



PAN AFRICAN POSTAL UNION

Specialized Agency of the African Union

STRATEGY CONFERENCE OF THE PAN AFRICAN POSTAL UNION (PAPU)
PRELUDE TO THE STRATEGY CONFERENCE OF THE UNIVERSAL POSTAL UNION

“VISION 2020: African Posts: Proactively developing Innovative, Integrated and all Inclusive Solutions for Customers and all Stakeholders Satisfaction”

Progress achieved thanks to the implementation of the Doha Postal Strategy Challenges of the future.

I. Introduction

1. During its 32nd session in July 2013, the Administrative Council (AC) instructed the General Secretariat of the Union to organise a preparatory meeting to the UPU Strategy Conference to be held prior to the UPU Conference in the Republic of Côte d'Ivoire, in order to assess the mid-term implementation of the Doha Postal Strategy (DPS) in Africa. To achieve this, the General Secretariat collected, through a questionnaire, data on the implementation of the DPS by PAPU member states. Twenty four (24) countries out of forty four (44) completed and returned the questionnaire, which is slightly more than half (54.54%) of the Union member states.

2. This document presents the status of the DPS implementation by countries, as well as informs on actions carried out at the level of the General Secretariat in view of helping countries implement the DPS.

3. During the drafting of the DPS, the necessity of including performance indicators in this strategy was pointed out, to make it possible to follow up its implementation from the beginning of the cycle. It is in that regard that this report will only focus on the follow-up and assessment of the main performance indicators at the level of the DPS, taking into account the regional priorities identified for Africa. The objective of this is to prioritise the simplicity and usefulness of such a report for the member states of the Union. Therefore, decision makers will be well informed of the progress achieved during the cycle and will be able to adjust, if necessary, the orientation of their works.

II. General Background

1. PAPU counts forty four (44) members. Majority of them least developed countries (31/50) are members of PAPU.

2. However, the African continent today is one of the world regions where economic growth remains high. According to the World Bank¹ indeed, “the most part of Sub-Saharan Africa witnessed a strong economic growth in 2013, led by a strong demand in investments and private and dynamic consumption. Growth perspectives in the region remain favourable despite a certain number of difficulties related to a drop in basic products flow and tighter world financial conditions. During the 1995-2013 period, the region posted an average of 4.5% annual growth of its GDP”.

3. According to the ITU report “*Measuring the Information Society*”, based on the ICT Development Index (IDI), the African continent takes the last position in the ranking, even though some countries distinguish themselves in this area. Indeed, among the African states, Mauritius (5,22) and Seychelles (4,97) are rated better than the world average (4,77). South Africa is rated just below the world average with 4,42. Gabon where the 4G is now available is the only French speaking

¹Report on economic perspectives (Update of 20th May, 2014)

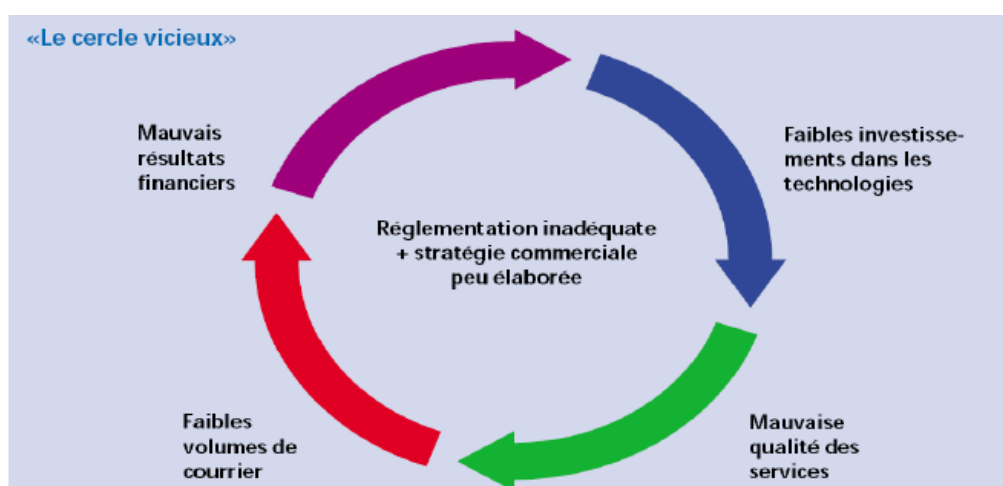
country of Africa to be in the African top 10 with an average rate of 3,46.

4. Most of Postal Designated Operators in Africa are in deficit, especially in Sub-Saharan Africa where one post office covers an area 6 times bigger than at the world level and where 12% of the population does not have access to postal services.

5. The postal sector in Africa is characterised by the following, among others:

- A low mail volume;
- A very poor quality of service, users have little trust in the postal service which rarely offers the universal service;
- National operators are most often underperforming: the postal staff of developing countries process 10 times less mail than those of western countries;
- The sector is in reality very competitive even though the law, in most cases, gives the postal sector a quasi monopoly status;
- The financial situation of the national operator is most often catastrophic: more than 3/4 of African Posts have negative net operating results according to UPU statistics.

6. The “vicious circle” of low investments and poor functioning which characterises the postal sector in these countries could be a factor of a large-scale postal “crisis”.

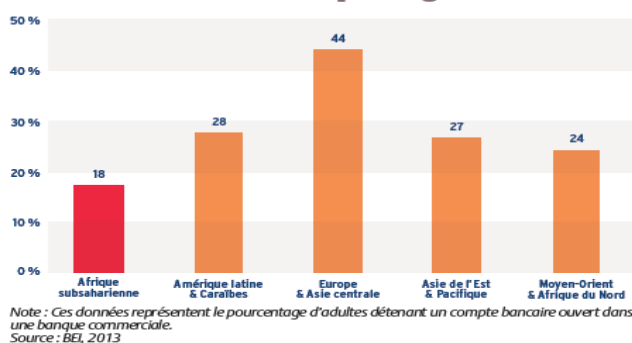


Source: Publication Performances Management Consulting: Postal Sector in Africa, May, 2008.

7. In comparison, the telecommunications market in Africa should achieve the fastest growth at the world level during the five coming years. An increase of revenues is also expected, mainly from mobile data according to a report by Analysys Mason, a telecoms specialist. Telecommunications services revenues in Sub-Saharan Africa are expected to have an annual compound growth rate of 6%, moving from 49 billion in 2013 to 65 billion USD in 2018.

8. Concerning financial services, we can observe that the African bank sector is undergoing great changes. Regional groups are emerging and progressively becoming true Pan African bank groups. Banks have an aggressive development strategy. They are looking forward to introducing new market segments and reach targets that were excluded before from the bank system. They multiply agencies, and offer low cost innovative services, better adapted to under-banked populations.

Taux de bancarisation par région



The access to bank services is progressing; retail banking and the financing of small and medium sized enterprises are also developing. The consolidation movement which is already engaged in some countries should be extended to the whole continent, namely thanks to regulatory standards and strengthened bank supervision.

III. Doha Postal Strategy 2013–2016²

III.1. Regional Priorities

9. The regional prioritisation process helped identify regional priorities in relation with DPS objectives. Led by the International Bureau, PAPU and Sub-regional Restricted Unions, the process resulted in the following regional priorities presented as matrix:

<i>Improve interoperability of international postal networks</i>	<i>Provide postal sector expertise and technical knowledge</i>	<i>Promote innovative products and services (by developing the three-dimensional network)</i>	<i>Promote sustainable development</i>
P1.1 Improve domestic and international mail service quality. Promote QSF use	P2.2 Provide managers with training in statistics and postal market research to meet customer needs	P2.4 Promote the development and modernization of electronic money transfers	P2.5 Develop appropriate strategies and activities to raise awareness of sustainable development and social responsibility
P2.1 Achieve the worldwide quality of service standard (J+5 for 85% of mail). Increase use of UPU monitoring tools and GMS	P2.3 Develop economic models for establishing costs and setting prices	P1.2 Stimulate the growth of designated operators by developing e-commerce for parcels and small packets	P2.6 Establish systems for good governance and ensure cost and price transparency and quality of service
P3.1 Strengthen security of postal items and eliminate possibility of using postal networks to send dangerous articles	P3.3 Advertise postal activities in order to promote new services	P3.6 Continue the three-dimensional development of postal networks in order to diversify products and services	P3.9 Promote social dialogue and ensure sustainable development at international level
P3.2 Promote addressing systems and postcode use	P3.4 Foster cooperation between designated operators	P3.7 Call for state guarantees and public funding for postal infrastructure development	
	P3.5 Design appropriate strategies to develop staff skills	P3.8 Develop financial inclusion through postal financial services	

The regional priorities identified are divided into three levels:

- First level (P1): priorities here deal with priority regional projects implemented during the 2013–2016 quadrennial cycle and aim at obtaining an important impact.

²Source UPU IB (RDP for Africa 2013-2016)

- Second level (P2): projects here are of limited scope and offer a friendly framework for the sharing of experiences and sensitisation on certain important issues for the region.
- Third level (P3): projects within the framework of this priority level are mainly large-scale projects and require an important funding. Such important funding is to be mobilized outside the Development Cooperation Budget.

III.3. Main Performance Indicators

10. During its first meeting of the Doha cycle, Committee 3 (Strategy) of the UPU Council of Administration instructed the Project Group “Follow-up and Assessment” to put in place an efficient mechanism to optimize the follow-up and assessment of the implementation of the Doha Postal Strategy (DPS). The follow-up and assessment mechanism is mainly based on the development of appropriate performance indicators.

11. The following table presents 17 of the 34 indicators associated to the DPS Programmes, chosen for the assessment of its implementation in Africa, taking into account regional priorities.

<i>Objectives</i>	<i>Programmes</i>	<i>N^o</i>	<i>Main Performance Indicators</i>
1	Improvement of postal networks quality of service, reliability and efficiency	1	Number of Designated Operators participating in the control system through the UPU quality of service link compared to the total number of Designated Operators
		2	Number of Designated Operators achieving the world objective compared to the total number of Designated Operators in the system
			Number of Designated Operators using the electronic follow-up system on letter post items compared to the total number of Designated Operators
		3	Number of Designated Operators transmitting standardized EDI messages compared to the total number of Designated Operators
		4	Number of Designated Operators participating in the internet-based complaints system for additional letter post services compared to the total number of Designated Operators
		5	Number of Designated Operators receiving a bonus for tracking and tracing parcels for distribution compared to the total number of Designated Operators
		7	Number of countries which have put in place procedures for enhancing postal integrity, strengthening postal network security and the collaboration with Customs Service Authority
2	Modernisation and diversification of postal products and services	8	Number of Designated Operators offering UPU innovative services in terms of financial services compared to the total number of Designated Operators
		9	Number of Designated Operators offering UPU innovative services in terms of electronic services compared to the total number of Designated Operators
		10	Number of Designated Operators offering UPU innovative services in terms of letters and parcels compared to the total number of Designated Operators

3	Stimulation of market growth through the use of new technologies	11	Number of Designated Operators proposing at least one electronic service compared to the total number of Designated Operators
		12	Number of countries having created a post bank compared to the total number of corridors
		13	Number of countries having instituted IFS transfers compared to the total number of countries
		14	Number of transactions done via the UPU electronic postal payment network
4	Greater sensitisation on the postal sector role	15	Number of countries having a defined and approved postal policy compared to the total number of countries
		16	Number of countries which are putting in place a universal postal service defined by the legislation compared to the total number of countries
		17	Number of countries implementing funding mechanisms for the universal service compared to the number of countries having put in place a universal service

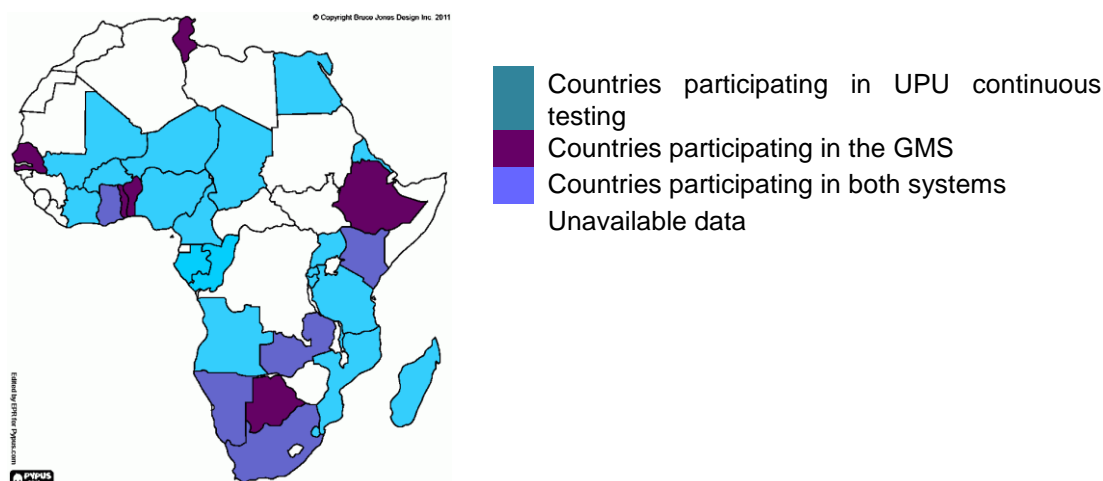
IV. Assessment of the Implementation of the DPS in Africa

12. The assessment below was made based on data collected from PAPU member states and the UPU International Bureau.

IV.1. Quality of Service of International Postal Mail

13. In 2013, twenty nine (29) PAPU member states participated in the UPU continuous testing. UPU also launched, in 2009, the Global Monitoring System (GMS) to help countries measure the efficiency of their international mail distribution services. In late 2013, ten (10) PAPU member states were listed among the fifty countries that have joined this system.

Participation in the UPU Continuous Testing



Evolution of the quality of service from 2011 to 2013

14. Results show that the quality of service for postal mail has slightly improved, but still remains below the world distribution standard of 80% for mail according to the J+5 standard (an average of 39.1% of mail distributed within the J+5). We can assume that the slight improvements observed are

resulting from projects implemented within the framework of the 2009-2012 Regional Development Plan, namely projects on mail land routing and quality of service management.

IV.2. Modernisation and diversification of postal products and services

15. ICTs have significantly changed social and business communications and led to a serious decline of traditional mail. As a response, African postal operators are trying to diversify their activities and are now proposing new electronic services to their customers.

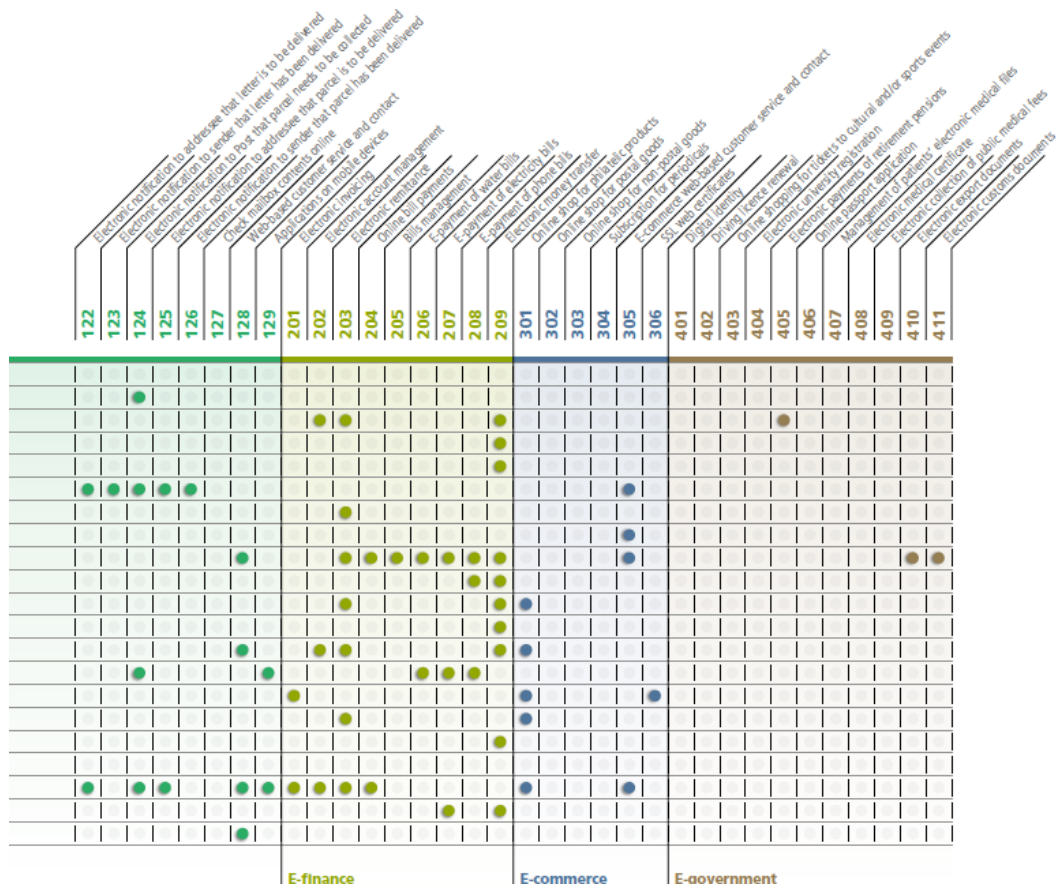
16. However, the modernisation and diversification of postal products and services in Africa depends on the availability of electricity and Internet connection, which most of the time is lacking, especially in rural areas. A survey carried out by the UPU Development Cooperation Department in January 2013 in 33 countries shows indeed that 57% of those countries still have non electrified post offices, that is more than 20% of post offices in Africa.

17. A UPU study on the world development of postal electronic services shows that in Africa, activities centre on electronic postal and financial services, as illustrated in the table below:

Table 1.5 (continued):
Development of postal e-services
in the 94 respondent countries

Africa

Code	101	102	103	104	105	106	107	108	109	110	111	112	113	114	115	116	117	118	119	120	121
	Public internet access point in post offices	Web information of services and tariffs	Postal electronic mailbox	Online direct mail	Postal registered electronic mail	Electronic stamp	Customized electronic mail	Electronic postal stamps	Electronic postal certification mark	E-cards	Online bureau	Hybrid mail (electronic to physical)	Hybrid mail (physical to electronic)	Postal package	Post office location routing	Address validation	Address change online	Holding of mail delivery	Track and trace	Electronic notification to Post of letter needing to be collected	
Angola	●																				
Botswana	●	●	●										●	●						●	●
Burkina Faso	●	●																		●	●
Cameroon			●														●				
Chad	●																			●	●
Gambia	●	●	●																	●	●
Ghana																					
Guinea																					
Kenya		●												●		●				●	
Madagascar	●	●																		●	●
Malawi	●																			●	
Mali	●																			●	
Mauritius	●	●							●		●		●		●					●	
Mozambique	●												●	●						●	●
Namibia		●											●								
Nigeria	●														●					●	
Rwanda	●	●														●				●	
Sao Tomé and Príncipe																					
South Africa		●				●	●	●				●		●	●	●	●			●	●
Tanzania (United Rep.)	●	●	●																	●	●
Zimbabwe	●	●															●			●	

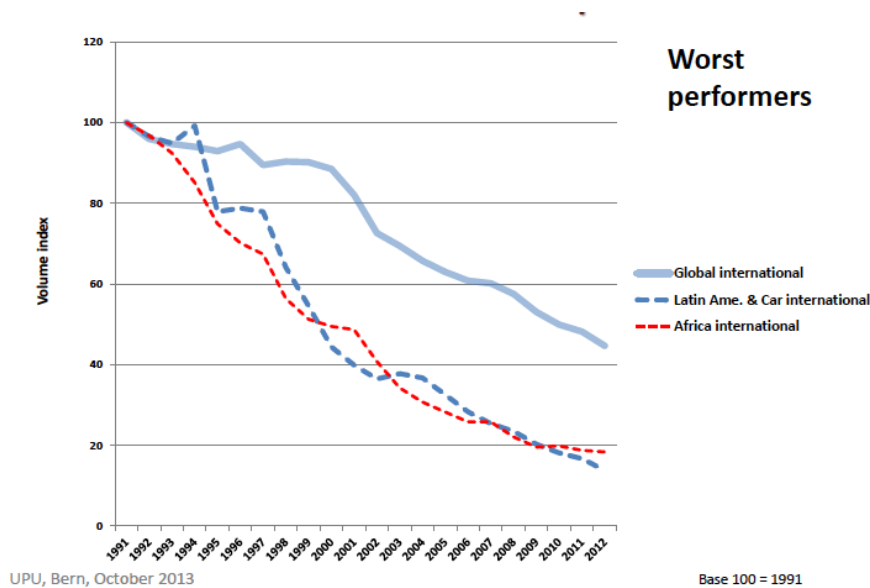


IV.3. Market Growth

3.1. Letters Traffic

18. According to a UPU study, in several countries in the region, structural constraints, like forcing the addressee to collect his mail at the post office and making him to pay for the service have been an obstacle to the development of postal volumes, particularly concerning the letter post.

19. The drop in international mail volume is continuous and Africa is the continent where performances are the worst, as illustrated in the figure below.



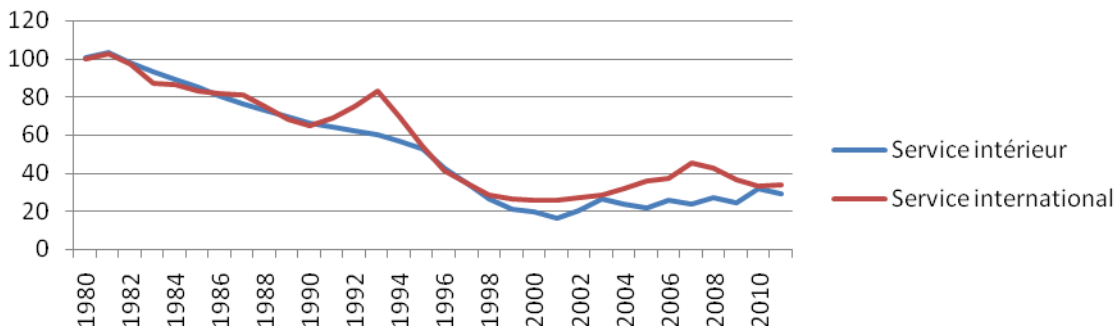
(Source: UPU, Bern, October, 2013)

20. Questioned on such bad performances, countries give the following factors as causes of the decrease:

- Strong competitiveness of private postal operators
- Evolution of communication technologies with Public Posts unable to adapt and follow
- Insufficiency of investments in the area of mail transport and bad quality of service

3.2. Postal Parcel Traffic

21. The postal parcel traffic is relatively low in Africa, representing only 0.1% of the world total domestic mail and 0.7% of the world total international mail. After a growth period from 2007 to 2010, the domestic mail traffic reduced between 2010 and 2011, while the world traffic increased during the same period. On the contrary, the international mail traffic reduced between 2007 and 2010 and increased between 2010 and 2011. Challenges, however, remain numerous: customs and storage procedures in terminal are cumbersome.



Domestic Mail



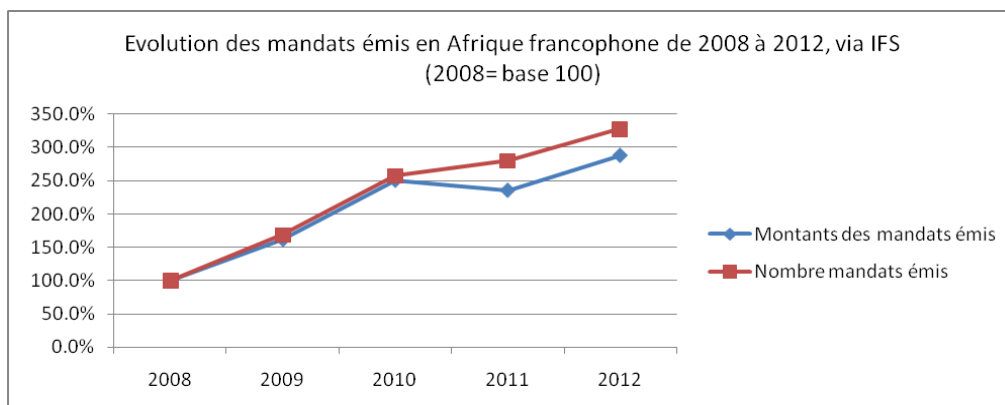
International Mail



Source: 2011 Postal Services Statistics (UPU, Bern, September, 2012).

3.3. Financial Services

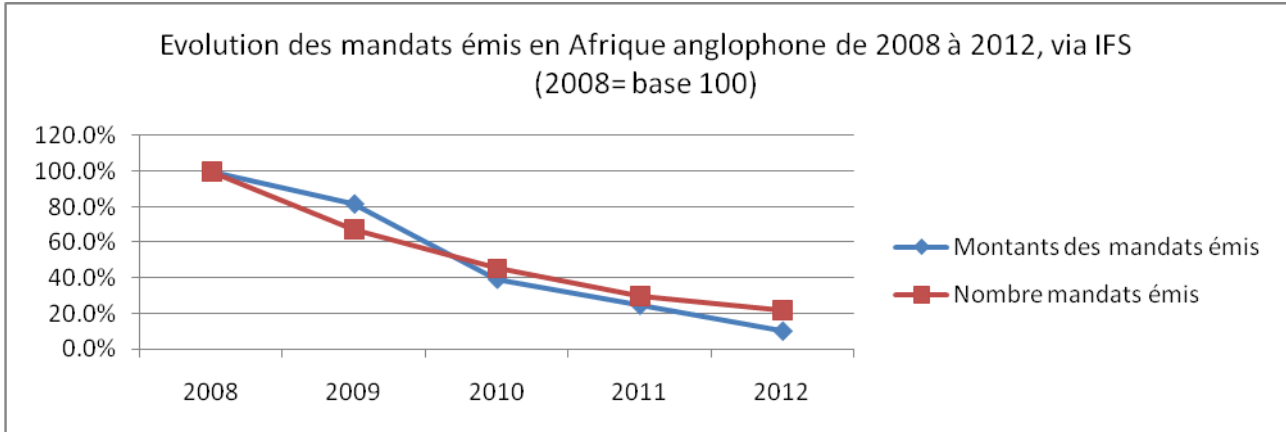
22. Financial services are areas where African Posts invested the most for the development of new technologies. Efforts made towards achieving electronic postal payment services via UPU IFS led to the increase of the traffic, though the situation is not the same for all sub regions as seen in the diagrams below:



Evolution of money orders in African French speaking countries from 2008 to 2012 via IFS



-  Amount of money orders issued
-  Number of money orders issued

Evolution of money orders issued in African English speaking countries from 2008 to 2012 via IFS (figures provided by PTC)



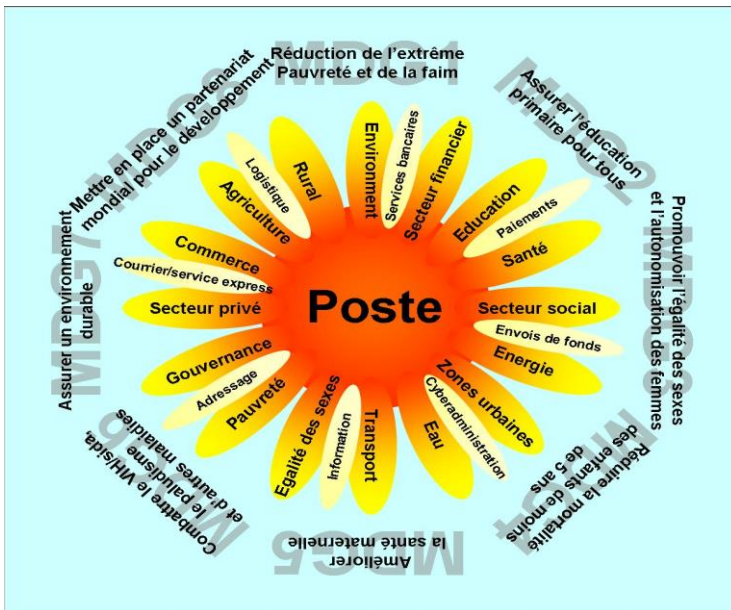
-  Amount of money orders issued
-  Number of money orders issued

23. The market of person-to-person transfers is dominated by big companies specialized in money transfer. The rest of the official transfer market is shared between commercial banks, post offices, bureaux de change, savings and credit unions. The African Union Commission, in a report on postal financial services in Africa reflected on the importance of the postal sector and its fundamental role in the current provision of financial services to the disadvantaged segment of the African population, namely rural population. The size of the postal network, new products and price ranges adopted for postal financial services, according to that reflection, are likely to have a direct effect on market prices on its whole. The use of postal networks is an extremely efficient tool to foster financial inclusion and influence the overall market.

24. Despite its favourable position due to its presence in the rural areas, the Post is not yet playing an important role in the area of banking services to African populations. Indeed, the percentage of the active population with a postal account is less than 3%. Only 5 countries out of the 11 which completed the PAPU questionnaire have created a postal bank.

4. Greater Sensitization on the Role of the Postal Sector

25. Postal services have always been a driver and important vector of the economy. Indeed, the Post is a wide communication network, probably the first, though we must acknowledge that its development has been slow in many countries.



26. Posts also have a role to play in the achievement of the Millennium Development Goals (MDGs). They contribute to the provision of services in all other sectors: distribution of drugs, bills as well as payment of water and electricity bills, for example. They can also contribute to urban development thanks to addressing systems, as well as to rural development and poverty reduction thanks to money transfer services. The figure opposite shows how the posts are at the heart of achieving the MDGs.

27. Thus, African postal services built their capacities in the following main areas:

- Provision of universal postal services
- Capacity building as a contribution to the development of financial and digital inclusion

The following actions were taken:

- Definition of the universal postal service in the framework of postal legislation and putting in place mechanisms for its funding
- Development and strengthening of the post office network
- Introduction of postal addressing system for providing every citizen with an address
- Contribution to the development of passenger transport throughout the country with the introduction of postal buses
- Capacity building of the staff, namely in the area of sustainable development

5. *Postal Regulation*

28. Most Designated Operators in Sub-Saharan Africa are under the supervision of the Government. Some Operators are still operating as administrations, but they are very few. Many among them are public companies or public limited companies. None of them have been privatized. However, the general tendency is the liberalisation of the postal market, with some Operators which have monopoly, though it is more theoretical in most cases, and that the limits of that monopoly are being reviewed in the framework of the reform process.

29. The universal postal service was defined in all the countries which completed the questionnaire. It was often expanded to small packets, and at times to postal money order services. In some cases, reserved services are confused with services of the universal postal service.

30. The postal sector reform was carried out in most African countries. However in the process, the creation of postal regulation organs seems to be considered more as an objective rather than a means to contribute to market development. Regulatory organs put in place are autonomous as far as operations are concerned, vis-à-vis operators and the supervisory authority. The postal regulation is often included in a multi sector organ (at least posts and telecommunications).

6. *Enhancing PAPU ability to appropriately meet the changing market requirements*

31. The main issues and challenges African Posts had to face are numerous and cover all spheres of its activity. PAPU put every effort, in collaboration with UPU, to meet member states needs. In that light, some projects have been defined and are being implemented in the following areas:

6.1. Quality Service Improvement For Domestic and International Mail: a project was conceived and aims at improving the general quality of postal services and the efficiency of the supply chain within the 44 member states of Africa sub-region. Countries will be grouped in five sub-regions (West Africa French speaking and Portuguese speaking countries, Central Africa French speaking countries, West Africa English speaking countries, East Africa English speaking countries and SAPOA countries). From the results on quality of service in these countries from experts work (master expert, Sub-regional Project Managers, National Project Managers) under the supervision of DOT, action plans will be drafted and implemented. PIP and QSF projects will be oriented towards the implementation of drafted action plans (purchase of equipment, training, and consultancy missions). Five regional workshops and interventions at the national level have been programmed. The workshops will deal with several aspects related to quality of service, supply chain for all products (letter posts, parcels, EMS, etc.) and training (transport, security, customs, addressing, etc.).

6.2. Stimulating Designated Operators growth through the development of postal parcels, small packets and EMS thanks to e-commerce: this project aims at developing parcels and small packets through e-commerce. It includes the three following phases:

- Draft guidelines on e-commerce to enable Designated Operators to have a good understanding of the issue and develop necessary tools for its implementation in terms of organisation and operation
- Implement a pilot project with countries complying with a certain number of requirements; results will be extended in other countries
- Human resources capacity building through training and assistance missions in the field

6.3. Development of Postal Financial Services: the project aims at organising workshops on postal financial services in order to expand exchange corridors and increase exchange volume through IFS and fostering the development of new services (bill and pension payment, payments via mobile phone, etc.). Countries will be assisted and encouraged in the implementation of a centralized automatic compensation.

6.4. Sustainable Development: this project aims at exchanging best practices on sustainable development issues for African Posts and innovative solutions, and showing how sustainable development can be a lever of performance and innovation. It also aims at making a rough inventory and searching for funding opportunities for postal projects in Africa related to sustainable development.

6.5. Postal Reform and Postal Sector Regulation: this project aims at enabling regulators and countries which still don't have a sector policy to better define and implement a good sector regulation. Workshops will be organized, as well as coaching and support missions in the drafting and follow-up of IPDP.

6.6. Postal Infrastructure Development (electrification and connectivity): it aims at drafting a bankable project on the electrification and connectivity of post offices in Africa, likely to be submitted to donors. Electrified and connected post offices will thus be able to offer new services to populations, in addition to the usual postal products, in order to ensure their inclusion in various areas (financial, social, economic, etc.). Three consultants were recruited and 10 pilot countries selected (Burkina Faso,

Burundi, Ghana, Guinea, Kenya, Madagascar, Nigeria, Uganda, South Sudan and Chad). National Project Managers for each of the selected countries were chosen and trained by consultants on data collection methodology. Consultants visited the pilot countries as well as two SAPOA countries (South Africa and Malawi) and drafted a document project to be used for funding research. A donors' conference will be organized in collaboration with UPU.

V. Draft Priorities for 2017-2020 Cycle?

32. Questioned on the issue, several countries which completed the questionnaire identified the following as priorities for the Istanbul cycle:

- Postal reform: given the arrival of new stakeholders in the postal sector, it is necessary to define a postal reform and modernization strategy that takes into account, in a greater manner, the various stakeholders of the sector.
- Quality service improvement: it is necessary to work in the field in order to improve the quality of service by applying principles related to the reduction of the digital gap, the assessment of quality results, the business approach based on results and the putting in place of organisation structures for quality of service management.
- Densification and modernisation of postal infrastructure. Development of e-commerce and increased use of new technologies to offer quality postal services: ICTs have significantly changed social and business communications and led to a serious decline of traditional mail (UPU). African Postal Operators will have to diversify their activities and propose new electronic services to their customers. They will consequently have to build an infrastructure capable of supporting the offer of innovative services.
- Strengthen postal services security to ensure postal integrity and facilitate customs clearance process for postal items: the security and safety of the postal sector as steps of the overall supply chain, are essential to international commerce and communications. Postal Operators will have to implement standards acceptable at international level and likely to facilitate the relations with their partners (operators and carriers).
- Accelerate the implementation of postal addressing and codes: addresses play a fundamental role to facilitate the application of important decisions, such as governance (legal identity), urban development (basic services), economy (taxes collection) and risks management related to natural disasters (emergency services). African countries should build an addressing infrastructure. In order to achieve that, they have to develop a strategy to overcome a certain number of challenges, namely the long term commitment of governing organs, subsequent know-how and funding.

VI. Conclusion

33. This report was drafted on the basis of data collected from the Universal Postal Union and questionnaire responses from PAPU member states. Twenty four countries completed the questionnaire.