

Programme and Budget 2017

Finance Directorate (DFI)
Directorate of Executive Office (DIRCAB)





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Preface

Following an extensive consultation process with member countries conducted throughout the 2013–2016 cycle, the Istanbul Congress adopted an ambitious strategy for the 2017–2020 period, in line with the organization's mission and the United Nations Sustainable Development Goals.

Articulated around three main goals (interoperability, modern and sustainable products, market and sector functioning) and one cross-cutting supporting lever (development cooperation), the Istanbul World Postal Strategy has been approved in conjunction with a comprehensive business plan, which contains further details on expected outcomes, targets, and financial resources required to implement the strategy by 2020.

The UPU budget (referred to as the "Programme and Budget" in the UPU Financial Regulations) flows directly from the Istanbul strategy and business plan. It comprises detailed budget information for every goal, programme and project undertaken by the organization for the year ahead, including details on how the various initiatives will be financed (i.e. through the regular budget or through extrabudgetary funds).

The present document has not been prepared merely as a requirement under the UPU Financial Regulations. Its purpose is also to meet the essential informational needs of the UPU stakeholders, with a view to accuracy and transparency in the allocation of human and financial resources to the various activities of the Union. In addition, in the context of continued funding pressure, the organization needs to ensure that its strategic ambitions can match the availability of funds.

As outlined in this document, the work of the UPU in 2017 will require a total of 60,007,750 CHF, of which 37,235,000 CHF (62%) is to be financed through the regular budget. This represents a 9.3% decrease on the average annual amount requested through the business plan for the regular budget (41,033,068 CHF). This reduction was necessary in order to bring the budget in line with the ceiling approved by Congress and will be made possible through the rationalization of costs.

This document is structured in two main parts. Part I presents the overall context, with a brief summary of the Istanbul World Postal Strategy and the Istanbul Business Plan, and an explanation of how these documents are used to generate the Programme and Budget. Part II comprises the main information on the 2017 budget, including an overview of the budget by programme, individual budgets by programme (called "programme sheets"), and an aggregated breakdown by type of expense and revenue.

Finally, the annexes provide further information on the system for financing the Union budget, as well as the 2017 distribution of member countries according to their contribution class.

Bishar A. Hussein
Director General

Part I – Context

1 Istanbul World Postal Strategy

In order to overcome key challenges and seize existing and future opportunities, the UPU undertook a broad consultation process, with the active participation of 89% of member countries. This consultation yielded a new vision and an ambitious strategy for the Union, in line with the organization's mission and the UN's Sustainable Development Goals.

The UPU's mission, as stated in the Constitution, is to "stimulate the lasting development of efficient and accessible universal postal services of quality in order to facilitate communication between the inhabitants of the world". In this context, and based on the three pillars of innovation, integration and inclusion, the UPU's vision is to help the postal sector to be seen as an enabler of inclusive development and as an essential component of the global economy.

The Istanbul World Postal Strategy has three main goals:

- Goal 1: Improve the interoperability of network infrastructure, by ensuring quality of service, efficient and secure supply chains, the development of standards and of information and communication technologies (ICTs), and streamlined operational processes and regulations.
- Goal 2: Ensure sustainable and modern products, by modernizing and fully integrating the product portfolio and supporting remuneration systems, accelerating the development of e-commerce solutions, supporting the development of diverse products and services, and supporting trade facilitation through the postal network.
- Goal 3: Foster market and sector functioning, by contributing to the definition and development of the universal service obligation, initiating and implementing relevant development cooperation measures, encouraging market and sectoral information, improving efficiency in the areas of policy and regulation, and mobilizing environmental and sustainable development.

These three goals are underpinned by 15 programmes and one supporting lever, as follows:

| <i>Goal 1 – Improve the interoperability of network infrastructure</i> | <i>Goal 2 – Ensure sustainable and modern products</i> | <i>Goal 3 – Foster market and sector functioning</i> |
|--|---|--|
| 1 Quality of service | 1 E-commerce and trade facilitation | 1 Universal service obligation |
| 2 Supply chain and security | 2 Financial inclusion and financial services | 2 Policy, regulation and strategy |
| 3 Accounting and operational processes | 3 Product and service diversification and harmonization | 3 Market and sectoral information |
| 4 Information and communication technologies | 4 Integrated remuneration | 4 Sustainable development |
| 5 Standards | 5 E-services | 5 Capacity development |
| Supporting lever – Development cooperation | | |

Contributing to the achievement of these goals are the functional support activities, namely, standing activities of the International Bureau (Executive Office, finance, human resources, legal and logistics).

In addition to the Istanbul World Postal Strategy, during the regional strategy conferences organized by the UPU in the run-up to the 2016 Congress, the following areas were identified as key regional priorities for the organization:

- e-commerce;
- financial services;
- operational efficiency.

Therefore, these priorities will also need to be taken into account throughout the 2017–2020 cycle, especially in the area of development and cooperation.

2 Istanbul Business Plan

In 2012, the Doha Congress introduced a new practice whereby a draft four-year business plan is developed and approved by Congress in order to guide the activities of the UPU throughout the ensuing cycle. Accordingly, together with the Istanbul World Postal Strategy, the 2016 Congress also adopted the Istanbul Business Plan for the 2017–2020 period.

The first chapter of the Istanbul Business Plan focuses on the key trends in the UPU's macro environment which may impact the organization's activities. The second chapter outlines the UPU's mission, vision and strategy for the 2017–2020 cycle. The third chapter revolves around the targets to be achieved (including over 40 work proposals) and the resources that the UPU will use in order to roll out the strategy and monitor its implementation.

In addition to the three core chapters described above, the Istanbul Business Plan includes, as annexes, further details on the work proposals (in the form in which the proposals were submitted and approved at the joint CA/POC session in February 2016) and their corresponding financials, along with the latest list of Congress proposals.

3 From the Istanbul Business Plan to the Programme and Budget

The 2017–2020 Istanbul Business Plan forms the basis for the annual Programme and Budget, approved by the Council of Administration. In this manner, a direct link is established between the strategy, the detailed work planned for the cycle, and the specific budget required for implementation.

The structure of the budget is in line with that of the strategy and the business plan: budgetary sections are organized into goals, programmes and projects. A number is assigned to every project, allowing it to be easily traced back to the corresponding goal and programme in the strategy. For instance, project 3.2.1 is the first project within the second programme (Policy, regulation and strategy) of goal 3 (Foster market and sector functioning).

Moreover, for the purposes of this document, the supporting lever (development cooperation) and functional support activities (HR, finance, etc.) are given specific goal numbers, namely, 4 and 5 respectively.

The table below provides an overview of all projects, sorted by goal and programme, with a direct reference to the corresponding Istanbul Business Plan work proposal or proposal of a general nature (country proposal).

Goal 1 – Improve the interoperability of network infrastructure

| <i>Programme</i> | <i>Project No. and description</i> | <i>Work proposal No.</i> |
|--|------------------------------------|--------------------------|
| 1.1 Quality of service | 1.1.1 QS improvement DOs | WP 021 |
| | 1.1.2 GMS | WP 023 |
| | 1.1.3 QSF model | WP 038 |
| | 1.1.4 EMS | WP 002 |
| 1.2 Supply chain and security | 1.2.1 Security | WP 007 |
| | 1.2.2 IT security | CP: PGN 31 |
| | 1.2.3 Transport | WP 010 |
| | 1.2.4 Customs | WP 013 |
| | 1.2.5 Addressing | WP 031 |
| | 1.2.6 GIS/addressing | CP: PGN 27 |
| 1.3 Accounting and operational processes | 1.3.1 Operations and accounting | WP 008 |
| | 1.3.2 UPU*Clearing User Group | WP 015 |

| <i>Programme</i> | <i>Project No. and description</i> | <i>Work proposal No.</i> |
|--|------------------------------------|--------------------------|
| 1.4 Information and communication technologies | 1.4.1 Telematics Cooperative | WP 003 |
| 1.5 Standards | 1.5.1 Standards | WP 005 |

Goal 2 – Ensure sustainable and modern products

| <i>Programme</i> | <i>Project No. and description</i> | <i>Work proposal No.</i> |
|---|--|--------------------------|
| 2.1 E-commerce and trade facilitation | 2.1.1 Trade facilitation | WP 030 |
| | 2.1.2 ECOMPRO | WP 032 |
| | 2.1.3 E-commerce online value chain | WP 033 |
| 2.2 Financial inclusion and financial services | 2.2.1 PPS*Clearing User Group | WP 014 |
| | 2.2.2 Financial inclusion | WP 018 |
| | 2.2.3 WEPPN | WP 029 |
| | 2.2.4 Postal payment services | WP 044 |
| 2.3 Product and service diversification and harmonization | 2.3.1 Physical product development | WP 001 |
| | 2.3.2 Integrated Product Plan | WP 004 |
| | 2.3.3 Direct marketing | WP 009 |
| | 2.3.4 Philately | WP 011 |
| | 2.3.5 IRCs | WP 012 |
| 2.4 Integrated remuneration | 2.4.1 Integrated Remuneration Plan | WP 024 |
| | 2.4.2 Classification for QSF | WP 025 |
| | 2.4.3 Terminal dues | WP 026 |
| | 2.4.4 Inward land rates system and ECOMPRO | WP 027 |
| | 2.4.5 Quality of Service Link User Group | WP 028 |
| 2.5 E-services | 2.5.1 Postal e-services | WP 034 |
| | 2.5.2 .POST | WP 035 |
| | 2.5.3 UPU digital transformation | WP 037 |

Goal 3 – Foster market and sector functioning

| <i>Programme</i> | <i>Project No. and description</i> | <i>Work proposal No.</i> |
|-------------------------------------|---|--------------------------|
| 3.1 Universal service obligation | 3.1.1 UPU Convention | WP 042 |
| 3.2 Policy, regulation and strategy | 3.2.1 Postal regulation | WP 039 |
| | 3.2.2 Sanctions mechanism | WP 040 |
| | 3.2.3 Consultative Committee | WP 041 |
| | 3.2.4 UPU products and services interconnection | WP 043 |
| 3.3 Market and sectoral information | 3.3.1 Market research | WP 006 |
| | 3.3.2 Postal economics | WP 017 |
| | 3.3.3 Markets development | WP 006 |

| <i>Programme</i> | <i>Project No. and description</i> | <i>Work proposal No.</i> |
|-----------------------------|--|--------------------------|
| 3.4 Sustainable development | 3.4.1 Sustainable development | WP 019 |
| | 3.4.2 Postal Carbon Fund® | CP: PGN 10 |
| | 3.4.3 Disaster risk management and emergency | WP 020 |
| | 3.4.3 Disaster risk management and emergency | CP: PGN 8 |

Supporting lever – Development cooperation

| <i>Programme</i> | <i>Project No. and description</i> | <i>Work proposal No.</i> |
|---------------------------------|--------------------------------------|--------------------------|
| 4.1 Development and cooperation | 4.1.1 Development cooperation policy | WP 016 |

Functional support

| <i>Programme</i> | <i>Project No. and description</i> | <i>Work proposal No.</i> |
|---|---|--------------------------|
| 5.1 Executive Office, strategy and communications | 5.1.1 General Management and Executive Office | S-Cab |
| | 5.1.2 Governance | S-Cab |
| | 5.1.3 Strategy | S-Cab |
| | 5.1.4 Communications | S-Cab |
| 5.2 Finance | 5.2.1 General management of DFI (CA, audit, etc.) | S-Fin |
| | 5.2.2 Programme and Budget | S-Fin |
| | 5.2.3 Financial operating reports | S-Fin |
| | 5.2.4 Accounting and treasury | S-Fin |
| | 5.2.5 UPU Provident Scheme | C 31/2016 |
| | 5.2.6 QSF financial management | S-Fin |
| | 5.2.7 Study of UPU contribution system | C 29/2016 |
| | 5.2.8 Fundraising | S-Fin |
| 5.3 Human Resources | 5.3.1 HR policy and management | S-HR |
| | 5.3.2 Training policy and management | S-HR |
| 5.4 Legal and compliance/governance | 5.4.1 Legal advice and support | S-Legal |
| 5.5 Logistics | 5.5.1 Conference and meeting services | S-Log |
| | 5.5.2 IT provision and support | S-Log |
| | 5.5.3 Mail, telecommunications and library services | S-Log |
| | 5.5.4 Building maintenance, furniture and supplies | S-Log |
| 5.6 Council secretariats and management | 5.6.1 CA administration and secretariat | S-Sec |
| | 5.6.2 POC administration and secretariat | S-Sec |
| | 5.6.3 Management of the work of the Union/reform | S-Sec |
| 5.7 Translation services | 5.7.1 Translation | S-Trad |

Part II – Budget 2017

1 Overview of revised 2017 budget by programme

| | Regular budget (1st pillar) | | | Extrabudgetary resources (2nd pillar) | | | Extrabudgetary resources (3rd pillar) | | | Total (CHF) |
|--|-----------------------------|------------------|------------------|---------------------------------------|------------------|-------------------|---------------------------------------|------------------|------------------|-------------------|
| | Staff | Other | Total | Staff | Other | Total | Staff | Other | Total | |
| Goal 1 – Improve the interoperability of network infrastructure | | | | | | | | | | |
| 1.1 – Quality of service | 1,432,800 | 510,000 | 1,942,800 | 2,417,520 | 887,150 | 3,304,670 | 0 | 2,521,500 | 2,521,500 | 7,768,970 |
| 1.2 – Supply chain and security | 930,400 | 261,000 | 1,191,400 | 0 | 0 | 0 | 1,178,400 | 105,000 | 1,283,400 | 2,474,800 |
| 1.3 – Accounting and operational processes | 246,400 | 0 | 246,400 | 127,200 | 58,700 | 185,900 | 0 | 0 | 0 | 432,300 |
| 1.4 – Information and communication technologies | 0 | 450,000 | 450,000 | 7,664,400 | 2,586,500 | 10,250,900 | 0 | 0 | 0 | 10,700,900 |
| 1.5 – Standards | 246,400 | 70,000 | 316,400 | 0 | 0 | 0 | 0 | 0 | 0 | 316,400 |
| Total goal 1 | 2,856,000 | 1,291,000 | 4,147,000 | 10,209,120 | 3,532,350 | 13,741,470 | 1,178,400 | 2,626,500 | 3,804,900 | 21,693,370 |
| Goal 2 – Ensure sustainable and modern products | | | | | | | | | | |
| 2.1 – E-commerce and trade facilitation | 340,800 | 284,000 | 624,800 | 0 | 0 | 0 | 0 | 0 | 0 | 624,800 |
| 2.2 – Financial inclusion and financial services | 774,000 | 431,000 | 1,205,000 | 0 | 166,000 | 166,000 | 0 | 711,000 | 711,000 | 2,082,000 |
| 2.3 – Product and service diversification and harmonization | 1,009,920 | 210,500 | 1,220,420 | 566,400 | 406,300 | 972,700 | 219,600 | 200,000 | 419,600 | 2,612,720 |
| 2.4 – Integrated remuneration | 681,600 | 90,000 | 771,600 | 0 | 0 | 0 | 0 | 0 | 0 | 771,600 |
| 2.5 – E-services | 277,200 | 180,000 | 457,200 | 496,800 | 375,000 | 871,800 | 0 | 25,000 | 25,000 | 1,354,000 |
| Total goal 2 | 3,083,520 | 1,195,500 | 4,279,020 | 1,063,200 | 947,300 | 2,010,500 | 219,600 | 936,000 | 1,155,600 | 7,445,120 |
| Goal 3 – Foster market and sector functioning | | | | | | | | | | |
| 3.1 – Universal service obligation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| | <i>Regular budget (1st pillar)</i> | | | <i>Extrabudgetary resources (2nd pillar)</i> | | | <i>Extrabudgetary resources (3rd pillar)</i> | | | Total (CHF) |
|---|------------------------------------|-------------------|-------------------|--|------------------|-------------------|--|------------------|------------------|--------------------|
| | <i>Staff</i> | <i>Other</i> | <i>Total</i> | <i>Staff</i> | <i>Other</i> | <i>Total</i> | <i>Staff</i> | <i>Other</i> | <i>Total</i> | |
| 3.2 – Policy, regulation and strategy | 518,000 | 40,750 | 558,750 | 0 | 0 | 0 | 0 | 80,000 | 80,000 | 638,750 |
| 3.3 – Market and sectoral information | 554,400 | 50,000 | 604,400 | 0 | 0 | 0 | 0 | 0 | 0 | 604,400 |
| 3.4 – Sustainable development | 92,400 | 15,000 | 107,400 | 0 | 0 | 0 | 369,600 | 185,000 | 554,600 | 662,000 |
| Total goal 3 | 1,164,800 | 105,750 | 1,270,550 | 0 | 0 | 0 | 369,600 | 265,000 | 634,600 | 1,905,150 |
| Supporting lever – Development cooperation | | | | | | | | | | |
| 4.1 – Development and cooperation | 2,896,080 | 2,888,000 | 5,784,080 | 0 | 0 | 0 | 0 | 165,000 | 165,000 | 5,949,080 |
| Total Development cooperation | 2,896,080 | 2,888,000 | 5,784,080 | 0 | 0 | 0 | 0 | 165,000 | 165,000 | 5,949,080 |
| Functional support | | | | | | | | | | |
| 5.1 – Executive Office, strategy and communications | 2,996,880 | 877,100 | 3,873,980 | 0 | 0 | 0 | 0 | 0 | 0 | 3,873,980 |
| 5.2 – Finance | 2,107,200 | 256,000 | 2,363,200 | 619,680 | 247,000 | 866,680 | 0 | 0 | 0 | 3,229,880 |
| 5.3 – Human resources | 1,386,240 | 1,131,710 | 2,517,950 | 0 | 0 | 0 | 0 | 0 | 0 | 2,517,950 |
| 5.4 – Legal and compliance/governance | 915,600 | 20,000 | 935,600 | 0 | 0 | 0 | 0 | 0 | 0 | 935,600 |
| 5.5 – Logistics | 2,505,000 | 6,022,100 | 8,527,100 | 0 | 0 | 0 | 127,200 | 80,000 | 207,200 | 8,734,300 |
| 5.6 – Council secretariats and management | 949,600 | 128,000 | 1,077,600 | 0 | 0 | 0 | 184,800 | 2,000 | 186,800 | 1,264,400 |
| 5.7 – Translation services | 2,458,920 | 0 | 2,458,920 | 0 | 0 | 0 | 0 | 0 | 0 | 2,458,920 |
| Total functional support | 13,319,440 | 8,434,910 | 21,754,350 | 619,680 | 247,000 | 866,680 | 312,000 | 82,000 | 394,000 | 23,015,030 |
| Grand total | 23,319,840 | 13,915,160 | 37,235,000 | 11,892,000 | 4,726,650 | 16,618,650 | 2,079,600 | 4,074,500 | 6,154,100 | 60,007,750 |

2 Programme sheets

Goal 1 – Improve the interoperability of network infrastructure

The first goal of the Istanbul World Postal Strategy comprises five programmes:

- Programme 1.1 – Quality of service
- Programme 1.2 – Supply chain and security
- Programme 1.3 – Accounting and operational processes
- Programme 1.4 – Information and communication technologies
- Programme 1.5 – Standards

Detailed explanation sheets for these programmes are presented below.

Programme 1.1 – Quality of service

Mandate and objectives

The programme comprises four main projects, supported by work proposals contained in the business plan. Quality of service improvement is mainly conducted through project 1.1.1, aiming to improve achievement of the worldwide J+5 quality standard. It is supported by the Global Monitoring System (GMS), which promotes the increased use of its STAR system. Through the Quality of Service Fund (QSF) model, projects are implemented and improvements measured across all regions to strengthen the weakest links in the network. Finally, the EMS project focuses on enhancing end-to-end service performance and encourages members to have fully integrated transport, customs and EDI messages to improve e-commerce.

Underlying projects and responsibilities

| <i>Project No.</i> | <i>Project name</i> | <i>Business plan work proposal</i> | <i>Congress resolution</i> | <i>Unit in charge under the Councils</i> |
|--------------------|---------------------|------------------------------------|----------------------------|--|
| 1.1.1 | QS improvement DOs | WP 021 | C 24/2016 | POC C 2 (Quality of Service Group) |
| 1.1.2 | GMS | WP 023 | C 24/2016 | POC C 2 (Quality of Service Group) |
| 1.1.3 | QSF model | WP 038 | C 9/2016 | CA/POC – QSF |
| 1.1.4 | EMS | WP 002 | C 4/2016 | POC – EMS |

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| <i>No.</i> | <i>Regular budget</i> | | | | <i>Extrabudgetary resources</i> | | | | | | Total (CHF) | | |
|--------------|-----------------------|--------------------|--------------------|---------------------|---------------------------------|--------------------|---------------------|--------------------|--------------------|----------|--------------------|------------------|------------------|
| | <i>(1st pillar)</i> | | | <i>(2nd pillar)</i> | | | <i>(3rd pillar)</i> | | | | | | |
| | <i>Staff (m/m)</i> | <i>Other (CHF)</i> | <i>Total (CHF)</i> | <i>Staff (m/m)</i> | <i>Other (CHF)</i> | <i>Total (CHF)</i> | <i>Staff (m/m)</i> | <i>Other (CHF)</i> | <i>Total (CHF)</i> | | | | |
| | <i>P</i> | <i>G</i> | | <i>P</i> | <i>G</i> | | <i>P</i> | <i>G</i> | | | | | |
| 1.1.1 | 30 | 24 | 285,000 | 1,001,400 | 0 | 0 | 0 | 0 | 0 | 0 | 50,000 | 50,000 | 1,051,400 |
| 1.1.2 | 30 | 24 | 225,000 | 941,400 | 0 | 0 | 0 | 0 | 0 | 0 | 2,471,500 | 2,471,500 | 3,412,900 |
| 1.1.3 | 0 | 0 | 0 | 0 | 12 | 49.2 | 0 | 706,320 | 0 | 0 | 0 | 0 | 706,320 |
| 1.1.4 | 0 | 0 | 0 | 0 | 12 | 144 | 887,150 | 2,598,350 | 0 | 0 | 0 | 0 | 2,598,350 |
| Total | 60 | 48 | 510,000 | 1,942,800 | 24 | 193.2 | 887,150 | 3,304,670 | 0 | 0 | 2,521,500 | 2,521,500 | 7,768,970 |

Programme 1.2 – Supply chain and security

Mandate and objectives

The programme covers four work proposals and two resolutions. The overall objective of the programme is to strengthen and secure the supply chain. Security of the supply chain is mainly ensured through countries' adoption and application of recognized security standards, including IT security. In the area of transport, designated operators are encouraged to exchange standardized EDI messages with other DOs, Customs and airlines to enable the flow of information. The project on customs works closely with the WCO and encourages the adoption of joint WCO–UPU messaging standards for EDI. Finally, the project on addressing and GIS aims to increase the number of countries applying the S42 standard and the use of the POST*CODE DataBase.

Underlying projects and responsibilities

| Project No. | Project name | Business plan work proposal | Congress resolution | Unit in charge under the Councils |
|-------------|----------------|-----------------------------|-------------------------|--|
| 1.2.1 | Security | WP 007 | C 24/2016 | POC C 1 (Postal Security Group/ICAO–UPU Contact Committee) |
| 1.2.2 | IT security | CP: PGN 31 | C 17/2016 | POC C 1 |
| 1.2.3 | Transport | WP 010 | C 24/2016 | POC C 1 (Transport Group/IATA–UPU Contact Committee) |
| 1.2.4 | Customs | WP 013 | C 24/2016 | POC C 1 (Customs Group/WCO–UPU Contact Committee) |
| 1.2.5 | Addressing | WP 031 | C 24/2016, C 16/2016 | POC C 1 |
| 1.2.6 | GIS/addressing | CP: PGN 27 | C 24/2016 | POC C 1 |

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| No. | Regular budget | | | | Extrabudgetary resources | | | | | | Total (CHF) | | |
|--------------|----------------|-------------|----------------|------------------|--------------------------|-------------|--------------|-------------|-------------|-----------|----------------|------------------|------------------|
| | (1st pillar) | | | (2nd pillar) | | | (3rd pillar) | | | | | | |
| | Staff (m/m) | Other (CHF) | Total (CHF) | Staff (m/m) | Other (CHF) | Total (CHF) | Staff (m/m) | Other (CHF) | Total (CHF) | | | | |
| P | G | | P | G | | P | G | | | | | | |
| 1.2.1 | 10 | 2 | 55,000 | 126,200 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 126,200 |
| 1.2.2 | 2 | 0 | 5,000 | 15,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 15,000 |
| 1.2.3 | 18 | 12 | 36,000 | 440,400 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 440,400 |
| 1.2.4 | 18 | 10 | 100,000 | 483,200 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 483,200 |
| 1.2.5 | 0 | 0 | 65,000 | 65,000 | 0 | 0 | 0 | 0 | 60 | 24 | 105,000 | 1,283,400 | 1,348,400 |
| 1.2.6 | 4 | 0 | 0 | 61,600 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 61,600 |
| Total | 52 | 24 | 261,000 | 1,191,400 | 0 | 0 | 0 | 0 | 60 | 24 | 105,000 | 1,283,400 | 2,474,800 |

Programme 1.3 – Accounting and operational processes

Mandate and objectives

The programme comprises two key projects supported by work proposals in the business plan. The project on operations and accounting aims to provide workable operational and accounting solutions for e-commerce exchanges, in addition to increasing the use of processes and instructions for paperless accounting and form completion. The project on UPU*Clearing seeks to increase membership of the user group in order to provide efficient, low-cost means of settling international postal accounts to a wider base.

Underlying projects and responsibilities

| <i>Project No.</i> | <i>Project name</i> | <i>Business plan work proposal</i> | <i>Congress resolution</i> | <i>Unit in charge under the Councils</i> |
|--------------------|---------------------------|------------------------------------|----------------------------|--|
| 1.3.1 | Operations and accounting | WP 008 | C 24/2016 | POC C 1 (Operations and Accounting Review Group) |
| 1.3.2 | UPU*Clearing User Group | WP 015 | C 22/2016 | POC (direct reporting bodies) |

Budget 2017

| No. | Regular budget | | | Extrabudgetary resources | | | | | | | | | Total (CHF) |
|--------------|----------------|-------------|-------------|--------------------------|-------------|-------------|---------------|----------------|-------------|----------|----------|----------|----------------|
| | (1st pillar) | | | (2nd pillar) | | | (3rd pillar) | | | | | | |
| | Staff (m/m) | Other (CHF) | Total (CHF) | Staff (m/m) | Other (CHF) | Total (CHF) | Staff (m/m) | Other (CHF) | Total (CHF) | | | | |
| | P | G | | P | G | | P | G | | | | | |
| 1.3.1 | 16 | 0 | 0 | 246,400 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 246,400 |
| 1.3.2 | 0 | 0 | 0 | 0 | 0 | 12 | 58,700 | 185,900 | 0 | 0 | 0 | 0 | 185,900 |
| Total | 16 | 0 | 0 | 246,400 | 0 | 12 | 58,700 | 185,900 | 0 | 0 | 0 | 0 | 432,300 |

Programme 1.4 – Information and communication technologies

Mandate and objectives

The programme covers one work proposal on the Telematics Cooperative. The Cooperative aims to increase the users of its many solutions, including cloud- and mobile-based solutions, and applications such as the International Postal System, International Financial System, and Customs Declaration System. In addition, the work proposal seeks to increase the volume of information exchanged through POST*Net, which facilitates the transfer of electronic information between Posts, airlines, carriers, customs authorities, security agencies, and other transport and distribution organizations around the world.

Underlying projects and responsibilities

| <i>Project No.</i> | <i>Project name</i> | <i>Business plan work proposal</i> | <i>Congress resolution</i> | <i>Unit in charge under the Councils</i> |
|--------------------|------------------------|------------------------------------|----------------------------|--|
| 1.4.1 | Telematics Cooperative | WP 003 | C 5/2016 | POC (direct reporting bodies) |

Budget 2017

| No. | Regular budget | | | | Extrabudgetary resources | | | | | | | Total (CHF) | |
|--------------|----------------|----------|----------------|----------------|--------------------------|--------------|------------------|-------------------|-------------|----------|-------------|-------------|-------------------|
| | (1st pillar) | | | | (2nd pillar) | | | (3rd pillar) | | | | | |
| | Staff (m/m) | | Other (CHF) | Total (CHF) | Staff (m/m) | | Other (CHF) | Total (CHF) | Staff (m/m) | | Other (CHF) | | Total (CHF) |
| | P | G | | | P | G | | | P | G | | | |
| 1.4.1 | 0 | 0 | 450,000 | 450,000 | 33.6 | 669.6 | 2,586,500 | 10,250,900 | 0 | 0 | 0 | 0 | 10,700,900 |
| Total | 0 | 0 | 450,000 | 450,000 | 33.6 | 669.6 | 2,586,500 | 10,250,900 | 0 | 0 | 0 | 0 | 10,700,900 |

Programme 1.5 – Standards*Mandate and objectives*

The programme covers one work proposal on UPU standardization. The standards project seeks to develop coherent technical standards in various areas, including EDI, and to coordinate UPU standardization initiatives with those of other international standardization bodies. The project focuses on increasing the quality of data in EDI messages and streamlining the UPU standards approval process to make it faster and more efficient.

Underlying projects and responsibilities

| Project No. | Project name | Business plan work proposal | Congress resolution | Unit in charge under the Councils |
|-------------|--------------|-----------------------------|---------------------|-----------------------------------|
| 1.5.1 | Standards | WP 005 | C 24/2016 | POC C 1 (Standards Board) |

Budget 2017

| No. | Regular budget | | | | Extrabudgetary resources | | | | | | | Total (CHF) | |
|--------------|----------------|----------|---------------|----------------|--------------------------|----------|-------------|--------------|-------------|----------|-------------|-------------|----------------|
| | (1st pillar) | | | | (2nd pillar) | | | (3rd pillar) | | | | | |
| | Staff (m/m) | | Other (CHF) | Total (CHF) | Staff (m/m) | | Other (CHF) | Total (CHF) | Staff (m/m) | | Other (CHF) | | Total (CHF) |
| | P | G | | | P | G | | | P | G | | | |
| 1.5.1 | 16 | 0 | 70,000 | 316,400 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 316,400 |
| Total | 16 | 0 | 70,000 | 316,400 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 316,400 |

Goal 2 – Ensure sustainable and modern products

The second goal of the Istanbul World Postal Strategy comprises five programmes:

- Programme 2.1 – E-commerce and trade facilitation
- Programme 2.2 – Financial inclusion and financial services
- Programme 2.3 – Product and service diversification and harmonization
- Programme 2.4 – Integrated remuneration
- Programme 2.5 – E-services

Detailed explanation sheets for these programmes are presented below.

Programme 2.1 – E-commerce and trade facilitation

Mandate and objectives

The programme comprises three main projects, supported by work proposals contained in the business plan. The project on trade facilitation encourages the implementation of UPU trade facilitation initiatives, including easy export and import solutions and commercial integration tools for MSMEs. The ECOMPRO project seeks to increase the volumes of postal items generated by e-commerce by providing tools and standards for e-commerce to member countries. Finally, the project on the e-commerce online value chain provides supporting postal e-services and contributes to technical assistance missions for Posts and governments.

Underlying projects and responsibilities

| <i>Project No.</i> | <i>Project name</i> | <i>Business plan work proposal</i> | <i>Congress resolution</i> | <i>Unit in charge under the Councils</i> |
|--------------------|-------------------------------|------------------------------------|----------------------------|---|
| 2.1.1 | Trade facilitation | WP 030 | C 24/2016 | CA C 4 |
| 2.1.2 | ECOMPRO | WP 032 | C 24/2016 | POC C 2 (Physical Services Development, E-Commerce and Integration Group) |
| 2.1.3 | E-commerce online value chain | WP 033 | C 24/2016, C 6/2016 | POC C 3 (Electronic Services Development Group) |

Budget 2017

| <i>No.</i> | <i>Regular budget</i> | | | | <i>Extrabudgetary resources</i> | | | | | | Total (CHF) | |
|--------------|-----------------------|--------------------|--------------------|---------------------|---------------------------------|--------------------|---------------------|--------------------|--------------------|----------|--------------------|----------------|
| | <i>(1st pillar)</i> | | | <i>(2nd pillar)</i> | | | <i>(3rd pillar)</i> | | | | | |
| | <i>Staff (m/m)</i> | <i>Other (CHF)</i> | <i>Total (CHF)</i> | <i>Staff (m/m)</i> | <i>Other (CHF)</i> | <i>Total (CHF)</i> | <i>Staff (m/m)</i> | <i>Other (CHF)</i> | <i>Total (CHF)</i> | | | |
| | <i>P</i> | <i>G</i> | | <i>P</i> | <i>G</i> | | <i>P</i> | <i>G</i> | | | | |
| 2.1.1 | 6 | 0 | 94,000 | 186,400 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 186,400 |
| 2.1.2 | 6 | 6 | 40,000 | 196,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 196,000 |
| 2.1.3 | 6 | 0 | 150,000 | 242,400 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 242,400 |
| Total | 18 | 6 | 284,000 | 624,800 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 624,800 |

Programme 2.2 – Financial inclusion and financial services

Mandate and objectives

This programme covers four work proposals included in the business plan. PPS*Clearing offers clearing services for account settlement in the financial services segment; the project aims to attract more members, increase clearing frequency, and improve security. To enable member countries to introduce or develop inclusive and sustainable financial services, the project on financial inclusion involves the organization of forums with multi-stakeholder participation, as well as the conducting of studies, and aims to increase the number of countries benefiting from technical assistance on financial inclusion. The projects on the WEPPN (worldwide electronic postal payment services network) and postal payment services endeavour to provide member countries with innovative solutions related to financial services. Objectives include decreasing the cost of remittances through more affordable products and services, and increasing the performance and volume of postal payment services transactions.

Underlying projects and responsibilities

| <i>Project No.</i> | <i>Project name</i> | <i>Business plan work proposal</i> | <i>Congress resolution</i> | <i>Unit in charge under the Councils</i> |
|--------------------|-------------------------|------------------------------------|----------------------------|---|
| 2.2.1 | PPS*Clearing User Group | WP 014 | C 24/2016 | POC C 4 (PPS*Clearing User Group) |
| 2.2.2 | Financial inclusion | WP 018 | C 24/2016 | CA C 4 |
| 2.2.3 | WEPPN | WP 029 | C 24/2016 | POC C 4 (Postransfer Group) |
| 2.2.4 | Postal payment services | WP 044 | C 8/2016 | POC C 4 (Regulations and Standards Group) |

Budget 2017

| <i>No.</i> | <i>Regular budget</i> | | | | <i>Extrabudgetary resources</i> | | | | | | Total (CHF) | | |
|--------------|-----------------------|-----------|--------------------|---------------------|---------------------------------|----------|---------------------|--------------------|--------------------|----------|--------------------|--------------------|--------------------|
| | <i>(1st pillar)</i> | | | <i>(2nd pillar)</i> | | | <i>(3rd pillar)</i> | | | | | | |
| | <i>Staff (m/m)</i> | | <i>Other (CHF)</i> | <i>Total (CHF)</i> | <i>Staff (m/m)</i> | | <i>Other (CHF)</i> | <i>Total (CHF)</i> | <i>Staff (m/m)</i> | | | <i>Other (CHF)</i> | <i>Total (CHF)</i> |
| <i>P</i> | <i>G</i> | | | <i>P</i> | <i>G</i> | | | <i>P</i> | <i>G</i> | | | | |
| 2.2.1 | 0 | 0 | 0 | 0 | 0 | 70,000 | 70,000 | 0 | 0 | 0 | 0 | 70,000 | |
| 2.2.2 | 6 | 0 | 10,000 | 102,400 | 0 | 0 | 0 | 0 | 0 | 0 | 611,000 | 611,000 | 713,400 |
| 2.2.3 | 18 | 6 | 361,000 | 701,800 | 0 | 0 | 96,000 | 96,000 | 0 | 0 | 0 | 0 | 797,800 |
| 2.2.4 | 18 | 6 | 60,000 | 400,800 | 0 | 0 | 0 | 0 | 0 | 0 | 100,000 | 100,000 | 500,800 |
| Total | 42 | 12 | 431,000 | 1,205,000 | 0 | 0 | 166,000 | 166,000 | 0 | 0 | 711,000 | 711,000 | 2,082,000 |

Programme 2.3 – Product and service diversification and harmonization*Mandate and objectives*

The programme covers five work proposals in the business plan. The project on physical product development aims to increase the volume of physical products and tracked products. The related project on the Integrated Product Plan (IPP) aims to complete implementation of steps 1 and 2 of the IPP roadmap. An increase in training events, research and the number of designated operators offering direct marketing-related products and services are among the key aims of the project on direct marketing. The projects on philately and IRCs endeavour to increase the number of stamps allotted a number through the WADP Numbering System (WNS), the number of countries in WNS, and the overall income received through the sale of IRCs.

Underlying projects and responsibilities

| <i>Project No.</i> | <i>Project name</i> | <i>Business plan work proposal</i> | <i>Congress resolution</i> | <i>Unit in charge under the Councils</i> |
|--------------------|------------------------------|------------------------------------|----------------------------|---|
| 2.3.1 | Physical product development | WP 001 | C 24/2016 | POC C 2 (Physical Services Development, E-Commerce and Integration Group) |
| 2.3.2 | Integrated Product Plan | WP 004 | C15/2016 | POC C 2 (Physical Services Development, E-Commerce and Integration Group) |

| <i>Project No.</i> | <i>Project name</i> | <i>Business plan work proposal</i> | <i>Congress resolution</i> | <i>Unit in charge under the Councils</i> |
|--------------------|---------------------|------------------------------------|----------------------------|--|
| 2.3.3 | Direct marketing | WP 009 | C 24/2016 | POC C 3 (Direct Marketing Advisory Board) |
| 2.3.4 | Philately | WP 011 | C 24/2016, C 13/2016 | POC C 3 (World Association for the Development of Philately) |
| 2.3.5 | IRCs | WP 012 | C 24/2016 | POC C 3 (World Association for the Development of Philately) |

Budget 2017

| <i>No.</i> | <i>Regular budget</i> | | | | <i>Extrabudgetary resources</i> | | | | | | Total (CHF) | | |
|--------------|-----------------------|--------------------|--------------------|---------------------|---------------------------------|--------------------|---------------------|--------------------|--------------------|-----------|--------------------|----------------|------------------|
| | <i>(1st pillar)</i> | | | <i>(2nd pillar)</i> | | | <i>(3rd pillar)</i> | | | | | | |
| | <i>Staff (m/m)</i> | <i>Other (CHF)</i> | <i>Total (CHF)</i> | <i>Staff (m/m)</i> | <i>Other (CHF)</i> | <i>Total (CHF)</i> | <i>Staff (m/m)</i> | <i>Other (CHF)</i> | <i>Total (CHF)</i> | | | | |
| | <i>P</i> | <i>G</i> | | <i>P</i> | <i>G</i> | | <i>P</i> | <i>G</i> | | | | | |
| 2.3.1 | 22.8 | 6 | 93,500 | 508,220 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 508,220 |
| 2.3.2 | 18 | 6 | 0 | 340,800 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 340,800 |
| 2.3.3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6 | 12 | 200,000 | 419,600 | 419,600 |
| 2.3.4 | 0 | 24 | 117,000 | 371,400 | 12 | 12 | 177,000 | 489,000 | 0 | 0 | 0 | 0 | 860,400 |
| 2.3.5 | 0 | 0 | 0 | 0 | 0 | 24 | 229,300 | 483,700 | 0 | 0 | 0 | 0 | 483,700 |
| Total | 40.8 | 36 | 210,500 | 1,220,420 | 12 | 36 | 406,300 | 972,700 | 6 | 12 | 200,000 | 419,600 | 2,612,720 |

Programme 2.4 – Integrated remuneration

Mandate and objectives

The programme on integrated remuneration contains five projects based on work proposals in the business plan. The Integrated Remuneration Plan endeavours to increase member satisfaction with remuneration rates, manuals and guides produced by the IB. The project on terminal dues aims for member satisfaction in similar areas, and also measures the number of designated operators receiving the parcel track-and-trace bonus for delivery. The project on classification for QSF seeks to increase the number of countries and territories in the target system. The number of designated operators receiving bonuses for service features in the inward land rates system is measured by project 2.4.4. The project on the Quality of Service Link User Group aims to increase the number of designated operators in the target system and QS Link, and encourages target achievement by DOs.

Underlying projects and responsibilities

| <i>Project No.</i> | <i>Project name</i> | <i>Business plan work proposal</i> | <i>Congress resolution</i> | <i>Unit in charge under the Councils</i> |
|--------------------|------------------------------|------------------------------------|----------------------------|---|
| 2.4.1 | Integrated Remuneration Plan | WP 024 | C 24/2016 | POC C 2 (Remuneration Integration Group)/ CA C 2 |
| 2.4.2 | Classification for QSF | WP 025 | C 24/2016, C 7/2016 | CA C 2 |

| <i>Project No.</i> | <i>Project name</i> | <i>Business plan work proposal</i> | <i>Congress resolution</i> | <i>Unit in charge under the Councils</i> |
|--------------------|--------------------------------------|------------------------------------|----------------------------|--|
| 2.4.3 | Terminal dues | WP 026 | C 24/2016 | POC C 2 (Remuneration Integration Group)/ CA C 2 |
| 2.4.4 | Inward land rates system and ECOMPRO | WP 027 | C 24/2016 | POC C 2 (Remuneration Integration Group) |
| 2.4.5 | Quality of Service Link User Group | WP 028 | C 24/2016 | POC C 2 (Quality of Service Link User Group) |

Budget 2017

| <i>No.</i> | <i>Regular budget</i> | | | | <i>Extrabudgetary resources</i> | | | | | | Total (CHF) | | |
|--------------|-----------------------|-----------|--------------------|--------------------|---------------------------------|----------|--------------------|---------------------|----------|--------------------|--------------------|--------------------|----------------|
| | <i>(1st pillar)</i> | | | | <i>(2nd pillar)</i> | | | <i>(3rd pillar)</i> | | | | | |
| | <i>Staff (m/m)</i> | | <i>Other (CHF)</i> | <i>Total (CHF)</i> | <i>Staff (m/m)</i> | | <i>Total (CHF)</i> | <i>Staff (m/m)</i> | | <i>Other (CHF)</i> | | <i>Total (CHF)</i> | |
| | <i>P</i> | <i>G</i> | | <i>P</i> | <i>G</i> | | <i>P</i> | <i>G</i> | | | | | |
| 2.4.1 | 12 | 4 | 60,000 | 287,200 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 287,200 |
| 2.4.2 | 6 | 2 | 10,000 | 123,600 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 123,600 |
| 2.4.3 | 6 | 2 | 10,000 | 123,600 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 123,600 |
| 2.4.4 | 6 | 2 | 5,000 | 118,600 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 118,600 |
| 2.4.5 | 6 | 2 | 5,000 | 118,600 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 118,600 |
| Total | 36 | 12 | 90,000 | 771,600 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 771,600 |

Programme 2.5 – E-services

Mandate and objectives

Innovations in e-services are conducted under this programme, which covers three work proposals. The project on postal e-services encourages the increase in mobile applications provided by designated operators and in cross-border digital services, and the implementation of legislation supporting postal electronic services. The .POST project aims to further reduce the number of security incidents and increase the number of .POST domains and cross-border .POST-enabled services. Finally, the project on UPU digital transformation endeavours to encourage the use of ICT tools for IB and Council meetings, and the provision of multichannel postal services by designated operators.

Underlying projects and responsibilities

| <i>Project No.</i> | <i>Project name</i> | <i>Business plan work proposal</i> | <i>Congress resolution</i> | <i>Unit in charge under the Councils</i> |
|--------------------|----------------------------|------------------------------------|----------------------------|--|
| 2.5.1 | Postal e-services | WP 034 | C 24/2016 | POC C 3 (Electronic Services Development Group)/CA C 4 |
| 2.5.2 | .POST | WP 035 | C 24/2016 | POC – .POST |
| 2.5.3 | UPU digital transformation | WP 037 | C 24/2016 | POC C 3 (Electronic Services Development Group) |

Programme 3.2 – Policy, regulation and strategy

Mandate and objectives

The programme covers four work proposals in the business plan. The main project on postal regulation involves the organization of conferences and workshops to disseminate information and discuss developments in postal regulation, as well as measurement of the number of countries implementing universal postal services and related funding mechanisms. The project on the Consultative Committee, which represents the interests of the wider postal sector and provides a framework for effective dialogue, aims to increase CC membership. Finally, the UPU products and services access policy is to be implemented during the cycle.

Underlying projects and responsibilities

| Project No. | Project name | Business plan work proposal | Congress resolution | Unit in charge under the Councils |
|-------------|---|-----------------------------|---------------------|-----------------------------------|
| 3.2.1 | Postal regulation | WP 039 | C 21/2016 | CA C 2 |
| 3.2.2 | Sanctions mechanism | WP 040 | C 25/2016 | CA C 2 |
| 3.2.3 | Consultative Committee | WP 041 | C 24/2016 | CA Plenary |
| 3.2.4 | UPU products and services interconnection | WP 043 | C 10/2016 | CA C 2 |

Budget 2017

| No. | Regular budget | | | | Extrabudgetary resources | | | | | | Total (CHF) | | |
|--------------|----------------|-----------|---------------|----------------|--------------------------|----------|--------------|-------------|-------------|----------|---------------|---------------|----------------|
| | (1st pillar) | | | (2nd pillar) | | | (3rd pillar) | | | | | | |
| | Staff (m/m) | | Other (CHF) | Total (CHF) | Staff (m/m) | | Other (CHF) | Total (CHF) | Staff (m/m) | | | Other (CHF) | Total (CHF) |
| | P | G | | P | G | | P | G | | | | | |
| 3.2.1 | 9 | 4 | 10,750 | 191,750 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 191,750 |
| 3.2.2 | 3 | 2 | 0 | 67,400 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 67,400 |
| 3.2.3 | 6 | 6 | 30,000 | 186,000 | 0 | 0 | 0 | 0 | 0 | 0 | 80,000 | 80,000 | 266,000 |
| 3.2.4 | 6 | 2 | 0 | 113,600 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 113,600 |
| Total | 24 | 14 | 40,750 | 558,750 | 0 | 0 | 0 | 0 | 0 | 0 | 80,000 | 80,000 | 638,750 |

Programme 3.3 – Market and sectoral information

Mandate and objectives

This programme covers two work proposals in the business plan. The project on market research focuses on processing, consolidating and publishing market research and postal-related data. The project on postal economics endeavours to increase the number of citations of and references to UPU postal economic research publications, raise the percentage of EDI messages used in global postal economic analysis, and foster inclusion of postal sector-related indicators in the UN Sustainable Development Goal indicator framework.

Underlying projects and responsibilities

| Project No. | Project name | Business plan work proposal | Congress resolution | Unit in charge under the Councils |
|-------------|------------------|-----------------------------|-------------------------|-----------------------------------|
| 3.3.1 | Market research | WP 006 | C 24/2016, C 11/2016 | CA C 3 |
| 3.3.2 | Postal economics | WP 017 | C 24/2016 | CA C 3 |

| <i>Project No.</i> | <i>Project name</i> | <i>Business plan work proposal</i> | <i>Congress resolution</i> | <i>Unit in charge under the Councils</i> |
|--------------------|---------------------|------------------------------------|----------------------------|--|
| 3.3.3 | Markets development | WP 006 | C 24/2016, C 11/2016 | CA C 3 |

Budget 2017

| No. | Regular budget | | | | Extrabudgetary resources | | | | | | Total (CHF) | | |
|--------------|----------------|----------|---------------|----------------|--------------------------|----------|-------------|--------------|----------|-------------|-------------|-------------|----------------|
| | (1st pillar) | | | Total (CHF) | (2nd pillar) | | | (3rd pillar) | | | | | |
| | Staff (m/m) | | Other (CHF) | | Staff (m/m) | | Total (CHF) | Staff (m/m) | | Other (CHF) | | Total (CHF) | |
| | P | G | | | P | G | | P | G | | | | |
| 3.3.1 | 12 | 0 | 25,000 | 209,800 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 209,800 |
| 3.3.2 | 12 | 0 | 25,000 | 209,800 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 209,800 |
| 3.3.3 | 12 | 0 | 0 | 184,800 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 184,800 |
| Total | 36 | 0 | 50,000 | 604,400 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 604,400 |

Programme 3.4 – Sustainable development*Mandate and objectives*

Sustainable development activities are mainly conducted through project 3.4.1, aiming to increase the number of participants implementing the online carbon calculation and reporting tool, the number of countries benefiting from technical assistance on measurement and reduction of emissions, and the number of designated operators setting reduction targets. The related project on disaster risk management and emergency assistance endeavours to increase the number of staff trained through the Trainpost DRM module, the number of countries benefiting from technical assistance for implementation of the UPU DRM guide, and the number of countries implementing a new DRM policy based on the guide.

Underlying projects and responsibilities

| <i>Project No.</i> | <i>Project name</i> | <i>Business plan work proposal</i> | <i>Congress resolution</i> | <i>Unit in charge under the Councils</i> |
|--------------------|-------------------------|------------------------------------|----------------------------|--|
| 3.4.1 | Sustainable development | WP 019 | C 24/2016 | CA C 5 |
| 3.4.2 | Postal Carbon Fund | CP: PGN 10 | C 12/2016 | CA C 5 |
| 3.4.3 | DRM and emergency | WP 020/CP: PGN 8 | C 24/2016, C 14/2016 | CA C 5 |

Budget 2017

| No. | Regular budget | | | | Extrabudgetary resources | | | | | | Total (CHF) | | |
|--------------|----------------|----------|---------------|----------------|--------------------------|----------|-------------|--------------|-----------|-------------|----------------|----------------|----------------|
| | (1st pillar) | | | Total (CHF) | (2nd pillar) | | | (3rd pillar) | | | | | |
| | Staff (m/m) | | Other (CHF) | | Staff (m/m) | | Total (CHF) | Staff (m/m) | | Other (CHF) | | Total (CHF) | |
| | P | G | | | P | G | | P | G | | | | |
| 3.4.1 | 6 | 0 | 15,000 | 107,400 | 0 | 0 | 0 | 0 | 12 | 0 | 0 | 184,800 | 292,200 |
| 3.4.2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3.4.3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 12 | 0 | 185,000 | 369,800 | 369,800 |
| Total | 6 | 0 | 15,000 | 107,400 | 0 | 0 | 0 | 0 | 24 | 0 | 185,000 | 554,600 | 662,000 |

Supporting lever – Development cooperation

The supporting lever (development cooperation) comprises: Programme 4.1 – Development and cooperation.

The detailed explanation sheet for this programme is presented below.

Programme 4.1 – Development and cooperation

Mandate and objectives

The development and cooperation programme is a cross-cutting activity supporting all areas of the strategic goals. Key objectives include the formulation and implementation of regional development plans, key regional projects, regional projects of limited scope, regional thematic projects of national scope, training workshops, and restricted union/UPU forums. In addition, technical assistance, capacity building and UPU support are to be provided in the areas of postal sector reform and regulation and addressing, among other areas.

Underlying projects and responsibilities

| <i>Project No.</i> | <i>Project name</i> | <i>Business plan work proposal</i> | <i>Congress resolution</i> | <i>Unit in charge under the Councils</i> |
|--------------------|--------------------------------|------------------------------------|----------------------------|--|
| 4.1.1 | Development cooperation policy | WP 016 | C 24/2016 | CA C 5 |

Budget 2017

| <i>No.</i> | <i>Regular budget</i> | | | | <i>Extrabudgetary resources</i> | | | | | | Total (CHF) | | | |
|--------------|-----------------------|-------------|--------------------|---------------------|---------------------------------|----------|---------------------|--------------------|--------------------|----------|--------------------|--------------------|--------------------|------------------|
| | <i>(1st pillar)</i> | | | <i>(2nd pillar)</i> | | | <i>(3rd pillar)</i> | | | | | | | |
| | <i>Staff (m/m)</i> | | <i>Other (CHF)</i> | <i>Total (CHF)</i> | <i>Staff (m/m)</i> | | <i>Other (CHF)</i> | <i>Total (CHF)</i> | <i>Staff (m/m)</i> | | | <i>Other (CHF)</i> | <i>Total (CHF)</i> | |
| | <i>P</i> | <i>G</i> | | <i>P</i> | <i>G</i> | | <i>P</i> | <i>G</i> | | <i>P</i> | <i>G</i> | | | |
| 4.1.1 | 132 | 76.8 | 2,888,000 | 5,784,080 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 165,000 | 165,000 | 5,949,080 |
| Total | 132 | 76.8 | 2,888,000 | 5,784,080 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 165,000 | 165,000 | 5,949,080 |

Functional support

The functional support of the Istanbul World Postal Strategy comprises seven programmes:

- Programme 5.1 – Executive Office, strategy and communications
- Programme 5.2 – Finance
- Programme 5.3 – Human resources
- Programme 5.4 – Legal and compliance/governance
- Programme 5.5 – Logistics
- Programme 5.6 – Council secretariats and management
- Programme 5.7 – Translation services

Detailed explanation sheets for these programmes are presented below.

Programme 5.1 – Executive Office, strategy and communications

Mandate and objectives

This programme closely supports the Director General and the Deputy Director General in their duties as the organization's top two executives. It comprises four main areas: the Executive Office; communications; strategy; and governance, risk control and management information systems.

Underlying projects and responsibilities

| Project No. | Project name | Business plan work proposal | Congress resolution | Unit in charge under the Councils |
|-------------|---|-----------------------------|-------------------------|-----------------------------------|
| 5.1.1 | General Management and Executive Office | S-Cab | C 24/2016, C 23/2016 | CA |
| 5.1.2 | Governance | S-Cab | C 24/2016 | CA |
| 5.1.3 | Strategy | S-Cab | C 23/2016 | CA |
| 5.1.4 | Communications | S-Cab | C 24/2016 | CA |

Budget 2017

| No. | Regular budget | | | | Extrabudgetary resources | | | | | | Total (CHF) | | |
|--------------|----------------|-------------|----------------|------------------|--------------------------|-------------|--------------|-------------|-------------|----------|-------------|----------|------------------|
| | (1st pillar) | | | (2nd pillar) | | | (3rd pillar) | | | | | | |
| | Staff (m/m) | Other (CHF) | Total (CHF) | Staff (m/m) | Other (CHF) | Total (CHF) | Staff (m/m) | Other (CHF) | Total (CHF) | | | | |
| | P | G | | P | G | | P | G | | | | | |
| 5.1.1 | 48 | 64.8 | 225,000 | 1,858,680 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,858,680 |
| 5.1.2 | 24 | 7.2 | 167,600 | 537,200 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 537,200 |
| 5.1.3 | 24 | 12 | 214,000 | 710,800 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 710,800 |
| 5.1.4 | 36 | 12 | 270,500 | 767,300 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 767,300 |
| Total | 132 | 96 | 877,100 | 3,873,980 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,873,980 |

Programme 5.2 – Finance

Mandate and objectives

Programme 5.2 is responsible for the organization's financial management. This involves preparing financial statements and the budget. It also encompasses the processing of the UPU's financial transactions, including bills, salaries, pensions and other payments, as well as contributions from member countries.

Underlying projects and responsibilities

| Project No. | Project name | Business plan work proposal | Congress resolution | Unit in charge under the Councils |
|-------------|---|-----------------------------|-------------------------------------|-----------------------------------|
| 5.2.1 | General management of DFI (CA, audit, etc.) | S-Fin | C 24/2016 C 19/2016 C 26/2016 | CA |
| 5.2.2 | Programme and Budget | S-Fin | C 24/2016 | CA |
| 5.2.3 | Financial operating reports | S-Fin | C 24/2016 | CA |
| 5.2.4 | Accounting and treasury | S-Fin | C 24/2016 | CA |

| <i>Project No.</i> | <i>Project name</i> | <i>Business plan work proposal</i> | <i>Congress resolution</i> | <i>Unit in charge under the Councils</i> |
|--------------------|----------------------------------|------------------------------------|----------------------------|--|
| 5.2.5 | UPU Provident Scheme | S-Fin | C 24/2016, C 31/2016 | CA |
| 5.2.6 | QSF financial management | S-Fin | C 24/2016 | CA |
| 5.2.7 | Study of UPU contribution system | S-Fin | C 24/2016, C 29/2016 | CA |
| 5.2.8 | Fundraising | S-Fin | C 24/2016 | CA |

Budget 2017

| <i>No.</i> | <i>Regular budget</i> | | | | <i>Extrabudgetary resources</i> | | | | | | Total (CHF) | | |
|--------------|-----------------------|-------------|--------------------|--------------------|---------------------------------|-----------|--------------------|--------------------|---------------------|----------|--------------------|--------------------|------------------|
| | <i>(1st pillar)</i> | | | <i>Total (CHF)</i> | <i>(2nd pillar)</i> | | | <i>Total (CHF)</i> | <i>(3rd pillar)</i> | | | | |
| | <i>Staff (m/m)</i> | | <i>Other (CHF)</i> | | <i>Staff (m/m)</i> | | <i>Other (CHF)</i> | | <i>Staff (m/m)</i> | | | <i>Other (CHF)</i> | |
| | <i>P</i> | <i>G</i> | | | <i>P</i> | <i>G</i> | | | <i>P</i> | <i>G</i> | | | |
| 5.2.1 | 9 | 6 | 95,000 | 317,700 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 317,700 |
| 5.2.2 | 15 | 6 | 0 | 306,900 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 306,900 |
| 5.2.3 | 5 | 2.4 | 20,000 | 122,440 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 122,440 |
| 5.2.4 | 22.6 | 54 | 6,000 | 930,540 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 930,540 |
| 5.2.5 | 12 | 7.2 | 130,000 | 391,120 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 391,120 |
| 5.2.6 | 2 | 0 | 0 | 34,900 | 7.2 | 48 | 247,000 | 866,680 | 0 | 0 | 0 | 0 | 901,580 |
| 5.2.7 | 4 | 0 | 0 | 69,800 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 69,800 |
| 5.2.8 | 12 | 0 | 5,000 | 189,800 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 189,800 |
| Total | 81.6 | 75.6 | 256,000 | 2,363,200 | 7.2 | 48 | 247,000 | 866,680 | 0 | 0 | 0 | 0 | 3,229,880 |

Programme 5.3 – Human resources

Mandate and objectives

This programme takes care of the day-to-day management of International Bureau staff and organizes recruitment and training. It manages career paths, maintains relations with the Staff Association and implements staff regulations and policies.

Underlying projects and responsibilities

| <i>Project No.</i> | <i>Project name</i> | <i>Business plan work proposal</i> | <i>Congress resolution</i> | <i>Unit in charge under the Councils</i> |
|--------------------|--------------------------------|------------------------------------|----------------------------|--|
| 5.3.1 | HR policy and management | S-HR | C 24/2016 | CA |
| 5.3.2 | Training policy and management | S-HR | C 24/2016 | CA |

Budget 2017

| No. | Regular budget | | | | Extrabudgetary resources | | | | | | | Total (CHF) | |
|--------------|----------------|-------------|------------------|------------------|--------------------------|----------|--------------|-------------|-------------|----------|-------------|-------------|------------------|
| | (1st pillar) | | | (2nd pillar) | | | (3rd pillar) | | | | | | |
| | Staff (m/m) | | Other (CHF) | Total (CHF) | Staff (m/m) | | Other (CHF) | Total (CHF) | Staff (m/m) | | Other (CHF) | | Total (CHF) |
| P | G | | | P | G | | | P | G | | | | |
| 5.3.1 | 36 | 62.4 | 831,710 | 1,969,550 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,969,550 |
| 5.3.2 | 12 | 6 | 300,000 | 548,400 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 548,400 |
| Total | 48 | 68.4 | 1,131,710 | 2,517,950 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,517,950 |

Programme 5.4 – Legal and compliance/Governance*Mandate and objectives*

This programme helps to ensure that the decisions taken by UPU bodies and the actions taken by the UPU are legally sound. It also provides legal advice to the UPU bodies and the International Bureau.

Underlying projects and responsibilities

| Project No. | Project name | Business plan work proposal | Congress resolution | Unit in charge under the Councils |
|-------------|--------------------------|-----------------------------|-----------------------|-----------------------------------|
| 5.4.1 | Legal advice and support | S-Legal | C 24/2016 C 3/2016 | CA |

Budget 2017

| No. | Regular budget | | | | Extrabudgetary resources | | | | | | | Total (CHF) | |
|--------------|----------------|-----------|---------------|----------------|--------------------------|----------|--------------|-------------|-------------|----------|-------------|-------------|----------------|
| | (1st pillar) | | | (2nd pillar) | | | (3rd pillar) | | | | | | |
| | Staff (m/m) | | Other (CHF) | Total (CHF) | Staff (m/m) | | Other (CHF) | Total (CHF) | Staff (m/m) | | Other (CHF) | | Total (CHF) |
| P | G | | | P | G | | | P | G | | | | |
| 5.4.1 | 48 | 12 | 20,000 | 935,600 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 935,600 |
| Total | 48 | 12 | 20,000 | 935,600 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 935,600 |

Programme 5.5 – Logistics*Mandate and objectives*

This programme is responsible for the maintenance and upkeep of UPU headquarters, as well as the International Bureau's technology and IT infrastructures. It also organizes logistics for the meetings of all UPU bodies, including Congress, and coordinates the interpretation of proceedings and the translation of documents into the UPU's working languages.

Underlying projects and responsibilities

| Project No. | Project name | Business plan work proposal | Congress resolution | Unit in charge under the Councils |
|-------------|---------------------------------|-----------------------------|---------------------|-----------------------------------|
| 5.5.1 | Conference and meeting services | S-Log | C 24/2016 | CA |
| 5.5.2 | IT provision and support | S-Log | C 24/2016 | CA |

| <i>Project No.</i> | <i>Project name</i> | <i>Business plan work proposal</i> | <i>Congress resolution</i> | <i>Unit in charge under the Councils</i> |
|--------------------|---|------------------------------------|----------------------------|--|
| 5.5.3 | Mail, telecommunications and library services | S-Log | C 24/2016 | CA |
| 5.5.4 | Building maintenance, furniture and supplies | S-Log | C 24/2016 | CA |

Budget 2017

| <i>No.</i> | <i>Regular budget</i> | | | | <i>Extrabudgetary resources</i> | | | | | | Total (CHF) | | |
|--------------|-----------------------|--------------|--------------------|---------------------|---------------------------------|----------|---------------------|--------------------|--------------------|-----------|--------------------|--------------------|--------------------|
| | <i>(1st pillar)</i> | | | <i>(2nd pillar)</i> | | | <i>(3rd pillar)</i> | | | | | | |
| | <i>Staff (m/m)</i> | | <i>Other (CHF)</i> | <i>Total (CHF)</i> | <i>Staff (m/m)</i> | | <i>Other (CHF)</i> | <i>Total (CHF)</i> | <i>Staff (m/m)</i> | | | <i>Other (CHF)</i> | <i>Total (CHF)</i> |
| | <i>P</i> | <i>G</i> | | | <i>P</i> | <i>G</i> | | | <i>P</i> | <i>G</i> | | | |
| 5.5.1 | 15.6 | 60 | 1,029,000 | 1,929,840 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,929,840 |
| 5.5.2 | 48 | 24 | 1,797,600 | 2,791,200 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,791,200 |
| 5.5.3 | 0 | 45.6 | 858,000 | 1,214,160 | 0 | 0 | 0 | 0 | 0 | 12 | 80,000 | 207,200 | 1,421,360 |
| 5.5.4 | 0 | 24 | 2,337,500 | 2,591,900 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,591,900 |
| Total | 63.6 | 153.6 | 6,022,100 | 8,527,100 | 0 | 0 | 0 | 0 | 0 | 12 | 80,000 | 207,200 | 8,734,300 |

Programme 5.6 – Council secretariats and management

Mandate and objectives

This programme provides administration and secretariat services to the two UPU Councils, namely, the Council of Administration and the Postal Operations Council.

Underlying projects and responsibilities

| <i>Project No.</i> | <i>Project name</i> | <i>Business plan work proposal</i> | <i>Congress resolution</i> | <i>Unit in charge under the Councils</i> |
|--------------------|--|------------------------------------|----------------------------|--|
| 5.6.1 | CA administration and secretariat | S-Sec | C 24/2016 | CA |
| 5.6.2 | POC administration and secretariat | S-Sec | C 24/2016 | POC |
| 5.6.3 | Management of the work of the Union/reform | S-Sec | C 24/2016 | CA AHGUR |

Budget 2017

| No. | Regular budget | | | | Extrabudgetary resources | | | | | | | | Total (CHF) |
|--------------|----------------|-----------|----------------|------------------|--------------------------|----------|-------------|-------------|--------------|----------|--------------|----------------|------------------|
| | (1st pillar) | | | | (2nd pillar) | | | | (3rd pillar) | | | | |
| | Staff (m/m) | | Other (CHF) | Total (CHF) | Staff (m/m) | | Other (CHF) | Total (CHF) | Staff (m/m) | | Other (CHF) | Total (CHF) | |
| | P | G | | P | G | | P | G | | | | | |
| 5.6.1 | 18 | 6 | 48,500 | 438,500 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 438,500 |
| 5.6.2 | 12 | 18 | 66,000 | 490,800 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 490,800 |
| 5.6.3 | 6 | 4 | 13,500 | 148,300 | 0 | 0 | 0 | 0 | 12 | 0 | 2,000 | 186,800 | 335,100 |
| Total | 36 | 28 | 128,000 | 1,077,600 | 0 | 0 | 0 | 0 | 12 | 0 | 2,000 | 186,800 | 1,264,400 |

Programme 5.7 – Translation services*Mandate and objectives*

This programme provides services for the translation of documents into the UPU's working languages.

Underlying projects and responsibilities

| Project No. | Project name | Business plan work proposal | Congress resolution | Unit in charge under the Councils |
|-------------|--------------|-----------------------------|---------------------|-----------------------------------|
| 5.7.1 | Translation | S-Trad | C 24/2016 | CA |

Budget 2017

| No. | Regular budget | | | | Extrabudgetary resources | | | | | | | | Total (CHF) |
|--------------|----------------|--------------|-------------|------------------|--------------------------|----------|-------------|-------------|--------------|----------|-------------|-------------|------------------|
| | (1st pillar) | | | | (2nd pillar) | | | | (3rd pillar) | | | | |
| | Staff (m/m) | | Other (CHF) | Total (CHF) | Staff (m/m) | | Other (CHF) | Total (CHF) | Staff (m/m) | | Other (CHF) | Total (CHF) | |
| | P | G | | P | G | | P | G | | | | | |
| 5.7.1 | 54 | 151.2 | 0 | 2,458,920 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,458,920 |
| Total | 54 | 151.2 | 0 | 2,458,920 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,458,920 |

3 Budget by type of expense and revenue**3.1 Regular budget expenses**

The regular budget represents 62% of the total resources available to the Universal Postal Union. For 2017, the amount of the budget is set at 37,235,000 CHF, in line with the ceiling decided upon by Congress.

The investments planned in 2017 are presented in Table I.

Table I – Planned investments – Revised budget 2017 (in Swiss francs)

| <i>Description</i> | <i>Amount</i> |
|--|------------------|
| Various furniture and equipment | 20,000 |
| Total machines, furniture and equipment | 20,000 |
| Desktop computers | 460,000 |
| Network | 260,000 |
| IT security | 100,000 |
| Total computer hardware | 820,000 |
| Upgrade Navision | 80,000 |
| IT security (Ransomware) | 50,000 |
| Total computer software | 130,000 |
| Cabling and electricity | 1,200,000 |
| Total building | 1,200,000 |
| Vehicles | 150,000 |
| Total vehicles | 150,000 |
| Total investments | 2,320,000 |

With the adoption of IPSAS, depreciation charges were introduced in 2011. They directly affect the Union budget. Table II summarizes the depreciation amounts included as expenses in the regular Union budget.

Table II – Depreciation 2017 (in Swiss francs)

| <i>Description</i> | <i>Depreciation</i> |
|--------------------------------------|---------------------|
| Machines, furniture and equipment | 164,000 |
| Computer and communication equipment | 400,000 |
| Computer software | 107,000 |
| Vehicles | 5,000 |
| Building | 1,240,000 |
| Total depreciation | 1,916,000 |

Other expenses under the regular budget are found in table III, including staff costs and other operating costs.

Table III – Expenses excluding depreciation (in Swiss francs)

| <i>Description</i> | <i>Amount</i> |
|---|-------------------|
| Staff costs | |
| Staff costs excluding development cooperation | 24,536,550 |
| Development cooperation | 2,888,000 |
| Total staff costs | 27,424,550 |
| Other operating expenditure | 7,894,450 |
| Total expenses excluding depreciation | 35,319,000 |
| Total depreciation | 1,916,000 |
| Total recurrent expenses | 37,235,000 |

Table IV contains a summary of expenses of the regular budget of the Union.

Table IV – Summary of expenses of the UPU regular budget (in Swiss francs)

| <i>Description</i> | <i>Revised 2017 budget</i> | <i>2017 budget</i> | <i>Variation</i> |
|---|----------------------------|--------------------|------------------|
| Salary and allowances | 17,063,550 | 17,194,550 | |
| Social contributions | 6,778,000 | 6,778,000 | |
| Recruitment and separation from service | 330,000 | 330,000 | |
| Training and other staff costs | 365,000 | 365,000 | |
| Development cooperation | 2,888,000 | 2,888,000 | |
| Total staff costs | 27,424,550 | 27,555,550 | -0.5% |
| Travel costs | 898,350 | 893,350 | |
| Consultancy and external service costs | 3,843,000 | 3,843,000 | |
| Overheads | 1,548,100 | 1,548,100 | |
| Equipment and supplies | 1,040,000 | 1,040,000 | |
| Depreciation expenses | 1,916,000 | 1,790,000 | |
| Other expenses | 565,000 | 565,000 | |
| Total operating costs | 9,810,450 | 9,679,450 | 1.4% |
| Total gross recurrent expenses | 37,235,000 | 37,235,000 | 0% |

3.2 Regular budget revenues

Funding for the gross regular budget (37,235,000 CHF) comes from:

- the contributions of Union member countries;
- administrative receipts.

Contributions represent the portion of Union resources funded by member countries. For 2017, they amount to 36,148,343 CHF. Contributions for French translation costs total 156,000 CHF.

Table V – Summary of revenue of the UPU regular budget (in Swiss francs)

| <i>Description</i> | <i>2017 budget</i> | <i>2016 budget</i> | <i>Variation</i> |
|--|--------------------|--------------------|------------------|
| A. Member countries' contributions | | | |
| Contributions to Union expenditure | 36,148,343 | 35,692,465 | |
| Contributions to the costs of French translation | 156,000 | 159,750 | |
| Total member countries' contributions | 36,304,343 | 35,852,215 | 1.3% |
| B. Administrative income | | | |
| Receipts from publication sales | 200,000 | 200,000 | |
| Letting of premises | 400,000 | 400,000 | |
| Miscellaneous income | 330,657 | 330,750 | |
| Total administrative income | 930,657 | 930,750 | 0.0% |
| C. Additional income | 0 | 41,770 | |
| Grand total | 37,235,000 | 36,824,735 | 1.1% |

The additional contribution of Tanzania (United Rep.) accounted for the additional income in 2016.

3.3 Level of net recurrent expenses of the Union

Net recurrent expenses comprise gross expenses minus administrative income. Net recurrent expenses are funded by the contributions of member countries.

The 26th Union Congress set the annual ceiling for gross recurrent expenses at 37,235,000 CHF for the period 2017–2020 (article 145.1 of the Union's General Regulations). Net recurrent expenses for 2017 are estimated at 36,304,343 CHF.

Table VI – General summary (in Swiss francs)

| <i>Description</i> | <i>Revised 2017 budget</i> | <i>2017 budget</i> | <i>Variation</i> |
|---|----------------------------|--------------------|------------------|
| Union's recurrent expenses | | | |
| Staff expenses excluding development cooperation | 24,536,550 | 24,667,550 | |
| Development cooperation | 2,888,000 | 2,888,000 | |
| Other International Bureau operating costs (including depreciation) | 9,810,450 | 9,679,450 | |
| Total gross recurrent expenses | 37,235,000 | 37,235,000 | 0% |
| Administrative income | 930,657 | 930,657 | |
| Additional income | | | |
| Net recurrent expenses | 36,304,343 | 36,304,343 | 0% |
| Contributions to Union expenditure | 36,148,343 | 36,148,343 | |
| Contributions to the costs of French translation | 156,000 | 156,000 | |
| Total contributions of member countries | 36,304,343 | 36,304,343 | 0% |

Table VII – Assignment chart of staff posts included in the 2017 budget

| Categories Directorate | Union | | | | | | | Total Union | Extrabudgetary | | | | Grand total ² |
|--|---------------------|-------------|-------------|--------------------------|------------|------------|-------------|----------------|---------------------|-------------|-------------|-----------------------------------|-----------------------------|
| | Core | | | | Non-core | | | | Senior ¹ | P | G | Total Extra- budget- ary | |
| | Senior ¹ | P | G | Total | P | G | Total | | | | | | |
| DG and DDG Offices | 2.0 | 0.0 | 3.0 | 5.0 | 0.0 | 0.0 | 0.0 | 5.0 | 0.0 | 0.0 | 0.0 | 0.0 | 5.0 |
| Executive Office (DIRCAB) | 1.0 | 9.0 | 4.6 | 14.6 | 1.0 | 1.0 | 2.0 | 16.6 | 0.0 | 0.0 | 0.0 | 0.0 | 16.6 |
| Finance (DFI) | 1.0 | 5.0 | 7.0 | 13.0 | 1.0 | 0.0 | 1.0 | 14.0 | 0.0 | 1.6 | 5.2 | 6.8 | 20.8 |
| Legal Affairs (DAJ) | 1.0 | 3.0 | 1.0 | 5.0 | 0.0 | 0.0 | 0.0 | 5.0 | 0.0 | 0.0 | 0.0 | 0.0 | 5.0 |
| Human Resources (DRH) | 1.0 | 3.0 | 5.7 | 9.7 | 0.0 | 0.0 | 0.0 | 9.3 | 0.0 | 0.8 | 0.0 | 0.8 | 10.5 |
| Postal Operations (DOP) | 1.0 | 17.0 | 9.0 | 27.0 | 2.0 | 1.0 | 3.0 | 30.0 | 0.0 | 6.0 | 14.0 | 20.0 | 50.0 |
| Logistics (DL) | 1.0 | 4.8 | 25.9 | 31.7 | 0.0 | 0.0 | 0.0 | 31.7 | 0.0 | 1.0 | 4.0 | 5.0 | 36.7 |
| Postal Technology Centre (PTC) | 0.0 | 3.0 | 2.0 | 5.0 | 1.0 | 0.0 | 1.0 | 6.0 | 1.0 | 0.0 | 55.8 | 56.8 | 62.8 |
| Markets Development and Regulation (DMR) | 1.0 | 8.5 | 2.0 | 11.5 | 2.0 | 1.0 | 3.0 | 14.5 | 0.0 | 4.5 | 2.0 | 6.5 | 21.0 |
| Development and Cooperation (DCDEV) | 1.0 | 10.0 | 7.0 | 18.0 | 0.0 | 0.0 | 0.0 | 18.0 | 0.0 | 2.0 | 4.7 | 6.7 | 24.7 |
| Total | 10.0 | 63.3 | 67.2 | 140.5³ | 7.0 | 3.0 | 10.0 | 150.5 | 1.0 | 15.9 | 85.7 | 102.6 | 253.1 |

¹ Elected and Director category officials.

² Excludes short-term contracts and interns.

³ Maximum authorized: 151 (decision CA 3/1995, modified by decision CA 17/1997 and resolution CA 2/2008.3).

Annexes

1 System for financing the Union budget

1.1 Introduction

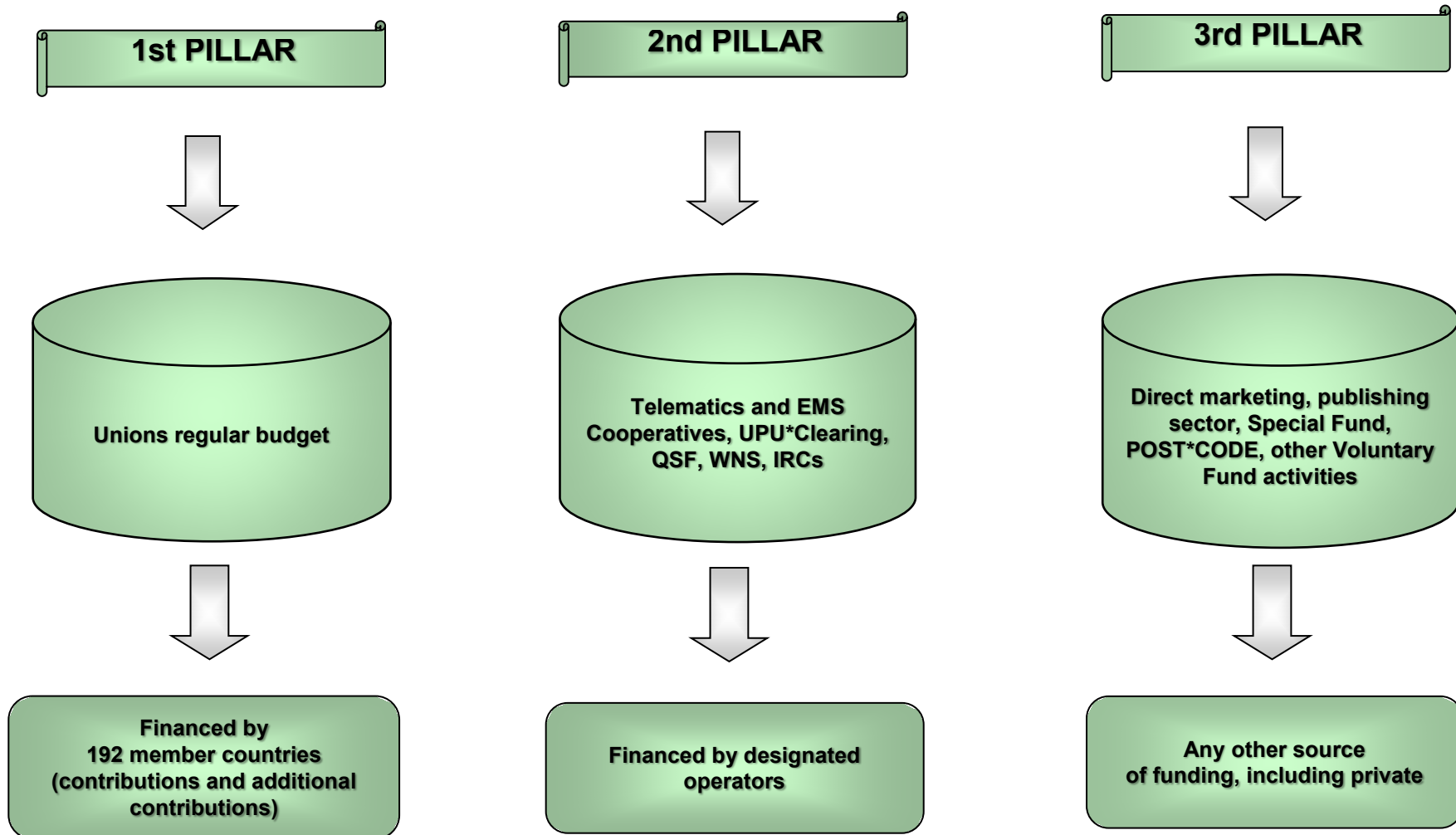
1 The 24th Congress approved the introduction of a new system for financing the Union budget. The aim of Congress was to urge the Union to ensure that it had appropriate financial resources for carrying out its missions in the best conditions and to better meet the expectations of postal sector stakeholders. The provisions of the General Regulations (article 150.2) read as follows: "Notwithstanding the contribution classes listed in paragraph 1, any member country may elect to contribute a higher number of units than that corresponding to the contribution class to which it belongs, for a minimum term equivalent to the period between Congresses. The announcement of a change shall be made at the latest at Congress. At the end of the period between Congresses, the member country shall return automatically to its original number of contribution units unless it decides to maintain its contribution of a higher number of units. The payment of additional contributions shall increase the expenditure accordingly."

2 The new system of financing the Union budget is based on three pillars:

- a first pillar financed by national contributions from member countries, representing the Union's regular budget;
- a second pillar financed by contributions from members of the Telematics Cooperative of the Postal Technology Centre (PTC), the EMS Cooperative and other similar bodies;
- a third pillar financed by public and private donors, representing tied and untied extrabudgetary resources; the aim of this third pillar is to finance activities that have no funding.

3 It is therefore essential for all of the activities under the second and third pillars to be self-financing.

1.2 The three pillars of the Union budget structure

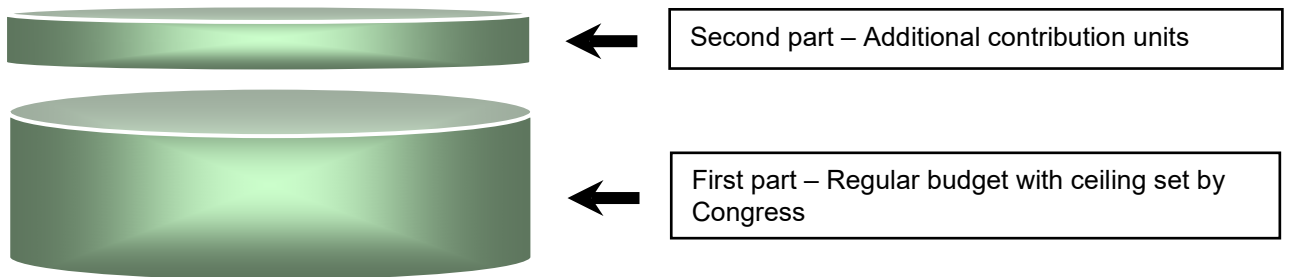


1.3 *How the three pillars function*

a *First pillar*

4 The first pillar has two parts. The first part, the larger of the two, represents the Union's regular budget funded by the national contributions of member countries, with an expenditure ceiling set by Congress.

5 The second part consists of the contribution units paid by member countries between two Congresses, in addition to those relating to their original contribution class. This second part is not restricted by the expenditure ceiling set by Congress.

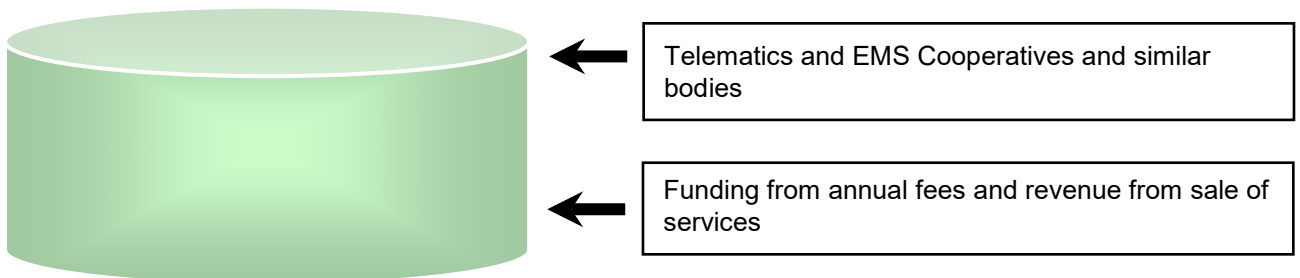


6 The features of the first pillar are as follows:

- Member countries are free to pay, between Congresses, a number of contribution units in addition to those corresponding to their original contribution class. These units will be billed separately so as to distinguish them from those billed under membership of a given contribution class, as defined in the General Regulations.
- At the end of the period between Congresses, member countries are free to choose whether or not to continue paying the additional contribution units.
- The payment of additional contribution units is not taken into account in the calculation of the contribution unit's value for the regular budget, the ceiling for which continues to be set by Congress.
- The additional contribution units received are allocated, in a completely transparent manner, to activities paid for out of the regular budget that have not been allocated the financial resources needed for their implementation.

b *Second pillar*

7 The second pillar represents the Telematics and EMS Cooperatives and similar bodies. Their activities are funded by the annual fees paid by their members (which have voting rights commensurate with their contribution class) and from the sale of services. Governed by rules and involved in activities that contribute to the aims and principles of the UPU and its missions, these entities have their own management bodies and their own staff. Like the accounts of the Union's regular budget, their accounts are audited by the External Auditor appointed by the Swiss Government.



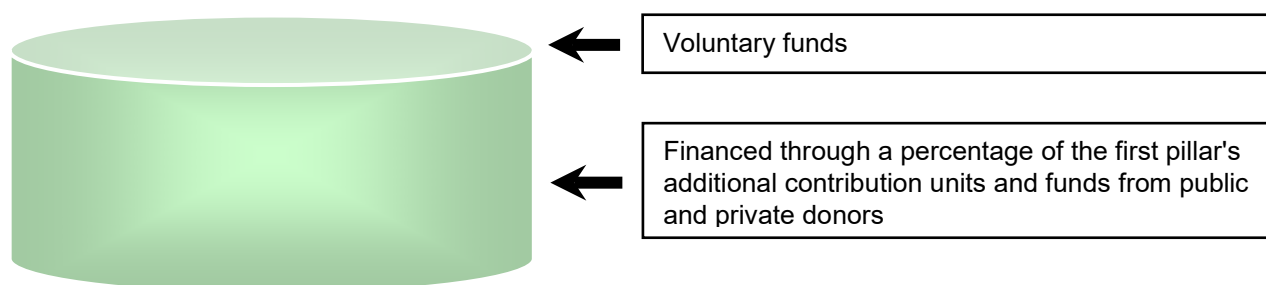
8 The Telematics and EMS Cooperatives and similar bodies are, by definition, self-funding profit and investment centres. Their own accounting rules allow for income to be earmarked to expenditure in order to break even, whereas in the Union's regular budget, income and expenditure are both set by the Council of Administration. They are full-scale service providers doing business in a competitive environment.

Consequently, it is quite logical for them to have a place of their own in the new set-up for financing the Union's budget, namely, in the second pillar. Since its resources are extrabudgetary, the second pillar is not affected by the expenditure ceiling set by Congress. The features of the second pillar are as follows:

- improved visibility and transparency for the activities of the Telematics and EMS Cooperatives and similar bodies, benefiting members and customers alike;
- value-added activities combined in the same financial set-up, enabling a better evaluation of returns on investments;
- better quality financial information available to the members of these bodies and the Union's main deliberative bodies (Congress, CA and POC).

c *Third pillar*

9 The aim of the third pillar is to fund Union activities that form part of the world postal strategy approved by Congress and whose level of financial resources is deemed insufficient for their implementation. On the basis of the financial evaluation of proposals by member countries when the world postal strategy is established by Congress, the third pillar will allow for certain funding needs to be met by member countries and other public and private donors. The payments made are either tied or untied voluntary funds, depending on the donors' wishes and the priorities given to the activities included under the third pillar.



10 The prescribed limits on the Union's regular budget leave little room for manoeuvre for funding activities related to the implementation of the world postal strategy. The third pillar comprises voluntarily funded activities, such as direct marketing, development of philately, POST*CODE, the WADP Numbering System (WNS) and the publishing sector. Like funding set-ups in other United Nations specialized agencies, the third pillar is intended for all tied and untied funds from public and private donors. Since its resources are extrabudgetary, the third pillar is not affected by the expenditure ceiling set by Congress. The features of the third pillar are as follows:

- Adequate financial resources are made available for implementing the world postal strategy.
- Member countries' expectations of technical assistance and development cooperation are met to a greater extent.
- Transparency is ensured in the allocation and use of the funds paid when audits are conducted by the External Auditor appointed by the Swiss Government.
- Donors are free to pay the amounts they decide on, over a period of their choice.

1.3 *How the three pillars function*

1.4 *Determining the value of the contribution unit under the new system for financing the Union budget*

11 The value of the contribution unit is based on the amount of net recurrent expenses in the Union regular budget approved by the CA and on the total number of contribution units.





12 Thus, for 2017, the value of the contribution unit (in Swiss francs) was calculated as follows:

| | |
|---|---------------|
| Net recurrent expenses for 2017 (a) | 36,304,343 |
| Contributions to the French translation service (b) | 156,000 |
| Contribution to Union expenditure (a-b) | 36,148,343 |
| Total number of contribution units (c) | 830.5 |
| Amount of contribution unit (a-b/c) | 43,526 |

13 With the new system for financing the Union budget, the payment of additional contribution units (under article 150.2 of the General Regulations, as discussed above) does not affect the total number of contribution units used to calculate the value of the contribution unit. A change in the value of the contribution unit is the result of:

- maintaining the regular budget at a constant nominal value;
- a member country's decision to change contribution class for an indefinite period, communicated to the International Bureau at least two months before the opening of Congress (article 150.4 of the General Regulations).

14 Thus, a member country's decision to change contribution class affects the amount of the contribution unit as follows:

| <i>Member country's notification</i> | <i>Level of regular budget</i> | <i>Total number of contribution units</i> | <i>Amount of contribution unit</i> |
|--------------------------------------|--------------------------------|--|---|
| Increase in contribution class | Unchanged |  |  |
| Decrease in contribution class | Unchanged |  |  |

2 Member countries' contributions

2.1 Introduction

Table VII shows contributions over time, since 1999. This year – 2017 – marks the first year since 2011 that the amount of the contribution unit has increased (by 4.2%). However, the total amount billed has increased by only 0.1% over 2011. This is a direct consequence of the decrease in the total number of contribution units following the decision by certain member countries to change their contribution class.

It should be noted, however, that it is possible for member countries, during the period between Congresses, to pay contributions to the Union budget in addition to those related to their contribution class (see article 150.2 of General Regulations). The payment of additional contributions has no effect on the value of the contribution unit, since they are not included in the total amount billed to member countries. This possibility was used by Tanzania (United Rep.), which volunteered to pay one additional unit during the last cycle.

2.2 Contribution unit calculation method

The contribution unit is calculated by first taking the amount of net recurrent expenses (36,304,343 CHF) and subtracting from that the amount of contributions to the French Translation Service (156,000 CHF – see table VI). Once this has been done, the amount concerned (36,148,343 CHF) is divided by the total number of contribution units (830.5) to be billed to member countries.

2.3 Contributions over time

Table VIII – Contributions since 1999 (in Swiss francs)

| <i>Year</i> | <i>Total number of contribution units</i> | <i>Amount of contribution unit</i> | <i>Total amount billed</i> |
|-------------|---|------------------------------------|----------------------------|
| 1999 | 908.5 | 37,280 | 33,868,880 |
| 2000 | 907 | 37,280 | 33,812,960 |
| 2001 | 878 | 39,110 | 34,338,580 |
| 2002 | 878 | 39,110 | 34,338,580 |
| 2003 | 877 | 39,360 | 34,518,720 |
| 2004 | 877 | 39,360 | 34,518,720 |
| 2005 | 865 | 39,360 | 34,046,400 |
| 2006 | 865 | 39,360 | 34,046,400 |
| 2007 | 867.5 | 39,990 | 34,691,325 |
| 2008 | 867.5 | 39,990 | 34,691,325 |
| 2009 | 864.5 | 40,993 | 35,438,449 |
| 2010 | 864.5 | 40,993 | 35,438,449 |
| 2011 | 864 | 41,770 | 36,089,280 |
| 2012 | 865.5 | 41,770 | 36,151,935 |
| 2013 | 852.5 | 41,770 | 35,608,925 |
| 2014 | 852.5 | 41,770 | 35,608,925 |
| 2015 | 852.5 | 41,770 | 35,608,925 |
| 2016 | 854.5 | 41,770 | 35,692,465 |
| 2017 | 830.5 | 43,526 | 36,148,343 |

3 Distribution of member countries according to their contribution class for 2017

| | Contribution units |
|--|-----------------------|
| Class of 50 units | |
| 1 France | 50 |
| 2 Japan | 50 |
| 3 United Kingdom of Great Britain and Northern Ireland | 50 |
| 4 United States of America | <u>50</u> |
| | 200 |
| Class of 45 units | |
| 1 Germany | 45 |
| Class of 40 units | |
| 1 Canada | 40 |
| Class of 25 units | |
| 1 China (People's Rep.) | 26.5 |
| <i>Including:</i> | |
| <i>Hong Kong, China, voluntary contribution by China (People's Rep.)</i> | 1 |
| <i>Macao, China, voluntary contribution by China (People's Rep.)</i> | 0.5 |
| 2 Italy | 25 |
| 3 Spain | <u>25</u> |
| | 76.5 |
| Class of 20 units | |
| 1 Australia | 20 |
| 2 India | 20 |
| 3 Saudi Arabia | <u>20</u> |
| | 60 |
| Class of 15 units | |
| 1 Belgium | 15 |
| 2 Korea (Rep.) | 15 |
| 3 Netherlands | 15 |
| 4 Russian Federation | 15 |
| 5 Sweden | 15 |
| 6 Switzerland | <u>15</u> |
| | 90 |
| Class of 10 units | |
| 1 Brazil | 10 |
| 2 Denmark | 10 |
| 3 Finland | 10 |
| 4 Mexico | 10 |
| 5 Norway | 10 |
| 6 Pakistan | 10 |
| 7 South Africa | <u>10</u> |
| | 70 |

Contribution
units**Class of 5 units**

| | | |
|----|---------------------|----------|
| 1 | Algeria | 5 |
| 2 | Austria | 5 |
| 3 | Czech Rep. | 5 |
| 4 | Egypt | 5 |
| 5 | Hungary | 5 |
| 6 | Indonesia | 5 |
| 7 | Iran (Islamic Rep.) | 5 |
| 8 | Kuwait | 5 |
| 9 | Morocco | 5 |
| 10 | New Zealand | 5 |
| 11 | Nigeria | 5 |
| 12 | Poland | 5 |
| 13 | Tunisia | 5 |
| 14 | Turkey | 5 |
| 15 | Ukraine | 5 |
| | | <u>5</u> |
| | | 75 |

Class of 3 units

| | | |
|----|--|----------|
| 1 | Argentina | 3 |
| 2 | Bangladesh | 3 |
| 3 | Bulgaria (Rep.) | 3 |
| 4 | Chile | 3 |
| 5 | Colombia | 3 |
| 6 | Côte d'Ivoire (Rep.) | 3 |
| 7 | Ghana | 3 |
| 8 | Overseas territories (United Kingdom of Great Britain and Northern Ireland) | 3 |
| | Overseas territories, voluntary contribution by United Kingdom of Great Britain and Northern Ireland | 1 |
| 9 | Greece | 3 |
| 10 | Ireland | 3 |
| 11 | Israel | 3 |
| 12 | Kenya | 3 |
| 13 | Libya | 3 |
| 14 | Malaysia | 3 |
| 15 | Portugal | 3 |
| 16 | Romania | 3 |
| 17 | Slovakia | 3 |
| 18 | Sri Lanka | 3 |
| 19 | Thailand | 3 |
| 20 | Uruguay | 3 |
| 21 | Zimbabwe | 3 |
| | | <u>3</u> |
| | | 64 |

Class of 1 unit

| | | |
|---|---------------------------------|---|
| 1 | Albania | 1 |
| 2 | Antigua and Barbuda | 1 |
| 3 | Armenia | 1 |
| 4 | Aruba, Curaçao and Sint Maarten | 1 |
| 5 | Azerbaijan | 1 |
| 6 | Bahamas | 1 |
| 7 | Bahrain (Kingdom) | 1 |
| 8 | Barbados | 1 |
| 9 | Belarus | 1 |

Class of 1 unit (cont.)

| | | |
|----|-----------------------------|---|
| 10 | Belize | 1 |
| 11 | Bolivia | 1 |
| 12 | Bosnia and Herzegovina | 1 |
| 13 | Botswana | 1 |
| 14 | Brunei Darussalam | 1 |
| 15 | Cambodia | 1 |
| 16 | Cameroon | 1 |
| 17 | Congo (Rep.) | 1 |
| 18 | Costa Rica | 1 |
| 19 | Croatia | 1 |
| 20 | Cuba | 1 |
| 21 | Cyprus | 1 |
| 22 | Dem. People's Rep. of Korea | 1 |
| 23 | Dem. Rep. of the Congo | 1 |
| 24 | Dominica | 1 |
| 25 | Dominican Rep. | 1 |
| 26 | Ecuador | 1 |
| 27 | El Salvador | 1 |
| 28 | Estonia | 1 |
| 29 | Fiji | 1 |
| 30 | Gabon | 1 |
| 31 | Georgia | 1 |
| 32 | Grenada | 1 |
| 33 | Guatemala | 1 |
| 34 | Guyana | 1 |
| 35 | Honduras (Rep.) | 1 |
| 36 | Iceland | 1 |
| 37 | Iraq | 1 |
| 38 | Jamaica | 1 |
| 39 | Jordan | 1 |
| 40 | Kazakhstan | 1 |
| 41 | Kyrgyzstan | 1 |
| 42 | Latvia | 1 |
| 43 | Lebanon | 1 |
| 44 | Liechtenstein | 1 |
| 45 | Lithuania | 1 |
| 46 | Luxembourg | 1 |
| 47 | Madagascar | 1 |
| 48 | Maldives | 1 |
| 49 | Malta | 1 |
| 50 | Mauritius | 1 |
| 51 | Moldova | 1 |
| 52 | Monaco | 1 |
| 53 | Mongolia | 1 |
| 54 | Montenegro | 1 |
| 55 | Myanmar | 1 |
| 56 | Namibia | 1 |
| 57 | Nauru | 1 |
| 58 | Nicaragua | 1 |
| 59 | Oman | 1 |
| 60 | Panama (Rep.) | 1 |
| 61 | Papua New Guinea | 1 |
| 62 | Paraguay | 1 |
| 63 | Peru | 1 |

Class of 1 unit (cont.)

| | | |
|----|---|----------|
| 64 | Philippines | 1 |
| 65 | Qatar | 1 |
| 66 | Saint Christopher (St Kitts) and Nevis | 1 |
| 67 | Saint Lucia | 1 |
| 68 | Saint Vincent and the Grenadines | 1 |
| 69 | San Marino | 1 |
| 70 | Senegal | 1 |
| 71 | Serbia | 1 |
| 72 | Seychelles | 1 |
| 73 | Singapore | 1 |
| 74 | Slovenia | 1 |
| 75 | Suriname | 1 |
| 76 | Swaziland | 1 |
| 77 | Syrian Arab Rep. | 1 |
| 78 | Tajikistan | 1 |
| 79 | the former Yugoslav Republic of Macedonia | 1 |
| 80 | Trinidad and Tobago | 1 |
| 81 | Tonga (including Niufo'ou) | 1 |
| 82 | Turkmenistan | 1 |
| 83 | United Arab Emirates | 1 |
| 84 | Uzbekistan | 1 |
| 85 | Vanuatu | 1 |
| 86 | Vatican | 1 |
| 87 | Venezuela (Bolivarian Rep.) | 1 |
| 88 | Viet Nam | 1 |
| 89 | Zambia | 1 |
| | | <u>1</u> |
| | | 89 |

Class of 0.5 units

| | | |
|----|------------------------|-----|
| 1 | Afghanistan | 0.5 |
| 2 | Angola | 0.5 |
| 3 | Benin | 0.5 |
| 4 | Bhutan | 0.5 |
| 5 | Burkina Faso | 0.5 |
| 6 | Burundi | 0.5 |
| 7 | Cape Verde | 0.5 |
| 8 | Central African Rep. | 0.5 |
| 9 | Chad | 0.5 |
| 10 | Comoros | 0.5 |
| 11 | Djibouti | 0.5 |
| 12 | Equatorial Guinea | 0.5 |
| 13 | Eritrea | 0.5 |
| 14 | Ethiopia | 0.5 |
| 15 | Gambia | 0.5 |
| 16 | Guinea | 0.5 |
| 17 | Guinea-Bissau | 0.5 |
| 18 | Haiti | 0.5 |
| 19 | Kiribati | 0.5 |
| 20 | Lao People's Dem. Rep. | 0.5 |
| 21 | Lesotho | 0.5 |
| 22 | Liberia | 0.5 |
| 23 | Malawi | 0.5 |
| 24 | Mali | 0.5 |
| 25 | Mauritania | 0.5 |
| 26 | Mozambique | 0.5 |
| 27 | Nepal | 0.5 |
| 28 | Niger | 0.5 |

| | | Contribution units |
|--|-------------------------|-----------------------|
| Class of 0.5 units (cont.) | | |
| 29 | Rwanda | 0.5 |
| 30 | Samoa | 0.5 |
| 31 | Sao Tome and Principe | 0.5 |
| 32 | Sierra Leone | 0.5 |
| 33 | Solomon Islands | 0.5 |
| 34 | Somalia | 0.5 |
| 35 | South Sudan | 0.5 |
| 36 | Sudan | 0.5 |
| 37 | Tanzania (United Rep.) | 0.5 |
| 38 | Timor-Leste (Dem. Rep.) | 0.5 |
| 39 | Togo | 0.5 |
| 40 | Tuvalu | 0.5 |
| 41 | Uganda | 0.5 |
| 42 | Yemen | 0.5 |
| | | <u>21.0</u> |
| Grand total: 192 member countries | | 830.5 |