



**‘WHERE TO WITH AFRICAN POSTS, IS THERE LIGHT AT THE
END OF THE TUNNEL TO ACHIEVE PROFITABILITY?’**

**A PRESENTATION TO
THE 2ND EACO POST AND LOGISTICAS FORUM
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MOMBASA KENYA**

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OUTLINE

- ❖ **THE POSTAL SECTOR' S ROLE IN SOCIETY**
- ❖ **THE AFRICAN POST: WHERE IT IS FROM?**
- ❖ **POSTAL SECTOR DYNAMICS AND TRENDS**
- ❖ **THE AFRICA POST IN TRANSITION**
- ❖ **ROLE OF POSTAL SERVICES IN AFRICA**
- ❖ **EXPERT VIEWS ON THE SECTOR**
- ❖ **THERE IS LIGHT IN THE TUNNEL FOR THE AFRICAN POST: OPPORTUNITIES**
- ❖ **Getting the Post Ready**
- ❖ **DIGITALISATION CHALLENGES FOR THE POST IN AFRICA**
- ❖ **CONCLUSION AND WAY FORWARD**



THE POSTAL SECTOR' S ROLE IN SOCIETY

Postal Sector Scope and Definition

- ❖ A platform that connects people through exchanges and flows of information, money and goods;
- ❖ An instrument of economic and social development
- ❖ An interactive channel of communication between government and society;
 - ❖ Universality and uniformity of services
 - ❖ International linkages and global character
 - ❖ Provision of basic communication services (postal) by Designated Operators on behalf of the Government.



THE AFRICAN POST: WHERE IT IS FROM?

Where The Post is Coming From?

- **Traditional Nature of the Post** : Technology shy; Manual processes
- **Monopoly situation**: Inefficient operations; Limited number of services
- **Performance**: Perennial loss-making or just breaking even



= change in business model



THE POST AS PART OF A WIDER COMMUNICATIONS MARKET



The traditional Post had to evolve to remain relevant and survive in a fast-changing market



POSTAL SECTOR DYNAMICS AND TRENDS

1. Changing customer needs;
 - ❖ Global access to supply of goods
 - ❖ On-line shopping
2. Globalization of postal markets:
 - ❖ No geographic boundaries for buyers and suppliers.
3. Increased competition;
 - ❖ Distribution services – local and international players
 - ❖ Financial services- banks, Money transfer agents, Mobile money operators

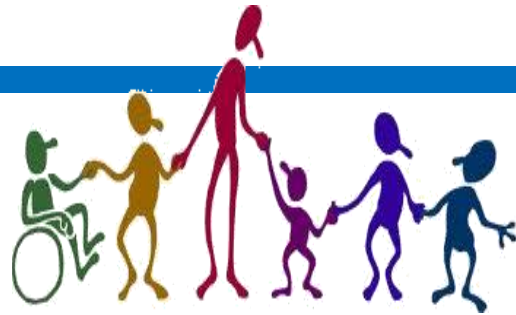


POSTAL SECTOR DYNAMICS AND TRENDS ... Continued.

4. Deregulation and commercialization;
 - ❖ Opening up of the sector to other players
 - ❖ Transformation of DOs to commercial corporate entities
5. Emergence of Regulatory environment;
 - ❖ Licensing and enforcement
 - ❖ Quality and performance standards
6. ICT Revolution and the digital convergence of services due to the rapid growth in technological developments;



THE AFRICA POST IN TRANSITION



**Extend Relevant
Public Services to
under-served
communities**



**Be a strong player in
the e-Commerce
Framework**



**Support Financial
Inclusion**



**Facilitate trade: grow
volume of Parcels and
Small Packets**



Encourage the addition of rural
users to social network

**Support Social
Network**



ROLE OF POSTAL SERVICES IN AFRICA

- i) **Logistics and distribution** of mail, goods, financial services.
- ii) **A developmental institution:** utilised to roll out Government programs and projects as well as bridge the digital divide.
- iii) **E-Government:** provision of Government services through the digital channels e.g. national documents like passports, birth certificates, various licences.
- iv) **Financial Inclusion** – In some cases Post Offices are the sole outlets providing access to cash, remittances and banking services in the community.



ROLE OF THE POST IN AFRICA

- i) **Trade Facilitation:** promoting cross-border trade and provision of E-commerce to support MSMEs that lack access to global markets.
- ii) **Essential services provider** e.g. delivery of medicines, personal Protection Equipment (PPEs), Vaccines, food hampers, financial remittances etc during COVID 19 induced National Lockdown periods.
- iii) **Contribution to Regional and Global integration** by playing a leading logistics role in the African Union's African Continental Free Trade Area (AfCFTA)
- iv) **Linking** with the African citizens and their loved ones in the Diaspora.



AFRICA POSTS IN TRANSITION

Digital Strategy Architecture

Digital Strategy Architecture							
TRADITIONAL POST: DIGITAL TRANSFORMATION And DIVERSIFICATION		Mail Freight & Logistics	EMS	E-commerce	Agency & Govt Business	Post Finance	Retail Services
Innovation	Migrating Current Services	✓	✓	✓	✓	✓	✓
	Value Added Services	✓	✓	✓	✓	✓	✓
	New Digital Services	✓	✓	✓	✓	✓	✓
		For a Single Postal Territory in Africa					
							Digitalized POST: Green Post Office 3- Dimensional Network
							Physical (Delivery Logistics)
							Electronic (E-services)
							Financial (Post finance)



EXPERT VIEWS ON THE SECTOR

1. A seamless supply chain, with the logistics infrastructure blended with current technology, will be the key success factor for the postal industry in the future’
- Padmagandha Mishra, APPU.
2. Digital transformation and enabling new services are the key for posts if they want to survive and compete’
- Suahir Wraikat; Jodarn Post.
3. ‘Postal Operations can lead the next generation of transformation by adopting integrated digital solutions’ ;
- Santosh Gopal; Ship2myID.



VIEWS FROM SECTOR EXPERTS ..Continued

4. 'New business models and processes can make postal and logistics operations more sustainable' ;
 - ***Bernhard Bukovc; Postal Innovation Platform.***
5. 'Communication and linkages between citizens, government and business are key to a sustainable smart city';
 - ***John Trimble; Tshwane University of Technology.***
6. Africa has not fully delivered on its ambitions, and remittances can be the game changer.
 - **Cristina Duarte; U N Under-Secretary-General & Special Adviser on Africa**



THERE IS LIGHT IN THE TUNNEL FOR THE AFRICAN POST: OPPORTUNITIES

- ✓ **Total Population** =1.4 billion; Provides a huge market
- ✓ **Total network** = 25 000 Post Office outlets; Strongest Market presence
- ✓ **Employees** = 59,100 staff
- ✓ **Population distribution;**
 - Urban vs Rural Areas (About 50% reside in Urban areas, in 31 countries below 50% are in urban centres)
 - North Africa - 48% Urban: 52% in rural areas. (ADB)
 - Sub-Sahara - 32 % Urban: 68% in rural areas
- ✓ **Connectivity - under sea optic-fibre cable networks through;**
 - ❖ SEACOM; EASSy cables in the Indian Ocean; WACS cable in the Atlantic Ocean;



OPPORTUNITIES FOR THE POST IN AFRICA: FINANCIAL INCLUSION

1. FINANCIAL INCLUSION

Developments in mobile, internet and new processes in financial sector provide a launching pad for the information society that cuts across organisations and sector specific services.

Diaspora remittances: \$53 Billion to Sub-Saharan Africa in 2022

- Global average remittance transaction costs are too high at 6.25%, Q1, 2023, yet the SDG target is 3%.
- Sub-Saharan Africa cost is 8.35 % and is the highest average remittance transfer cost (World Bank, 2023).
- International remittances can be maximized through
 - ▣ enabling policies;
 - ▣ market innovations in remittance services.

Source: GFRID Report 2023



OPPORTUNITIES FOR THE POST IN AFRICA: FINANCIAL INCLUSION

Remittances: Currently, one billion people, or one out of eight people in the world, are directly involved in either sending or receiving remittances and more than half of these flows reach rural areas where they count the most. (World Bank)

- Expand and strengthen remittance data collection
- Promote harmonized regulatory frameworks proportionate to the effective risks of remittances
- Open instant payment systems to a wide variety of providers and accelerate interoperability.
- Enhance access to digital remittances and bundled financial services
- Promote financial education and digital literacy
- Strengthen partnerships; **Public–private–civil society partnerships are essential to improve the global remittance market**



OPPORTUNITIES FOR THE POST IN AFRICA: E-COMMERCE

2. ECOMMERCE

- ✓ **Projections For Coming 2 Years : \$5 Trillion** to be generated by 2025
- ✓ **What Needs to be Done?**
 - ▣ Operational Readiness
 - ▣ Technical Readiness
 - ▣ Financial Payments Readiness
- ✓ **Where the Posts in Africa Are: Source PAPU Survey**
 - ▣ Availabbility of an e-commerce platform 35% Yes: 38 in Progress:27 Not at all
 - ▣ Is structure aligned to E-Commerce: 23% Yes; 54% in progress, 23% Not at all.
 - ▣ E-Government Serevices;38% Yes, 38% WIP38,
 - ▣ Mobile money issuerer 27% 31%,WIP 42% No
 - ▣ Facilitating and promoting MSMEs



OPPORTUNITIES FOR THE POST IN AFRICA: E-COMMERCE

2. TRADE FACILITATION: Levelling the playing field

- 'Africa's digital trade market is in its infancy, yet there are a number of bright spots and growth is more rapid than in other regions.'
 - ▣ Strategic direction has emerged in the vision of the AU Digital Transformation Strategy 2020–30,
 - ▣ sub- regional policies e.g. COMESA Digital Free Trade Area,
 - ▣ National initiatives e.g Nigeria Start-up Bill.

- AfCFTA is a flagship Project for the African Union
 - ▣ Create a single market for goods, services. (1.3 billion people)
 - ▣ Transformative priorities:
 - trade facilitation measures to support digital trade in goods,
 - measures to harmonise data governance across African countries,
 - and e-commerce .

Source: The AfCFTA 2022



OPPORTUNITIES FOR THE POST IN AFRICA: E-GOVERNMENT

E-GOVERNMENT

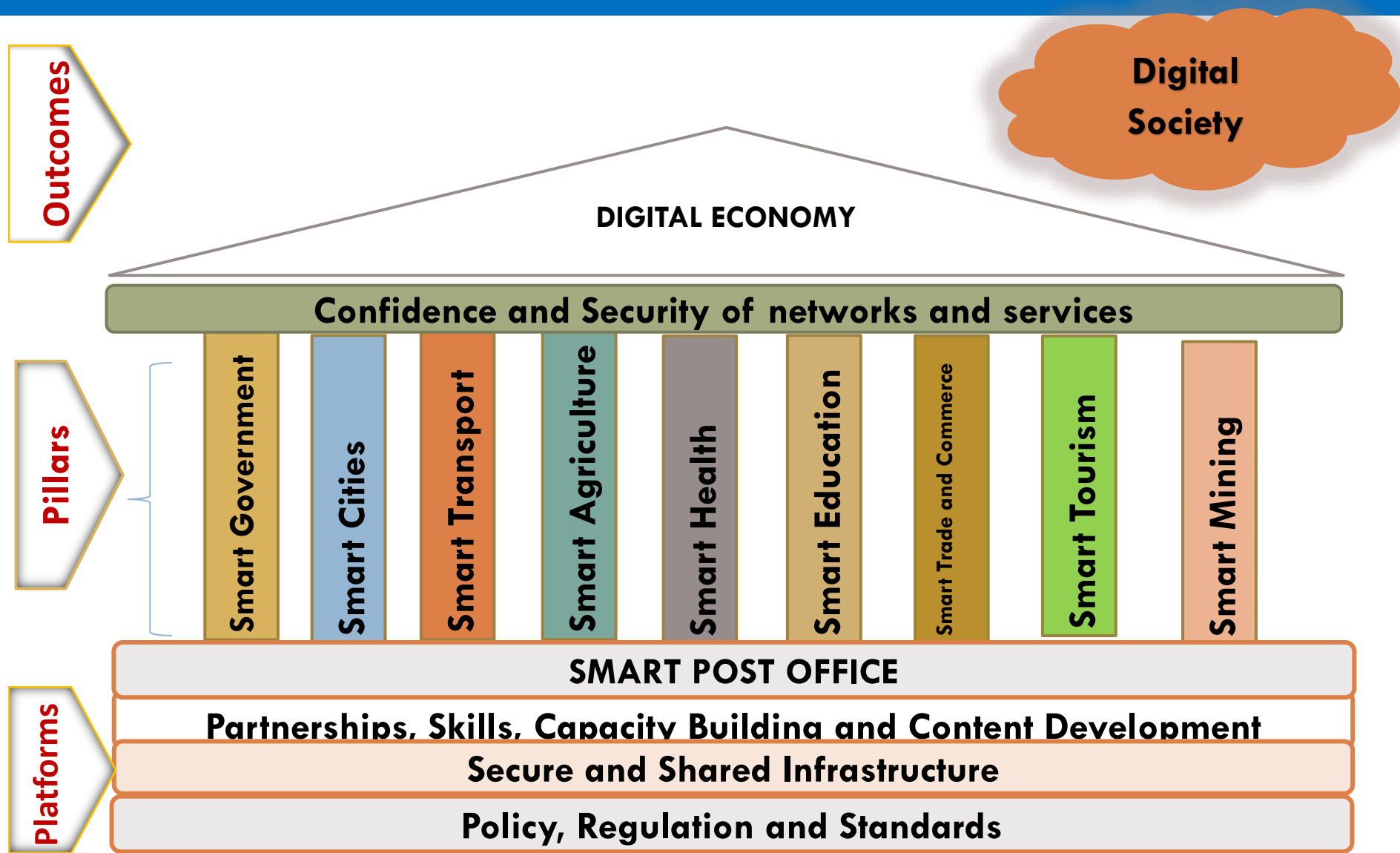
- ✓ **Digital Economies are emerging creating opportunities for the Post**
 - ☐ Ministries of Digital Economies

- ✓ **Where the Posts in Africa Are: Source PAPU Survey**
 - ☐ E-Government Services; 38% Yes, 38% : 24% Not at all.

- ✓ **Digital Economies: Specific Sector Integrated Pillars which are Smart Solutions:**
 - Smart Government; Smart Cities; Smart Agriculture; Smart Education; Smart Transport; Smart Health; Smart Tourism, and Smart Mining, among others.



SMART ECONOMY: Smart Post Office

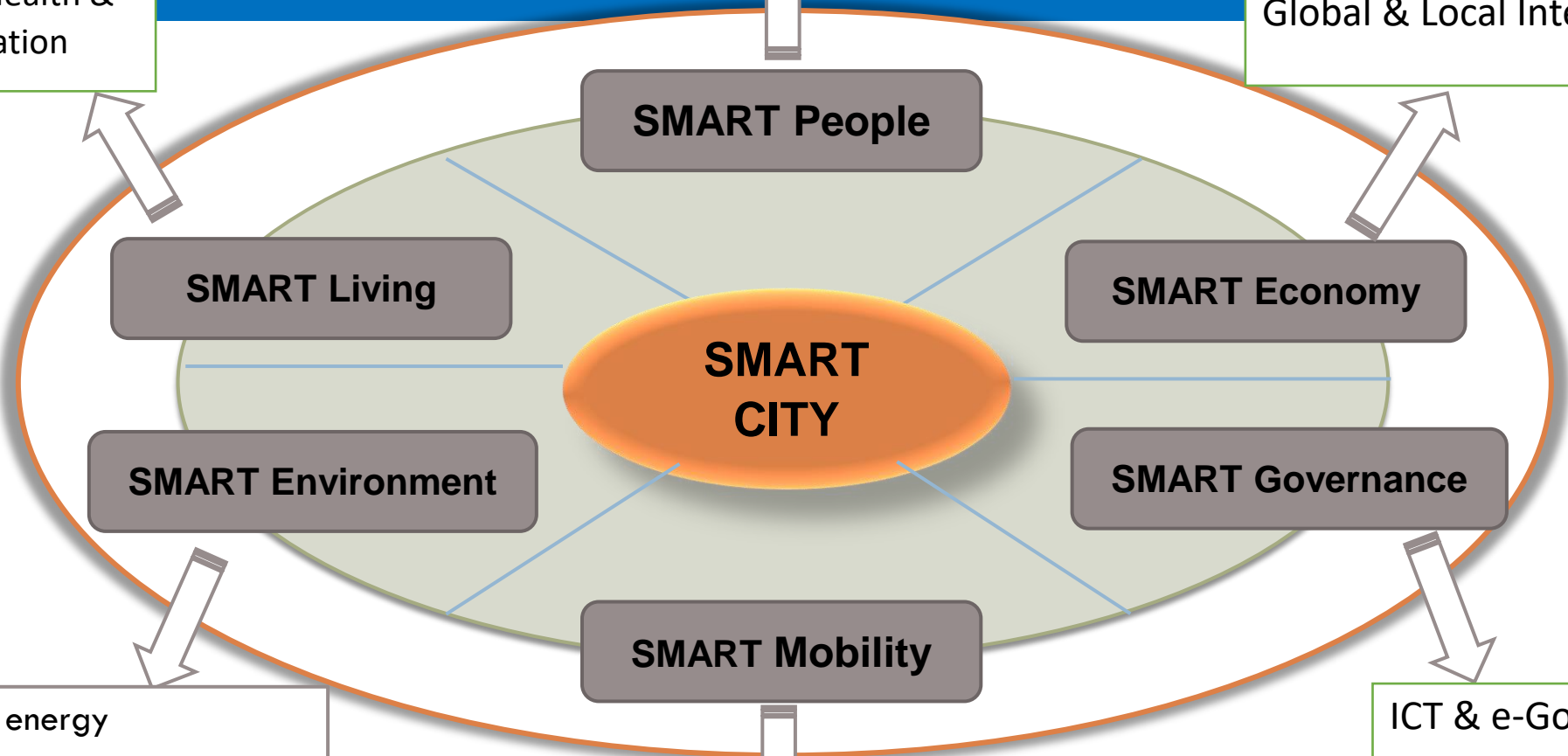




Safety, Health & Recreation

Digital Society
SMART Education
Embrace Creativity

Entrepreneurship & Innovation
Productivity
Global & Local Interconnectedness



Renewable energy
Water Management
Waste Management
Green buildings
Disaster Risk Mitigation

SMART Transport
Integrated ICT, Security & Surveillance

ICT & e-Governance
Transparency & Open Data



GETTING THE POST READY

POSTAL REFORMS

1. Improve the functioning of the Postal Sector through the liberalization of the sector; Reforms: statutory, legal, regulatory, enterprise and institutional reforms
2. Strengthen the regulatory role of government by limiting its involvement in operations of DO Create environment for regulated entry of Private operators;
3. Promote new service development and encourage growth and development of the sector; New products and services, technology based services (digitalisation)
4. Private Postal Sector participation;
5. Consumer and user protection; Tariff regulation; Quality standards
6. Find the right balance between universal coverage and competition:
 - a. Definition of Universal Services scope
 - b. Funding mechanisms- ensure self-sustaining universal postal service



Getting the Post Ready

1. Designated Operator Restructuring, Reform and Modernization

- ❖ Digitalization of the Post; The digitization of the Post positions the sector to play a pivotal role in digital economies.
- ❖ Viability & Competitiveness challenge...

2. Creation of Necessary Conditions:-

- ❖ Necessary infrastructure, hardware, and software:
- ❖ Investment in digital systems, tools and solutions that facilitate access to electronic and digital services in operations, business, and financial services.
- ❖ Electrification & Connectivity

3. Flexible and Secure Infrastructure.

- ❖ Trust remains a primary concern in the digital space. The Post must be able to ensure customers' privacy and security in various ways.



Getting the Post Ready....

4. Data mastery. The Post should use data to facilitate customer engagement, product development, income growth, and logistics.

5. Digital-savvy employees. The Post employees must have adaptable attitude, ready to learn, retrain, and retool in line with the demands of the business environment.

6. Ecosystem engagement. Industries are now more interconnected hence the need to offer a comprehensive experience for clients.

7. Intelligent workflows. In line with the constant pivoting and mindset to improve, the workflow should always be kept at the most efficient pace through appropriate technology deployment.

8. Application of Appropriate Technology

- Appropriate technology required to deliver value to customers and gather data for necessary business decisions.



Getting the Post Ready....Continued

9. Streamline Operations

Posts to employ technology and the right software programs to eliminate human error, save time, cost, and overall effort;

- ❖ Automation of processes,
- ❖ Digital workforce planning
- ❖ Route and network optimization
- ❖ Customer micro-segmentation



Getting the Post Ready....Continued

9. Technology worth investing in:

- ❖ Big Data and Analytics
- ❖ Artificial intelligence, like chatbots, and machine learning
- ❖ System and data architecture
- ❖ Crowd-sourced last-mile delivery
- ❖ Physical technology, such as drones, robotics, and self-service kiosks
- ❖ Internet of Postal Things (IPOT)
- ❖ Block Chain technology – the technology of cryptocurrencies and internet of value.
- ❖ Crypto Currencies and their workhorses (the bit coin)
- ❖ Twitter-Crypto or Tweet Coin



DIGITALISATION CHALLENGES FOR THE POST IN AFRICA

- Inadequate communications infrastructure
- Inadequate Electricity and road networks
- Affordability of smart devices and other ICT products
- Inadequate ICT skills
- Low digital literacy level
- Inadequate investment capital
- Limited local ICT innovation, R&D and entrepreneurship
- Interoperability challenges



CONCLUSION AND WAY FORWARD

The operations and sustainability of the Post in Africa has bright prospects. Measures are required at the national level as well as organizational level to tap into the abundant opportunities and allow Post offices to operate profitably

- ❖ **Postal Reforms are necessary for the Postal sector to be vibrant**
 - ❖ These reforms must be comprehensive to cover statutory, legal, regulatory, enterprise and institutional reforms;
 - ❖ Addressing the Universal Services Funding issue.
- ❖ **Reform and Modernisation of the Designated Operator**
 - ❖ Provision for adoption of new technologies in provision of services
 - ❖ Adoption of business mindset
 - ❖ Partnerships with the Private Sector and solution providers
 - ❖ Customer-centric measures and approaches need to be adopted.
- ❖ **Recapitalization of the Post by Shareholders**
 - ❖ Partial Privatization options
 - ❖ PPP



THANK YOU FOR YOUR ATTENTION

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