.1-unit contribution class members to be offered an APPU contribution class of 0.5 units.

Impact Assessment of Interim 0.5-unit APPU Contribution Class (using 2020 data)						
	1 contribution unit = US\$	2,650		1 contribution unit = US\$	2,737	
Country	Current Contribution Class	Cost (US\$)	Revised Contribution Class	Cost (US\$)	Change (US\$)	
Afghanistan	1	2,650	1	2,737	87	
Australia	5	13,250	5	13,683	433	
Bangladesh	4	10,600	4	10,946	346	
Bhutan	1	2,650	1	2,737	87	
Brunei Darussalam	2	5,300	2	5,473	173	
Cambodia	1	2,650	1	2,737	87	
China	5	13,250	5	13,683	433	
Fiji	2	5,300	2	5,473	173	
India	5	13,250	5	13,683	433	
Indonesia	3	7,950	3	8,210	260	
Iran	3	7,950	3	8,210	260	
Japan	5	13,250	5	13,683	433	
Korea	5	13,250	5	13,683	433	
Lao	1	2,650	1	2,737	87	
Malaysia	2	5,300	2	5,473	173	
Maldives	2	5,300	2	5,473	173	
Mongolia	2	5,300	2	5,473	173	
Myanmar	1	2,650	1	2,737	87	
Nauru	1	2,650	0.5	1,368	- 1,282	
Nepal	2	5,300	2	5,473	173	
New Zealand	5	13,250	5	13,683	433	
Pakistan	3	7,950	3	8,210	260	
Papua New Guinea	2	5,300	2	5,473	173	
Philippines	2	5,300	2	5,473	173	
Samoa	1	2,650	0.5	1,368	- 1,282	
Singapore	2	5,300	2	5,473	173	
Solomon Islands	1	2,650	1	2,737	87	
Sri Lanka	3	7,950	3	8,210	260	
Thailand	2	5,300	2	5,473	173	
Tonga	2	5,300	0.5	1,368	- 3,932	
Vanuatu	1	2,650	1	2,737	87	
Vietnam	2	5,300	2	5,473	173	
<b>Total</b>	<b>79</b>	<b>209,350</b>	<b>76.5</b>	<b>209,350</b>	<b>0</b>	

**13<sup>th</sup> CONGRESS**

Proposal of a general nature

**04 Rev 1****AUSTRALIA, JAPAN****Decision****Interim arrangement to accommodate the UPU 0.1-unit contribution class members****Congress,**

**noting** the request from Nauru for a reduction in its contribution class to the expenses of the administrative section,

**further noting** that the request from Nauru arose from the creation by the UPU, at its 2018 Addis Ababa Extraordinary Congress, of a 0.1-unit contribution class for SIDS with a population of less than 200,000 people,

**being aware** that the new UPU contribution class of 0.1 units represented a 90% reduction for eligible UPU members and, as such, was tangible evidence of the UPU's intent to recognise the financial capacity issues of members with smaller economies,

**noting, however,** that the financial scale and contribution class systems of the UPU and APPU are vastly different to the point where valid mathematical comparisons between respective contribution class systems cannot be sustained,

**acknowledging** that a further relevant difference between the UPU and APPU contribution class systems is that the UPU has actively reviewed its structure to respond to member interests whereas the APPU has not undertaken a review since 1985,

**further acknowledging** that the APPU will propose a major review of its financial contributions system at the 2022 Bangkok Congress and that this review will, in part, examine financial capacity aspects of the membership with a view to bringing forward proposals at the 2026 APPU Congress,

**recalling that,** in the scenario where a member's UPU class is no longer explicitly included in Article 116 of the General Regulations, members may be required by Article 13 of the Constitution to pay the nearest prescribed APPU contribution class, being 1 unit in the present situation, until such time as the General Regulations are amended,

**agreeing** that, in the interests of proper management of its financial contributions system, the APPU should make an interim arrangement, as decided by the 2021 EC, that ensures UPU 0.1-unit contribution class members continue to be included in the financial contributions structure of the APPU,

**further agreeing** that the need to create an interim arrangement for the UPU 0.1-unit contribution class members is an opportunity to reflect the spirit of the UPU's consideration of its members with smaller economies as defined by the 2018 UPU Addis Ababa Extraordinary Congress,

***Decides***

1. that the existing minimum contribution defined in Article 116 of the General Regulations (i.e., 1 unit) should be assigned to the UPU 0.1-unit contribution class members;
2. that, bearing in mind the inclusivity of the APPU, members other than the UPU 0.1-unit contribution class members will voluntarily make up for the half of the contributions assigned to the UPU 0.1-unit contribution class members in a collective manner where additional/voluntary contributions

will be allocated in proportion to their usual contributions defined in Article 116 of the General Regulations;

3. that, as a consequence, each of the 0.1-unit contribution class has to assume only the remaining half of the assigned units (i.e., 0.5 units);
4. that those interim arrangements become effective on 1 January 2024 for the apportionment of the administrative section budget for 2024 and remain effective until the corresponding amendment to Article 116 of the General Regulations will be made in the future; and
5. that this arrangement is not intended to create a precedent or bind any future Congress in similar circumstances.

**Requests**

the Bureau to make the necessary arrangements to implement the Decision in proposal 04 Rev 1

**Reasons** – see Congress 2022 Doc 24.5 Rev 1.

This proposal seeks to confirm that if a member’s contribution class is not explicitly covered by the APPU General Regulations, they will be taken to be placed in the nearest APPU contribution class listed. In the present circumstances, this means Nauru and Samoa shall remain on 1 contribution unit and Tonga shall reduce from 2 to 1 contribution units.

Whilst this clarifies the treaty ambiguity, it does not address Nauru’s request for reduced contributions of 0.1 UPU unit members, nor does it embody the spirit of inclusivity intended by the UPU’s decision to reduce their contributions to that organisation from those members.

To give the practical effect of reduced contributions for Nauru, Samoa and Tonga while avoiding amending the treaties, it is proposed that all other member countries contribute a total of 1.5 units, spread equitably on a proportional basis to each member’s usual contributions amongst the remaining membership, which will provide sufficient funds to allow Nauru, Samoa and Tonga to each contribute:

- 0.5 units directly; and
- 0.5 units made up of voluntary contributions from other members.

This decision shall be taken until such time as new provisions amending Article 116 of the General Regulations are adopted, but should not seek to bind the Congress if a similar situation were to arise in the future.