



PAPU/AC/OTC/01/2024 – Doc No. 03

**OPERATIONS AND TECHNOLOGY COMMITTEE (OTC)
3,4 JUNE 2024 ARUSHA, TANZANIA**

REMUNERATION WORKING GROUP (RG) REPORT

1. Subject Remuneration Working Group (RG) Report	References/Paragraphs PAPU Action Plan 2022-2025
2. Decision Expected <ul style="list-style-type: none">• Adopt the Working Group Report.• Consider Recommendations of the Working Group.	

1.0 INTRODUCTION

The Remuneration Working Group held its meeting on 14th March 2024. During the meeting, the issues on the agenda that were discussed and deliberated on are as indicated below:

2.0 THE MAIN ISSUES TABLED AND DISCUSSED

The following salient issues were deliberated during the meeting:

- i) Key issues from UPU Remuneration Integration Group:**
 - a. Report by Expert Team 4 of the Remuneration Integration Group (RIG) on transit, thresholds, sampling, standard rate structures, and remailing.
 - b. Expert Team 2 Report on the implementation of Congress Resolution C 13/2021 concerning the Integrated Remuneration Plan for 2022–2025.
- ii) Status of Implementation of WG Action Plan:**
 - a. Integrated Product Plan (IPP) Riyadh Congress Resolutions.
 - b. Remuneration Workshops.

3.0 REPORT SUBMISSION

The detailed report of the Working Group meeting is annexed herewith.

4.0 RECOMMENDATIONS

The following Recommendations are tabled by the Remuneration Working Group for consideration and adoption by the Operations and Technology Committee:

- i) Designated Operators in Africa should **actively participate** in the work of the POC, particularly regarding the review of IPP, to ensure the resultant fully integrated product portfolio addresses the needs of African Posts and their customers.
- ii) Designated Operators in Africa should ensure full implementation of the different services in the updated IPP as approved by Congress
- iii) DOs should **actively participate** in Remuneration workshops to ensure that they are up to speed with current remuneration systems and accounting procedures to safeguard their revenues
- iv) DOs should join the PRIME system to ensure that they earn extra revenue for their mail services

5.0 DECISIONS EXPECTED

The report is submitted for the Committee to:

- Adopt the Report.
- Consider and adopt the Recommendations of the Working Group.



REMUNERATION WORKING GROUP (RWG) REPORT

Virtual Meeting

14th March 2024

1.0 INTRODUCTION

The Remuneration Working Group (RWG) virtual meeting was held on 14 March 2024 from 08:00 to 10:14 GMT.

2.0 REMARKS

2.1 Welcome Remarks by the Chairperson

The Chairperson, Mrs. Nermin Mohammed Hassan from Egypt, called the meeting to order at 08:05 hours GMT and commenced the day's deliberations by welcoming participants to the meeting.

She pointed out that the meeting would focus on remuneration work to be tabled during the POC S5 in preparation for the 28th UPU Congress in Dubai in September 2025. Terminal dues rates for Groups III and IV are still unsatisfactory, even though much work has been done to improve the floor rates for Group IV countries. She, therefore, urged the participants to continue to work towards improving the remuneration systems for the benefit of African countries.

2.2 Opening Remarks by the PAPU Secretary General

The Secretary General, Dr. Sifundo Chief Moyo, greatly appreciated the Chairperson, Mrs. Nermin Mohammed Hassan (Egypt), and the entire Bureau of the Working Group for their availability and guidance in the remuneration work in Africa. He thanked the Chairperson for her leadership at the UPU level, particularly during the 4th Extraordinary Congress in Riyadh, Saudi Arabia, where she carried on the task of the African Taskforce on the Opening Up of the UPU to WPSPs.

The PAPU SG underscored that the remuneration systems are ever-changing, and as such, decisions are made at UPU Congresses; hence, Designated Operators (DOs) must ensure that the operational processes are well streamlined in terms of the use of ICT systems and tools, preparation of dispatches, weighing, documentation, scanning of the EDI messages among others. The operational and financial impact of the remuneration systems also needs to be understood by Designated Operators, which will guide the future development of the systems.

At the UPU level, the Remuneration Integration Group under POC Committee 2 works on remuneration matters between Congresses, whose work includes surveys, impact studies, review of the Integrated Remuneration Plan (IRP) culminating in developing Congress proposals, etc. Therefore, the PAPU

Remuneration Working Group should work as a platform for African Designated Operators to discuss and be guided on remuneration issues that affect the African DOs.

He pledged the General Secretariat's continued support for the Group's work and wished the participants fruitful deliberations.

3.0 CONFIRMATION OF BUREAU

3.1 Working Group Bureau

The Working Group Bureau was confirmed as follows:

Chairperson:	Egypt
1 st Vice Chairperson:	South Africa
2 nd Vice Chairperson:	Tunisia
Secretariat:	PAPU General Secretariat

3.2 Participation

3.2.1 Member States Present:

The meeting was attended by fifty-two (52) participants from the following Member States: Algeria, Angola, Botswana, Congo Republic, Democratic Republic of Congo, Egypt, Kenya, Lesotho, Libya, Madagascar, Malawi, Mali, Nigeria, Senegal, Seychelles, Sierra Leone, South Africa, Tanzania, Uganda, Zambia, and Zimbabwe.

3.2.2 PAPU General Secretariat

The PAPU General Secretariat participated and provided secretariat services led by the Secretary General, Dr. Sifundo Chief Moyo.

The detailed list of participants is attached as Annex 1

4.0 ADOPTION OF THE AGENDA

The General Secretariat tabled the draft agenda adopted by the Working Group with no amendments.

5.0 KEY ISSUES FROM UPU REMUNERATION INTEGRATION GROUP (RIG)

5.1 Report by Expert Team 4 of the Remuneration Integration Group (RIG) on transit, thresholds, sampling, standard rate structures, and remailing.

Egypt presented the issues under discussion by Expert Team 4 of the Remuneration Integration Group.

The key issues raised were:

- i) **Transit** – discontinuation of transit groups to ensure simplification and also avoid arbitrary grouping for collecting higher transit charges.

- ii) **Basic Air Conveyance Rate** - The Transport Group proposes increasing the basic air conveyance rate due to increased air conveyance charges. The USA objects to the proposal, so further work must be done.
- iii) **Sampling threshold** – an inclination to lower the threshold for sampling, which will negatively affect Group IV countries. African DOs should, therefore, defend their position by opposing the proposal to maintain the 100-ton threshold.
- iv) **Format separation** - lowering the format separation threshold will negatively impact African DOs, hence the need to defend the status quo.
- v) **Rate and Rate Structure** – the proposed rate structure will be expensive for African DOs because of the low floor rates. It is also important to note that the Terminal Dues system is becoming complicated with different rates, e.g., self-declared rates for the USA, target countries rates, transitional country rates, etc.
- vi) **Remailing** – The review by the Expert Team (ET) confirmed that remailing is still an issue and mainly concerns small packets (E format). The ET 4 proposal aims to stop the remail practice by decreasing the percentage of yearly growth in Article 17-107 Special provisions applicable to each category of items. Egypt intervened during the Standing Group meeting held in February 2024 and stated that decreasing the percentage of growth from 50 % to 25 % would rather penalize organic legitimate growth in volumes than stop remail. Egypt explained that the increase of TDs rates in 2016, introduction of the self-declared system in 2019 and COVID-19 pandemic in 2020 have caused major decline in mail volume, and with the recovery of postal market from all these shocks organic growth can be more 150 % from year to year. Therefore, that the ET 4 proposal is a big threat to the growth of volumes for developing countries. For example, an increase in 2022 and 2023 volumes may not necessarily be due to remailing; hence, the proposal will negatively impact the DOs that have genuinely realized growth in volumes.

Egypt has produced an alternative proposal to be tabled during POC S5.

5.2 Expert Team 2 Report on the implementation of Congress Resolution C 13/2021 concerning the Integrated Remuneration Plan for 2022–2025.

The Chairperson further presented the report of the UPU integration Group Expert Team 2. Different remuneration systems for Terminal Dues, Inward Land Rates (ILR), and EMS rates currently in force result in issues arising regarding the alignment of the remuneration of letter-post items (in particular small packets), lightweight parcels, and EMS items.

Resolution C13/2021 aims to achieve better system alignment, integration, and rationalization to realize an Integrated Remuneration System (IRS).

Expert Team 2 is therefore working on the review of the following remuneration systems:

- i) Remuneration of basic services
 - a. Remuneration of items containing documents.
 - b. Remuneration of small packets (items containing goods)
- ii) Using EMS rates as a basis for calculating the remuneration for letter mail and small packets, and parcels.
- iii) Supplementary Services; - (no proposal so far)

- iv) Parcel rates – two options to reduce per item rate and link the remuneration to quality (EDI scanning)

The Chairperson presented the proposed methodology of ILRs and small packets, and Format P, and G remuneration calculation, as well as the further development of Egypt Proposal to use EMS rates for calculating the remuneration for Group 4 countries, where domestic rates of letter mail and parcel mail are subsidized for social reasons.

The Chairperson also drew the attention of the meeting to the desire of industrial countries to decrease 100 tonnes protection threshold given for Group 4 countries in 2019, and stressed on the importance to keep this threshold as it is to protect developing countries, and least developing countries' access to affordable postal services given the growing trend towards self- declared system.

Therefore, participants were encouraged to attend POC S5 and support proposals that positively impact service remuneration and oppose those that negatively impact African Designated Operators.

6.0 STATUS OF IMPLEMENTATION OF WORKING GROUP ACTION PLAN

The General Secretariat reported on the activities undertaken since the last meeting in the implementation of the Remuneration Working Group Action Plan.

6.1 Congress Proposals approved by the Fourth Extraordinary Congress

The 4th Extraordinary Congress, held in Riyadh, Saudi Arabia, in October 2023, approved several resolutions on the review of the Integrated Product Plan (IPP).

The table below summarizes the IPP-related decisions of the 2023 Riyadh Extraordinary Congress:

Service	Congress Proposal	Resolution	Effective Date	Action by DOs
M- Bags	20.17.1	Transferring M- Bag service from basic services to supplementary service and making the optional instead of mandatory service (Deletion from Article 17)	1 st January 2025	Take note and be guided accordingly.
	20.18.3	Transferring M-Bag service from basic services to supplementary service (and making it optional instead of mandatory service (Insertion into Article 18)	1 st January 2025	Account for the M-Bags accordingly.
Registered Items	20.18.1	Providing a mandatory registered service for documents only (with liability and signature) and	1 st January 2026	Provide registered service for items

		making electronic tracking through to delivery mandatory.		containing documents only and offer full tracking events from January 2026
Tracked Delivery Service	20.18.2 (Part 1)	Providing optional tracked delivery service for all inbound Letter Post items containing documents and all outbound Letter Post items containing documents and goods	1 st January 2025	Offer the optional service accordingly.
	20.18.2 (Part 2)	Making mandatory the provision of tracked delivery service (inbound only) for items containing goods (with no liability or signature)	1 st January 2025	Provide mandatory tracked delivery service for inbound items containing goods. Extra revenue to be earned.
Advice of Delivery	20.18.4	Restricting Advice of Delivery to registered and insured Letter Post items, as it is no longer considered a value-added service for parcels	1 st January 2025	Implement accordingly as from January 2025

The following were the key recommendations:

- i) DOs should actively participate in the work of the POC, particularly the review of IPP, to ensure the resultant fully integrated product portfolio addresses the needs of African Posts and their customers.
- ii) DOs should ensure full implementation of the different services in the updated IPP as approved by the Congress.

6.2 Remuneration Workshops

6.2.1 PRIME Remuneration Workshop

PAPU, in collaboration with Egypt Post and International Post Corporation - PRIME, organized a Workshop for the African and Arab Regions. The workshop was held in Cairo, Egypt, from 29 to 30 January 2024. Virtual participation was facilitated for participants who could not travel to Egypt.

From the African Region, Botswana, Egypt, Sierra Leone, Sudan, and Zimbabwe attended the workshop physically. Other countries attended virtually, i.e., Eswatini, Kenya, Lesotho, Malawi, Morocco, Nigeria, Tunisia, and Uganda.

The Workshop focused on the following main topics:

- i) What is Prime? Members' participation in agreements and supporting activities.
- ii) PRIME Agreements, Tracked Agreement, USPS Tracked Agreement, Express Agreement, Registered Agreement, International Merchandise Return Service (IMRS) Agreement.
- iii) PRIME Matrix.
- iv) Operational Procedures, mandatory events, events transmission, reporting cut-off times, time in customs deduction, missent/misrouted rule, etc.
- v) PRIME Labels- recommended labels for different products.
- vi) Delivery Standards and Holidays.
- vii) Force majeure, definition, implementation rules, short-term and long-term force majeure.
- viii) Use of Global Customer Service System (GCSS) and GCSS Awards.
- ix) PRIME Reports, Flat files, performance Reports, Payment reckoners, EZE reports, Generic reports, ITMATT reports, and GCSS reports.

6.2.2 International Mail Accounting Workshops

In collaboration with PAPU and other Restricted Unions in Africa, the UPU organized two International Mail Accounting Workshops: from 5th to 7th March 2024 in Cairo, Egypt, and from 30th April to 2nd May 2024 in Cotonou, Benin, for English-speaking Countries and French-speaking countries, respectively. The UPU awarded sponsorship to one participant from each Designated Operator.

The Workshops focused on the practical implementation of International Mail Accounting following UPU regulations, covering the following main topics:

- i) Link between Operations and Accounting: dispatch documents, verification notes, etc.
- ii) Letter Post Accounting: terminal dues calculations, accounting process.
- iii) Parcel Post accounting: Inward Land Rates, accounting process.
- iv) Special cases: closed transit/missent bags, open transit/missent items, international business reply service, airline invoicing, etc.
- v) Future Settlement.

The following were the key recommendations from the Workshops:

- i) DOs should actively participate in Remuneration workshops to ensure that they are up to speed with current remuneration systems and accounting procedures to safeguard their revenues.

- ii) DOs should join the PRIME system to ensure that they earn extra revenue for their mail services.

Some participants did not fully comprehend the PRIME agreements and their benefits, which led to organizing another online workshop for all Member States. The Chairperson promised to liaise with the IPC and the PAPU General Secretariat to organize the workshop.

7.0 RECOMMENDATIONS

The Remuneration Working Group made the following recommendations for tabling to the Committee:

- v) Designated Operators in Africa should **actively participate** in the work of the POC, particularly regarding the review of IPP, to ensure the resultant fully integrated product portfolio addresses the needs of African Posts and their customers.
- vi) Designated Operators in Africa should ensure full implementation of the different services in the updated IPP as approved by Congress.
- vii) DOs should **actively participate** in Remuneration workshops to ensure that they are up to speed with current remuneration systems and accounting procedures to safeguard their revenues.
- viii) DOs should join the PRIME system to ensure that they earn extra revenue for their mail services.

8.0 DATE AND VENUE OF NEXT MEETING

The General Secretariat informed the meeting that the date and venue of the next meeting of the Remuneration Working Group will be communicated once consultations with Stakeholders are finalized.

The Chairperson will present the Report of the Remuneration Working Group Meeting and its Recommendations to the Operations and Technology Committee meeting during the 42nd Administrative Council Session.

9.0 ANY OTHER BUSINESS (AOB)

No other business was discussed during the meeting.

10.0 CLOSING

In his closing remarks, the PAPU Secretary General thanked participants for actively participating in the Remuneration Working Group meeting and acknowledged Libya for attending PAPU meetings after a long absence. He also thanked the Chairperson for guiding the Members and successfully steering the meeting. Dr. Moyo reiterated the General Secretariat's support for the Group's work.

The Chairperson thanked the Secretary General, participants, interpreters, and the General Secretariat for their efforts in making the meeting a success.

The Chairperson reiterated the call for the members' active involvement in the discussion and implementation of remuneration issues, as this is central to the survival of the postal business in Africa, before officially closing the meeting at 10:14 (GMT).

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