

EXECUTIVE COUNCIL 2025

Topic: Nauru's arrears in contributions: 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 background to Nauru's historic arrears in contributions, including initial representations at the 2022 APPU Congress - initial guidance for dealing with the issue from the 2022 APPU Congress - the proviso for also taking post-Congress factors into account to deal with the issue - JSC observations on debt release v arrears management - 2024 EC views on managing existing and future arrears, and the setting aside of unpaid debt 	<p>§ 2, Appendix 1</p> <p>§ 3.2</p> <p>§ 3.3</p> <p>§§ 4.1 – 4.2</p> <p>§§ 4.3 – 4.4, §§ 5.1 – 5.4</p>
<p>2. Decision expected</p> <p>The EC is asked to:</p> <ul style="list-style-type: none"> - note the background to Nauru's historic arrears in contributions, including initial representations at the 2022 APPU Congress - note initial guidance for dealing with the issue from the 2022 APPU Congress - note the proviso for also taking post-Congress factors into account to deal with the issue - note JSC observations on debt release v arrears management - note 2024 EC views on managing existing and future arrears, and the setting aside of unpaid debt - agree with the JSC recommendations that: <ul style="list-style-type: none"> - Nauru's arrears be managed using the UPU process for seeking payment in full; and - an amortisation schedule be established for recovery of the full arrears over a period agreed between Nauru and the EC - approve a draft 2026 Congress Resolution that enables this matter to be finalised - agree that the JSC, supported by the Reform Consultant, be available as required to manage the process of the matter through to its adoption by the 2026 Congress 	<p>§ 2, Appendix 1</p> <p>§ 3.2</p> <p>§ 3.3</p> <p>§§ 4.1 – 4.2</p> <p>§§ 4.3 – 4.4, §§ 5.1 – 5.4</p> <p>§ 6.1 (i)</p> <p>§ 6.1 (ii)</p> <p>§ 6.1 (iii), Appendix 2</p> <p>§ 6.1 (iv)</p>

1. Introduction

- 1.1 This document responds to Resolution C 5/2022 ("Nauru's arrears in contributions to the APPU"). It represents the recommendations of the Joint Sub-Committee of the Finance Committee and Reform Working Group (JSC) that was established at the 2023 EC meeting to undertake a full review of the financial contributions system, including historic arrears. The latter (historic arrears)

comprised both the Nauru situation as well as the general question of provisions for the APPU to deal with future cases of arrears in contributions.

- 1.2 In line with Resolution EC 3/2023 (“Work programme on the full review of the financial contributions system”), the JSC committed to the following activities.
 - (i) By the 2024 EC meeting – identify and assess Nauru’s historic arrears (this was undertaken and completed as set out in EC 2024 Doc 17).
 - (ii) By the 2025 EC meeting – propose a resolution of Nauru’s historic arrears and an approach, if required, to manage any future instances of arrears (as now presented in this document (EC 2025 Doc 14.5).

2. Background

- 2.1 Nauru accumulated historic arrears in contributions to the APPU of US\$10,100 (relating to 2013 and 2015-2018 i.e., five years).
- 2.2 In 2019 Nauru requested that the debt be waived.
- 2.3 The APPU reviewed the request and decided that as it did not have any relevant provisions in the Acts of the Union, nor any precedents to guide the action to take, it would refer the request to the 2022 APPU Congress and seek a mandate for dealing with it (Congress 2022 Doc 24.7 Rev 1, at Appendix 1, covers the issue).
- 2.4 The 2022 APPU Congress considered the matter. It handed down its decision in Resolution C 5/2022 supported by paragraph 9.2 of Congress 2022 Doc 24.7 Rev 1.

3. Guidance for dealing with the Nauru request

- 3.1 Resolution C 5/2022 directed the EC, in conjunction with the Bureau, to develop a final proposal releasing Nauru from its historic debt with the expectation that the work would take due account of steps available in the UPU for dealing with its (UPU) historic arrears.
- 3.2 To assist in developing the final proposal releasing Nauru from its historic debt, Resolution C 5/2022 adopted the considerations set out in paragraph 9.2 of the Congress document. These considerations include the following.
 - (i) The proposal should be based on the system adopted by the UPU in 2021.
 - (ii) If the application of the UPU system brings the “five years” criterion into consideration, then the five years is the most recent five years for which unpaid contributions exist (i.e., 2013, 2015, 2016, 2017 and 2018).
 - (iii) If the proposal uses the “UPU Second Option”, the multiplier is the more favourable of the:
 - (a) APPU interim contribution class (0.5 units); or
 - (b) possible revised unit following the overall review of the APPU financial contributions system.

- (iv) Remaining debt is not cancelled. Instead, it is set aside and treated according to the relevant financial rules. If Nauru finds itself again with arrears (the criteria for which will need to be defined by the Union) then the amounts set aside may be re-registered by the Union.
- (v) The end-point of the EC's work would be a Resolution for the 2026 Congress that finalises the arrears in contributions matter.

3.3 Notwithstanding the guidance in paragraph 3.2, Resolution C 5/2022 contained an important proviso i.e.,

“... any decision taken by the 2022 Congress in this matter cannot limit the ability of the 2022-2026 EC to take current and new factors into consideration in arriving at a final proposal for releasing Nauru from its historical debt, ...”

4. JSC observation on process

- 4.1 The guidance at the 2022 APPU Congress (summarised in paragraph 3.2) might be seen as focusing on an end-result that uses the recent UPU provisions to dispose of the issue relatively quickly. The JSC has observed that the thinking on the Nauru situation prior to the 2022 APPU Congress focused mainly on the UPU debt release provisions in terms of understanding how these might be applied to the Nauru situation. In contrast, the JSC has focused more on arrears management and subsequently presented its views to the 2024 EC meeting.
- 4.2 Regarding arrears management, the JSC has noted that the full UPU system for dealing with arrears uses a number of steps to get payment of amounts due. Only when these steps have proved unsuccessful is a decision made, as a significant exception, to calculate a lesser amount as settlement with the unpaid balance then being put aside.
- 4.3 In its report presented at the 2024 EC the JSC made an assessment of:
 - (i) how the APPU should manage existing and future arrears; and
 - (ii) whether the APPU should implement similar arrangements to the UPU pathways for setting aside arrears and lifting sanctions
- 4.4 The 2024 EC meeting supported the JSC assessment of how existing and future arrears should be managed, including the setting aside of arrears. The assessment is summarised in paragraph 5 below.

5. Summary of 2024 EC position on existing and future arrears management

5.1 The APPU does not have the same measures as the UPU to deal with arrears e.g.,

- (i) Interest and interest forgiveness

Both organisations can charge interest on overdue amounts. However, the APPU has never used the provision. And, even if the APPU did charge interest, it does not have a provision to forgive interest that has accrued.

(ii) Credits

Whereas the UPU has credits at its disposal (e.g., payments for mail transactions) that can be transferred to cover arrears, the APPU does not.

(iii) Amortisation schedules and timeframes to repay

The UPU has the possibility of allowing ten years, or longer, for arrears to be paid. The APPU does not have any such provision.

(iv) Sanctions

In the UPU, members in arrears can lose their right to vote at Congresses and Council meetings, and lose eligibility to be a member of Councils. Losing the right to vote at Congress would have limited effect in the APPU because decisions have less impact than those taken by the UPU. EC membership is not a usable measure because all APPU members are automatically EC members.

(v) Setting aside arrears

Setting aside arrears (i.e., debts are not cancelled but simply put to one side) have significantly different impacts between the UPU and APPU. The table below provides a summary.

Impacts of Setting Aside Arrears		
Measure	UPU	APPU
Interest applied to debt	Interest no longer charged when arrears set aside	Does not charge interest at present
Debt amortisation repayments	No longer required	Does not exist in APPU
Sanctions	Lifted	APPU does not have sanctions

In essence, setting aside debts in the APPU would only confirm that a member will not pay its arrears at any stage.

5.2 The 2024 EC noted that, as far as Nauru is concerned, its arrears:

- (i) are “recent” compared to the UPU (where arrears can date back 40 years or more);
- (ii) have no practical impact i.e., Nauru can participate fully in the activities of the APPU;
- (iii) do not trigger sanctions;
- (iv) do not attract interest; but
- (v) do impact the Union’s financial position and ability to support the region’s postal sector.

5.3 The 2024 EC further noted that the APPU is founded in the spirit of solidarity and supporting members who may have difficulties in paying membership contributions. The EC also noted an APPU arrears management system might include:

- (i) charging of interest on a discretionary basis and within clearly defined parameters; and
- (ii) amortisation schedules with certain time limits that could be varied by the EC,

but should not include:

- (iii) arrangements that release a member from its debts.

5.4 For all the reasons set out in paragraph 5, the JSC considers that it is not appropriate to use a debt release approach (i.e., calculating a reduced settlement figure and the setting aside of the unpaid balance) for the resolution of the Nauru situation. Quite simply, based on the work undertaken since the 2022 APPU Congress, this is not how the overall arrears system of the UPU works i.e., the UPU focuses on arrears management as the main recovery method, noting that this is the recommended long-term approach for the APPU (JSC 2025 Doc 3 “Future management of arrears in contributions” refers).

6. JSC recommendation

6.1 The JSC **recommends** as follows.

- (i) That the resolution of the Nauru arrears situation be undertaken through a process that uses the arrears management part of the UPU system for dealing with the Nauru debt with a view to repayment in full.
- (ii) That an amortisation schedule be established that seeks repayment over a period that is agreed between Nauru and the EC.
- (iii) That the 2025 EC supports the tabling of the draft resolution at Appendix 2 to the 2026 Congress for decision.
- (iv) That the JSC, supported by the Reform Consultant, be available as required to manage the process of the matter through to its adoption by the 2026 Congress.

Asian-Pacific Postal Union
13th Congress
29 August – 2 September 2022
Bangkok, Thailand

Congress 2022 Doc 24.7 Rev 1

REQUEST FROM NAURU FOR THE WAIVING OF ARREARS IN CONTRIBUTIONS TO THE APPU
(Document prepared by the Bureau in consultation with the Chair of the 2017-2022 EC Finance Committee)

1. Subject	References/paragraphs
<p>Informing Congress on:</p> <ul style="list-style-type: none"> - the inter-related nature of three subjects that deal with financial contributions, one of which is the current document (Congress 2022 Doc 24.7 Rev 1) - the request from Nauru for unpaid contributions totalling US\$10,100 to be waived - the absence of provisions authorising the waiver of debt in the APPU - changes in the UPU and measures introduced to enable the recovery of arrears, to reduce the payment required to provide relief and to set aside unpaid balances, thus providing scope for similar consideration by the APPU - the main features of the UPU debt recovery / release system - the commitment made by the APPU to consider steps to releasing Nauru from its historical debt - technical aspects of applying the UPU decisions to the Nauru situation - an outline of a decisive position that Congress might offer to Nauru 	<p>§ 1</p> <p>§ 2</p> <p>§ 3.3</p> <p>§§ 4.1 – 4.2</p> <p>§§ 4.3, Appendix 1</p> <p>§ 6.2</p> <p>§§ 7 - 8</p> <p>§§ 9, Appendix 2</p>
<p>2. Decisions expected</p> <p>Congress is asked to:</p> <ul style="list-style-type: none"> - note the three inter-related financial subjects, one of which is the debt waiving request from Nauru - note the commitment made by the APPU to consider Nauru's appeal concerning its historical debt - approve the proposal being offered to Nauru to reduce the payment required to release it from its historical debt, subject to the various arrangements prescribed 	<p>§ 1</p> <p>§ 6.2</p> <p>§§ 9.2, 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 Rev 1: 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 units) 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 units) and **Subject 3** (Nauru's request for the waiving of arrears in contributions)
- 1.3.3 There could be a relationship between **Subject 2** (overall review of the APPU financial contributions system) and **Subject 3** (Nauru's request for the waiving of arrears in contributions). Comments in this regard are as follows.
- (i) The system for recovering debts in 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 "reduced debt calculation" for which payment would be required. This is of significant benefit to the countries concerned; and
 - (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 the final debt relief payment calculations.

2. Introduction

- 2.1 In 2019 Nauru requested that historic debt owed for unpaid contributions to the APPU be waived. The amount of debt arising from unpaid APPU contributions was US\$10,100 at that time. It remains at that level.
- 2.2 The basis for the request was financial hardship in recent years whereby the arrears was a significant burden that adversely impacted the recovery of the business (noting that the annual turnover of the Nauru postal business was, at the time, of the order of US\$14,200).

3. Background

- 3.1 The US\$10,100 comprises Nauru's invoiced contributions for:

2013: US\$1,500	2016: US\$1,950	2018: US\$2,650
2015: US\$1,850	2017: US\$2,150	

- 3.2 From 2019 onwards, Nauru has been a prompt payer of its annual contribution to the APPU.
- 3.3 The APPU does not have any provisions that authorise the waiving, release from or reduction of unpaid membership contributions. There are two points to be made in this regard i.e.,
- (i) membership assumes a commitment to pay annual contributions; and
 - (ii) the APPU followed UPU policy for unpaid contributions (i.e., up until 2021, the UPU had no provisions to permit the reduction of, or relief from unpaid contributions). The UPU did, however, have arrangements to permit the time payment of debts in arrears by

means of an amortisation agreement over a period of up to 10 years and to release a member country from having to pay interest on the principal component of the debt).

4. Changes in UPU provisions in 2021

- 4.1 The 2021 Abidjan UPU Congress introduced provisions that enabled the payment required of a member country to gain relief from historic unpaid contributions to be reduced, and for the member country to be released from the unpaid debt which would be set aside. Because of the significance of the change that this represented, the criteria under which release could take place were specific, conditional on a range of associated commitments being met, and subject to ongoing compliance with future financial obligations.
- 4.2 The rules for the release from historic, accumulated unpaid contributions are set out in UPU General Regulations, Article 147 (effective 1 July 2022). They are complex. A summary is provided at Appendix 1.
- 4.3 The main features of the UPU provisions for reducing the payment required and enabling relief from historic accumulated debt are set out below.
- (i) Reduction of the payment required and release from UPU debt is a “last resort” option, and is only available in exceptional circumstances as determined by the UPU Congress or the Council of Administration (CA).
 - (ii) Two options exist:
 - (a) pay at least half of the debt (capital only) in arrears and relief will be provided for the balance which shall be set aside; or
 - (b) pay the last five years (capital only - including the current year) and the relief will be provided for the earlier years, as the balance shall be set aside.
 - (iii) In the case of LDCs or SIDS, at least 50% of the amount paid is earmarked for Union-led postal technical assistance projects aimed at benefiting that same country.
 - (iv) Any unpaid contributions that remain unpaid are not cancelled. Instead, they are set aside and treated according to the relevant financial rules. If a member country concerned subsequently falls under automatic sanctions, the amounts that have been set aside will be re-registered by the Union, with immediate effect, as debts in arrears for the member country in question.

5. Nauru debt situation with the UPU

- 5.1 Information from UPU documents provides the following information.

Unpaid contributions as at the 2022 CA meeting (S1): 2.115 million Swiss Francs (US\$2.136 million - capital and interest) and 1.111 million Swiss Francs (US\$1.122 million - capital only) ^{1 2}

Number of years covered in unpaid contributions: 39³

¹ Source for information on debts in arrears accumulated by Nauru: CA C 1 2022.1–Doc 4b. Annex 1.

² Converted to USD at rate on 12 June 2022 (CHF1 = USD1.01= US\$2.136 million).

³ The duration of unpaid contributions commenced from 1981.

6. The relevance of the UPU change in approach to historic debt

- 6.1 The APPU takes its lead on a number of policies and processes from those adopted by the UPU. It would be fair to say that, in principle, the treatment of historic debt would be an area where the APPU should reflect seriously on any precedent set by the UPU. However, it cannot be automatically assumed that the APPU would, or should follow the UPU lead without first examining what is relevant and realistic.
- 6.2 The 2021 EC meeting adopted a proposal that specified “once the UPU Congress had decided on the question of arrears (for UPU contributions), then the (APPU) Bureau and Finance Committee should prepare a decisive position for consideration by the 2022 APPU Congress”.⁴
- 6.3 At the very least, the APPU must show evidence of the process it undertook to ensure the Union can be seen to have treated the matter carefully and responsibly.

7. Key considerations for the APPU

- 7.1 For the APPU to decide on the request for the waiver of arrears from Nauru, there are some aspects that need to be covered as part of due diligence and responsible management.
- 7.2 First and foremost, the decision to wait for the UPU to complete its review of reducing arrears creates an expectation that relevant elements of the UPU solution will be considered for the APPU solution. To deal with this in a practical sense, a complication needs to be highlighted and addressed, as set out below.
- (i) The UPU arrears recovery and relief system appears to be based on debt ranging from the current year backwards i.e., for contributions relating to 2022 and backwards through years 2021, 2020, and so on. When the First and Second Options in Appendix 1 are applied to the actual Nauru situation, the outcomes are not necessarily as the parties involved (Nauru and the APPU) might expect or intend. To explain:
- (a) **UPU First Option:** pay at least half of the arrears (capital only) and relief for the balance will be provided.
Nauru has debt of US\$10,100. Applying the UPU First Option would require a payment of US\$5,050 for release from the balance of debt which would be set aside. This might not be the outcome Nauru expects.
- (b) **UPU Second Option:** pay the most recent five years of contributions (including the current year – capital only) and years older than five years will be set aside.
For the five most recent years (2018-2022), Nauru’s debt is only for 2018 (at US\$2,650). The remaining debt of US\$7,450 would be set aside. This might not be how the APPU sees the system working.⁵
- (ii) The Bureau **recommends** that, if the UPU system is to be used as a guideline, then the “five years” applies to the most recent five years for which unpaid contributions exist, that is, the total of the debt (being for the five years 2013, 2015, 2016, 2017 and 2018).

⁴ EC 2021 Doc 16 (“Waiving of terminal dues, waiving of UPU / APPU arrears, reduced APPU membership fees”) refers.

⁵ Part of the issue may be not applying payment to the oldest debts when contributions are made. If this had been done, then only the most recent years would be unpaid.

7.3 Having established the debt to be dealt with, the Bureau **recommends** the adoption of the following UPU elements in any scheme of payment for or release from accumulated arrears implemented by the APPU.

- (i) If the UPU Second Option is selected, then the multiplier is the more favourable of the:
 - (a) proposed interim contribution class (0.5 units – ref Congress 2022 Doc 24.5); or
 - (b) possible revised unit following the overall review of the APPU financial contributions system (ref Congress 2022 Doc 24.6).
- (ii) Any debt that is set aside is not cancelled. Instead, it is treated according to the relevant financial rules. If Nauru finds itself again with arrears (the criteria for which need to be defined by the Union) then the amounts set aside may be re-registered by the Union. It should be noted that the smaller the payment required, the larger will be the amount set aside.

8. Other considerations for APPU

8.1 The Bureau outlines the points below for consideration in dealing with the reduction of the payment required to provide Nauru with relief from its debt in arrears.

- (i) The Nauru debt situation in the APPU is not a mirror-image of the UPU situation for Nauru e.g., in the UPU the debt (capital only) is more than one hundred times greater than the APPU debt, the UPU debt stretches back over nearly 40 years (whereas the APPU debt is less than ten years old). The Bureau recognises these differences but accepts that the APPU debt is part of an original problem that first manifested itself in the accumulation of debt in other areas (for Nauru). The fact that the APPU debt is much smaller, and “newer”, should not be taken to mean it is easier to repay.
- (ii) The APPU needs to be clear in its mind regarding the action of Nauru in seeking to have its debts waived. External parties not familiar with the background could think that the APPU was taking a “soft” approach to the matter e.g:
 - (a) the party owing the debt (Nauru) is proposing to the other party (the APPU) that the debt be waived; and
 - (b) apart from showing the unpaid amounts in its annual financial documentation, there is no evidence of anxiety or urgency in the APPU about the unpaid amounts. Further, the Union has not applied interest penalties, although Article 117, § 6 of the APPU General Regulations requires it to do so.

The Bureau has reflected on the request by Nauru and sees it quite clearly as part of an overall effort to deal with an historical problem, albeit one that has less history and size compared to the UPU situation.

9. Preparation of a decisive position for consideration by Congress

9.1 The Bureau believes that the following points should be viewed positively by Congress.

- (i) Nauru has an historical debt issue of which the APPU is a small part. That said, being a “small part” does not necessarily make it easier for Nauru to resolve the issue.
- (i) Since 2019 Nauru has demonstrated a constructive and positive approach to the APPU in terms of participation and financial contribution. Nauru is well aware that in prior years its ability to participate and contribute were less than it desired; however, it has not brushed over that – rather, it has explained the situation, made a fresh start, and initiated a discussion to deal with the period prior to 2019. It is important for the APPU to recognise this and do what it can to act in like spirit.
- (iii) The debt payment recovery and relief methods adopted at the 2021 UPU Abidjan Congress form an intensely-researched model. In the lead up to the 2022 APPU Congress, both parties (Nauru and the APPU) have referred to the UPU proposals as strong guidance for any APPU action.

9.2 In anticipation of Congress concurring with the above points, the Bureau **recommends** the adoption of a Resolution by the 2022 Bangkok Congress that directs the EC, during the period 2022-2026, to develop a position to deal with Nauru’s arrears in contributions that includes the following considerations.

- (i) A proposal that reduces the payment required from Nauru to gain relief from its historical, accumulated debt, based on the system adopted by the UPU in 2021.
- (ii) If the application of the UPU system brings the “five years” criterion into consideration, then the five years is the most recent five years for which unpaid contributions exist (i.e., 2013, 2015, 2016, 2017 and 2018).
- (iii) If the UPU Second Option is selected, then the multiplier is the more favourable of the:
 - (a) proposed interim contribution class (0.5 units); or
 - (b) possible revised unit following the overall review of the APPU financial contributions system.
- (iv) Any debt that remains is not cancelled. Instead, it is set aside and treated according to the relevant financial rules. If Nauru finds itself again with arrears (the criteria for which will need to be defined by the Union) then the amounts set aside may be re-registered by the Union.
- (v) The end-point of the EC’s work would be a Resolution for the 2026 Congress that finalises the arrears in contributions matter.

9.3 A draft Resolution giving effect to the points in paragraph 9.2 is at Appendix 2.

9.4 The Bureau does not recommend including any debt release provisions in the Acts of the Union. That is considered more a matter for the overall financial contributions review.

Summary of UPU provisions for providing for recovery of arrears, reduced payments required and relief from historic, accumulated debt

1. Context for reduced payment and/or release from UPU debt

The context for releasing a UPU member with unpaid, accumulated contributions is a highly exceptional measure taken only after all other options have been tried. Its application is solely at the discretion of the UPU Congress or the Council of Administration (CA). A member country with a debt issue has no automatic entitlement to any reduction in payment required or release process irrespective of any previous actions or precedents.

2. Pre-conditions for release from debt

- (i) Having paid the required debt relief amount, a member must request release from unpaid contributions in writing.
- (ii) Congress or the CA must agree that exceptional circumstances exist for the request to proceed to full consideration.

3. Release from unpaid contributions

3.1 First option (debts in arrears)

- (i) A member can be released from its unpaid contributions if they make a payment at least equivalent to half of the debts in arrears (Capital only-UPU General Regulations, Article 147, paragraph 7).

3.2 Second option (long-standing debts in arrears, being debts incurred over a period longer than the last five years (UPU General Regulations, Article 147, paragraph 8.1)).

- (i) A member can be released from unpaid contributions for long-standing debts in arrears if they pay the most recent five years of contributions (Capital only-including the current financial year). For clarity regarding this option, the unpaid contributions that are set aside are debts older than five years (UPU General Regulations, Article 147, paragraph 8).
- (ii) Where a member is an LDC or a SIDS (as defined in Article 151.1 of the UPU General Regulations), the last five years of contributions is calculated according to the current contribution class of the member i.e., the relevant current contribution class is multiplied by five (UPU General Regulations, Article 147, paragraph 8.2).

4. Assignment of contributions paid

Where a member, defined as an LDC or SIDS, completes either the first option or second option, at least 50% of the amount paid shall be earmarked for Union-led postal technical assistance projects aimed at benefiting that same country (UPU General Regulations, Article 147, paragraph 9).

5. Assignment of unpaid contributions (i.e., not paid)

Any unpaid contributions from which a member is released under either the first option or the second option are not cancelled. Instead, they are set aside and treated according to the relevant financial rules. If a member country concerned subsequently falls under automatic sanctions, the amounts that have been set aside will be re-registered by the Union, with immediate effect, as debts in arrears for the member country in question (UPU General Regulations, Article 147, paragraph 10).

CONGRESS

Proposal of a general nature

XX**EXECUTIVE COUNCIL****Resolution****Nauru's arrears in contributions to the APPU****Congress,**

recalling the request made at the 2022 APPU Bangkok Congress for the EC, in conjunction with the Bureau, to complete a review of the historic arrears in contributions on the part of Nauru and to bring a solution to the 2026 APPU Congress in an appropriate Resolution,

further recalling the guidance provided to the EC in Resolution C 5/2022 and in paragraph 9.2 of the supporting document Congress 2022 Doc 24.7 Rev 1, as well as the proviso in Resolution C 5/2022 giving the EC scope to take into account any new factors in order to arrive at a final proposal,

noting the work undertaken by the JSC for the 2024 EC meeting where it presented how the full arrears management system of the UPU operated and the context in which debt forgiveness and setting aside come into play,

further noting that in terms of the APPU basing its process for the Nauru arrears on the system adopted by the UPU in 2021, that there are elements of that system that precede debt forgiveness and setting aside of unpaid balances,

agrees that the next step with the Nauru situation is to manage the repayment of arrears through the establishment of an amortisation schedule with its timeframe being agreed between Nauru and the EC, and

directs the EC, in conjunction with Nauru and the Bureau, to implement the amortisation schedule and to report to the 2030 Congress on the outcome.

Reasons – see Congress 2026 Doc xx.x