

POSTAL NETWORKS

Promoting socio-economic development and
contributing to the achievement of the UN Sustainable
Development Goals in the Latin America region

REGIONAL DEVELOPMENT PLAN 2022-2025

Development and Cooperation Directorate
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Foreword

In view of technological developments and the globalization of trade, the activities and characteristics of the postal sector have changed radically, as have the expectations of society and businesses with regard to postal services. Today, the role of the Universal Postal Union in facilitating communication between the inhabitants of the world is more relevant than ever. Governments must provide the necessary enabling environment and ensure that universal postal services are maintained, while postal operators around the world must adapt to the new environment and meet the evolving demands of society and the market through structural reforms, innovative services and constant modernization.

The advent of the COVID-19 pandemic shattered all global economic prospects. Although governments, businesses and citizens have adapted to the new reality, most macroeconomic aggregates have collapsed to unprecedented levels. In this situation, and in order to bridge the considerable postal development gaps across the globe, postal networks need investment in infrastructure, along with the provision of the necessary resources to support economic and social development in the post-pandemic context. The purpose of this document is to show government authorities and development partners (international organizations, development agencies, UN system institutions, and so on) how postal networks can serve as catalysts for development.

The document comprises four chapters. The first chapter looks at the global postal sector and highlights its importance as economic infrastructure. The second chapter presents the situation of the postal sector in the Latin America region. The third chapter assesses the UPU's 2017–2020 regional development plan for the Latin America region, and the final chapter briefly describes some of the key areas that the UPU intends to support in the region during the 2022–2025 cycle.

As the UN specialized agency in charge of postal services, the UPU began working with regional partners in 2019 to identify the priorities for its development cooperation activities and initiatives for the 2022–2025 cycle. These consultations fed into Postal Vision 2030, which is the UPU's global roadmap for the sector, inspiring the different categories of stakeholders to act in their respective fields of competence. This regional development plan is thus the result of an inclusive regional dialogue between the UPU and all stakeholders.

Despite the present challenges, opportunities abound thanks to the unprecedented e-commerce boom worldwide, which is opening up growth prospects for all market participants. By leveraging their unmatched existing networks and trusted reputation, designated postal operators are in a unique position to benefit from the tremendous growth in international postal exchanges and also serve as natural partners for governments to deliver their public policy objectives.

In this context, all partners are encouraged to work closely with the UPU and its 192 member countries to increase the impact of their socio-economic development efforts and contribute towards the achievement of the UN Sustainable Development Goals.



Masahiko Metoki

Director General of the International Bureau of the UPU

CHAPTER 1

KEY DEVELOPMENTS IN THE POSTAL SECTOR

KEY DEVELOPMENTS IN THE POSTAL SECTOR

Global macroeconomic trends

Two years into the COVID-19 pandemic, the world economy stands reshaped. As the crisis enters its third year, the diagnosis is incontestable: in addition to its adverse impact on health and the tragic death toll, the crisis has had devastating socio-economic consequences. Although governments, businesses and citizens have adapted to the new reality, most macroeconomic aggregates collapsed to unprecedented levels before embarking on a fragile recovery. According to the estimates published by the World Bank in January 2022, global growth contracted by 3.4% in 2020 and rebounded 5.5% in 2021. The forecasts for 2022 (4.1%) are encouraging, although the aftermath of the crisis is full of uncertainties. Global trade volumes followed a similar path, with an overall decrease of 8.2% recorded in 2020. Trade jumped back to 9.5% growth in 2021 and is expected to stabilize in 2022 (5.8%).¹ The encouraging results in terms of output, exports and imports are in stark contrast to debt increases, central banks' deteriorating balance sheets and rampant inflation.

On the one hand, as the pandemic reaches the endemic stage, governments around the world have started easing their public health policies. On the other hand, economic stimulus packages, tax breaks and facilitated credit lines are also being lifted. The postal sector is being affected by these events as well. Today, postal operators need to perform a difficult balancing act: they must adapt their operations to the new economic framework while, simultaneously, continuing their long-term business transformation in line with secular trends in consumption habits.

Long-term trends of key postal aggregates

The COVID-19 pandemic has accelerated long-term trends in the postal sector. As shown in the UPU's Postal Economic Outlook 2021, the year 2020 was characterized by a record drop of domestic letter post (-13.6%) and a record increase of domestic parcel post (17.7%). In the long run, these aggregates are expected to revert to their pre-crisis trends. Thus, domestic letter post is projected to follow its five-year trend of -4.6% per year. Domestic parcel post volumes will continue to rise in line with the five-year trend of 15.2% per year. This global trend is perceptible in all regions, following increases in domestic parcel volumes across the board during the last decade.

The performance of international mail has been more intricate. The disruption to air transport routes, coupled with labour shortages, has had a broad impact on the delivery of postal items, revealing the extent to which the postal and aviation sectors are interconnected. During 2020, 137 countries submitted UPU Emergency Information System (EmlS) messages announcing disruption to their operations, air transport issues, and problems relating to the availability of the labour force. Although the international postal supply chain has proved resilient during the crisis, volumes of cross-border mail have decreased. Owing to these difficulties, overall mail tonnage dropped by 20% in 2020 and took yet another dip (-10%) in 2021. It remains to be seen whether this change will endure in the post-pandemic era, or whether international traffic will revert to 2019 levels.

In 2020, the revenue from parcels and logistics accounted (on average) – for the first time ever – for more than 30% of postal operators' overall revenue. In the meantime, the proportion of revenue from letter post has continued to decline, down to 32.7% in 2020. Despite the crisis, postal operators' nominal revenue surprisingly soared to 291 billion SDR in 2020. While this result suggests significant progression in the revenue of postal operators worldwide, the increase originates largely from developed countries. In particular, 14 countries (out of 205 territories taken into account) currently represent 90% of the total operating revenue of designated operators (DOs). This corroborates the notion of significant gaps in postal development, as highlighted in previous UPU studies.²

¹ Source: World Bank, Global Economic Prospects (January 2022)

² See UPU Postal Development Report 2021

Costs also spiked in 2020. The pandemic has been taxing, and postal operators have faced numerous challenges, including labour shortages and the associated cost of hiring temporary staff, the disinfection of mail items and post offices, the mass purchase of protective equipment for workers, and the need to operate back offices during lockdowns. In 2020, operating expenditure rose to unprecedented levels (up 7.9% compared with 2019). While the geographical distribution remains uneven, it is clear that the trend has been towards operations that are more costly, such as those required for the delivery of parcels.

Postal sector contribution to the achievement of the Sustainable Development Goals and role of the UPU

In spite of the challenges mentioned, the postal sector remains a powerful infrastructure. The combined network of 618,000 post offices and 5.1 million employees constitutes a unique asset for DOs worldwide. The sector is thus a natural partner for governments in their path towards the achievement of the UN Sustainable Development Goals (SDGs).

The UN SDGs have become a core driver for targeted action within the UN system. Approved in January 2016, the SDGs are the embodiment of the 2030 Agenda for Sustainable Development, which was adopted by world leaders in September 2015 at a historic UN summit. The 2030 Agenda for Sustainable Development is not legally binding, but governments are expected to take ownership, establish national frameworks, and follow up on and review progress made in implementing the SDGs.

As a specialized agency of the UN system, the UPU is likewise expected to support its member countries in their efforts to implement the SDGs.

Abidjan Postal Strategy and development cooperation policy 2022–2025

Mission, vision, strategic pillars and key success factors

As the global macro trends described above continue to transform the world economy and the postal sector, the UPU has drafted an ambitious roadmap for the 2021–2025 period, the “Abidjan Postal Strategy”, approved by the 27th Congress in Abidjan, Côte d'Ivoire (Rep.). This new strategy is the culmination of an extensive and inclusive process, which saw a wide array of stakeholders from over 170 member countries and territories actively take part in various rounds of data analysis, consultation, outreach, discussion and drafting.

The Abidjan Postal Strategy reaffirms the UPU's mission enshrined in its Constitution, which 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 by:

guaranteeing the free circulation of postal items over a single postal territory composed of interconnected networks;

encouraging the adoption of fair common standards and the use of technology;

ensuring cooperation and interaction among stakeholders;

promoting effective technical cooperation;

ensuring the satisfaction of customers' changing needs."

Achieving this mission in line with the SDGs requires long-term vision, in the form of the advocacy message "Postal Vision 2030", which urges all key postal sector stakeholders to take action in a number of areas. Governments are invited to reduce gaps in postal development by utilizing the postal network for socio-economic development. Regulators are encouraged to harmonize and enhance the frameworks under their responsibility. Operators are expected to boost their performance through diversification and operational improvements. Other stakeholders are encouraged to integrate further with the postal world, which will also trigger changes in the UPU's role.

In order to support Postal Vision 2030, the UPU, as a UN agency, must coordinate its action around three main strategic pillars. These pillars seek to strengthen the UPU's role as the main **forum** for postal sector development, as a **provider of affordable technical solutions**, and as the prime **knowledge centre** of the postal sector. The first pillar (forum) will be achieved through events and meetings of technical working groups, treaties and international agreements, and settlement mechanisms. The second pillar (provider of technical solutions) will revolve around consulting and capacity building, IT solutions, and standards. The third pillar (knowledge centre) will be attained through research and insights on market trends, focused analysis on various topical issues, and data storage and protection.

Ensuring success through these strategic pillars demands a greater focus on new products and services, greater financial strength through new funding models, efforts towards building a diversified and highly competent workforce, and increased regionalization.

Development cooperation policy for 2022–2025

The UPU's development cooperation activities will play a key role in delivering the Abidjan Postal Strategy. Whether it be helping governments to reduce gaps in postal development, assisting regulators in the harmonization and enhancement of frameworks, guiding postal operators in their improvement journey, or integrating other stakeholders into the sector, the international assistance provided by the UPU will be key.

In order to ensure a successful outcome across the three strategic pillars, the UPU development cooperation policy for 2022–2025 supports an increased level of regionalization of UPU activities, with greater presence in the field. Moreover, the UPU development cooperation activities will make use of postal development indicators, such as the UPU's Integrated Index for Postal Development (2IPD), in order to devise ways to boost postal reliability, reach, relevance and resilience in every region.

The UPU Development and Cooperation Directorate (DCDEV) will strengthen its presence in the field over the 2022–2025 period to ensure greater effectiveness and a higher level of interaction with regional stakeholders, reflecting the current needs of the postal sector and market.

CHAPTER 2

THE POSTAL SECTOR IN THE LATIN AMERICA REGION

■ THE POSTAL SECTOR IN THE LATIN AMERICA REGION

Three-dimensional network: physical, digital and financial

Regional postal data and network statistics

The UPU Integrated Index for Postal Development, or 2IPD, is a comparative indicator of global postal development. This composite index summarizes information about the performance of postal operators in some 170 countries. As such, the 2IPD is a unique tool for governments, regulators, designated operators and other stakeholders for analyzing the state of the postal sector at a global, regional and national level.

The Latin America region has one of the most challenging situations in terms of postal development. The average scores attained in the most recent 2IPD study signal the need for greater convergence towards the global average.

Compared with its level of economic development, the region has one of the worst relative performances worldwide, alongside the Caribbean region. In general, the DOs of Latin America underperform against their country's level of economic development, and there are also great disparities within the region in terms of postal development status. These gaps imply that the postal services of many of the countries are particularly vulnerable to external shocks, with the risk of being disproportionately hit by a major upheaval, such as the COVID-19 pandemic.

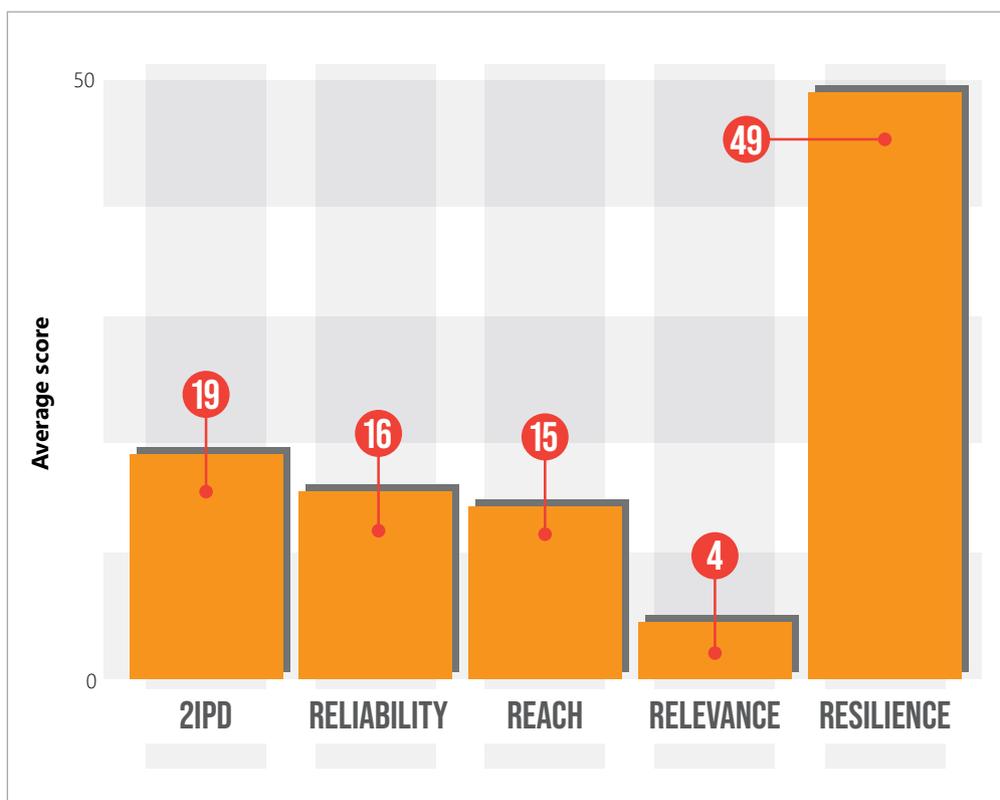
Indeed, the severe impact of the COVID-19 pandemic on logistics, international trade and tourism has seriously damaged the prospects for economic growth in the region, hampering, in turn, the performance of postal operators.

Postal operators in the region are thus facing significant challenges, as testified by the very low regional average 2IPD scores in reliability (16), reach (15) and relevance (4).³ The average resilience score (49) did, however, show evidence of better performance.

³ Owing to the collective reporting of data for the Latin America and Caribbean regions, the 2IPD scores and key postal statistics given in this section encompass both regions.

Average 2IPD scores for Latin America and the Caribbean

(UPU Postal Development Report 2021)



Source: 2021 2IPD ranking

Notes: Simple average for Latin America and the Caribbean.

Evolution of key statistical data on postal activity in the Latin America and Caribbean regions

DATA ELEMENT	2018	2019	2020	Percentage change 2018–2020
Total number of staff	178,981	169,449	169,725	-5%
Total number of permanent post offices	38,070	38,013	28,448	-25%
Operating revenue (SDR)	4,574,948,514	4,364,496,791	3,668,432,706	-20%
Number of letter-post items, domestic service	6,745,544,209	5,781,017,672	4,620,850,033	-31%
Number of letter-post items, international service – dispatch	32,097,649	25,885,881	18,614,488	-42%
Number of parcels, domestic service	132,409,772	150,847,550	171,850,737	30%
Number of parcels, international service – dispatch	335,947	418,053	2,566,890	664%

Source: UPU postal statistics

Analysis of regional postal statistics confirms the importance of the postal network, which remains relatively stable in terms of the number of full-time employees, with an average decrease of 5% in the last three years owing to outsourced services and for budget/business reasons. In contrast, over the same period, the number of permanent post offices has decreased by 25%, which is again due to outsourcing but also to the impact of COVID-19 on revenues.

Like the global postal sector, Latin America and the Caribbean have seen a significant decrease in the domestic letter-post service in recent years (-31% from 2018 to 2020). However, this drop is largely offset by a substantial increase in the domestic parcel service (+30% from 2018 to 2020). The dramatic increase in the dispatch of international parcels (+664% from 2018 to 2020) is worthy of particular mention and is attributable to the growing e-commerce market, with an increasing number of people and businesses opting for online shopping during the pandemic.

This growth in the domestic and international parcel service points to the e-commerce market as the main source of optimism for the future of the postal service in the Latin America region, on the condition that postal operators seize the opportunity and adapt to its demands.

Economic impact of the postal sector in the Latin America region

With 169,725 employees and 28,448 post offices as of 2020, the postal sector in Latin America and the Caribbean is a major employer and key provider of local public services, most often at very competitive rates.

The operating revenues of postal operators in Latin America and the Caribbean declined by 20% from 2018 to 2020. This revenue is an integral part of gross domestic product (GDP) and plays a part, albeit small, in the national economic growth and development of the countries of the region. As a result, greater revenues should be pursued.

The postal sector is an important facilitator of e-commerce, supporting a major number of small and medium-sized enterprises (SMEs) that otherwise would not have access to a logistics network or would have to pay more through other logistics networks. In Latin America, the postal sector could play a key role in trade facilitation and logistics by improving its services under the e-commerce framework.

The Latin America region receives a substantial number of remittances, with migrants using various means to send them (banking institutions, other financial organizations and informal operators). The postal sector could become a relevant player for this sector: leveraging its physical network as a financial/electronic network with better penetration and tariffs, and taking advantage of existing UPU financial solutions. Only seven countries in the region provide remittance services for migrants (Chile, Colombia, Cuba, Dominican Republic, Paraguay, Peru and Uruguay). More postal financial services could therefore be introduced in the region.

Developments in postal services and their socio-economic role in the Latin America region

Market dynamics

Latin America is one of the most disparate regions in the world. It was the developing region the most affected by the COVID-19 crisis and is also expected to be the slowest to recover, with the Economic Commission for Latin America and the Caribbean (ECLAC) anticipating growth to resume in 2025. The structural problems that have limited economic growth in Latin America for decades have intensified as a result of the pandemic and will hinder the recovery of the region's economic activity, beyond the rebound of 2021. The impact of climate change and natural disasters – which are common in the region – will be another factor to take into account.

Although the region's GDP expanded by 6.2% in 2021, projections show that growth is expected to slow in 2022 (2.1%). Indeed, the region is facing a less favourable external context and, as a result, experiencing a strong deceleration of growth. As a result of the prolonged health and social crises caused by the COVID-19 pandemic, the extreme poverty rate in Latin America rose from 13.1% of the population in 2020 to 13.8% in 2021, representing an increase of over five million people. Exports and remittances increased in 2021; however, tourism, which is an important income activity for most countries in the region, fell 68%.

ECLAC recommends that governments prioritize investment in strategic sectors such as the environment, the digital world, transportation, and care-related services, in order to foster employment and gender equality while increasing intraregional and interregional integration and cooperation.

The external impact of the COVID-19 pandemic is augmented by the internal shock generated by social distancing and lockdown measures, which equally affect the postal sector. In addition to these general constraints, the postal sector in the Latin America region has been greatly marked by the following:

Suspension of commercial flights and the policies of isolation and social distancing, which have severely affected the volumes of mail exchanged and consequently the revenues of postal operators;

Economic crisis and unemployment, which have altered the offer and demand for postal services.

However, the COVID-19 crisis has shown that countries whose DOs had already negotiated digital transformation were better able to manage the negative impact of this situation. Indeed, e-commerce growth has been significant during this period. Moreover, some operators have begun providing e-government and financial services.

Such diversification has enabled DOs in the region to position themselves as key players in the socio-economic development of their countries. For example, the operators in Brazil, Chile, Colombia, Costa Rica and Uruguay provide e-government services. On a similar note, Brazil, Cuba, Paraguay, Peru and Uruguay offer financial services, and Argentina, Chile, Costa Rica, El Salvador and Uruguay have created marketplaces and provide logistics services to support SMEs in e-commerce.

On the other hand, the pandemic has demonstrated to countries in the region the need to adopt resilient policies and appropriate risk management techniques.

Universal service obligation and regulatory frameworks

The countries of Latin America provide the universal postal service under the general regulation of the Universal Postal Convention. However, the majority of the countries have yet to define the scope of services and incorporate them into their national legislation (e.g. access to posting/delivery, frequency of services, and reach of services in terms of geographical and population coverage). Only seven countries have included a broader definition of the universal postal service in their legislation. According to UPU studies, around 5% of the population of Latin America does not have access to postal services.

In five countries in the region, the DO is a state-owned enterprise, while in three other countries, the DO is part of the ministry and has little to no autonomy. The remaining 10 DOs are public institutions with varying degrees of autonomy and levels of financing from the government. The universal postal service is oriented to traditional services, and the provision of modern and technology-based services is very poor among most DOs.

The universal postal service is an obligation arising from the UPU Acts, specifically the Universal Postal Convention. As signatories, governments should therefore take part in assuring the provision and modernization of the universal postal service even though, for the most part, they assign the obligation to their DOs. Across most of the Latin America region, the postal service is not included in national development plans and there is a lack of postal sector policies to define the universal postal service, formulate development plans, set modern legal/regulatory frameworks, and finance the modernization of services.

In three of the 19 Latin American countries – El Salvador, Guatemala and Panama (Rep.) – the "official" postal service continues to be provided by a ministry through one of its dependencies or agencies, meaning that there are no separate operational and regulatory functions.

In nine countries – Brazil, Chile, Cuba, Dominican Republic, Ecuador, Mexico, Paraguay, Peru and Venezuela (Bolivarian Rep.) – the postal service is provided by a public institution other than the ministry or government sector agency, but there is no regulatory body separate from that public agency.

In seven countries – Argentina, Bolivia, Colombia, Costa Rica, Honduras (Rep.), Nicaragua and Uruguay – the postal service is provided by a postal operator other than the ministry and there is also a postal regulatory body.

Moreover, there are no specific postal regulators in the region. The few postal regulatory bodies that do exist are sectoral regulators (i.e. telecommunications and Posts) or multi-sectoral regulators (transport, ports, energy, and so on), and many focus on overseeing the DO rather than the whole sector.

Most of these regulators do not provide frequent reports on the performance of the DO and other postal operators. Neither do they conduct postal market research, something much needed in the region to focus on customer needs and take advantage of new business opportunities such as e-commerce and electronic and financial services.

CHAPTER 3

**ASSESSMENT
OF THE REGIONAL
DEVELOPMENT PLAN
FOR THE LATIN AMERICA
REGION FOR THE PERIOD
2017–2020**

ASSESSMENT OF THE REGIONAL DEVELOPMENT PLAN FOR THE LATIN AMERICA REGION FOR THE PERIOD 2017–2020

Achievements and impact of UPU regional projects over the cycle

Operational readiness for e-commerce project

Of the 19 countries in the Latin America region, 17 participated in the operational readiness for e-commerce (ORE) project and had a roadmap and an action plan validated. The other two countries received specific assistance on topics such as customs and security.

The aim of the ORE project was to help DOs tap into the growth of e-commerce by offering solutions to local and international customers. The project covered process mapping; implementation of electronic data interchange (EDI) and electronic advance data (capture and transmission of messages); use of UPU information technology (IT) tools like the International Postal System (IPS), Customs Declaration System (CDS) and Global Monitoring System (GMS); supply chain integration (customs dispatch, air transportation of mail products and security standards); and increased collaboration with key stakeholders (Customs, airlines and law enforcement agencies).

For this purpose, to support participating DOs in the region, a number of activities were carried out following the launch of the project in 2017:

Six in-person workshops and three remote workshops to assess and monitor the implementation of country roadmaps and action plans, as well to provide training on specific topics, e.g. customs, transport, security, the Quality of Service Fund (QSF), and UPU systems including IPS, CDS, the Integrated Quality Reporting System (IQRS) and GMS STAR;

Twelve on-site missions conducted by the regional project team to review postal operations and facilities, transport, delivery, IT systems and relations with Customs/airlines, and provide recommendations to the postal authorities in order to improve the DOs' capacities;

Several videoconferences with country project managers to monitor and support project implementation.

Analysis of the project reveals that eight of the 12 key performance indicators (KPIs) have been achieved:

	KPIs	2017 baseline	2018 target	2019 target	2020 target	2020 July
1	Number of countries (DOs) in the region participating in the project (targets, at least)	0	16	17	17	17
2	Number of countries (DOs) in the region using up-to-date tracking systems (IPS, IPS.post, IPS Cloud) (targets, at least)	12	13	15	15	17
3	Number of countries (DOs) in the region using an electronic customs declaration system (CDS, CDS.post) (targets, at least)	0	1	5	6	9
4	Number of countries (DOs) applying an exchange of tracking data using EMSEVT 3 (targets, at least)	15	14	15	16	17
5	Number of countries (DOs) in the region applying an exchange of electronic pre-advance of dispatch using PREDES 2.1 (targets, at least)	15	14	15	16	15
6	Number of countries (DOs) in the region applying an exchange of electronic data with airlines using CARDIT 2.1 (targets, at least)	13	14	15	15	12
7	Number of countries (DOs) in the region applying an exchange of customs information with postal partners using ITMATT (targets, at least)	2	7	12	10	13
8	Number of countries (DOs) in the region having set up phase 1 of the Integrated Product Plan (targets, at least)	0	9	9	11	13
9	Number of countries (DOs) in the region participating in the GMS module for inbound and end-to-end (targets, at least)	1	3	5	6	13
10	Number of countries (DOs) in the region that have obtained UPU certification (targets, at least)	0	1	1	3	1
11	Number of countries (DOs) in the region providing the return service for e-commerce items (targets, at least)	0	0	0	3	0
12	Number of countries (DOs) in the region applying delivery choice options (targets, at least)	9	11	10	13	13

Two of the four outstanding KPIs were very close to completion and, in the absence of the pandemic, could have been achieved. In some DOs, lockdowns and teleworking affected project execution in 2020.

In addition to these activities, roadmaps and action plans were drawn up for the DOs in the region. In-depth analysis of the roadmaps and the pillars in the action plans reveals some areas that require more focus and improvement:

Increase the number of DOs exchanging PREDES and CARDIT messages (currently 15 and 12 respectively), as these KPIs are key to achieving other KPIs. Also, given that a significant number of DOs exchange these messages, compliance with transmission and content must be continuous.

Increase the number of DOs able to capture and exchange customs data via CDS. Nine countries are using CDS operationally, while eight others are in testing and need to start using the system in production mode at the required level. Also, some customs administrations are not yet willing to exchange data with the Posts.

Increase the number of DOs that have signed service-level agreements and exchange EDI messages with airlines. In Latin America, many regional airlines do not have the capacity or desire to exchange such messages and thus require some assistance to improve in this area.

Increase the number of DOs that have obtained UPU certification for quality, security and addressing systems. (The COVID-19 pandemic has, however, made it impossible to schedule the necessary on-site evaluation missions.)

Project for the development and improvement of electronic payment services for the countries of the Latin America region

The aim of the project was to implement actions to enable the postal network to contribute to financial inclusion and digitalization by also serving as a financial and electronic network. The following actions were implemented:

Provision of support in the implementation of “Correogiros”, a system for electronic remittances created by the UPU, the PUASP and member countries within the International Financial System (IFS). Seven countries in the region are participating (Chile, Colombia, Cuba, Dominican Republic, Paraguay, Peru and Uruguay).

Organization of four on-site missions to review Correogiros performance and improvement.

Procurement of equipment to enhance Correogiros in Cuba.

Organization of one regional workshop on financial inclusion and postal financial services, with participation from other actors such as MoneyGram and fintechs.

Dissemination of the UPU publication “In Post We Trust – Role of the Post in expanding access to digital finance”.

Promotion of financial inclusion support through the UPU and the Financial Inclusion Technical Assistance Facility (FITAF). Four countries were granted resources to implement financial inclusion projects.

Postal sector reform and development project

Postal sector reform goes beyond the activities of DOs. As the provision of the universal postal service is an obligation on countries arising from the UPU Acts, the modernization of the postal sector must be addressed in an integrated manner by governments, regulators, operators, the market and society. In the Latin America region, postal legal frameworks are in most cases outdated, and there is also a generalized lack of postal regulation. Understanding of the evolving postal market and the relevance of postal services in a digital economy could also be improved. To this end, the following activities were implemented in Latin America:

Formulation of the integrated postal reform and development plan (IPDP) for Colombia, including analysis of DO services, the postal market, the legal framework, and postal sector policy, as well as determination of the universal postal service;

Remote conferences with authorities from Ecuador and Peru on postal sector modernization;

Formulation and dissemination of the UPU Postal Reform Guide.

Project for the digital transformation and diversification of postal services in the Latin America region

Under this project, countries were provided with guidelines and expertise to help them define a strategy for the digital transformation and diversification of their postal services. To this end, a workshop was organized with all 19 countries of the region with the participation of ECLAC and the Southern Common Market (MERCOSUR). A roadmap was provided for the formulation of individual country action plans.

The objectives of these action plans were to help beneficiary countries develop their practical knowledge of the information and communications technology (ICT) basic blocks (website integration and payment solutions, online shops, e-government services). In a broader sense, the aim was to encourage the digital transformation of their DOs and allow them to digitalize government processes, while creating business models enabling them to participate in the digital economy.

During the workshop, the UPU publication “The digital economy and digital postal activities – a global panorama” was presented. That document was disseminated, along with the UPU E-Commerce Guide.

Disaster risk management project: building resilience in the Latin America region

The aim of this project was to augment the role of the postal service in planning for, responding to and aiding in the recovery of natural disasters. Three DOs were selected for the purpose of financing disaster risk management projects in their countries.

Security project: capacity building and raising awareness of the shared responsibility for security

The security project was designed to build capacity across the region and enhance the certification process for DOs using the standards of the UPU Postal Security Group and the Postal Union of the Americas, Spain and Portugal (PUASP) Security Action Group.

To this end, two workshops were convened in the Latin America region in collaboration with PUASP, the United States Bureau of International Narcotics and Law Enforcement Affairs, the United States Postal Inspection Service, and the World Customs Organization. A total of 48 postal and customs participants, representing 26 countries, attended the workshop and received training on the implementation of UPU security standards S58 and S59. The focus of S58 is primarily on physical and personal security, while S59 covers the actual screening of mail. A third workshop was also conducted but took place remotely; the workshop concentrated on reviewers, tools, methodology and the changes that were made to facilitate remote postal security certification. Owing to the COVID-19 pandemic, the scheduled on-site reviews did not take place.

The results of the project are the following:

Achievement of UPU/PUASP security certification for eight DOs;

Identification of security experts for the Latin America region;

Identification and training of security focal points for each country;

Establishment of the Latin America Security Team;

Increased awareness of the security standards and certification process.

Lessons learned and challenges

The ORE project can be considered a great success in the Latin America region, as 17 countries were able to make progress towards operational readiness for e-commerce. However, the level of preparedness differs from one country to another depending on the means of the DO and the general situation of each country.

Through this project, several DOs have made great progress compared with their performance in 2016, i.e. Cuba, El Salvador, Honduras, Nicaragua, Paraguay, Peru and Venezuela. Moreover, a number of DOs have confirmed their status as regional leaders: Argentina, Brazil, Chile, Colombia, Costa Rica, El Salvador, Mexico, Peru and Uruguay. These nine DOs are now capable, to varying degrees, of providing sound e-commerce services, and most have already launched interesting initiatives in this area. That being said, certain challenges relating to technical standards and quality of service requirements remain to be addressed in the region in general.

Regarding the diversification and digitalization project, it should be noted that nine of the 19 countries in the region presented significant advantages in relation to the challenges of the project. The countries made varying degrees of progress in achieving the project objectives; however, the region has enormous untapped potential in this area, especially in terms of the need to better serve SMEs.

As for the other projects, they confirmed the urgent need for all players in the postal sector to make the necessary changes and adapt to the new challenges imposed by the current technological revolution. Indeed, it is imperative that governments, regulators, DOs and other stakeholders in the sector adapt their legislative and regulatory framework, their development strategy, and their processes and tools in order to be able to support an increasingly demanding environment.

Role of the Post in the Latin America region during the COVID-19 pandemic

During the COVID-19 crisis, most of the DOs in the region have shown great cohesion with the public authorities. Examples of their initiatives include the following:

Dominican Republic: Free shipping of medicines and basic necessities within the country;

Cuba and Paraguay: Provision of financial services, such as social security payments;

Colombia, Costa Rica, El Salvador and Guatemala: Distribution of food to vulnerable and affected communities;

Brazil, Chile, Costa Rica and Ecuador: Distribution of personal protective equipment and medical supplies.

Through such actions, postal sector stakeholders (ministries, regulators, public and private operators) have significantly contributed to the spirit of solidarity initiated by the public authorities to curb the effects of the pandemic.

The crisis has demonstrated the capacity of the postal network in the Latin America region – with its density, proximity, diversity of services provided and strong ability to adapt – to play a vital and dynamic role in the socio-economic development of the countries of the region.

Assessment of the implementation method

Analysis of regional partnerships

As part of the implementation of the UPU's development cooperation policy in the Latin America region, partnerships with the restricted union and regional actors have been strengthened. The regionalization of UPU activities through regional development plans (RDPs), which constitute a real tool for structuring the UPU's activities in the field, made it possible to ensure perfect coordination with PUASP (restricted union). This had a positive impact on activities in the Latin America region thanks to the direct financing and technical support provided by PUASP for all RDP projects.

During the COVID-19 pandemic, the UPU and PUASP have exchanged information to monitor and review the impact of the crisis on the postal services of the region.

Throughout the cycle, efforts were made to approach other international organizations – such as ECLAC, MERCOSUR, the Central American Bank for Economic Integration, the Inter-American Development Bank, the International Organization for Migration, the UN Conference on Trade and Development, and the UN Development Programme – so as to position the postal sector as an enabler for trade facilitation, economic development and social and financial inclusion, and to foster collaboration to achieve the SDGs. More work to attract the interest of such organizations must be undertaken in the next cycle.

Assessment of the UPU's presence in the region

Implementation of the RDP during the 2017–2020 period made it possible to put the UPU's world postal strategy into action in the Latin America region. This was achieved through outstanding execution of the multi-year programme of field activities by the Development and Cooperation Directorate of the International Bureau in coordination with all other UPU directorates and bodies.

The implementation of these projects took into consideration the priorities and regional specifications, thanks to the UPU's policy of presence in the region and the excellent collaboration with the restricted union (PUASP) and various postal sector stakeholders. In this way, the efforts of all UPU actors were brought together in a coherent and integrated manner, under the coordination of the DCDEV, in favour of postal development.

Recommendations for the 2022–2025 cycle

Implementation of the projects stemming from the 2017–2020 RDP helped the countries of the Latin America region to meet the challenges of preparing for e-commerce, product diversification, and modernization of the legislative and regulatory framework of the postal sector.

All countries in the region are indeed aware of the challenges to be overcome in transforming and adapting the postal sector. However, human, material, technical and financial resources are most often lacking when the majority of countries in the region have health, education, security or other priorities more urgent than those of the postal sector.

It is in this context that, during the 2022–2025 cycle, diversified strategies will be initiated with a view to including non-traditional stakeholders in the public and private postal sector in the joint efforts of the UPU and member countries to promote the modernization of the postal sector and to improve the performance of postal operators.

All postal sector development actions – from regulatory and technological aspects to operational aspects – will be covered by targeted policies and appropriate investments to promote diversified use of the postal network, thus contributing to the economic and social development of Union member countries.

CHAPTER 4

**UPU DEVELOPMENT
COOPERATION
FRAMEWORK
FOR 2022–2025**

■ UPU DEVELOPMENT COOPERATION FRAMEWORK FOR 2022–2025

Principles of UPU action for 2022–2025

The regional development plan for 2022–2025 takes into account the decisions of the 27th UPU Congress and ensures that the development cooperation policy is incorporated into, and is consistent with, the Abidjan Postal Strategy.

The UPU development cooperation policy considers all factors that directly affect the global postal sector, as well as those specific to developing countries in the various regions. Based on the overall lessons learned from the implementation of projects during the Istanbul cycle, it is clear that better results are obtained in countries whose government is inclined to support postal sector development.

As a part of the UN system, the UPU needs to work to achieve the 2030 Agenda for Sustainable Development. During the Abidjan cycle, it is important to continue working in a manner consistent with the SDGs, so as to promote greater synergy with the efforts already under way in this area in different countries and regions.

Taking into consideration the lessons drawn from the Istanbul cycle and the decisions of the Abidjan Congress, the development cooperation policy for 2022–2025 is structured around the following eight main development areas:

Area 1 – Adopt a strategy based on postal development indicators.

Area 2 – Implement a new model for UPU presence in the field, ensuring greater effectiveness and a higher level of interaction with regional stakeholders.

Area 3 – Promote an action strategy in relation to governments, targeting postal sector development.

Area 4 – Continue to enhance cooperation and assistance for postal operators in developing countries, so as to reduce disparity in postal sector growth.

Area 5 – Strengthen South–South and triangular cooperation as a support system alongside UPU actions in the field.

Area 6 – Strengthen the approach taken with regard to the least developed countries by incorporating actions into regional and national development initiatives.

Area 7 – Continue developing human resource capabilities as an essential tool for development.

Area 8 – Disaster risk management, continuity of services and postal development.

Strategic links with the regional development agenda

The priorities set by the UPU for the 2022–2025 cycle are in line with both the SDGs and the development goals of the relevant organizations in the region, which include the following:

UN Economic Commission for Latin America and the Caribbean

The main objective of ECLAC is to encourage economic cooperation among its members, which include all countries from Latin America as well countries from the Caribbean and other regions. ECLAC is also committed to promoting and supporting sustainable development and the implementation of the 2030 Agenda and SDGs among members.

ECLAC member countries approved the Digital Agenda for Latin America and the Caribbean (eLAC), which is a strategy for 2022 aimed at promoting the use of digital technologies as instruments for sustainable development. Its mission is to encourage the development of the digital ecosystem in Latin America and the Caribbean through a process of integration and regional cooperation. Some of the key objectives of eLAC are:

Digital infrastructure;

Digital transformation and the digital economy;

Digital government;

Digital inclusion;

Confidentiality and digital security;

Digital regional cooperation;

Confronting the pandemic and facilitating economic recovery and reactivation.

Central American Integration System

The Central American Integration System (SICA) has been the economic and political organization of Central American states since its mandate was renewed in 1993. The member countries are Belize, Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua and Panama, and there are also regional and extraregional observers.

SICA has five integration pillars, with three focusing on climate change, including comprehensive disaster risk management; social inclusion, including poverty eradication and productive/financial inclusion; and economic integration, including trade facilitation, logistics and customs.

The presidents of SICA member countries approved a regional digital strategy for the development of the information society in SICA with a focus on connectivity, digital inclusion, and the modernization of services through IT.

MERCOSUR

The Southern Common Market is a South American trade initiative established in 1991 to promote free trade and movement of people and goods. The full members are Argentina, Brazil, Paraguay and Uruguay, while the associate countries comprise Bolivia, Chile, Colombia, Ecuador and Peru. Under the MERCOSUR organization, a special advisory group within the Communications Working Group was created to discuss postal matters.

In 2017 and 2019, member countries approved declarations regarding sustainable development, which include the promotion and implementation of the 2030 Agenda and SDGs and also the resolve to take action on climate change.

One of the main goals of MERCOSUR is to promote e-commerce, including support for business opportunities, access to connectivity, economic growth, customs harmonization, data protection and cross-border electronic transmission. A second goal is to enhance trade facilitation to integrate businesses, governments, Customs, security and technology to encourage trade among its members and with other regions.

A digital agenda was also put in place to implement digital infrastructure, digital inclusion, digital economy and e-government.

Given the priorities of the Latin American regional organizations, various stakeholders have adopted goals in line with those of the UPU and common with the SDGs, such as those concerning sustainable development, e-commerce and financial services. They are also boosting joint efforts to reach agreements enabling these goals to be met in the medium and long term.

Latin American Integration Association

The Latin American Integration Association (ALADI) is an organization of international and regional scope. It was created in 1980 and currently has 13 member countries from Latin America. Among the objectives and activities of ALADI are:

Trade facilitation;

Logistics;

Customs integration;

Support for the development of SMEs.

Key performance indicators driving priority projects in Latin America

In order to ensure that the UPU priority projects are in perfect harmony with the new development cooperation policy, they must necessarily have a measurable impact during the quadrennial cycle and have specific performance indicators for this purpose. The main KPIs are established in the work proposals of the Abidjan Business Plan and can be summarized as follows:

Strategic pillar output SP 1: number of postal operators in the Latin America region that have enhanced their performance by implementing diversified strategies and operational improvements under the guidance of the UPU

- WP 1.1.1 Integration of stakeholders from the private sector and public institutions
- WP 2.1.3 Improvement of the delivery performance of DOs

Strategic pillar output SP 2: number of developing countries in the Latin America region that have reduced discrepancies in postal development through focused policies and increased investment, and promotion of diversified use of the postal network for socio-economic development, under the guidance of the UPU

- WP 2.1.1 National postal policies and investment in socio-economic development
- WP 3.1.1 Postal market surveys in developing countries and regional trends

Strategic pillar output SP 3: number of developing countries in the Latin America region that have harmonized and enhanced the postal sector regulatory framework, under the guidance of the UPU

- WP 2.1.2 Harmonization of the postal sector regulatory frameworks
- WP 3.1.2 National regulatory framework studies and postal services

Strategic pillar output SP 4: number of stakeholders from the private sector and public institutions that participate in the postal sector through the UPU cooperation framework and facilitation services

- WP 2.1.4 UPU cooperation frameworks and facilitation services

Cooperation methods

The intervention methods enabling the development cooperation policy to be implemented are based on those set out below.

Strengthening the regional approach

The regional approach, as implemented through the RDPs, is a primary tool for all field activities supporting developing countries, with consideration given to the specific needs of beneficiary countries and regions. As such, it will continue to be enhanced.

Greater regionalization in implementing the UPU presence in the field

As a principal factor in development cooperation, presence in the field will remain a primary intervention method. This will be galvanized by the application of an approach enhanced by project teams, in response to country-specific needs and the increasingly complex technical issues facing actors in the postal sector.

The UPU's presence in the field must be updated, by adopting a more flexible framework capable of meeting the emerging needs of the postal market and increasing the involvement of the stakeholders already operating in the various regions. This new approach will boost the UPU's activities and enable greater decentralization of UPU actions in the field.

The UPU's new system of presence in the field will reinforce the regional approach, through greater proximity with the countries, regional players and the various stakeholders in the postal sector.

Project management approach in the deployment of UPU activities in the field

The cross-cutting nature of the UPU's various projects in the field calls for more centralized coordination, so as to ensure consistency between the different areas of intervention and avoid duplication between projects and dispersal of resources. To this end, applying the project management approach to actions implemented by the UPU in the various regions will ensure that these actions are deployed in a more coherent manner, with oversight of all management processes from project initiation to completion. This enables the implementation of a fully structured intervention method for all UPU stakeholders working in the field.

South–South and triangular cooperation

South–South and triangular cooperation also constitute one of the intervention methods under the development cooperation policy, and should serve to reinforce UPU activities and support national and regional development efforts. This cooperation method will help to strengthen institutional and technical capabilities and improve the sharing of knowledge and experience among developing countries. The UPU will take a proactive and pioneering role in promoting this approach, with a view to reducing the implementation costs of development cooperation projects through innovative forms of cooperation with the countries of the Global South.

The aim is to increase the involvement of countries in the Global North so as to find solutions for the countries of the South within a framework of triangular cooperation, and to link project outcomes to national and regional priorities and to the SDGs, in order to obtain support from the international community and wider civil society.

The aim is also to take advantage of the cooperation and the South–South and triangular cooperation mechanisms that already exist in other regional organizations, such as ECLAC and SICA.

Funding mechanisms and resource mobilization

For the implementation of projects under the Abidjan Business Plan, the cost estimates show that the financial resources for development cooperation, maintained at the same level as during the 2017–2020 cycle, will only be sufficient if the field presence model is modernized and the mechanisms and sources of funding are diversified. With this in mind, the following six sources of funding will be considered:

UPU development cooperation

budget: currently the main source of funding for cooperation actions derived from the development cooperation policy and Abidjan Business Plan. Projects for the next cycle should be aligned with these to ensure optimal use of existing funds.

Voluntary contributions: larger voluntary contributions (under special funds) would also help to strengthen the UPU's development cooperation activities. For this source, a strategy is needed to reach out to member countries regarding their level of development so as to present sound contribution requests for specific projects and initiatives to enhance the cooperation budget.

Quality of Service Fund: this funding source will be promoted among countries in Latin America, and countries will be provided with support for the presentation of QSF project requests, to help them better use their allocated funds and/or implement subregional/ regional or Common Fund projects.

Training activities could also be implemented via the QSF mechanism.

National contributions (ministries, regulators or DOs benefiting from projects): a key aspect of cooperation results is ownership of projects/actions by the country. For this, financial contributions will be sought from beneficiary member countries, taking into account the individual situation of each country.

Contributions from traditional partners (restricted union, etc.): in the Latin America region, a strong partnership has been developed over previous cycles with PUASP. For this cooperation cycle, PUASP will once again participate in UPU regional cooperation activities. Further efforts will be made to reach out to other key regional stakeholders as potential contributors.

Mobilization of new resources: postal sector development will be presented as a means of economic growth, social/financial inclusion, climate change mitigation and digital transformation, so as to promote resource mobilization among other stakeholders such as regional banks and international organizations, along with public–private partnerships.

Conclusion

The UPU will work with its member countries in the region during the 2022–2025 cycle to strengthen agreements, consolidating partnerships and joint efforts with regional bodies and other organizations (UN agencies, the restricted union, regional financial and development institutions, etc.), in order to optimize the postal sector's contribution to socio-economic development and the achievement of the UN SDGs in the Latin America region.



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