

EXECUTIVE COUNCIL 2023

IMPLEMENTATION OF FULL REVIEW OF FINANCIAL CONTRIBUTIONS: CREATION OF JOINT SUB-COMMITTEE

(Document prepared by the Finance Committee and the Reform Working Group (WG))

1. Subject	References/ Paragraphs
<p>Informing the EC on:</p> <ul style="list-style-type: none"> - the action taken by the Finance Committee and the Reform WG to initiate work on two decisions made by the 2022 APPU Bangkok Congress - the organisational approach proposed that combines the work on the two matters and places it under the management of a Joint Sub-Committee led by the Chairs of the Finance Committee and the Reform WG - the work programme proposed - preparatory data compilation work currently being done - the preparation of a resolution for the 2023 EC so that the full assignment can commence 	<p>§§ 1 – 2</p> <p>§ 3</p> <p>§ 4</p> <p>§ 5</p> <p>§ 6</p> <p>EC 2023 Doc 18 Add 1</p>
<p>2. Decision expected</p> <p>The EC is asked to:</p> <ul style="list-style-type: none"> - note the action taken by the Finance Committee and the Reform WG to initiate work on two decisions made by the 2022 APPU Bangkok Congress, including the organisational approach, the work programme proposed, and preparatory data compilation work currently being done - approve the creation of a Joint Sub-Committee, under the co-leadership of the Finance Committee and Reform WG, and that enables the full assignment to be undertaken 	<p>§§ 1 – 5</p> <p>§ 6</p> <p>EC 2023 Doc 18 Add 1</p>

1. Introduction

1.1 This document outlines an organisational approach and a work programme relating to two decisions from the 2022 APPU Bangkok Congress. These decisions are:

- Recommendation C 6/2022: Full review of the financial contributions system¹; and
- Resolution C 5/2022: Nauru’s arrears in contributions to the APPU².

1.2 Given the anticipated workload for the two matters and the timing advantage available by making best use of the 2023 EC session, the Finance Committee and the Reform WG took an early initiative to discuss how these items might best be handled. Accordingly, EC 2023 Doc 18 is a consulted position on the key organisational and work programme aspects mentioned in paragraph 1.1.

¹ Background material is Congress 2022 Doc 24.6.

² Background material is Congress 2022 Doc 24.7 Rev 1.

2. The consultation process

- 2.1 In May 2023, the Chairs of the Finance Committee and the Reform WG collaborated to draft an EC resolution outlining how Recommendation C 6/2022 and Resolution C 5/2022 could be dealt with.
- 2.2 The draft resolution was then circulated to the members of the Finance Committee and Reform WG on 26 May. A meeting to discuss the draft resolution was set up for 13 June. Members were invited to present comments at the meeting, or prior.
- 2.3 Following the meeting on 13 June, further drafting was undertaken to reflect members' comments. The final draft version was prepared on 6 July.

3. Organisational approach

- 3.1 Activity in the Bangkok cycle on these two Congress decisions will more than likely result in Treaty amendments regarding financial aspects of the Acts of the Union. As a starting-point, therefore, managing the two decisions under one work programme is regarded as a better use of resources (i.e., people, time and information).
- 3.2 Further, whilst having been implemented in the short-term, there is another relevant Congress decision from Bangkok 2022: Decision C4/2022: Interim arrangement to accommodate the UPU 0.1-unit contribution class members. This Decision will be incorporated into the full review of financial contributions to ensure a permanent solution is found for a fair contribution level for APPU members in the UPU 0.1-unit contribution class.
- 3.3 There are two common denominators in the relevant Congress decisions i.e., financial matters and reform of current policies. In handing down these matters, Congress assigned as follows.
 - Recommendation C 6/2022: to the EC.
 - Resolution C 5/2022: to the EC, in conjunction with the Bureau.
- 3.4 EC 2023 Doc 18 proposes to the EC that the two matters be dealt with by a Joint Sub-Committee led by the Chair of the Finance Committee and the Chair of the Reform WG, supported by the Reform Consultant. Membership would be open to any APPU member. The reporting channel to the EC would be through the Finance Committee (recognising the more sensitive output of the two elements involved (financial outcomes versus reform of policies). The Bureau will be a key participant and advisor.

4. Work programme

- 4.1 A draft work programme has been prepared and refined through the consultation process. It is presented in the draft EC resolution under "**Decides further** that ... (iv)". This draft work programme envisages the following workflow.

- (i) 2024 EC

To receive information that:

- (a) outlines the current apportionment of income (further comment is in paragraph 5)
- (b) identifies the most appropriate income level to maximise values and benefits for members (further information is in paragraph 5)
- (c) identifies and assesses historical arrears in contributions by Nauru and possible scenarios to address the issue

(ii) 2025 EC

To be in a position to:

- (a) identify a sustainable, fair and equitable contribution class system for the Union
- (b) propose a resolution for the issue of historical arrears in contributions by Nauru, as well as an approach to manage any future instances of arrears

(iii) 2026 Congress

To receive proposals that deliver an optimised financial contributions system.

5. Preparatory data compilation

5.1 With reference to paragraph 4.1 (i) (a) and (b), to enable the 2024 EC to receive information that:

- (i) outlines the current apportionment of income; and
- (ii) identifies the most appropriate income level to maximise values and benefits for members,

a data compilation and analysis exercise will be concluded by 31 July 2023. This exercise will be key guidance for the Joint Sub-Committee in understanding the historic patterns of contributions and benefits among the membership.

6. Conclusion

6.1 The EC resolution that gives effect to the organisational approach and work programme is at EC 2023 Doc 18 Add 1.

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Proposal of a general nature

03**FINANCE COMMITTEE AND APPU/UPU REFORM WORKING GROUP****Resolution****Work programme on the full review of the financial contributions system****The Executive Council,**

reaffirming the necessity of a sustainable financial contributions system for the Asian-Pacific Postal Union (the “Union”),

recalling Recommendation C 6/2022 (supported by Congress 2022 Doc 24.6) in which the 2022 Bangkok Congress recommended the Executive Council undertake a full review of the financial contributions system,

noting the benefit of considering the situation of arrears in contributions to the APPU (outlined in Resolution C 5/2022, supported by Congress 2022 Doc 24.7 Rev 1 (Nauru’s arrears in contributions to the APPU)), as part of the full review of the financial contributions system,

acknowledging that such a review and subsequent solutions should duly reflect differences in the level of development among member countries and ensure consistency, where appropriate, of its financial contributions system with that of the Universal Postal Union,

bearing in mind that the Union should maximise the benefits gained by member countries from the Union’s activities, which can be achieved through optimised, fair and equitable apportionment of the Union’s income consisting of member countries’ contributions,

reaffirming the commitment of members to minimise the need to further amend the Acts of the Union following the conclusion of the full review and the adoption of recommended solutions, wherever possible,

affirming that the Executive Council needs clear guidance to achieve steady and substantial progress in these matters,

decides to establish a joint sub-committee on the full review of the financial contributions system under the auspices of the Finance Committee and APPU/UPU Reform Working Group for the period between the 2023 Executive Council and the 2026 Congress for the purpose of undertaking the required reviews and to develop solutions to achieve an optimised and sustainable financial contributions system of the Union,

decides further that:

- (i) the Chair of the Reform Working Group and the Chair of the Finance Committee jointly co-chair the sub-committee, assisted by the Reform Consultant;
- (ii) the sub-committee be open to all members of the Executive Council, and work in close collaboration with the Bureau, to ensure a fully informed outcome;
- (iii) the sub-committee co-chairs report progress annually to the Executive Council;

(iv) the sub-committee deliver on the following milestones:

- 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,
- also by the 2024 Executive Council meeting, to identify and assess historical arrears in contributions by Nauru, and possible scenarios to address the issue of historical and future arrears, such as the development of a fair, equitable, and sustainable debt repayment or amortization scheme,
- 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,
- also by the 2025 Executive Council meeting, to propose a resolution on the issue of historical arrears in contributions by Nauru and an approach, if required, to manage any future instances of arrears, and
- by the 2026 Congress, to present final proposals to deliver an optimised financial contributions system minimising subsequent amendments to the Acts of the Union, and

(v) the sub-committee, in developing its programme of activities, base its work, in the first instance, on the guidance provided in the respective initiating documents i.e., Congress 2022 Doc 24.6 (full review of financial contributions system) and Congress 2022 Doc 24.7 Rev 1 (Nauru's arrears in contributions to the APPU).