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**OPERATIONS AND TECHNOLOGY COMMITTEE (OTC)
24th, 28th AUGUST 2023 ARUSHA, TANZANIA**

ANALYSIS OF LETTER POST REMUNERATION QUESTIONNAIRE

1. Subject Analysis of Letter Post Remuneration Questionnaire	References/Paragraphs <ul style="list-style-type: none"> • PAPU Action Plan 2022-2025 • Questionnaire on the Impact of Letter Post Remuneration on member States
2. Decision expected <ul style="list-style-type: none"> • Note the Status Report; • Urge Member States to be more responsive to questionnaires/surveys; • Provide guidance for further action. 	

1.0 INTRODUCTION

Terminal Dues Rates for E-format items were approved by the 3rd Extra-ordinary Congress in Geneva in September 2019, with an effective date of 1st July 2020. The 27th UPU Congress approved the terminal dues rates for P and G formats at the 27th Congress in Abidjan, Côte d'Ivoire, in August 2021, which came into effect on 1st January 2022.

Following the adoption of the Action Plan of the Operations and Technology Committee during the 40th Ordinary Session of the PAPU Administrative Council held in Kinshasa, Democratic Republic of Congo (DRC), the Remuneration Working Group (RG) developed a questionnaire to assess the implementation of Letter Post Remuneration systems approved by Congress in Africa.

The UPU Remuneration Integration Group (RIG) circulated a questionnaire on the 'Survey on the impacts of decisions taken by the third Extraordinary Congress' in November 2022. In this regard, the PAPU Remuneration Working Group approved the circulation of a modified version of the same questionnaire with customized questions during its meeting on 30th March 2023.

The objective of circulating the questionnaire was for the Working Group to have a clear picture, once more, of the situation for African countries to informatively plan and articulate the position of Africa in the work of the UPU RIG.

2.0 QUESTIONNAIRE ON THE IMPACT OF LETTER POST REMUNERATION ON MEMBER STATES

The questionnaire covered five (5) main areas relating to remuneration of Letter Post Items as follows:

- I. Terminal Dues
 - a. Inbound Letter Post
 - b. Outbound Letter Post;
- II. E-format Letter Post;
- III. Re-mailing;
- IV. Tracked Delivery Service;
- V. Quality of Service Link.

The questionnaire was sent to Member States on 4th April 2023, with a deadline for the submission of the completed questionnaires of 28th April 2023. Due to the low response rate, the General Secretariat sent out a reminder on 17th July 2023 to ensure that more Designated Operators submit their responses.

3.0 ANALYSIS OF RESPONSES

At the time of the analysis, twenty-three (23) responses had been received, representing 51% of PAPU Member States. These were: Algeria, Angola, Botswana, Burkina Faso, Cote d'Ivoire, Democratic Republic of Congo, Egypt, Equatorial Guinea, Eswatini, Ethiopia, Ghana, Kenya, Lesotho, Madagascar, Malawi, Morocco, Namibia, Nigeria, Senegal, South Africa, Tanzania, Uganda, and Zimbabwe.

The low response rate, which is not representative enough of the actual situation prevailing in Africa, has resulted in the General Secretariat not making any conclusive statements on the different areas covered in the questionnaire. Hence the analysis of responses from Member States, which is presented in Annex 1 to this document, is what is obtained in the few countries that responded.

4.0 DECISION EXPECTED

- 1) The Committee is requested to note the status report and call upon Member States to be more responsive to questionnaires/surveys for the General Secretariat to draw up analyses that are a real reflection of the situation in African Posts.
- 2) The Committee is also requested to provide guidance for further action.

ANALYSIS OF RESPONSES TO LETTER POST REMUNERATION QUESTIONNAIRE

I. TERMINAL DUES

Question 1 - Inbound Letter Post Terminal Dues Revenue and Volume 2019 – Q2 2022

Inbound	2019-2021		2021– 2022 (Q1&2)	
	Increase	Decrease	Increase	Decrease
Letter Post Revenue (Terminal Dues)	9	10	7	11
Letter Post Volume (Weight)	9	12	7	10
Tracked and Registered Packets Volume (Weight)	2	4	3	3
Tracked and Registered Packets Terminal Dues Revenue	3	1	1	3
Untracked E-format and Bulky Letters Volume (Weight)	2	4	2	4
Untracked E-format and Bulky Letter Terminal Dues Revenue	2	2	-	4

- There was generally a decrease in both revenue and volumes for letter post items in 2020.
- 8 countries recorded an increase in both revenue and volume for letter post items in 2021. However, the increase in volume was marginal and did not reach the 2019 levels.
- Comparison of the 2021 and 2022 Q1 & 2 mostly indicated a decrease in both revenue and volumes for letter post items.
- A few Designated Operators provided separate information for tracked and untracked e-format items. For those that provided, there was generally a decrease in volume and revenue.

Question 2 - Outbound Letter Post Terminal Dues Expenses and Volume 2019 – Q2 2022

2a. Format separation

Question 2a.	Responses	
	Yes	No
Do you apply format separation to outbound letter post items?	3	12

Three (3) Designated Operators (DOs) indicated that they apply format separation to outbound letter post mail. These are Ethiopia, Nigeria and Uganda.

2b. Inbound flows- terminal dues expenses and volume (weight) for 2019-2021 and Q1 and Q2 of 2021 & 2022

Outbound	2019-2021		2021– 2022 (Q1&2)	
	Increase	Decrease	Increase	Decrease
Terminal Dues Expenses	6	11	6	9
Letter Post Volume (Weight)	6	11	5	10
Tracked and Registered Packets Volume (Weight)	4	4	2	2
Tracked and Registered Packets Terminal Dues Expenses	1	3	3	1
Untracked E-format and Bulky Letters Volume (Weight)	1	2	2	1
Untracked E-format and Bulky Letter Terminal Dues Expenses	1	1	2	-

- There was generally a decrease in terminal dues expenses for the whole period.
- For the Designated Operators that recorded increase in volumes and expenses, the increase was marginal.
- Most Designated Operators did not provide separate data for tracked & registered items as well as the untracked items

Question 3 - Development in the domestic service compared to International service

The following responses were chosen by most respondents:

- Stronger decline in domestic revenue and volume (weight) – **11 Respondents**
- Stronger decline in international inbound revenue and weight (volume) – **10 respondents**

Question 4 – Increase in ordinary outbound letter post item tariffs in response to increase in terminal dues rates

4 Increase in outbound tariffs	Yes	No
	7	15

Seven (7) DOs increased their tariffs in response to Terminal Dues increases. These were: Botswana, the Democratic Republic of Congo, Egypt, Eswatini, Ghana, Madagascar and Uganda.

Question 5 – Ranking on a scale from 1 (no impact) to 5 (very high impact), the impact of the terminal dues expenses on an increase in outbound tariffs

Of the six (6) DOs that increased their tariffs, five (5) ranked the impact of the increase in terminal dues to the increase in outbound tariffs as follows:

Ranking	1	2	3	4	5
a. international outbound letter (document) single piece retail tariffs	1	1	5		
b. international outbound small packet (goods) single piece retail tariffs	2	1	3		1

Question 6 – Other factors affecting the published domestic rate increases for the domestic equivalent letter post products

Factors	Respondents
Inflation	15
Transportation constraints	13
Planned Investments and infrastructure	3
Introduction of Electronic Advance Data (EAD) requirements	6
Custom related issues	5
Pandemic related expenses	6
Domestic Regulatory impacts	3
Other	-

- The most cited factors affecting the published rate increases for the domestic service were inflation and transportation constraints, by 13 and 12 respondents, respectively.
- They were followed by the introduction of EAD and pandemic-related expenses with six (6) respondents each.

Question 7 – Percentage attributed to different factors on the impact on outbound volumes

The percentage attributed to different factors on the impact on outbound volumes was ranked by respondents from highest to lowest as follows:

- COVID -related effects
- Transportation/logistics issues
- Capacity constraints
- Custom-related issues
- Terminal dues increase resulting in the introduction of self-declared e-format terminal dues rates for flows to and from the USA
- Terminal dues increase resulting in the introduction of self-declared e-format terminal dues rates
- Terminal dues increase (Default system)

II. E-FORMAT LETTER POST (SMALL PACKETS)

Questions (8-12)	Responses	
	Yes	No
8. Offering Letter Post Items containing goods as outbound service	18	5
9. Application of S10 bar codes identifier	17	1
10. Provision of EDI M33 (ITMATT V1) for e-format items containing goods	16	6
11. Application of self-declared rates for e-format items	5	16
12. Increase in published tariffs for outbound e-format Letter Post Items	6	16

III. REMAILING

Question 13	Responses	
	Yes	No
Remailing in recent years (2019, 2020,2021)	10	13
Timely payment for remailed items	5	4
Incurring additional costs	7	3

- Of the 10 countries that experienced remailing, 6 (60%) indicated the items were predominantly or exclusively P and G-format documents.
- 60% indicated a decrease in remailing volumes for 2021 compared to 2019 of -20% to -50%
- 40% recorded a decrease in financial impact as a result of remailing, while 30% indicated an increase in financial impact.

IV. TRACKED DELIVERY SERVICE- Article 10- 102, Article 17-131.1.1

Questions (14-17)	Responses	
	Yes	No
14. Offering tracked delivery services.	11	11
15. Member/signatory to Prime Plan	8	14
16. Receive supplementary revenue for providing tracking data	4	8
17. Support proposal for mandatory tracked delivery service	20	2

Twenty (20) respondents indicated that they would support a proposal for mandatory tracked delivery. The main reasons given were:

- Increase in letter post revenue through supplementary remuneration
- Importance of visibility for e-commerce items
- Identification of process gaps and improvement of quality of service

V. QUALITY OF SERVICE LINK – Article 31-109

Questions (18-20)	Responses	
	Yes	No
18. Participation in a UPU-agreed Quality Measurement system for inbound mail (e.g., GMS)	16	7
19. Participation in Quality-of-service link to terminal dues	10	13
20. Meeting Quality of service performance targets	2	8