

## SECOND EXTRAORDINARY CONGRESS

### Documents to be published for the 2018 Extraordinary Congress

#### Subject: Information concerning the list of documents to be published for Congress

<i>Congress—Doc</i>	<i>Subject</i>	<i>Reference</i>
1.Rev 4 and Add 1	List of Congress documents	
2.Rev 4	Congress timetable	
<i>a Agendas</i>		
3.Rev 1 and Adds 1 to 5	Agenda of the plenary meeting	
4 (Deleted)		
<i>b Extraordinary Congress topics</i>		
5.Rev 1	Finance (contribution system)	
6	Reform of the Union	
7	Sustainability of the UPU's Provident Scheme	
8.Rev 1	The Integrated Product Plan and Integrated Remuneration Plan	
<i>c Reports</i>		
9 and Add 1	Report of Committee 1 (Credentials)	
<i>d Miscellaneous</i>		
10.Rev 2	Application of the system of automatic sanctions at the Extraordinary Congress	
11	Declarations made on signature of the Acts	
12	Decisions other than those amending the Acts	

In accordance with Congress resolution C 17/2012, paper copies of documents for the second Extraordinary Congress will not be distributed in Addis Ababa.

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*Congress–Notes – Practical information for member countries (general, administrative or informative matters)*

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|----------|---|
| 1.Rev 1  | List of member countries of the Universal Postal Union  |
| 2.Rev 1  | List of organizations invited to the Extraordinary Congress   |
| 3.Rev 2  | Composition of the International Secretariat of the Extraordinary Congress  |
| 4        | Representation of one member country by the delegation of another member country at Congress and committee meetings |
| 5        | (Deleted)   |
| 6        | Languages of discussion during Congress – Choices to be made by member countries                                    |
| 7        | Information concerning reports  |
| 8        | Information concerning voting procedures in plenary meetings  |
| 9        | Speeches and contributions prepared in advance in writing   |
| 10       | Signature of the Acts   |
| 11       | (Deleted)   |
| 12.Rev 1 | Guidelines on presenting new reservations to the Acts of the UPU during Congress                                    |
| 13.Rev 1 | Advance review of delegates' credentials  |
| 14       | Guidelines on Congress registration and visa application processes  |

## SECOND EXTRAORDINARY CONGRESS

### Distribution of proposals

<i>No.</i>	<i>Title</i>	<i>Proposed plenary session</i>
01	Scope of member proposals to be brought before the Extraordinary Congress	Opening plenary
07.Rev 1	Designation of member countries prepared to assume the chairmanships, vice-chairmanships and topic-leader positions for the Extraordinary Congress	Opening plenary
06.Rev 1	Reform of the system applied to contributions by Union member countries	Contribution system
09	Reform of the system applied to contributions by Union member countries	Contribution system
10.21.1	Expenditure of the Union. Contributions of member countries	Contribution system
15.150.1.Rev 1	Contribution classes	Contribution system
15.150.2.Rev 1	Contribution classes	Contribution system
15.146.1	Regulation of member countries' contributions	Contribution system
05	Additional procedures concerning the election of member countries to the Council of Administration and the Postal Operations Council	Reform
10.1.1, 10.8.1, 10.18.1, 15.103.1, 15.104.1, 15.105.1, 15.106.1, 15.107.1, 15.108.1, 15.109.1, 15.110.1, 15.112.1, 15.113.1, 15.114.1, 15.115.1, 15.116.1, 15.117.1, 15.123.1, 15.127.1, 15.130.1, 15.138.1, 15.144.1, 15.152.1	CA proposals	Reform
15.112.2	Composition and functioning of the POC	Reform
10	Sustainability of the Provident Scheme of the Universal Postal Union	Provident Scheme
02	Implementation of updated Integrated Product Plan	IPP/IRP and urgent postal sector issues
03	Implementation of updated Integrated Product Plan	IPP/IRP and urgent postal sector issues



<i>No.</i>	<i>Title</i>	<i>Proposed plenary session</i>
04	Integrated Remuneration Plan (2019–2020)	IPP/IRP and urgent postal sector issues
20.17.1, 20.17.2, 20.18.1, 20.18.2, 25.17-107.1, 25.18-102.1	POC proposals	IPP/IRP and urgent postal sector issues
20.39.1	Reservations at Congress	IPP/IRP and urgent postal sector issues
19.19.1	Conditions of approval of proposals	IPP/IRP and urgent postal sector issues
20.38.1	Conditions for approval of proposals concerning the Convention and the Regulations	IPP/IRP and urgent postal sector issues
20.28.1	Terminal dues. General provisions	IPP/IRP and urgent postal sector issues
20.28.2	Terminal dues. General provisions	IPP/IRP and urgent postal sector issues
11	Integrated Remuneration Plan (2019–2020)	IPP/IRP and urgent postal sector issues
12	Implementation of updated Integrated Product Plan	IPP/IRP and urgent postal sector issues
08	Entry into force of amendments to the Acts as adopted by the Extraordinary Congress	Closing plenary
	Reservations, appeals	Closing plenary

### Distribution of documents



<i>Congress–Doc</i>	<i>Title</i>	<i>Proposed plenary session</i>
1.Add 1	Allocation of Congress proposals and documents to the plenary sessions	Opening plenary
5.Rev 1	Reform of the system applied to contributions by Union member countries	Contribution system
6	Reform of the Union	Reform
7	Provident Scheme of the Universal Postal Union	Provident Scheme
8.Rev 1	Updated Integrated Product Plan and Integrated Remuneration Plan 2019–2020	IPP/IRP
9 and Add 1	Report of Committee 1 (Credentials)	Closing plenary
10.Rev 2	Application of the system of automatic sanctions at the Extraordinary Congress	Opening plenary
11	Declarations made on signature of the Acts	Closing plenary
12	Decisions other than those amending the Acts	Closing plenary

## SECOND EXTRAORDINARY CONGRESS

### Draft timetable of meetings

		Hall	Meeting room
Saturday, 1 September 2018		Registration	
Sunday, 2 September 2018		Registration	
Monday, 3 September 2018	9.00–12.00	Registration	Bureau of Congress (9.00–10.00, Small Conference Hall 2)
		Opening ceremony (10.00–12.00)	
	12.00–14.00	Lunch reception: Ethiopia	Press conference (13.00–14.00, Briefing room 4)
	14.00–16.00	Opening plenary	
	16.00–21.00	Plenary – Reform of the Union	
Tuesday, 4 September 2018	9.00–12.00	Plenary – Contribution system	
	12.00–14.00	Lunch reception: China (People's Rep.)	C 1 Credentials <sup>1</sup> (12.00–13.00, Medium Conference Hall)
			C 2 Drafting <sup>1</sup> (12.00–13.00, Small Conference Hall 2)
	14.00–18.00	Plenary – Contribution system	
	18.00–21.00	Reserved (evening session)	
Wednesday, 5 September 2018	8.00–9.00		Bureau of Congress (Small Conference Hall 2)
	9.00–12.00	Plenary – UPU Provident Scheme	
	12.00–13.00		C 2 Drafting <sup>1</sup> (Small Conference Hall 2)
	14.00–18.00	Plenary – IPP, IRP and urgent postal sector issues (Afternoon coffee break: Japan)	
	18.00–20.00	Reserved (evening session)	

<sup>1</sup> Restricted committee, which will meet outside regular meeting hours.

		Hall	Meeting room
Thursday, 6 September 2018 <sup>2</sup>	9.00–12.00	Plenary – IPP, IRP and urgent postal sector issues	
	12.00–13.00		C 1 Credentials <sup>3</sup> (Small Conference Hall 1) C 2 Drafting <sup>3</sup> (Small Conference Hall 2)
	14.00–18.00	Ministerial Strategy Conference (Afternoon coffee break: Switzerland)	
	18.00–19.00	Evening reception: Ethiopia	
Friday, 7 September 2018 <sup>2</sup>	8.00–9.00		CA–POC Coordination Committee (Small Conference Hall 2)
	9.00–12.00	Ministerial Strategy Conference	
	14.00–17.00	Closing plenary – Report of C 1, approval of the Acts, appeals, reservations and closing ceremony	

<sup>2</sup> Signing of the Acts will be possible from Thursday, 6 September at 16.00 to Friday, 7 September at 18.00.

<sup>3</sup> Restricted committee, which will meet outside regular meeting hours.

## SECOND EXTRAORDINARY CONGRESS

### Opening plenary meeting

Monday, 3 September 2018 (14.00–16.00)

### Agenda

		<i>Congress—Doc or proposal</i>	<i>Estimated time</i>
<i>A.</i>	<i>Under the chairmanship of the CA Chair</i>		
1	Opening of Congress	—	14.00–14.05
2	Checking of the quorum	—	14.05–14.10
3	Address by the CA Chair	—	14.10–14.20
4	Election of the Chairman of Congress	—	14.20–14.25
<i>B.</i>	<i>Under the chairmanship of the Chairman of Congress</i>		
5	Adoption of the agenda	Congress—Doc 3.Rev 1	14.25–14.30
6	Address by the Chairman of Congress	—	14.30–14.40
7	Address by the Secretary General	—	14.40–14.50
8	Approval of the appointment of the Vice-Chairs/Topic Leaders for the Congress and Chairs of the restricted committees	Proposal 07.Rev 1	14.50–15.00
9	Approval of the appointment of the members of the restricted committees (Credentials and Drafting)	Proposal 07.Rev 1	15.00–15.10
10	List of organizations invited to the Extraordinary Congress	Congress—Note 2.Rev 1	15.10–15.20
11	Application of the system of automatic sanctions at the Extraordinary Congress	Congress—Doc 10.Rev 2	15.20–15.30
12	Scope of member country proposals to be brought before the Extraordinary Congress	Proposal 01	15.30–15.35

In accordance with Congress resolution C 17/2012, paper copies of documents for the second Extraordinary Congress will not be distributed in Addis Ababa.

		<i>Congress–Doc or proposal</i>	<i>Estimated time</i>
13	Allocation of Congress proposals and Congress documents to the bodies of Congress	Congress–Doc 1.Add 1	15.35–15.45
14	Statements	–	15.45–16.00

| Berne, 3 September 2018

Ubah Mohammed Hussien  
Chair



## SECOND EXTRAORDINARY CONGRESS

### Plenary session – Reform of the Union

Monday, 3 September 2018 (16.00–21.00)

### Agenda

		<i>Congress–Doc or proposal</i>
A.	<i>Under the chairmanship of the Chairman of Congress</i>	
1	Opening of the meeting	–
2	Checking of the quorum	–
3	Handover of meeting to Vice-Chair/Topic Leader	–
B.	<i>Under the chairmanship of the Vice-Chair/Topic Leader</i>	
4	Address by the Vice-Chair/Topic Leader	–
5	Adoption of the agenda	Congress–Doc 3.Add 1.Rev 1
6	Reform of the Union	
	a Report by the CA	Congress–Doc 6
	b Procedures concerning the election of member countries to the CA and POC	Proposals 15.112.1 (§ 1) and 05
	c Changes to the Acts	Proposals 10.1.1, 10.8.1, 10.18.1, 15.103.1, 15.104.1, 15.105.1, 15.106.1, 15.107.1, 15.108.1, 15.109.1, 15.110.1, 15.112.1 (§§ 3 and 5), 15.113.1, 15.114.1, 15.115.1, 15.116.1, 15.117.1, 15.123.1, 15.127.1, 15.130.1, 15.138.1, 15.144.1, 15.152.1
	d Composition and functioning of the POC	15.112.1 (§ 2) and 15.112.2
7	Any other business	–

| Berne, 2 September 2018

Ubah Mohammed Hussien  
Chair

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## SECOND EXTRAORDINARY CONGRESS

### Plenary sessions – Contribution system

Tuesday, 4 September 2018 (9.00–12.00 and 14.00–18.00)

### Agenda

	<i>Congress–Doc or proposal</i>
<i>A. Under the chairmanship of the Chairman of Congress</i>	
1 Opening of the meeting	–
2 Checking of the quorum	–
3 Handover of meeting to Vice-Chair/Topic Leader	–
<i>B. Under the chairmanship of the Vice-Chair/Topic Leader</i>	
4 Adoption of the agenda	Congress–Doc 3.Add 2.Rev 1
5 Address by the Vice-Chair/Topic Leader	–
6 Reform of the system applied to contributions by Union member countries – CA report	Congress–Doc 5.Rev 1
7 Reform of the system applied to contributions by Union member countries – Proposals of a general nature	Proposals 06.Rev 1 and 09
8 Reform of the system applied to contributions by Union member countries – Changes to the Acts	Proposals 10.21.1, 15.150.1.Rev 1 and 15.150.2.Rev 1
9 Regulation of member countries' contributions	15.146.1
10 Any other business	–
11 Statements	–

| Berne, 3 September 2018

Ubah Mohammed Hussien  
Chair

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## SECOND EXTRAORDINARY CONGRESS

### Plenary session – Provident Scheme

Wednesday, 5 September 2018 (9.00–12.00)

### Agenda

		<i>Congress—Doc or proposal</i>
<i>A.</i>	<i>Under the chairmanship of the Chairman of Congress</i>	
1	Opening of the meeting	—
2	Checking of the quorum	—
3	Approval of the report of the opening plenary meeting of 3 September	Congress—Report 1
4	Handover of meeting to Vice-Chair/Topic Leader	—
<i>B.</i>	<i>Under the chairmanship of the Vice-Chair/Topic Leader</i>	
5	Adoption of the agenda	Congress—Doc 3.Add 3
6	Address by the Vice-Chair/Topic Leader	—
7	Future sustainability of the Provident Scheme	Congress—Doc 7 and proposal 10
8	Any other business	—
9	Statements	—

Berne, 22 August 2018

Ubah Mohammed Hussien  
Chair

## SECOND EXTRAORDINARY CONGRESS

### Plenary session – Integrated Product Plan, Integrated Remuneration Plan and urgent postal sector issues

Wednesday, 5 September 2018 (14.00–18.00) and Thursday, 6 September 2018 (9.00–12.00)

#### Agenda

		<i>Congress–Doc or proposal</i>
<b>A.</b>	<i>Under the chairmanship of the Chairman of Congress</i>	
1	Opening of the meeting	–
2	Checking of the quorum	–
3	Handover of meeting to Vice-Chairs/Topic Leaders	–
<b>B.</b>	<i>Under the chairmanship of the Vice-Chairs/Topic Leaders</i>	
4	Address by the Vice-Chairs/Topic Leaders	–
5	Adoption of the agenda	Congress–Doc 3.Add 4.Rev 1
6	Updated Integrated Product Plan (IPP) and Integrated Remuneration Plan (IRP) 2019–2020	
a	IPP	Congress–Doc 8.Rev 1 (Part I)
b	IRP	Congress–Doc 8.Rev 1 (Part II)
c	Amendments to the Acts	Congress–Doc 8.Add 1; proposals 20.17.1, 20.17.2, 20.18.1, 20.18.2, 20.28.1, 20.28.2
d	Implementation of Integrated Product Plan	Congress Doc 8.Add 1; proposals 02, 03 and 12
e	Integrated Remuneration Plan	Proposals 04 and 11
7	Handover of meeting to the Chair of Congress	–
<b>C.</b>	<i>Under the chairmanship of the Chair of Congress</i>	–
8	Approval of the report of the plenary sessions on reform of the Union	Congress–Report 2

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		<i>Congress–Doc or proposal</i>
9	Urgent postal sector issues – Amendment to Convention article 39 and consequential proposals	Proposals 19.19.1, 20.38.1 and 20.39.1
10	Any other business	–
11	Statements	–
12	Memorandum of Understanding between the European Commission for Postal Regulation (CERP) and the Pan African Postal Union	–

| Berne, 3 September 2018

Ubah Mohammed Hussien  
Chair

**Proposals relating to the Convention Regulations which are being forwarded directly to the POC by virtue of article 29.3 of the Constitution (see also article 22.5 of the Constitution)**

25.17-107.1

25.18-102.1

## SECOND EXTRAORDINARY CONGRESS

### Closing plenary meeting

| Friday, 7 September 2018 (14.00–18.40)

### Provisional agenda

		<i>Congress–Doc or proposal</i>	<i>Estimated time</i>
1	Opening of the plenary	–	14.00–14.05
2	Checking of the quorum	–	14.05–14.15
3	Statements	–	14.15–14.30
4	Adoption of the agenda	Congress–Doc 3.Add 5.Rev 2	14.30–14.35
5	Approval of the report of the plenary session on the UPU contribution system	Congress–Report 3.Rev 1	14.35–14.40
6	Report of Committee 1 (Credentials)	Congress C 1–Report 1 Congress C 1–Report 2	14.40–15.00
7	Reservations	Proposals 23.6.1, 23.6.91, 23.6.92.Rev 1 and 23.14.1	15.00–15.45
8	Entry into force of amendments to the Acts as adopted by Congress	Proposal 08	15.45–16.00
9	Approval of the draft Acts	–	16.00–16.50
10	Rules of Procedure of Congresses	Proposal 19.3.1.Rev 1	16.50–17.10
11	Decisions other than those amending the Acts	Congress–Doc 12	17.10–17.30
12	Signing ceremony for the joint declaration between UPU and Côte d'Ivoire (Rep.)	–	17.30–17.50
13	Closing remarks by the Secretary General	–	17.50–18.00
14	Closing remarks by the Assistant Secretary General	–	18.00–18.10

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		<i>Congress–Doc or proposal</i>	<i>Estimated time</i>
15	Closing remarks by the Chairman of the Council of Administration	–	18.10–18.20
16	Closing remarks by the Chairman of Congress	–	18.20–18.30
17	Closing ceremony	–	18.30–18.40

Addis Ababa, 6 September 2018

Ubah Mohammed Hussien  
Chair



## SECOND EXTRAORDINARY CONGRESS

### Reform of the system applied to contributions by Union member countries

#### Report of the Council of Administration (Agenda item 5)

1 Subject	References/paragraphs
Report on reform of the system applied to contributions by Union member countries.	§§ 1 to 12 and Annex 1
2 Decision expected	
– Take note of the report;	§§ 1 to 12 and Annex 1
– Approve the proposal of a general nature concerning reform of the system applied to contributions by Union member countries;	Proposal 09
– Approve the proposals in respect of related amendments to the legal framework of the UPU.	Proposals 10.21.1 and 15.150.2.Rev 1

#### I. Introduction

1 Following the adoption of Istanbul Congress resolution C 29/2016 and the subsequent CA decision of 2017, it was decided to review the UPU's contribution system, which in its current form is no longer able to address the funding challenges of the Union in today's economic environment.

2 The continuous decline in the number of contribution units (down 10% from 1997 to 2017), as well as the *de facto* freezing of the value of the contribution unit during the Doha cycle, led to a reduction in the regular budget in the 2013–2016 cycle, posing a risk to the operating capacity of the UPU and to the general sustainability of its funding base in the long term, notwithstanding the fact that, through resolution C 26/2016, the Istanbul Congress reaffirmed the constitutional principle of solidarity.

3 Between 1997 and 2017, the value of the contribution unit increased by 16% (+4.2% after the Istanbul Congress). Under the current system, the nine members whose contributions exceed 1 million CHF a year alone bear 44% of the Union's regular budget.

4 Given the above, the Istanbul Congress, and subsequently the 2017 CA, decided to create a task force, operating on voluntary principles. The work of the task force was undertaken by a variety of means, including teleconferences, electronic exchange of information, and physical meetings.

5 Kenya chaired the task force, which consisted of representatives of Algeria, Australia, Belgium, China (People's Rep.), Côte d'Ivoire (Rep.), France, Germany, Japan, Kenya, the Netherlands, Poland, Portugal, South Africa, Spain, Sweden, Switzerland, Tunisia, the United Kingdom and the United States of America. By decision of the April 2018 CA, the task force has been further strengthened by the inclusion of independent regional focal points as follows: Region 1 – Brazil and Mexico; Region 2 – Kazakhstan and Poland;

Region 3 – Germany and Spain; Region 4 – China (People’s Rep.) and Indonesia; and Region 5 – Burkina Faso and Tunisia.

## **II. Current funding model and need for change**

6 Currently, the UPU is funded through a voluntary contribution model whereby member countries unilaterally decide on their level of contribution upon accession and are entitled to change their contribution class once every four years (a situation which, in many cases, cannot be deemed as commensurate with the benefits derived from membership in the Union or with the economic capacity of member countries).

7 As acknowledged by resolution C 29/2016 and explained in section I above, this funding principle does not provide a stable, solid and predictable funding base for the Union, thus posing a serious risk to the sustainability of the Union and to the long-term financial planning of member countries. The resolution states that, in order to meet the Union’s needs with regard to its long-term financial sustainability, the prevailing practice adopted within the United Nations (UN) system, mainly based on assessed contributions based on the relative capacity of each member country to pay (gross national income, while taking into account other elements such as external debt and development levels), should be used as a basis for any future Congress proposals.

8 This led the task force to conclude that the model needs to be changed to improve the stability of the funding base from the perspectives of both the International Bureau and members countries.

## **III. Fundamental principles of the future contribution model**

9 In the course of its discussions, the task force identified a number of major underlying principles for a successful future contribution model, which should:

- enable sustainable funding of the Union in the long term;
- introduce a mandatory component based on fair and transparent criteria;
- in line with the best practices of the UN, provide for funding caps and floors correlated to the economic capacity of member countries, including adjustments to provide protection for countries with low income per capita and debt-burdened economies;
- provide for a transition period from the existing to the new contribution model across two Congress cycles (2020 to 2028);
- encourage sovereign decisions on improvement of financial support for the organization, while protecting against inefficient use of the system contrary to the best interest of the Union;
- implement funding floors (protection of lowest paying range), funding caps (protection of highest paying range), and a mandatory component that replaces the principle of solidarity (protection of middle paying range);
- be tailored to take into account the industry-specific nature of the UPU as a specialized technical agency.

## **IV. Target minimum, protection framework and the mechanism of calculation**

10 Based on the philosophy and principles above, the task force proposed a model based on key technical criteria, as follows:

- Allocation key: a composite index consisting of gross national income (GNI) at 80% weight and GNI per capita at 20% weight, at purchasing power parity (rolling average over the last five years).
- Target minimum: the lowest recommended contribution amount for a country based on its economic capacity, as measured through the application of the composite index above and with the alleviation adjustments specified.
- Absolute cap: the upper limit of the contribution framework, defined as the lesser of the minimum target and the current maximum contribution level (50 units).
- Absolute floor: the lower limit of the contribution framework, defined as two contribution units.
- Protection of countries with a high debt burden and low income per capita through a system of targeted adjustments:
  - modified absolute cap of forty units for developing countries;

- a special floor of 0.1 unit for least developed countries;
- 20% per capita component in the composite allocation key.
- Alleviation for distortion in economies with a small population and high income per capita by application of a weakening factor of 50% for those for whom the unadjusted increase exceeds 100%.
- The econometric mechanism of the calculation is as follows:
  - The overall funding envelope is allocated to member countries through the application of the respective target minimums calculated using a composite index consisting of GNI at 80% and GNI per capita at 20%, at purchasing power parity (rolling average over the last five years) – as published by the World Bank and used by the UN – and rounded to the nearest full contribution unit at the monetary value fixed in the UPU 2018 budget;
  - The chargeable amounts calculated using the allocation key above are subject to:
    - a minimum (floor) of one contribution unit, with a special rate of 0.1 unit for least developed countries;
    - a maximum (cap) of fifty contribution units, with a special rate of forty units for developing countries;
    - an additional weakening factor of 50% for countries with a small population and high income per capita.
  - The combined application of the above produces final amounts payable per country.
  - The underlying statistical data is regularly revised as and when:
    - a revision of the UN scale of assessment is issued (applies to GNI values); and/or
    - countries transition between categories (e.g. from least developed to developing country, or from developing to industrialized country).

## **V. Non-econometric (policy) components of the model and support measures through the period of transition**

11 Along with the econometric mechanism and the parameters set out in section IV above, the task force recommends the following:

- The increase to the target minimum for countries previously paying below it should be a recommended target, with a grace period provided to achieve that target. The grace period would be subject to the sovereign decision of the country. In each Congress cycle, the percentage should increase by 15% as a minimum.
- The decrease to the target minimum for countries previously paying above it should be synchronized with the increase in revenue specified in the paragraph above, limited to 15% at a time and granted on the “first applied – first served principle”. In the case of two applications logged on the same date, priority is given to the member country whose excess over the target minimum is greater. The International Bureau will prepare an annual account of the excess revenue generated from the increase in contributions towards the target minimum for the information of eligible member countries.
- The transition period should be supported by contingency measures, as follows:
  - Preferred option: until the transition is executed, temporarily freeze contribution levels at the value of the 2018 budget; and/or
  - Secondary option: until the transition is executed, temporarily replace the current contribution classes with a system of 51 contribution classes (ranging from 1 to 50 classes and a special class of 0.5 unit for countries that qualify under current legislation).

12 Implementation of the model would start in 2020, last for two Congress cycles, and end in 2028.

Based on data of 31 July 2018

		Weighting			
GNI Index ø 2012-16		80.00%			
GNI Cap PPP Index ø 2012-16		20.00%			
in CHF					
Floor value		43,526	87,052		
Cap value		1,741,040	2,176,300		
Budget financed by member contributions	36,148,343			Potential surplus	6,542,053
	36,148,343	830.5	36,148,343	830.2	

Member countries	Contribution 2017			Target minimum			current to fair minimum	Possible invoice	
	in CHF	in units	in % of the budget	in CHF	in units	in % of the budget	in units	in units	in % of the budget
Afghanistan	21,763	0.5	0.1%	4,353	0.1	0.0%	-0.4	1	0.1%
Albania	43,526	1	0.1%	43,526	1	0.1%	-	1	0.1%
Algeria	217,630	5	0.6%	135,019	3	0.4%	-2.0	5	0.5%
Angola	21,763	0.5	0.1%	4,353	0.1	0.0%	-0.4	1	0.1%
Antigua and Barbuda	43,526	1	0.1%	60,865	1	0.2%	-	1	0.1%
Argentina	130,578	3	0.4%	329,424	8	0.9%	5.0	8	0.8%
Armenia	43,526	1	0.1%	43,526	1	0.1%	-	1	0.1%
Aruba	43,526	1	0.1%	43,526	1	0.1%	-	1	0.1%
Australia	870,520	20	2.4%	830,804	19	2.3%	-1.0	20	2.0%
Austria	217,630	5	0.6%	352,253	8	1.0%	3.0	8	0.8%
Azerbaijan	43,526	1	0.1%	78,732	2	0.2%	1.0	2	0.2%
Bahamas	43,526	1	0.1%	71,761	2	0.2%	1.0	2	0.2%
Bahrain (Kingdom)	43,526	1	0.1%	61,558	1	0.2%	-	1	0.1%
Bangladesh	130,578	3	0.4%	103,855	2	0.3%	-1.0	3	0.3%
Barbados	43,526	1	0.1%	43,526	1	0.1%	-	1	0.1%
Belarus	43,526	1	0.1%	84,132	2	0.2%	1.0	2	0.2%
Belgium	652,890	15	1.8%	384,469	9	1.1%	-6.0	15	1.5%
Belize	43,526	1	0.1%	43,526	1	0.1%	-	1	0.1%
Benin	21,763	0.5	0.1%	4,353	0.1	0.0%	-0.4	1	0.1%
Bhutan	21,763	0.5	0.1%	4,353	0.1	0.0%	-0.4	1	0.1%
Bolivia	43,526	1	0.1%	43,526	1	0.1%	-	1	0.1%
Bosnia and Herzegovina	43,526	1	0.1%	43,526	1	0.1%	-	1	0.1%
Botswana	43,526	1	0.1%	43,526	1	0.1%	-	1	0.1%
Brazil	435,260	10	1.2%	1,130,157	26	3.1%	16.0	26	2.6%
British Virgin Islands	174,104	4	0.5%	87,052	2	0.2%	-2.0	4	0.4%
Brunei Darussalam	43,526	1	0.1%	130,323	3	0.4%	2.0	3	0.3%
Bulgaria (Rep.)	130,578	3	0.4%	78,698	2	0.2%	-1.0	3	0.3%
Burkina Faso	21,763	0.5	0.1%	4,353	0.1	0.0%	-0.4	1	0.1%
Burundi	21,763	0.5	0.1%	4,353	0.1	0.0%	-0.4	1	0.1%
Cambodia	43,526	1	0.1%	43,526	1	0.1%	-	1	0.1%
Cameroon	43,526	1	0.1%	43,526	1	0.1%	-	1	0.1%
Canada	1,741,040	40	4.8%	974,269	22	2.7%	-18.0	40	4.1%
Cape Verde	21,763	0.5	0.1%	4,353	0.1	0.0%	-0.4	1	0.1%
Central African Rep.	21,763	0.5	0.1%	4,353	0.1	0.0%	-0.4	1	0.1%
Chad	21,763	0.5	0.1%	4,353	0.1	0.0%	-0.4	1	0.1%
Chile	130,578	3	0.4%	191,694	4	0.5%	1.0	4	0.4%
China (People's Rep.)	1,153,439	26.5	3.2%	1,741,040	40	4.8%	13.5	40	4.1%
Colombia	130,578	3	0.4%	204,229	5	0.6%	2.0	5	0.5%
Comoros	21,763	0.5	0.1%	4,353	0.1	0.0%	-0.4	1	0.1%
Congo (Rep.)	43,526	1	0.1%	43,526	1	0.1%	-	1	0.1%
Costa Rica	43,526	1	0.1%	68,713	2	0.2%	1.0	2	0.2%
Côte d'Ivoire (Rep.)	130,578	3	0.4%	43,526	1	0.1%	-2.0	3	0.3%
Croatia	43,526	1	0.1%	91,594	2	0.3%	1.0	2	0.2%
Cuba	43,526	1	0.1%	43,526	1	0.1%	-	1	0.1%
Cyprus	43,526	1	0.1%	56,511	1	0.2%	-	1	0.1%
Czech Rep.	217,630	5	0.6%	184,361	4	0.5%	-1.0	5	0.5%
Dem. People's Rep. of Korea	43,526	1	0.1%	43,526	1	0.1%	-	1	0.1%
Dem. Rep. of the Congo	43,526	1	0.1%	43,526	1	0.1%	-	1	0.1%
Denmark	435,260	10	1.2%	315,544	7	0.9%	-3.0	10	1.0%
Djibouti	21,763	0.5	0.1%	4,353	0.1	0.0%	-0.4	1	0.1%
Dominica	43,526	1	0.1%	43,526	1	0.1%	-	1	0.1%
Dominican Republic	43,526	1	0.1%	69,504	2	0.2%	1.0	2	0.2%
Ecuador	43,526	1	0.1%	80,536	2	0.2%	1.0	2	0.2%
Egypt	217,630	5	0.6%	182,284	4	0.5%	-1.0	5	0.5%
El Salvador	43,526	1	0.1%	43,526	1	0.1%	-	1	0.1%
Equatorial Guinea	21,763	0.5	0.1%	4,353	0.1	0.0%	-0.4	1	0.1%
Eritrea	21,763	0.5	0.1%	4,353	0.1	0.0%	-0.4	1	0.1%
Estonia	43,526	1	0.1%	93,545	2	0.3%	1.0	2	0.2%
Eswatini	43,526	1	0.1%	43,526	1	0.1%	-	1	0.1%
Ethiopia	21,763	0.5	0.1%	4,353	0.1	0.0%	-0.4	1	0.1%
Fiji	43,526	1	0.1%	43,526	1	0.1%	-	1	0.1%
Finland	435,260	10	1.2%	254,471	6	0.7%	-4.0	10	1.0%
France	2,176,300	50	6.0%	1,471,488	34	4.1%	-16.0	50	5.1%
Gabon	43,526	1	0.1%	43,526	1	0.1%	-	1	0.1%
Gambia	21,763	0.5	0.1%	4,353	0.1	0.0%	-0.4	1	0.1%
Georgia	43,526	1	0.1%	43,526	1	0.1%	-	1	0.1%
Germany	1,958,670	45	5.4%	1,992,236	46	5.5%	1.0	46	4.7%
Ghana	130,578	3	0.4%	43,526	1	0.1%	-2.0	3	0.3%
Greece	130,578	3	0.4%	190,548	4	0.5%	1.0	4	0.4%
Grenada	43,526	1	0.1%	43,526	1	0.1%	-	1	0.1%
Guatemala	43,526	1	0.1%	43,526	1	0.1%	-	1	0.1%
Guinea	21,763	0.5	0.1%	4,353	0.1	0.0%	-0.4	1	0.1%

Member countries	Contribution 2017			Target minimum			current to fair minimum	Possible invoice	
	in CHF	in units	in % of the budget	in CHF	in units	in % of the budget	in units	in units	in % of the budget
Guinea-Bissau	21,763	0.5	0.1%	4,353	0.1	0.0%	-0.4	1	0.1%
Guyana	43,526	1	0.1%	43,526	1	0.1%	-	1	0.1%
Haiti	21,763	0.5	0.1%	4,353	0.1	0.0%	-0.4	1	0.1%
Honduras (Rep.)	43,526	1	0.1%	43,526	1	0.1%	-	1	0.1%
Hungary	217,630	5	0.6%	134,945	3	0.4%	-2.0	5	0.5%
Iceland	43,526	1	0.1%	87,052	2	0.2%	1.0	2	0.2%
India	870,520	20	2.4%	1,017,200	23	2.8%	3.0	23	2.4%
Indonesia	217,630	5	0.6%	469,901	11	1.3%	6.0	11	1.1%
Iran (Islamic Rep.)	217,630	5	0.6%	286,477	7	0.8%	2.0	7	0.7%
Iraq	43,526	1	0.1%	151,215	3	0.4%	2.0	3	0.4%
Ireland	130,578	3	0.4%	247,811	6	0.7%	3.0	6	0.6%
Israel	130,578	3	0.4%	249,362	6	0.7%	3.0	6	0.6%
Italy	1,088,150	25	3.0%	1,118,694	26	3.1%	1.0	26	2.6%
Jamaica	43,526	1	0.1%	43,526	1	0.1%	-	1	0.1%
Japan	2,176,300	50	6.0%	2,176,300	50	6.0%	-	50	5.1%
Jordan	43,526	1	0.1%	43,526	1	0.1%	-	1	0.1%
Kazakhstan	43,526	1	0.1%	154,698	4	0.4%	3.0	4	0.4%
Kenya	130,578	3	0.4%	43,526	1	0.1%	-2.0	3	0.3%
Kiribati	21,763	0.5	0.1%	4,353	0.1	0.0%	-0.4	1	0.1%
Korea (Rep.)	652,890	15	1.8%	781,242	18	2.2%	3.0	18	1.8%
Kuwait	217,630	5	0.6%	328,054	8	0.9%	3.0	8	0.8%
Kyrgyzstan	43,526	1	0.1%	43,526	1	0.1%	-	1	0.1%
Lao People's Dem. Rep.	21,763	0.5	0.1%	4,353	0.1	0.0%	-0.4	1	0.1%
Latvia	43,526	1	0.1%	85,187	2	0.2%	1.0	2	0.2%
Lebanon	43,526	1	0.1%	67,009	2	0.2%	1.0	2	0.2%
Lesotho	21,763	0.5	0.1%	4,353	0.1	0.0%	-0.4	1	0.1%
Liberia	21,763	0.5	0.1%	4,353	0.1	0.0%	-0.4	1	0.1%
Liechtenstein	43,526	1	0.1%	87,052	2	0.2%	1.0	2	0.2%
Lithuania	43,526	1	0.1%	101,984	2	0.3%	1.0	2	0.2%
Luxembourg	43,526	1	0.1%	119,732	3	0.3%	2.0	3	0.3%
Madagascar	43,526	1	0.1%	43,526	1	0.1%	-	1	0.1%
Malawi	21,763	0.5	0.1%	4,353	0.1	0.0%	-0.4	1	0.1%
Malaysia	130,578	3	0.4%	226,137	5	0.6%	2.0	5	0.5%
Maldives	43,526	1	0.1%	43,526	1	0.1%	-	1	0.1%
Mali	21,763	0.5	0.1%	4,353	0.1	0.0%	-0.4	1	0.1%
Malta	43,526	1	0.1%	101,139	2	0.3%	1.0	2	0.2%
Mauritania	21,763	0.5	0.1%	4,353	0.1	0.0%	-0.4	1	0.1%
Mauritius	43,526	1	0.1%	63,133	1	0.2%	-	1	0.1%
Mexico	435,260	10	1.2%	643,833	15	1.8%	5.0	15	1.5%
Moldova	43,526	1	0.1%	43,526	1	0.1%	-	1	0.1%
Monaco	43,526	1	0.1%	87,052	2	0.2%	1.0	2	0.2%
Mongolia	43,526	1	0.1%	43,526	1	0.1%	-	1	0.1%
Montenegro	43,526	1	0.1%	43,526	1	0.1%	-	1	0.1%
Morocco	217,630	5	0.6%	73,097	2	0.2%	-3.0	5	0.5%
Mozambique	21,763	0.5	0.1%	4,353	0.1	0.0%	-0.4	1	0.1%
Myanmar	43,526	1	0.1%	43,526	1	0.1%	-	1	0.1%
Namibia	43,526	1	0.1%	43,526	1	0.1%	-	1	0.1%
Nauru	43,526	1	0.1%	43,526	1	0.1%	-	1	0.1%
Nepal	21,763	0.5	0.1%	4,353	0.1	0.0%	-0.4	1	0.1%
Netherlands	652,890	15	1.8%	561,807	13	1.6%	-2.0	15	1.5%
New Zealand	217,630	5	0.6%	195,071	4	0.5%	-1.0	5	0.5%
Nicaragua	43,526	1	0.1%	43,526	1	0.1%	-	1	0.1%
Niger	21,763	0.5	0.1%	4,353	0.1	0.0%	-0.4	1	0.1%
Nigeria	217,630	5	0.6%	252,154	6	0.7%	1.0	6	0.6%
Norway	435,260	10	1.2%	433,727	10	1.2%	-	10	1.0%
Oman	43,526	1	0.1%	78,524	2	0.2%	1.0	2	0.2%
Pakistan	435,260	10	1.2%	147,987	3	0.4%	-7.0	10	1.0%
Panama (Rep.)	43,526	1	0.1%	80,710	2	0.2%	1.0	2	0.2%
Papua New Guinea	43,526	1	0.1%	43,526	1	0.1%	-	1	0.1%
Paraguay	43,526	1	0.1%	43,526	1	0.1%	-	1	0.1%
Peru	43,526	1	0.1%	128,309	3	0.4%	2.0	3	0.3%
Philippines	43,526	1	0.1%	195,736	4	0.5%	3.0	4	0.5%
Poland	217,630	5	0.6%	319,111	7	0.9%	2.0	7	0.7%
Portugal	130,578	3	0.4%	189,998	4	0.5%	1.0	4	0.4%
Qatar	43,526	1	0.1%	217,818	5	0.6%	4.0	5	0.5%
Romania	130,578	3	0.4%	153,073	4	0.4%	1.0	4	0.4%
Russian Federation	652,890	15	1.8%	969,306	22	2.7%	7.0	22	2.3%
Rwanda	21,763	0.5	0.1%	4,353	0.1	0.0%	-0.4	1	0.1%
Saint Christopher (St Kitts) and Nevis	43,526	1	0.1%	71,140	2	0.2%	1.0	2	0.2%
Saint Lucia	43,526	1	0.1%	43,526	1	0.1%	-	1	0.1%
Saint Vincent and the Grenadines	43,526	1	0.1%	43,526	1	0.1%	-	1	0.1%
Samoa	21,763	0.5	0.1%	4,353	0.1	0.0%	-0.4	1	0.1%
San Marino	43,526	1	0.1%	87,052	2	0.2%	1.0	2	0.2%
Sao Tome and Principe	21,763	0.5	0.1%	4,353	0.1	0.0%	-0.4	1	0.1%
Saudi Arabia	870,520	20	2.4%	522,936	12	1.4%	-8.0	20	2.0%
Senegal	43,526	1	0.1%	43,526	1	0.1%	-	1	0.1%
Serbia	43,526	1	0.1%	59,498	1	0.2%	-	1	0.1%
Seychelles	43,526	1	0.1%	76,222	2	0.2%	1.0	2	0.2%
Sierra Leone	21,763	0.5	0.1%	4,353	0.1	0.0%	-0.4	1	0.1%
Singapore	43,526	1	0.1%	265,535	6	0.7%	5.0	6	0.6%
Slovakia	130,578	3	0.4%	131,053	3	0.4%	-	3	0.3%
Slovenia	43,526	1	0.1%	114,121	3	0.3%	2.0	3	0.3%
Solomon Islands	21,763	0.5	0.1%	4,353	0.1	0.0%	-0.4	1	0.1%
Somalia	21,763	0.5	0.1%	4,353	0.1	0.0%	-0.4	1	0.1%
South Africa	435,260	10	1.2%	206,893	5	0.6%	-5.0	10	1.0%

Member countries	Contribution 2017			Target minimum			current to fair minimum	Possible invoice	
	in CHF	in units	in % of the budget	in CHF	in units	in % of the budget	in units	in units	in % of the budget
South Sudan	21,763	0.5	0.1%	4,353	0.1	0.0%	-0.4	1	0.1%
Spain	1,088,150	25	3.0%	752,955	17	2.1%	-8.0	25	2.5%
Sri Lanka	130,578	3	0.4%	70,435	2	0.2%	-1.0	3	0.3%
State of Libya	130,578	3	0.4%	43,526	1	0.1%	-2.0	3	0.3%
Sudan	21,763	0.5	0.1%	4,353	0.1	0.0%	-0.4	1	0.1%
Suriname	43,526	1	0.1%	43,526	1	0.1%	-	1	0.1%
Sweden	652,890	15	1.8%	419,973	10	1.2%	-5.0	15	1.5%
Switzerland	652,890	15	1.8%	531,213	12	1.5%	-3.0	15	1.5%
Syrian Arab Rep.	43,526	1	0.1%	43,526	1	0.1%	-	1	0.1%
Tajikistan	43,526	1	0.1%	43,526	1	0.1%	-	1	0.1%
Tanzania (United Rep.)	21,763	0.5	0.1%	4,353	0.1	0.0%	-0.4	1	0.1%
Thailand	130,578	3	0.4%	238,005	5	0.7%	2.0	5	0.6%
the former Yugoslav Republic of Macedonia	43,526	1	0.1%	43,526	1	0.1%	-	1	0.1%
Timor-Leste (Dem. Rep.)	21,763	0.5	0.1%	4,353	0.1	0.0%	-0.4	1	0.1%
Togo	21,763	0.5	0.1%	4,353	0.1	0.0%	-0.4	1	0.1%
Tonga	43,526	1	0.1%	43,526	1	0.1%	-	1	0.1%
Trinidad and Tobago	43,526	1	0.1%	102,409	2	0.3%	1.0	2	0.2%
Tunisia	217,630	5	0.6%	43,526	1	0.1%	-4.0	5	0.5%
Turkey	217,630	5	0.6%	514,146	12	1.4%	7.0	12	1.2%
Turkmenistan	43,526	1	0.1%	59,050	1	0.2%	-	1	0.1%
Tuvalu	21,763	0.5	0.1%	4,353	0.1	0.0%	-0.4	1	0.1%
Uganda	21,763	0.5	0.1%	4,353	0.1	0.0%	-0.4	1	0.1%
Ukraine	217,630	5	0.6%	91,835	2	0.3%	-3.0	5	0.5%
United Arab Emirates	43,526	1	0.1%	289,950	7	0.8%	6.0	7	0.7%
United Kingdom	2,176,300	50	6.0%	1,497,939	34	4.1%	-16.0	50	5.1%
United States of America	2,176,300	50	6.0%	2,176,300	50	6.0%	-	50	5.1%
Uruguay	130,578	3	0.4%	85,936	2	0.2%	-1.0	3	0.3%
Uzbekistan	43,526	1	0.1%	43,526	1	0.1%	-	1	0.1%
Vanuatu	43,526	1	0.1%	43,526	1	0.1%	-	1	0.1%
Vatican	43,526	1	0.1%	87,052	2	0.2%	1.0	2	0.2%
Venezuela (Bolivarian Rep.)	43,526	1	0.1%	152,851	4	0.4%	3.0	4	0.4%
Viet Nam	43,526	1	0.1%	103,797	2	0.3%	1.0	2	0.2%
Yemen	21,763	0.5	0.1%	4,353	0.1	0.0%	-0.4	1	0.1%
Zambia	43,526	1	0.1%	43,526	1	0.1%	-	1	0.1%
Zimbabwe	130,578	3	0.4%	43,526	1	0.1%	-2.0	3	0.3%
Decrease vs increase									
<0							74	38.5%	
0							59	30.7%	
>0							59	30.7%	
							192		

**SECOND EXTRAORDINARY CONGRESS****Reform of the Union**
**Report by the Council of Administration**  
 (Agenda item 6)

<b>1 Subject</b>  Report on UPU reform and associated proposals.	<b>References/paragraphs</b>  §§ 1 to 27 Proposals 5, 10.1.1, 10.8.1, 10.18.1, 15.103.1, 15.104.1, 15.105.1, 15.106.1, 15.107.1, 15.108.1, 15.109.1, 15.110.1, 15.112.1, 15.113.1, 15.114.1, 15.115.1, 15.116.1, 15.117.1, 15.123.1, 15.127.1, 15.130.1, 15.138.1, 15.144.1 and 15.152.1
<b>2 Decisions expected</b>  The Extraordinary Congress is requested to: <ul style="list-style-type: none"> <li>– take note of this document;</li> <li>– approve the proposed amendments to the Acts of the Union, together with the associated proposal of a general nature.</li> </ul>	§§ 1 to 27  Proposals 5, 10.1.1, 10.8.1, 10.18.1, 15.103.1, 15.104.1, 15.105.1, 15.106.1, 15.107.1, 15.108.1, 15.109.1, 15.110.1, 15.112.1, 15.113.1, 15.114.1, 15.115.1, 15.116.1, 15.117.1, 15.123.1, 15.127.1, 15.130.1, 15.138.1, 15.144.1 and 15.152.1

**I. Introduction**

1 The 1994 Seoul Congress introduced the current organizational structure, i.e. the Council of Administration (CA) and the Postal Operations Council (POC), with a view to enabling the UPU to adapt to rapidly evolving circumstances in the postal sector and take faster decisions. The UPU has since been making enormous efforts to adapt to the rapidly changing postal environment and to reflect the interests of its member countries and wider postal sector players.

2 The reform agenda has been a subject of discussion at every successive Congress, with the following Congress resolutions being adopted: C 59/1994, C 105/1999, C 109/1999, C 110/1999, C 54/2004, C 16/2008 and C 26/2012. All of these resolutions instructed the CA to study ways to better structure and improve the functioning of Union bodies, with a view to improving the efficiency of the decision-making processes and working methods of Union bodies, and to study how to make optimum use of resources.

## **II. Istanbul Congress mandates**

3 Through resolution C 27/2016 (Management of the work of the Union – Reform of the UPU), the Istanbul Congress decided:

- to defer examination of reform issues to an Extraordinary Congress to be convened in 2018;
- to instruct the CA and the POC to apply a series of principles as a basis for their respective structures and decision-making processes;
- that each Council shall meet twice a year, for a maximum total period of 10 working days, with the two Councils meeting consecutively.

4 The same resolution also stipulated that an ad hoc group (AHG) be established to study and advise on the reform of the Union and submit its conclusions to the CA prior to further consideration by the Extraordinary Congress in 2018. Accordingly, at its constituent meeting on 7 October 2016 in Istanbul, the CA established the AHG under the chairmanship of China (People's Rep.).

## **III. Areas of progress of the AHG**

*CA S0 (December 2016): setting of work programme*

5 At CA S0 (December 2016), the work programme of the AHG was presented through document CA 2016.2–Doc 7a. Annex 7.

6 Between S0 (December 2016) and S1 (April 2017), the following activities were undertaken by the AHG:

- i Consultation on the AHG work programme was conducted with the CA Management Committee. In accordance with article 12 of the Rules of Procedure of the CA, the document CA AHGUR 2017.1–Doc 2 (Working methodology and work plan) was approved by the CA Chair in order to progress the work of the AHG between sessions.
- ii A discussion paper was sent to all CA member countries and observers to invite their comments on pending issues related to reform of the Union. Consultations were conducted on the summary of the feedback with the CA Management Committee.
- iii A circular letter was sent to the restricted unions asking them to include reform of the Union on the agenda of their annual meetings and to provide written summaries of the discussions held.

7 All CA members and observers were invited to participate in the work of the AHG. The AHG currently has 76 members and observers representing the five geographical groups of the Union.

*CA S1 (April 2017): identification of key pending issues and progress on building consensus*

8 At CA S1 (April 2017), the AHG identified the key pending issues to be addressed in order to submit a consensus proposal on reform. These issues were based on an analysis of the AHG's key reference documents, namely, Congress resolution C 27/2016, as well as the proposals originally submitted to the Istanbul Congress by the CA (Congress–Doc 38), France (proposal of a general nature 25) and Germany (proposal of a general nature 11). The key pending issues were identified as follows:

- i Intergovernmental nature of the UPU: Should the UPU remain an intergovernmental body?
- ii Structure of the UPU: The extent of separation between governmental and operational activities of the UPU. Should there be legal and/or functional separation between governmental and operational activities?



- iii Pillars: The attributes of the governmental and operational pillars. What decisions can be taken at this level? What is the composition and election methodology for each pillar?
- iv Coordinating body: Is there a need for a coordinating body between the two pillars? If so, what would be its functions and decision-making power? Composition and leadership of the body?
- v Mid-term Congress: Is there a need for a permanent mid-term Congress? What would be its functions?

9 The results of the feedback on the discussion paper (see § 6 ii above) were presented through document CA AHGUR 2017.1–Doc 4 (Summary of feedback and pending issues).

10 Based on the discussion of the feedback received, the AHG achieved consensus on the following issues:

- i Intergovernmental nature of the UPU: The UPU should remain an intergovernmental organization and specialized agency of the United Nations.
- ii Structure of the UPU: The UPU should have functional separation between governmental and operational activities, but no legal separation.
- iii Coordinating body: There should be a coordinating body between the governmental and operational pillars.

11 In order to obtain feedback on the remaining pending issues, a questionnaire was sent to all member countries, restricted unions and AHG observers. The basic content of this questionnaire was discussed and confirmed within the AHG.

#### *AHG June 2017 meeting: results of the questionnaire*

12 At the physical meeting of the AHG on 28 and 29 June 2017 in Berne, the results of the questionnaire on UPU reform were presented through document CA AHGUR 2017.2–Doc 2 (Overview and analysis of the responses to the questionnaire on UPU reform). A total of 84 member countries and six non-member-country observers provided input through the questionnaire.

13 During the June 2017 meeting, the AHG achieved consensus on the following issues:

- i Pillars:
  - The attributions of the governmental pillar should be enhanced in order to more clearly address issues of a cross-cutting nature between the two pillars;
  - For the governmental pillar, election mechanisms and composition should remain unchanged.
- ii Mid-term Congress: This should be a permanent feature with defined functions.

#### *Establishment of a working team*

14 Following its June 2017 meeting, the AHG constituted a working team to provide recommendations on all pending issues under discussion and submit them to the AHG for further discussion at its S2 meeting (October 2017). Two AHG members/observers were selected from each of the five geographical groups of the Union as follows: Chile and United States of America (group 1), Poland and Russian Federation (group 2), France and Germany (group 3), India and New Zealand (group 4), and South Africa and Tunisia (group 5).

#### *AHG working team meetings: progress on building consensus and recommendations to AHG*

15 Between June and October 2017, the working team conducted two meetings in Berne, with some participants joining via teleconference. Between the two meetings, members actively contributed to the various subjects under discussion through online exchanges. A detailed report of the working team activities can be found in document CA AHGUR 2017.3–Doc 2.

16 The working team adhered to the following principles in the course of its work:

- i Respect the consensus reached by the AHG at each step of its deliberations and take into account the results of the questionnaire on UPU reform (document CA AHGUR 2017.2–Doc 2) in order to make better progress;
- ii Seek a consensus-building approach to address pending issues.

17 The working team achieved consensus on all the remaining pending issues related to UPU reform, namely:

- i Pillars (election mechanisms and member country representation):
  - Election mechanism for the operational pillar (total 48 seats recommended);
  - Simplified election methodology proposed to replace current POC election procedures.
- ii Coordinating body: The current attributions and composition of the Coordination Committee should be maintained and formalized in the UPU General Regulations, with the particular aim of performing the functions originally envisaged for a coordinating body between the two pillars.
- iii Mid-term Congress: This should be a permanent feature with defined functions. However, an assessment of the 2018 Extraordinary Congress is required to fully ascertain the need for a permanent mid-term Congress.

*CA S2 (October 2017): progress on building consensus and recommendations to the CA*

18 The CA S2 meeting of the AHGUR was held on 25 October 2017. The aforementioned recommendations of the working team (document CA AHGUR 2017.3–Doc 2) were presented and endorsed by the AHG.

19 Document CA AHGUR 2017.3–Doc 3 (Report of the Ad Hoc Group on UPU Reform: areas of progress and consensus) was also prepared by the AHG, and was endorsed for presentation to the CA Plenary (in the form of document CA 2017.2–Doc 11).

20 The Plenary expressed its appreciation to China (People's Rep.) as the chairing country of the AHG, as well as to the other member countries, external observers and the International Bureau (IB) for the results achieved. In particular, the member countries' spirit of compromise and consensus was highlighted.

21 It should be noted that some member countries expressed the desire that the existing UPU task force on the reform of the system applied to contributions by Union member countries also take into account the results of the work on UPU reform.

22 Some member countries also stated that, in future, other subjects relating to reform of the Union, such as the issue of clear functional separation between pillars, could be further discussed.

23 The report of the AHG (document CA 2017.2–Doc 11) was duly noted by the Plenary.

#### **IV. Recommendations of the CA**

24 Based on the AHG's recommendations and as further outlined in the related proposals, the CA proposes the following to Congress:

- i Intergovernmental nature of the UPU: The UPU will remain an intergovernmental organization and a specialized agency of the United Nations.
- ii Structure of the UPU: The governmental and operational structures should be maintained to underline the functional separation of the working bodies of the Union. However, those bodies will not have any legal separation;
- iii Pillars:
  - Decision-making: The governmental and operational pillars should continue taking decisions in their own areas of competence, with enhanced authority for the governmental pillar to take decisions on cross-cutting matters between the two pillars.
  - Election mechanisms: In terms of election mechanisms, the following is proposed:
    - a For the governmental pillar (CA), equitable geographical distribution should continue to apply;

- b Election for membership in the operational pillar (POC) should be based on the following principles:
- Both equitable and qualified geographical distribution should be taken into account.
  - Underrepresented regions should be provided with additional seats through a process to be agreed upon.
  - In the implementation of the proposed election methodology, regions would not face a reduction of seats, meaning that, at the minimum, every region would retain the same number of seats on the POC as per the elections at the Istanbul Congress, with a potential increase for underrepresented regions 1, 2, 4 and 5.
- c For the operational pillar, a number of scenarios for increasing representation for underrepresented regions were discussed. Of the different options discussed, the CA recommends the following scenario:
- The CA distribution of seats should be accepted as the baseline of representation for geographical groups 1, 2, 4 and 5.
  - Members agreed to retain the current number of POC seats for group 3. This region would therefore not be considered for any additional seats as it was deemed adequately represented.
  - Additional seats to be allocated to groups 1, 2, 4 and 5 would be based on the difference between the current CA and POC seats for each of those regions. This would result in each of the groups having uniform representation on both councils.
  - After deliberations, however, members agreed that groups 2 and 4 would still be underrepresented. Therefore, members decided to allocate an additional seat each to groups 2 and 4.

The table below shows the agreed distribution of seats across regions, with a total of **48 seats** for future operational pillar (POC) membership:

<i>Council</i>	<i>Rationale</i>	<i>Group 1</i> <i>Western Hemisphere</i> <i>36 member countries</i>	<i>Group 2</i> <i>Eastern Europe and Northern Asia</i> <i>25 member countries</i>	<i>Group 3</i> <i>Western Europe</i> <i>28 member countries</i>	<i>Group 4</i> <i>Southern Asia and Oceania</i> <i>49 member countries</i>	<i>Group 5</i> <i>Africa</i> <i>54 member countries</i>	<i>Total</i> <i>192 member countries</i>
CA (2016)	Equitable geographical distribution	8	5	6	10	11	<b>40 (+1 Chair)</b>
POC (2016)	Current position: qualified geographical distribution	7	5	12	9	7	<b>40</b>
Operational pillar: proposed	The gap between the number of seats in the CA and POC for groups 1, 4 and 5 is <b>bridged</b> .  An <b>extra seat</b> for groups 2 and 4 is allocated.	8 (current <b>+1</b> )	6 (current <b>+0 +1</b> )	12 (current)	11 (current <b>+1 +1</b> )	11 (current <b>+4</b> )	<b>48</b>

- d Election mechanism for the operational pillar: A simplified election mechanism for the operational pillar should replace the current complex POC election mechanism. It should have the following features:
  - Chairmanship: It is proposed that the current process for election of the operational pillar chair be retained. Moreover, and similarly to the CA, there should be an addition of three vice-chairs for the operational pillar, resulting in a total of one chair and four vice-chairs. The chair and the four vice-chairs would represent each of the five geographical groups of the UPU.
  - Renewal of one-third of members: It is proposed that this principle be discontinued.
  - Allocation of seats: A fixed/reserved number of seats per region would be allocated. Election of members would be based on the ranking in order of votes obtained within each region.
  - Reserved seats for industrialized and developing countries: It is proposed that this principle be discontinued.
- iv Coordinating body: The current Coordination Committee (as originally established under Executive Council decision CE 11/1986 and further confirmed by Congress resolutions C 4/1989 and C 73/1994) should be retained with its existing attributions and composition (i.e. Chairs of the CA and POC and the Director General of the IB). Nevertheless, the existence of the Coordination Committee should be formalized in the UPU General Regulations. It should be further noted that the CA would continue to deal with all cross-cutting matters between the two councils, among other attributions. Therefore, apart from minor clarifying amendments in the UPU General Regulations, there would be no need for the creation of a separate decision-making coordinating body between the two councils.
- v Mid-term Congress: The mid-term Congress should be a permanent feature with the following defined functions:
  - Address any urgent international postal issues;
  - Consider and adopt, where appropriate, proposals relating to issues that Congress authorizes the mid-term Congress to study.

25 As previously indicated in this document, an assessment of the 2018 Extraordinary Congress will be required to fully ascertain the need for a permanent mid-term Congress. On this subject, resolution C 28/2016 “Organization of an Extraordinary Congress in 2018” instructs the CA, with the support of the IB, to “submit proposals to the 2020 Congress as appropriate”. Therefore, the above-mentioned inputs of the CA, along with an assessment of the 2018 Extraordinary Congress, will form the basis of recommendations for the decision of the 2020 Congress.

26 It should also be noted that, in addition to the proposals already referred to in this document (relating directly to the reform discussions within the CA), a number of consequential and/or necessary adjustments to the UPU Constitution and General Regulations have also been proposed by the CA in order to remove legal inconsistencies and ensure smooth functioning of the Union between Congress cycles.

## V. Conclusion

27 In order to maintain and increase its role and relevance, the UPU needs to be more efficient, with faster decision-making processes. Accordingly, reform of the Union is a critical step towards this objective. The recommendations contained in this document and its related proposals represent the consensus views of member countries involved in the activities of the AHG.

Berne, 9 July 2018

## SECOND EXTRAORDINARY CONGRESS

### Provident Scheme of the Universal Postal Union

#### Report of the Council of Administration

(Agenda item 7)

<b>1 Subject</b>  Report on the future sustainability of the Union's Provident Scheme.	<b>References/paragraphs</b>  §§ 1 to 18 and proposal 10
<b>2 Decisions expected</b>  The Extraordinary Congress is invited to: <ul style="list-style-type: none"> <li>— take note of the report;</li> <li>— approve the proposal of a general nature concerning the future sustainability of the Union's Provident Scheme.</li> </ul>	§§ 1 to 18  Proposal 10

#### I. Establishment and terms of reference of the task force

1 Following the adoption, at the 26th UPU Congress, of resolution C 31/2016 on the future sustainability of the Union's Provident Scheme, a task force was established by the Council of Administration (CA) to address that matter. From the outset, the CA decided that participation in the task force should remain open; accordingly, Union member countries (both CA members and observers) were encouraged to participate in order to include even more views and expertise on the subject matter.

2 The United States of America (CA observer) served as Chair, and Spain served as Vice-Chair of the task force. The task force also benefitted from the active participation of the following Union member countries as CA members or observers: China (People's Rep.), France, Germany, Japan, Mexico, New Zealand, Poland, Russian Federation, Switzerland, Turkey, and the United Kingdom. In addition, the task force benefited from the participation of CEPT–CERP and the representatives of the active participants and retired staff of the Provident Scheme.

3 The goal of the task force was to carry out the instructions given by the 26th UPU Congress to the CA, in particular to study ways to ensure the continued stability and sustainability of the Provident Scheme, with the primary aim of examining potential options for its future reform, and to study potential structural measures.

#### II. Governance

4 The Provident Scheme was set up on 1 January 1964 as a foundation within the meaning of articles 80 et seq. of the Swiss Civil Code; its supreme body is the Management Board (composed of a representative of the Chair of the CA, the Director General of the International Bureau, and a representative of active staff). The Provident Scheme comes under the supervision of the Berne Supervisory Authority for Foundations and Provident Institutions and constitutes a separate legal entity from the Union.

5 Accounting of the Provident Scheme is conducted by an external service provider. The accounts are audited annually by the external auditors of the Swiss Confederation, who have regularly confirmed that the Provident Scheme accounts are in compliance with the requirements of Swiss regulatory authorities and free of qualifications or significant observations (with the exception of the reduced funding rate).

6 The Provident Scheme is also regularly reviewed by an external provider acting as the accredited actuarial expert of the Provident Scheme, whose recommendations are followed within the financial boundaries defined in the relevant legal framework of the Provident Scheme.

7 On the basis of the above background information, as well as the explanations provided on the Provident Scheme's administration, legal structure and outsourced expertise, it is important to note that the task force acknowledged that the Provident Scheme is properly governed and professionally managed, as further evidenced by (i) the unqualified opinion of the External Auditor on the Provident Scheme's financial statements, (ii) the periodic actuarial valuation of the Provident Scheme, and (iii) the use of established and reputable financial institutions as asset managers and custodians.

### **III. Guarantees**

8 As a general principle, provident institutions are required to ensure financial equilibrium between their income and expenditure over a given financing period (medium to long term). How the relationship between income and expenditure is established is specifically reflected in the choice of financial system. The Provident Scheme was established on the basis of a combined financial system (closed group, partial capitalization system), whereby the assets of the Provident Scheme represent the guarantee of the commitments made in respect of participants until their death or that of their survivors. Accordingly, the Provident Scheme is required to ensure, in the medium term, a degree of coverage of at least 85% of the necessary capital according to the actuarial balance sheet prepared on a closed group basis.

9 In that regard and in accordance with Congress resolution C 9/1964, the following Union guarantees were included in the Constitution of the Provident Scheme:

- a a guarantee of a rate of interest corresponding to the technical rate applied to the total technical shortfall according to the statutory financial system;
- b a guarantee of appropriate payments sufficient to stabilize in the medium term the degree of coverage of 85%; and
- c in the case of liquidation of the Provident Scheme and/or the UPU, a guarantee of coverage, by means of appropriate payments, of the technical deficit for full capitalization (degree of coverage of 100%).

### **IV. Financial situation and its implications for the sustainability of the Provident Scheme**

10 A combination of the continued underperformance of Swiss/international financial markets and the further deterioration of the Provident Scheme's membership profile and demographics (notably owing to existing hiring constraints within the Union) has caused the degree of coverage of the Provident Scheme to steadily fall below the current statutory minimum of 85% over the last several years. At 31 December 2017, the rate was 81.5%, representing only a slight improvement over the previous year. At the current discount rate of 2.75%, this represents a technical deficit of 10.6 million CHF to reach the statutory degree of coverage of 85%, and 56.4 million CHF to reach capitalization of 100% (unaudited as of the date of publication of this document and thus subject to possible change).

11 This situation has led the actuarial experts to request the activation of the aforementioned statutory guarantees in an effort to reach the current minimum statutory degree of coverage of 85%. This was followed by a request from the auditors to devise a funding plan, the absence of which may lead to the formulation of reservations by the auditors of the Provident Scheme accounts in subsequent periods.

## **V. Proposed way forward**

### *A. Operational measures*

12 The task force agreed to recommend that the Director General be explicitly authorized to use treasury resources, if such funds are available and without prejudice to the implementation of the Union's Programme and Budget as approved by the CA, such as interest gains resulting from the investment of Union assets, in order to cover or reduce the amount of regular budget funds required to meet Union guarantees. The CA, at its S3 session (April 2018), endorsed this recommendation. Barring objection from the Extraordinary Congress, it will then proceed to amend the Union's Financial Regulations accordingly and/or propose that such a recommendation be implemented by the Management Board of the Provident Scheme (for matters falling under the purview of the latter).

### *B. Stability measures*

13 In order to reduce the Union's burden of achieving the established statutory degree of coverage, the task force recommended reducing the guarantee threshold from 85% to 80%, with the caveat that this be done only in conjunction with measures to restore the credibility of the Union's guarantees. The CA, again at its S3 session (April 2018), expressed agreement in principle with this recommendation, for which Congress approval is now being sought.

14 Nevertheless, the International Bureau informed the task force that lowering the guarantee threshold may not be welcomed by the auditors unless it is accompanied by clear measures aimed at stabilizing in the medium term the degree of coverage referred to above (such as a payment on the missed minimum guarantee payment of 5.3 million CHF for 2017, for which no additional treasury funds were available). However, there was no consensus within the task force on this matter, and it was noted that it was not practical to look for such a large sum in the regular budget.

15 In conjunction with the recommendation to lower the guarantee threshold to 80%, the task force also recommended adoption of a "corridor" approach consisting of (i) a 2% immediate guarantee activation trigger (i.e. in case the degree of coverage falls two or more percentage points below the proposed statutory guarantee threshold of 80%), and (ii) a three-year amortization period for such guarantee payments once triggered. It is further recommended that a limitation of 10% of the annual expenditure ceiling of the Union be placed on these payments to mitigate their potential negative impacts in the event of a sudden steep decline in the value of the Provident Scheme's assets. For information purposes, the associated costs of the guarantee in that approach (on current assumptions, subject to market adjustments) would be as follows:

- Should the degree of coverage fall to 78%, the total amount of the guarantee would be 6.1 million CHF spread over three years (i.e. around 2 million CHF annually), plus interest of 167,000 CHF payable in year one;
- Should the degree of coverage further fall to 77.5%, the total amount of the guarantee would be 7.6 million CHF spread over three years (i.e. around 2.53 million CHF annually), plus interest of 210,000 CHF payable in year one.
- As per the instructions already contained in Congress resolution C 9/1964, such payments to cover downward fluctuations of the degree of coverage would be accomplished via the allocation, by the CA in the Union's Programme and Budget, of the necessary guarantee funds through the adoption of any necessary increases or adjustments to it in years when the deficit is reported in the official accounts of the Provident Scheme. In this context, and in strict accordance with article 127.3.4 and 127.3.5 of the UPU General Regulations, the Director General might also make recommendations to the CA on further budgetary optimization measures, bearing in mind any Congress or CA decisions on prioritization processes, the required implementation of the Union's Programme and Budget, and the fact that staff reductions would further erode the Provident Scheme's degree of coverage,

### *C. Long-term sustainability measures*

16 In order to resolve the long-term sustainability of the Provident Scheme, the task force recommended that the Management Board be given a mandate (through instructions to be provided to the Chair of the CA and the Director General as members of that Board) to open negotiations with the United Nations Joint Staff Pension Fund (UNJSPF), with a view to achieving the Union's participation in the UNJSPF and, to the extent

possible, the migration of active and retired Provident Scheme members to the UNJSPF, without prejudice to the acquired rights of such members. The CA, at its S3 meeting (April 2018), also approved this recommendation.

17 Expected benefits of this consolidation would fall into two broad categories, as follows:

i Risk management benefits

- The UNJSPF is a large and stable fund (65 billion USD in assets, managed by 250 staff, and representing one of the top 50 pension funds globally) which serves nearly the entire United Nations community.
- The UNJSPF degree of coverage for 2017 stood at 101.5%.
- Owing to its more favourable member profile and demographics, the UNJSPF's performance is higher than that of the Provident Scheme, which gives it room to take more risk as deemed necessary.

ii Financial benefits

- Joining the UNJSPF would eliminate the need for autonomous UPU administration of pension matters, thus allowing 1.8 existing staff to be re-deployed to operational programmes (approximately 300,000 CHF a year).
- Savings on accounting, actuarial and data processing services of 100,000 CHF a year.
- Savings on translation/interpretation costs of 20,000 CHF a year.
- Possible savings on asset management fees (currently 688,000 CHF a year, more than what would be chargeable by the UNJSPF – exact amount to be confirmed in the course of negotiations as specified in § 16 above).

18 It must be noted that any agreement reached with the UNJSPF would be subject to the approval of the relevant Union governing bodies (Congress and/or CA), the Management Board of the Provident Scheme (and subsequently its supervisory authority), the UNJSPF Pension Board, and finally the United Nations General Assembly.

Berne, 30 July 2018



## SECOND EXTRAORDINARY CONGRESS

### Application of the system of automatic sanctions at the Extraordinary Congress

#### Report by the Secretary General (Agenda item 10)

<b>1 Subject</b>  Informing Congress about the application of the automatic sanctions system.	<b>References/paragraphs</b>  §§ 1 to 10
<b>2 Decision expected</b>  Take note of the application of the automatic sanctions system, and the updated list of member countries concerned.	

#### I. Principle

1 The 1999 Beijing Congress decided to introduce a new mechanism for recovery of arrears of mandatory contributions with a view to reducing the amount of such arrears owed to the Union and providing member countries with the opportunity to pay off their debts under optimum conditions. Automatic sanctions are applied in cases where a member country chooses not to avail itself of the mechanisms on offer. These sanctions are lifted when the country takes the necessary steps set out in the General Regulations.

#### II. Regulatory basis for automatic sanctions

2 The regulatory basis for the application of automatic sanctions is article 149 of the UPU General Regulations, whose provisions came into force on 1 January 2001.

3 As from 1 January 2010, the system of automatic sanctions was applied by analogy to the translation costs billed by the International Bureau to member countries belonging to the language groups (see article 146.8 of the General Regulations).

4 Under article 149.1 of the General Regulations, any member country unable to make the assignment provided for in article 146.3 and which does not submit to an amortization schedule proposed by the International Bureau in accordance with article 146.4, or which does not comply with such a schedule, automatically loses its right to vote at Congress and at meetings of the Council of Administration and the Postal Operations Council and is no longer eligible for membership of these two councils.

5 According to article 149.2 of the General Regulations, automatic sanctions will be lifted as a matter of course and with immediate effect as soon as the member country concerned has paid its arrears of mandatory contributions owed to the Union, in capital and interest, or has agreed with the Union to submit to a schedule for the amortization of the arrears.

### III. Consequences of automatic sanctions

6 As indicated above, application of automatic sanctions results in the loss of voting rights at Congress and at meetings of the CA and POC, and loss of the right to stand for election to these two councils.

7 Where automatic sanctions are imposed on a member country and that country is already a member of one of the Union's legislative bodies, it remains a member of that body until the end of its term, but loses the right to vote.

### IV. Options for avoiding sanctions or obtaining the lifting of automatic sanctions

8 To avoid automatic sanctions or to have them lifted, as provided for in articles 149.1 and 2 respectively of the General Regulations, member countries with arrears of mandatory contributions have the option of paying the full amount (capital and interest) of their debts in arrears, or signing credit assignment agreements, or signing a debt rescheduling agreement, or agreeing to a combination of these options.

### V. Automatic sanctions in force at 30 August 2018

9 The updated list of member countries against which automatic sanctions were in force at 30 August 2018 is as follows:

Belize	Saint Vincent and the Grenadines
Bolivia	Sao Tome and Principe
Central African Republic	Sierra Leone
Congo (Rep.)	South Sudan
Dem. Rep. of the Congo	Somalia
Dominica	State of Libya
Gabon	Suriname
Guinea	Tonga
Guinea-Bissau	Tuvalu
Honduras (Rep.)	Yemen
Liberia	
Nicaragua	

10 Each time a change occurs, an updated version of this list will be published.

Berne, 30 August 2018

Bishar A. Hussein  
Secretary General

## **SECOND EXTRAORDINARY CONGRESS**

### **Declarations made on signature of the Acts**

1 Certain member countries issue unilateral declarations as a means of reacting to a given political situation or setting forth their relations with another member country. These declarations do not refer to the application of a provision of the Acts; they arise from political considerations external to the UPU. As such, they are not subject to any particular procedure and may be presented at any time during the Second Extraordinary Congress to the Plenary Secretariat.

2 Congress—Doc 11 contains all the declarations made at the time of signing the Acts. These declarations will be published during the Second Extraordinary Congress as addenda to this document.

Berne, 4 September 2018

Ubah Mohammed Hussien  
Chair

## SECOND EXTRAORDINARY CONGRESS

### Declarations made on signature of the Acts

#### *On behalf of the Republic of Turkey*

The delegation of the Republic of Turkey makes the following statement in connection with the participation of the delegation of the Greek Cypriot Administration of Southern Cyprus in the second Extraordinary Congress of the Universal Postal Union purportedly on behalf of “the Republic of Cyprus”.

There is no single authority, in law or in fact, that is competent to represent jointly the Turkish Cypriots and the Greek Cypriots and, consequently, Cyprus as a whole. Turkey regards the Greek Cypriot authorities as exercising authority, control and jurisdiction only in the territory south of the buffer zone, as is currently the case, and as not representing the Turkish Cypriot people, and will treat the acts performed by them accordingly.

In view of the above, Turkey declares that its presence and participation in the work of the Universal Postal Union, its signature of the Final Acts, and its approval of the Istanbul World Postal Strategy do not amount to any form of recognition of the Greek Cypriot Administration’s pretension to represent the so-called “Republic of Cyprus”, or imply any obligations on the part of Turkey to enter into any dealing with the so-called “Republic of Cyprus” within the framework of Universal Postal Union activities.

Addis Ababa, 3 September 2018

## SECOND EXTRAORDINARY CONGRESS

### Declarations made on signature of the Acts

#### *On behalf of the Argentine Republic*

The Argentine Republic recalls the reservation it made upon ratifying the Constitution of the Universal Postal Union signed in Vienna, Austria, on 10 July 1964, and reaffirms its sovereignty over the Malvinas Islands, South Georgia and the South Sandwich Islands, and Argentine Antarctica, which are an integral part of its national territory.

It also recalls that, with regard to the question of the Malvinas Islands, the United Nations General Assembly has adopted resolutions 2065 (XX), 3160 (XXVIII), 31/49, 37/9, 38/12, 39/6, 40/21, 41/40, 42/19 and 43/25, recognizing the existence of a sovereignty dispute and calling upon the Governments of the Argentine Republic and the United Kingdom of Great Britain and Northern Ireland to resume negotiations in order to resolve this dispute.

The Argentine Republic also highlights that the United Nations Special Committee on Decolonization has repeatedly adopted resolutions to the same effect, the most recent being the resolution adopted on 21 June 2018, and that the General Assembly of the Organization of American States adopted on 5 June 2018 a new declaration on the question in similar terms.

Addis Ababa, 4 September 2018

## **SECOND EXTRAORDINARY CONGRESS**

### **Declarations made on signature of the Acts**

#### *On behalf of the Socialist Republic of Viet Nam*

The delegation of the Socialist Republic of Viet Nam declares that:

Viet Nam reserves its right to take any action or measures, if necessary, to safeguard national rights and interests should any other UPU member countries in any way fail to comply with the provisions of the UPU Acts or should declarations or reservations by other UPU member countries jeopardize the sovereignty, rights, interests and postal services of the Socialist Republic of Viet Nam.

Viet Nam reserves the right of its Government to make reservations, if necessary, upon ratification/approval of the UPU Acts.

Addis Ababa, 4 September 2018

## SECOND EXTRAORDINARY CONGRESS

### Declarations made on signature of the Acts

#### *On behalf of the Republic of Cyprus*

The delegation of the Republic of Cyprus to the second Extraordinary Congress of the Universal Postal Union reiterates the declaration it made at previous UPU Congresses, and rejects unreservedly the declaration and reservation made by the Republic of Turkey on 3 September 2018 (Congress—Doc 11.Add 1) at the second Extraordinary Congress in Addis Ababa in connection with the participation, rights and status of the Republic of Cyprus as a member of the UPU.

The Turkish positions are totally inconsistent with the relevant provisions of international law and the specific provisions of the mandatory UN Security Council resolutions on Cyprus. It should be noted that, in its resolutions 541(1983) and 550(1984), inter alia, the UN Security Council condemned the purported secession of part of the Republic of Cyprus, regarded its “unilateral declaration of independence” as “legally invalid” and called for its withdrawal. It also called on all states not to recognize any Cypriot state other than the Republic of Cyprus and “not to facilitate or in any way assist the aforesaid secessionist entity”. Lastly, it called on all states to respect the sovereignty, independence, territorial integrity and unity of the Republic of Cyprus.

The Republic of Cyprus has been a member state of the United Nations since its independence in 1960, and a member state of the European Union from 1 May 2004. It has also been a member of the Universal Postal Union since November 1961 and, in this capacity, participates in all of the organization’s activities. The Government of the Republic of Cyprus is the internationally recognized government in Cyprus, with the competence and authority to represent the state, notwithstanding the de facto division of the island as a result of the 1974 Turkish invasion.

Since 1 May 2004, the Republic of Cyprus has been a full member of the European Union, underscoring the fact that there is only one state in Cyprus. In recognizing the problems caused by the occupation of part of its territory in implementing Community laws, Protocol 10 to the Act of Accession of the Republic of Cyprus to the European Union provides that implementation of the *acquis communautaire* shall be suspended in the area of the Republic of Cyprus over which its government exercises no effective control.

In view of the above, the declaration and reservation made by the Republic of Turkey contravene both the letter and spirit of the UPU Constitution, Convention and Agreements. The delegation of the Republic of Cyprus therefore considers any such declaration or reservation to be illegal and null and void, and reserves its rights accordingly.

Addis Ababa, 4 September 2018

## **SECOND EXTRAORDINARY CONGRESS**

### **Declarations made on signature of the Acts**

#### *On behalf of Canada*

On signing the Final Acts of the second Extraordinary Congress of the Universal Postal Union (Addis Ababa, 2018), Canada declares that it will apply the Acts and other decisions adopted by this Congress in a manner consistent with all applicable laws and those international agreements to which it is a signatory party.

Addis Ababa, 5 September 2018



**SECOND EXTRAORDINARY CONGRESS****Declarations made on signature of the Acts**

*On behalf of the Syrian Arab Republic*

The Syrian Arab Republic reiterates the declaration in the 25th Congress Acts and declares that the signature of the Acts of the Universal Postal Union (second Extraordinary Congress), and any subsequent ratification of those Acts by its Government, shall not be valid vis-à-vis the member inscribed under the name of Israel, and shall in no way imply recognition of that member.

Addis Ababa, 5 September 2018

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In accordance with Congress resolution C 17/2012, paper copies of documents for the second Extraordinary Congress will not be distributed in Addis Ababa.

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**SECOND EXTRAORDINARY CONGRESS****Declarations made on signature of the Acts***On behalf of New Zealand*

New Zealand will apply the Acts and other decisions adopted by this Congress only insofar as they are consistent with its other international rights and obligations and, in particular, with the General Agreement on Trade in Services of the World Trade Organization.

Addis Ababa, 5 September 2018

**SECOND EXTRAORDINARY CONGRESS****Declarations made on signature of the Acts**

*On behalf of the Republic of Iceland, the Principality of Liechtenstein and the Kingdom of Norway*

The delegations of the Republic of Iceland, the Principality of Liechtenstein and the Kingdom of Norway declare that their countries will apply the Acts adopted by this Congress in accordance with obligations pursuant to the agreement establishing the European Economic Area and the General Agreement on Trade in Services of the World Trade Organization.

Addis Ababa, 5 September 2018

## SECOND EXTRAORDINARY CONGRESS

### Declarations made on signature of the Acts

*On behalf of the Republic of Austria, the Kingdom of Belgium, the Republic of Bulgaria, the Republic of Croatia, the Republic of Cyprus, the Czech Republic, the Kingdom of Denmark, the Republic of Estonia, the Republic of Finland, the French Republic, the Federal Republic of Germany, the Hellenic Republic, the Republic of Hungary, the Republic of Ireland, the Italian Republic, the Republic of Latvia, the Republic of Lithuania, the Grand Duchy of Luxembourg, the Republic of Malta, the Kingdom of the Netherlands, the Republic of Poland, the Portuguese Republic, Romania, the Slovak Republic, the Republic of Slovenia, the Kingdom of Spain, the Kingdom of Sweden, and the United Kingdom of Great Britain and Northern Ireland*

The delegations of the member countries of the European Union declare that their countries will apply the Acts adopted by this Congress in accordance with their obligations pursuant to the Treaty on European Union, the Treaty on the Functioning of the European Union, and the General Agreement on Trade in Services of the World Trade Organization.

Addis Ababa, 6 September 2018

**SECOND EXTRAORDINARY CONGRESS****Declarations made on signature of the Acts***On behalf of Australia*

Australia will apply the Acts and other decisions adopted by this Congress only insofar as they are consistent with its other international rights and obligations and, in particular, with the General Agreement on Trade in Services of the World Trade Organization.

Addis Ababa, 6 September 2018

## **SECOND EXTRAORDINARY CONGRESS**

### **Declarations made on signature of the Acts**

#### *On behalf of Israel*

The delegation of Israel to the second Extraordinary Congress of the Universal Postal Union supports the declaration presented by the Chair of Congress in regard to the signature of the Acts that:

“Certain member countries issue unilateral declarations as a means of reacting to a given political situation or setting forth their relations with another member country. These declarations do not refer to the application of a provision of the Acts; they arise from political considerations external to the UPU. As such, they are not subject to any particular procedure and may be presented at any time during the second Extraordinary Congress to the Plenary Secretariat.”

The delegation of Israel reiterates the declarations and reservations that it has made at previous UPU Congresses, and rejects unreservedly any declaration or reservation made by any other member of the Union at this second Extraordinary Congress (Addis Ababa) the intention of which is to disregard Israel's rights and status as a member of the UPU. Furthermore, any such declaration or reservation is in contravention of both the letter and spirit of the UPU Constitution, Convention and Agreements.

The delegation of Israel accordingly considers any such declaration or reservation to be illegal and void, and reserves its rights accordingly.

The Government of the State of Israel states its position that the interpretation and application of any resolution or statement by all concerned must be in accordance with and subject to any existing or future bilateral agreements or arrangements. Furthermore, Israel shall interpret and apply any resolution or statement in accordance with applicable Israeli law.

Addis Ababa, 6 September 2018

## SECOND EXTRAORDINARY CONGRESS

Declarations made on signature of the Acts

### *On behalf of the Republic of Azerbaijan*

The Republic of Azerbaijan is one of the fully authorized members of the Universal Postal Union and is entitled to deliver postal services on the internationally recognized territory of the country pursuant to the Universal Postal Convention and other international legal documents. However, 20 percent of the internationally recognized territory of Azerbaijan, including the Nagorno-Karabakh region and seven surrounding administrative regions, is under the occupation of Armenia and therefore facing obstacles with respect to the delivery of postal services.

Resolution Nos. 822 (30 April 1993), 853 (29 June 1993), 874 (14 October 1993) and 884 (12 November 1993) of the Security Council of the United Nations, as well as decisions and resolutions of other international organizations on the immediate, full and unconditional release of the occupied territories of Azerbaijan from Armenian invaders, have remained unfulfilled.

The occupation has resulted in extensive damage to the country's economy, including the postal sector. The working group established in order to assess the losses and damages incurred by the Republic of Azerbaijan is carrying out the evaluations.

It is impossible to comply with article 6 of the Universal Postal Convention concerning the circulation of postage stamps on the territories of the Republic of Azerbaijan occupied by the Republic of Armenia. The issuance of postage stamps on behalf of the so-called "Nagorno Karabakh Republic" and the implementation of illegal postal operations by the illegal regime are still carried out in the occupied territories by Armenia, in contravention of the above-mentioned article of the Universal Postal Convention.

Considering the above, the Republic of Azerbaijan declares once again that, according to the relevant rules of the Universal Postal Union, the Government of the Republic of Azerbaijan is the only legitimate structure entitled to issue and put into circulation postage stamps, as well as implement postal operations, on all territories of Azerbaijan recognized at international level, including on the occupied territories. No postal operations can be carried out on the occupied territories without the authorization of the Government of the Republic of Azerbaijan. These operations have no legal force and contravene the national legislation of the Azerbaijan Republic, as well as the international legal norms that exist in this field.

We regret to inform that it will be impossible to comply with the provisions of the Universal Postal Convention and its Final Protocol until the territories occupied by the Republic of Armenia are released and the consequences of the occupation are eliminated.

The Republic of Azerbaijan reserves the right not to apply the rights and obligations arising from the Universal Postal Convention and its Final Protocol in regard to the Republic of Armenia.

Addis Ababa, 6 September 2018

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In accordance with Congress resolution C 17/2012, paper copies of documents for the second Extraordinary Congress will not be distributed in Addis Ababa.

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**SECOND EXTRAORDINARY CONGRESS****List of decisions other than those amending the Acts****Part I – Numerical list of decisions**

<i>Number</i>	<i>Type</i>	<i>Title and references</i>
C 1	Decision	Scope of member country proposals to be brought before the Extraordinary Congress
C 2	Decision	Designation of member countries prepared to assume the chairmanships, vice-chairmanships and topic-leader positions for the Extraordinary Congress
C 3	Resolution	Additional procedures concerning the election of member countries to the Council of Administration and the Postal Operations Council
C 4	Resolution	Reform of the system applied to contributions by Union member countries
C 5	Resolution	Implementation of updated Integrated Product Plan
C 6	Resolution	Integrated Remuneration Plan (2019–2020)
C 7	Resolution	Sustainability of the Provident Scheme of the Universal Postal Union



## **Part II – Texts of decisions**

### **Decision C 1/2018**

#### **Scope of member country proposals to be brought before the Extraordinary Congress**

Congress,

Considering

the limited mandate of the 2018 Extraordinary Congress, which is empowered to address only the topics contained in Istanbul Congress resolutions C 15/2016, C 24/2016, C 27/2016, C 28/2016, C 29/2016 and C 31/2016;

Noting

that the Istanbul Congress limited the duration of the 2018 Extraordinary Congress to five working days at the maximum,

*Decides*

- to discuss and take a decision on only those proposals submitted to it by UPU bodies and member countries that relate specifically to the subjects covered by the following resolutions:
  - C 15/2016: Integrated Product Plan implementation;
  - C 24/2016: Draft Istanbul Business Plan (work proposal 024);
  - C 27/2016: Management of the work of the Union – Reform of the UPU;
  - C 28/2016: Organization of an Extraordinary Congress in 2018;
  - C 29/2016: Reform of the system applied to contributions by Union member countries;
  - C 31/2016: Future sustainability of the Union's Provident Scheme;
- that any proposal pertaining to other topics shall not be considered unless Congress decides, by a majority of the member countries represented at Congress and having the right to vote, that the proposal concerns an urgent postal sector issue.

(Proposal 01, 1st plenary meeting)

### **Decision C 2/2018**

#### **Designation of member countries prepared to assume the chairmanships, vice-chairmanships and topic-leader positions for the Extraordinary Congress**

Congress,

*Decides*

to approve the following list of member countries, designated by the Council of Administration, which are prepared to assume the chairmanship of Congress and the positions of vice-chairman/topic leader:

#### *a Chairmanship of Congress*

- Ethiopia (host country) (5)

*b Vice-chairmen and topic leaders*

<i>Topic</i>	<i>Country (geographical region)</i>
Finance (contribution system)	Kenya (5)
Reform	China (People's Rep.) (4)
Integrated Product Plan, Integrated Remuneration Plan and amendments to the Acts	France (3) and China (People's Rep.) (4)
Stability and sustainability of the Provident Scheme	United States of America (1)

*c Restricted committees*

<i>Name of committee</i>	<i>Country (geographical region)</i>
Committee 1 (Credentials)	Chairman: Tunisia (5) Vice-Chairman: New Zealand (4) Members: Indonesia, Romania, Slovakia, Turkey
Committee 2 (Drafting)	Chairman: Poland (2) Vice-Chairman: Canada (1) Members: Algeria, Cameroon, France, United States of America

(Proposal 07.Rev 1, 1st plenary meeting)

**Resolution C 3/2018****Additional procedures concerning the election of member countries to the Council of Administration and the Postal Operations Council**

Congress,

Noting

the decision of the Istanbul Congress through resolution C 27/2016 ("Management of the work of the Union – Reform of the UPU") to defer examination of reform issues to an Extraordinary Congress in 2018,

Also noting

the work undertaken by the Council of Administration's Ad Hoc Group on UPU Reform (as established by the above resolution), whose recommendations were conveyed to the Council of Administration and further submitted as formal proposals to the Extraordinary Congress,

Confirming

that consensus was achieved at the 2016 Istanbul Congress on a proposed way forward to increase the relevance and efficiency of the Union through a number of reform steps, particularly in order to cope with rapidly changing needs in the postal environment,

Acknowledging

that the UPU will remain an intergovernmental organization and a specialized agency of the United Nations whose aim is to secure the organization and improvement of the postal services and to promote in this sphere the development of international collaboration,

Also acknowledging

the various decisions adopted by this Extraordinary Congress with regard to reform of the Union and the related amendments to its Acts,

Taking into account

the relevant provisions of the General Regulations concerning the election of member countries to sit on the Council of Administration and the Postal Operations Council,

*Decides*

to henceforth apply the following additional procedures and geographical distribution parameters for the election of member countries to sit on the Council of Administration and the Postal Operations Council:

*Council of Administration*

- Without prejudice to the allocation of a specific seat to the host member country of Congress (as further detailed in the General Regulations), the seats for the Council of Administration shall be distributed on the following basis (equitable geographical distribution):
  - Group 1 (Western Hemisphere): eight seats;
  - Group 2 (Eastern Europe and Northern Asia): five seats;
  - Group 3 (Western Europe): six seats;
  - Group 4 (Southern Asia and Oceania): 10 seats;
  - Group 5 (Africa): 11 seats;
- Election of members of the Council of Administration shall be based on the ranking order of votes obtained within each geographical region, subject to the renewal requirements and term limitations outlined in the General Regulations,

*Postal Operations Council*

- the seats for the Postal Operations Council shall be distributed on the following basis (qualified geographical distribution):
  - Group 1 (Western Hemisphere): eight seats;
  - Group 2 (Eastern Europe and Northern Asia): six seats;
  - Group 3 (Western Europe): 12 seats;
  - Group 4 (Southern Asia and Oceania): 11 seats;
  - Group 5 (Africa): 11 seats;
- Election of members of the Postal Operations Council shall be based on the ranking order of votes obtained within each geographical region, subject to the renewal requirements outlined in the General Regulations,

*Also decides*

to abrogate, with immediate effect and without prejudice to the current composition of the councils, all previous Congress decisions concerning the election of member countries to sit on the Council of Administration and the Postal Operations Council, including Congress resolution C 19/1994 and Congress resolution C 5/1999.

(Proposal 05, 2nd plenary meeting)

## **Resolution C 4/2018**

### **Reform of the system applied to contributions by Union member countries**

Congress,

Considering

that, in accordance with article 21 of the UPU Constitution, the Union's expenses shall be jointly borne by its member countries, and that in accordance with the UPU General Regulations, each member country shall, on a voluntary basis, choose the contribution class to which it intends to belong,

Also considering

that, since the 2012 Doha Congress, the number of units contributed by Union member countries has decreased significantly and that, at the same time, the number of member countries under sanctions for non-payment of the contributions has increased significantly,

Noting

that the development of a sustainable contribution model constitutes both a priority and a cornerstone within the context of the reform of the Union, for which a task force was created by the Council of Administration in accordance with resolution C 29/2016, in order to seek innovative funding sources through dialogue with member country governments, regulators and designated operators, including the subject of fair compensation for use of the various solutions and tools created and managed by the Union,

Also noting

that extensive work has been performed by the task force in pursuing the objective outlined in Istanbul Congress resolution C 29/2016,

Recognizing

that still more work has to be done in order to evaluate options for a future contribution model that all member countries can endorse guaranteeing the Union's long-term financial sustainability,

Acknowledging

that the aforementioned initiatives undertaken in the area of sustainable financing of the Union have thus far not delivered sufficient results,

Also acknowledging

that the contribution model proposal must be based on consensus,

Realizing

that in full exercise of their sovereignty, member countries, particularly through the Council of Administration, should establish a fair and sustainable financing model aimed at ensuring the achievement of the Union's constitutional mission, scope and objectives,

Convinced

that the voluntary basis of UPU funding and the establishment of a fair minimum contribution should be the key points of the new contribution system,

Also convinced

that the practices adopted within the United Nations system, in particular in the specialized agencies, mainly based on assessed contributions according to the relative capacity of each member country to pay (taking into consideration gross national income combined with other elements such as external debt and development levels), should be analyzed in detail as a possible basis for future Congress proposals,

*Instructs*

the Council of Administration to prepare, for submission to the 27th Congress in 2020, a contribution model proposal that would guarantee the Union's long-term financial sustainability,

*Also instructs*

the Council of Administration, with support from the International Bureau, to:

identify and describe the main issues pertaining to the Union's long-term financial sustainability (including the recovery of arrears and improvements to the financial efficiency of the Union, along with an analysis of the various contribution models applied in the UN system), with a view to the preparation of the aforementioned Congress proposal;

study possibilities for additional sources of revenue for the Union, including:

- implementing cost recovery for specific categories of services provided to member countries by the International Bureau;
- creating new forms of membership in exchange for contributions to the regular budget;

develop a new approach that would lead the Union to recover outstanding payments from members.

(Proposal 06.Rev 1, 3rd plenary meeting)

## **Resolution C 5/2018**

### **Implementation of updated Integrated Product Plan**

Congress,

Taking note  
of the work carried out by the POC since 2016 to develop the updated Integrated Product Plan (IPP),

Noting  
the implementation of the recommendations contained in the IPP presented in Istanbul Congress–Doc 39.Rev 1 and in Extraordinary Congress–Doc 8,

Considering  
that designated operators are best placed to exploit the potential of e-commerce, but that they must deliver reliably and continue to innovate in order to keep pace with the changing needs of consumers and e-sellers and be able to successfully compete in the market,

Also noting  
that competition in the postal market, especially for e-commerce delivery, is fierce and rapidly evolving,

Convinced  
of the growth opportunities for designated operators in business generated through e-commerce,

Recognizing  
that growth and growth opportunities are applicable worldwide,

Also recognizing, however,  
that the ongoing development and growth of alternative networks is a clear signal that the UPU network is not meeting needs, and that if the UPU does not adapt there will be a continuing increase in the number of designated operators moving traffic outside the UPU network,

Acknowledging  
that one of the challenges faced by the UPU in relation to customer needs and product features is how to satisfy market requirements by rationalizing, modernizing and integrating the existing framework of products,

#### *Instructs*

the Council of Administration to ensure that questions relating to governmental policies and regulatory issues are properly addressed, discussed and decided in the further development and implementation of the Integrated Product Plan,

#### *Also instructs*

the Postal Operations Council to ensure that the UPU keeps pace with change by modernizing letter post, parcel post and EMS using an integrated approach to product development, and ensuring speedier decision making in response to market needs by implementing the recommendations contained in the updated IPP presented in Congress–Doc 8, namely:

group 2 recommendation 3 (see Congress–Doc 8, paragraph 9, table 4, concerning value-added services) to be submitted to the 2020 Congress for approval, with the date of implementation set at 1 January 2022, if approved;

group 3 recommendations 4, 5, 6, 7 and 8 (see Congress–Doc 8, paragraph 9, table 5, concerning add-ons), with consequential proposals, to be submitted to the 2020 Congress for approval and with the implementation date of the proposals set at 1 January 2022;

the electronic advance data–related recommendations listed in Congress–Doc 8, paragraph 17;

the development activities and timelines (outlined in the table in paragraph 18 of Congress–Doc 8) to be respected in order to ensure that implementation of the updated IPP is in line with the wishes of the UPU member countries,

*Further instructs*

the Postal Operations Council to continue:

developing and implementing POC activities that are driven by product definition and development, with a view to further rationalizing and modernizing products and services, while at the same time recognizing customer, market and supply chain needs;

ensuring close coordination between the UPU body responsible for providing the roadmap for the implementation of electronic advance data and the body responsible for the implementation of the IPP;

ensuring the ongoing review of the IPP with the aim of submitting an updated version to the 27th Congress in 2020,

*Invites*

member countries to:

take measures enabling designated operators to provide quality physical products as part of the universal service, to stimulate the economy and reinforce social cohesion;

acknowledge the role of UPU physical product development activities in enhancing the quality of the services for citizens and businesses, particularly small and medium-sized businesses;

take steps to ensure that designated operators better manage relationships with their customers in order to become commercial, competitive and efficient;

ensure that designated operators focus not only on the challenges facing the development of international physical products, but also on the strategies needed to meet those challenges;

participate actively in the UPU physical product development process;

undertake activities aimed at increasing business by exploiting e-commerce opportunities,

*Also invites*

the restricted unions to lend their support to the development of e-commerce within their regions.

(Proposal 03, 4th plenary meeting)

**Resolution C 6/2018****Integrated Remuneration Plan (2019–2020)**

Congress,

Taking note

of the work carried out by the CA and the POC since 2017 to develop the Integrated Remuneration Plan,

Recalling

the integrated remuneration principles as contained in Istanbul Business Plan work proposal 024, approved by the 26th Congress through resolution C 24/2016,

Recalling also

that the 26th Congress, through work proposals 024, 026 and 027 instructed the CA and the POC to accelerate actions to modernize and integrate the UPU's remuneration systems,

Recognizing

the need to minimize the effects of distortions created by the current systems and to ensure that proposals are developed for an integrated remuneration system in which the UPU remuneration systems are better aligned and rationalized and which responds to any modifications to the UPU portfolio of physical products (letters, parcels and EMS) brought about by the Integrated Product Plan,

*Emphasizing*

the importance of the modernization, rationalization and integration of the UPU remuneration system to unlock the growth potential of UPU services in the e-commerce market,

*Acknowledging*

that a comprehensive analysis of the existing remuneration systems has shown a need to make adjustments to the remuneration of items containing goods,

*Encouraged*

by the significant progress made since the 26th Congress, resulting in an Integrated Remuneration Plan which identifies concrete areas in which better alignment, integration and rationalization of the remuneration systems can be achieved,

*Convinced*

that the implementation of the Integrated Remuneration Plan in Phase III (2019 and 2020) will result in proposals to the 27th Congress that are beneficial to achieving the objective of an integrated, modern and forward-looking remuneration system,

*Decides*

to adopt the Integrated Remuneration Plan, to enable the continuation of work and studies with a view to developing a proposal for an Integrated Remuneration System to be proposed to the 2020 Congress,

*Instructs*

the Postal Operations Council and Council of Administration to ensure that work on the modernization, rationalization and integration of the UPU remuneration systems continues at an accelerated pace by:

- implementing all of the activities contained in the Integrated Remuneration Plan presented in Part II of Congress–Doc 8, namely in paragraphs 30 to 35 and in accordance with the timeline in paragraph 36, to ensure that implementation of the Integrated Remuneration Plan will result in proposals for an Integrated Remuneration System to be proposed to the 27th Congress in 2020;
- developing proposals in accordance with the product portfolio and on the basis of the product specifications of all basic and supplementary services, as well as for the services that can be added on to the basic services or supplementary services (add-ons);
- ensuring that all proposals of an Integrated Remuneration System adhere to the integrated remuneration principles adopted by the 26th Congress and contained in Istanbul Business Plan work proposal 024;
- developing a mandate to implement all proposals for an Integrated Remuneration System in the next work cycle, including the application of the methodology, the calculation of the effective rates and maintenance of guides, manuals and accounting procedures;
- developing work proposals to the 27th Congress in 2020 for a mandate to continue the work on the further development of the Integrated Remuneration Plan and the Integrated Remuneration System through modernization, rationalization and integration,

the Council of Administration to:

- monitor the work done by the Postal Operations Council on the development of the Integrated Remuneration System and ensure that, in accordance with the attributions of the Council of Administration as contained in article 107 of the General Regulations, the associated proposals for the 2020 Congress are in accordance with the integrated remuneration principles adopted by the 26th Congress and contained in Istanbul Business Plan work proposal 024;
- review and develop the integrated remuneration principles to be proposed to the 27th Congress in 2020 to guide the work on the development of remuneration systems during the next Congress work cycle,

the Postal Operations Council to:

- develop proposals for an Integrated Remuneration System, including associated proposals to amend the Convention and its Regulations, to be proposed to the 27th Congress in 2020;

- ensure that such proposals respond to the requirements of the product portfolio and the product specifications defined in the Integrated Product Plan;
- review the remuneration of basic services for items containing documents and develop proposals for the period of validity of the Abidjan Congress Acts (2022–2025);
- review, for all mail flows, the remuneration of items containing goods and develop proposals that will result in better alignment between and rationalization of the two remuneration systems in the Abidjan Acts period;
- explore options that will lead to a more equitable, competitive and cost-based model, in particular within the lightweight item segment below 2 kilogrammes;
- undertake a comprehensive review of the remuneration of value-added services (tracked, registered and insured services) on the basis of the product specifications associated with the new product portfolio, and develop proposals for appropriate remuneration for the Abidjan Acts period;
- develop, on the basis of the conclusions of the study on the costs of handling returned undeliverable letter-post items, proposals for the remuneration of such services, and present proposals to the 27th Congress in 2020;
- continue the work on the transition of countries classified in group IV for terminal dues and Quality of Service Fund purposes, including the development of a proposal to prevent negative impacts on group IV countries;
- review the provisions governing the link between terminal dues and the performance evaluation and quality of service with respect to bonuses and penalties, as well as applicable standards and targets;
- examine and develop proposals tending to continue improving or establishing the governance of the link between the remuneration of items containing goods and the performance evaluation in relation to quality of service with respect to bonuses and penalties, as well as applicable standards and targets;
- revise all operational, statistical and accounting procedures relevant to the proposed modifications to the UPU remuneration systems,

*Further instructs*

the International Bureau to:

implement the Integrated Remuneration Plan;

carry out the studies provided for in the work assigned to the CA and POC;

support the work assigned to the CA and POC;

undertake, in coordination with the restricted unions, the organization of regional round tables to familiarize all countries and/or regions with the proposals for an Integrated Remuneration System,

*Invites*

member countries to:

support the implementation of the Integrated Remuneration Plan, in particular by responding to studies in support of proposals on a modern, forward-looking integrated remuneration system (see table 3 of Part II of Congress–Doc 8), and provide accurate information in a timely manner;

take active part in the development of proposals for an Integrated Remuneration System;

take active steps to invest in a modernized, rationalized and integrated remuneration system,

*Also invites*

the restricted unions to lend their support to the development of e-commerce within their regions.

(Proposal 11, 5th plenary meeting)



## **Resolution C 7/2018**

### **Sustainability of the Provident Scheme of the Universal Postal Union**

The Extraordinary Congress,

Taking note

of the work carried out by the Council of Administration since 2017 on the future sustainability of the Union's Provident Scheme, under the terms of Congress resolution C 31/2016,

Having considered

the terms of Congress–Doc 7 and its associated recommendations,

Cognizant

of the ongoing deterioration of the membership profile and demographics of the Provident Scheme, as well as of the enduring stagnation of financial markets, resulting in lower than expected returns on the investments of the Provident Scheme,

Aware

that the difficult scenario referred to above poses a substantial risk to the operating capacity of the Union and to the general sustainability of its funding base in the long term,

Convinced

that stable and sustainable funding of the Provident Scheme is essential for the effective and efficient functioning of the Union,

#### *Instructs*

the Chair of the Council of Administration and the Director General, as members of the Management Board of the Provident Scheme, to propose the adoption and implementation of the following recommendations by the latter body at its earliest convenience:

Reduction of the guarantee threshold for the degree of coverage of the Union's Provident Scheme from 85% to 80%;

Initiation of negotiations with the United Nations Joint Staff Pension Fund (UNJSPF), with a view to achieving the Union's participation in the UNJSPF and, to the extent possible, the migration of active and retired Provident Scheme members into the UNJSPF, without prejudice to the acquired rights of such members or to the responsibility of the Director General with regard to the formal conclusion of such negotiations on behalf of the Union,

#### *Also instructs*

the Council of Administration to establish a task force charged with studying the different options, advising on the negotiations with the UNJSPF, and submitting its conclusions and recommendations to the 2020 Congress,

#### *Further instructs*

the Council of Administration to ensure that Union guarantees to the Provident Scheme are met through adoption of a "corridor" approach consisting of (i) a 2% immediate guarantee activation trigger (i.e. in case the degree of coverage falls two or more percentage points below the proposed statutory guarantee threshold of 80%) and (ii) a three-year amortization period for such guarantee payments once triggered. Such amortization shall take place through (i) use of treasury funds as described in the instruction provided below for the Director General of the International Bureau and/or (ii) allocation, by the Council of Administration in the Union's Programme and Budget, of the necessary guarantee funds through adoption of any necessary adjustments to it in years when the deficit is reported in the official accounts of the Provident Scheme. In this regard, payment amounts shall be re-assessed and adjusted annually to account for any intervening fluctuation in the degree of coverage of the Provident Scheme. Notwithstanding the foregoing, any reallocation of budgetary resources to the Provident Scheme shall not exceed 10% of the annual expenditure ceiling of the Union,

*Additionally instructs*

the Director General to:

use the Union's treasury resources, only if such resources are available without prejudice to implementation of the Union's Programme and Budget as approved by the Council of Administration, such as interest gains resulting from the investment of Union assets, in order to cover the Union guarantee referred to above or reduce the amount of regular budget funds required to meet that guarantee;

make recommendations to the Council of Administration on further budgetary optimization measures, bearing in mind any Congress or Council of Administration decisions on prioritization processes and without prejudice to the Director General's duty to execute the Union's Programme and Budget and all activities requested by the bodies of the Union, as outlined in article 127.3.4 and 127.3.5 of the UPU General Regulations.

(Proposal 13, 5th plenary meeting)