

Postal networks: actors in the Social and Economic Development of the Asia-Pacific

Regional Development Plan 2017–2020
Development and Cooperation Directorate



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Postal networks: actors in social and economic development

In a rapidly changing world, the essential role that Posts play in ensuring the right to communication through the exchange of messages, the transport of parcels or the sending of money is now more relevant than ever. Postal networks are vital to e-commerce development, ensuring the delivery of millions of parcels each day. Postal networks also contribute to trade facilitation, in particular for micro, small and medium enterprises, by offering products and services tailored to the needs of those businesses. In addition, over 1.5 billion people around the world have access to financial services via the post office, making Posts the world's second biggest stakeholder in financial inclusion.

In a world in which new technologies are constantly being developed, the Posts demonstrate day after day their capacity for innovation. The use of drones or driverless vehicles to deliver parcels, the launch of hybrid mail, the development of mobile payment services or cryptocurrency for money transfers, and the creation of mobile virtual network operators are just some of the examples of how Posts are able to adapt to, and even anticipate, changes in the environment in which they operate.

Consequently, in the majority of countries, postal networks constitute an essential infrastructure for an inclusive and effective economy. The purpose of this document is to show government authorities and development partners (international organizations, development agencies, United Nations system institutions, etc.) how postal networks can serve as catalysts for development. The document comprises three parts. The first part looks at the global postal sector and highlights its importance as an economic infrastructure. The second part highlights the contributions Posts make to the Sustainable Development Goals, in particular in the areas of socio-economic development, climate change, and financial and social inclusion. Lastly, the third part offers insight into the postal sector in the Asia-Pacific region, examining its strengths and

weaknesses, and provides a brief description of some of the key projects that the UPU intends to implement in the region during the 2017–2020 cycle.

In 2015 and 2016, the UPU, a specialized agency of the United Nations, worked with regional partners to identify the intervention priorities for its development cooperation activities. Using the UPU's Vision 2020, which focuses on the three key pillars of innovation, inclusion and integration, each region selected three to five areas for which projects would be formulated. Accordingly, during the 2017–2020 cycle, projects will be developed in the areas of e-commerce, financial inclusion, trade facilitation, measuring and reducing the postal sector's carbon footprint, disaster risk management, and bridging the digital divide. All interventions will be designed to make the best use of the postal infrastructure, in particular in rural and remote areas, in order to contribute to the development of countries.

I urge all partners to work with the UPU and its 192 member countries to ensure that their activities in the area of socio-economic development have a greater impact. I know that by joining forces and using postal networks to their full potential, we can contribute to the achievement of the Sustainable Development Goals.



Bishar A. Hussein
Director General

Postal sector contribution to socio-economic development

The postal sector is currently in a period of profound change. Technological developments, challenges to the traditional economic model, liberalization, new customer expectations and significant shifts in consumption patterns are all factors that are pushing Posts to reinvent themselves. One thing, however, remains unchanged: postal networks continue to be an essential part of a country's socio-economic infrastructure.

Posts in the 21st century

One of the first things that comes to mind when one thinks of the Post is letters or postcards. However, postal operators around the world offer a whole host of other products and services: parcel delivery, bank accounts, bill payment services, applications for or renewals of official documents, delivery of fresh products, home services for the elderly, delivery of vaccines or books for school children, and so on. The postal sector is thus an essential infrastructure that facilitates the functioning of the global economy.

A study¹ conducted in 2016 by the UPU, the United Nations Global Pulse initiative and the University of Cambridge, analyzing the postal flows of 184 countries over a four-year period, reveals a very strong correlation between postal connectivity and gross domestic product per capita and the rate of poverty. Postal connectivity is defined as the capacity of the postal network to engage in exchanges with a large number of countries. Therefore, the more the Post of a country exchanges with other Posts, the greater the growth in the country's economy and the greater the decrease in its rate of poverty. Furthermore, if a high degree of

postal connectivity is combined with the proper functioning of other communication networks (air transportation and social and mobile networks), the correlation between postal connectivity and development becomes even stronger. This study thus shows that if a country's postal network is adequately developed, engages in exchanges with the postal networks of a number of other countries, and has a solid infrastructure (airlines, mobile networks, etc.), the more positive its impact will be on the country's economic growth.

A three-dimensional network: physical, electronic and financial

To better understand the importance of the postal sector, a few of its characteristics should be examined:

- Posts form the largest integrated distribution network in the world: with over 660,000 offices operating in the 192 UPU member countries, the postal network makes it possible to physically connect everyone around the world. In addition to these post offices are the 1.4 million postal carriers who visit hundreds of millions of households each day. The postal network is made up of 2 million points of contact around the world, not including letter boxes and other automatic dispensers.
- An electronic network: to ensure the physical distribution of items (letters, parcels, e-commerce deliveries), Posts use an electronic network that interconnects the various operators and enables them to exchange electronic data in real time. The complementarity between the physical and electronic dimensions makes Posts key players in e-commerce, as the final link in the supply chain that connects distributors, websites and customers.
- A key player in financial inclusion²: around the world, 1.5 billion people send money to their families, pay their bills or receive social payments via the Post. Globally, 91% of postal operators offer financial services directly or in partnership with other financial institutions, making Posts the world's second largest contributor to financial inclusion, behind banks but well ahead of mobile phone operators and microfinance institutions.

¹ Hristova D., Rutherford A., Ansón J., Luengo-Oroz M., Mascolo C. (2016) The International Postal Network and Other Global Flows as Proxies for National Wellbeing. PLoS ONE 11(6). <http://journals.plos.org/plosone/article?id=10.1371/journal.pone.0155976>

² Clotteau N., Measho B. (2016) Global Panorama on Postal Financial Inclusion. Universal Postal Union. www.upu.int/uploads/tx_sbdownloader/globalPanoramaOnPostalFinancialInclusion2016En.pdf

Postal operations are extremely diverse



Prepaid cards for migrants



Parcels (e-commerce)



Banking services



Delivery of emergency aid



Government services (identification)



Mobile banking



Social role



Mail



Trade facilitation (MSMEs)



Money transfers



Posts by the numbers

As facilitators of international and domestic trade, e-commerce and financial inclusion, postal networks represent a basic infrastructure that is essential to economic development.

Traditional mail is on the decline in industrialized countries, but the significant growth in e-commerce is largely counterbalancing that trend. Indeed, according to eMarketer³, online sales will reach 1.915 trillion USD in 2016, accounting for 8.7% of retail spending worldwide, a percentage expected to reach 14.6% in 2020. Posts – key partners in e-commerce – are part of this trend. For several years now, the postal sector has seen extremely strong growth, with an annual rate of +14% between 2012 and 2014.

Aside from its extremely dense network, the postal sector boasts 5.24 million employees; handles over 300 billion items a year, including 8 billion parcels; and serves one billion customers who have a bank account with a postal financial institution.

Universal service and social role

The governments of the UPU member countries are obligated to provide a universal postal service, that is, to provide all citizens in their territories with basic postal services at affordable rates. Each country designates a postal operator (known as a designated operator or DO) responsible for ensuring access to the postal service. In contrast to other institutions that focus on major cities or the most developed areas, DOs are obligated to cover the entirety of the national territory and to offer their services at a uniform rate.

In this context, Posts typically take on public service missions, which are not always remunerated. France's postal bank, for example, is legally obligated to open a bank account for anyone who applies, regardless of that person's resources. In many countries, DOs are legally obligated to collect and deliver letters and parcels at people's homes, five or six days a week.

The postal network is thus a network of proximity and trust that facilitates the implementation of public policies.

³ <https://www.emarketer.com/Article/Worldwide-Retail-Ecommerce-Sales-Will-Reach-1915-Trillion-This-Year/1014369>

Economic impact of postal activity

An analysis of a series of programmes instituted by the Brazilian government in the late 1990s and early 2000s using the postal network perfectly captures the potential of Posts to stimulate economic growth. The government launched two programmes in particular. One involved implementing a simplified export process accessible to all via the post office. The idea was to enable micro, small and medium enterprises (MSMEs) to reach new markets in an accessible and affordable manner, without needing any particular expertise in international trade. At the same time, the government enacted new banking regulations allowing banks to recruit agents to distribute financial products, and it encouraged the Post to become involved. Correios, Brazil's designated operator, partnered with Bradesco, a large private bank, to distribute banking products via all the country's post offices.

The combined impact of these two policies was measured by means of various UPU studies⁴, which found the following:

- Between 2002 and 2008, the trade facilitation programme *Exporta Fácil* enabled over 10,000 MSMEs to access international markets. This programme enjoyed particular success in the country's poorest regions and in the less service-oriented regions.
- Similarly, an econometric analysis of each of Brazil's 5,564 municipalities showed the effect achieved by the creation of Banco Postal, the partnership between Correios and Bradesco. In the municipalities in which a Banco Postal agency was introduced, the creation of new businesses increased by 23% in comparison to the municipalities with no such agency. Furthermore, job creation increased by 14%, while the number of new banking agencies increased by 56%. A definite formalization of the economy and an increase in the average size of businesses was noted.

All of these factors demonstrated that rural areas, until then excluded from traditional economic networks, are able to develop when provided with adequate infrastructure. The postal network is able to play an important role in that process.

The UPU as a driver of sector development

Overview of the UPU

Created in 1874, the UPU is an intergovernmental organization and a United Nations specialized agency. It is the primary forum for cooperation between postal sector players (governments, regulators, operators) and works in a coordination, advisory or even regulatory capacity. In that capacity, the UPU drafts various international treaties and standards for the exchange of letters and parcels and for postal money transfers. Within the UPU, a large number of technical and operational issues relating to international postal exchanges are discussed. Furthermore, through its Postal Technology Centre, the UPU provides Posts around the world with cutting-edge technical solutions to help them secure their exchanges and improve quality of service. The UPU thus creates the conditions that enable the world's Posts to offer businesses the infrastructure needed to engage in exchanges in the safest and most secure manner.

Moreover, as a centre of expertise, the UPU produces studies and analyses, in particular to demonstrate the postal sector's impact on economic development. Lastly, since its creation, the UPU's mission has been to carry out cooperation activities aimed at strengthening the postal networks of developing countries.

The UPU works with specialized regional organizations, called restricted unions, that play an important role in ensuring a link between global, national and regional activities. By aligning their missions and agendas with UPU priorities, the restricted unions have become key players in facilitating the implementation of global strategies at the regional level.

⁴ Ansón J., Bosch Gual L., Caron J., Toledano J. (2008) *Postal Economics in Developing Countries: Posts, Infrastructure of the XXIst Century?*

Technical cooperation at the UPU

The postal sector is a universal network. The concept of a single postal territory is thus used, expressing the idea that the postal operators of countries worldwide are able to ensure global coverage and that people around the world can send letters, parcels or money orders to anyone, anywhere.

However, just as a chain is only as strong as its weakest link, a network is only as strong as its constituent parts. For that reason, the UPU has implemented a cooperation policy aimed at supporting the Posts of developing countries. Cooperation activities can be broken down into the following categories:

- **Public policy support:** as a centre of knowledge and expertise, the UPU regularly publishes studies on the postal sector that highlight best practices, offer impact analyses of various public policies, or ensure a better understanding of the business models adopted by different operators. In recent years, one of the key areas of focus has been on using big data to better quantify the postal sector's contribution to the United Nation's Sustainable Development Goals (SDGs).

- **Sector reform:** since 2005, the UPU has been working with the governments of nearly 70 countries on reforming their postal sector. In concrete terms, this process involves adopting a suitable legal framework, defining a consistent and sufficiently broad sector policy, and modernizing the DO. One success story is Uruguay, where the government fully supported postal reform and put in place all the necessary prerequisites to ensure optimal functioning of the market, with a strong national operator responsible for implementing a number of public policies.
- **Technical assistance for DOs:** the UPU implements regional and national projects designed to strengthen the capacity of Posts to offer services tailored to the needs of citizens. Such assistance can take various forms: procurement of equipment, roll-out of new services, advice, training, and so on.

The UPU's cooperation programmes are implemented by its Development and Cooperation Directorate and in particular by its seven regional offices, which act as the link between UPU headquarters and partners in the field.



Examples of UPU projects

The UPU, in the context of its cooperation policy, has achieved many successes in recent years:

- **E-commerce:** the UPU is involved in e-commerce on two levels. On a global level, the UPU establishes standards, develops services and defines procedures to be applied internationally. This provides a framework that allows postal operators to fully play their role as a key stakeholder in the e-commerce supply chain. The UPU also intervenes at the national and regional levels in developing countries through major strategic projects. Technical and financial assistance is provided to governments and Posts to ensure that they can enter the international e-commerce market. Between 2013 and 2016, over a hundred countries received training and technical assistance in the areas of security, customs, quality of service, or transport. Posts are also provided with tools that make it possible to connect the entire supply chain, track all items transported within the postal network, and ensure the security of the network.
- **Reduction in the cost of migrant remittances in West Africa:** in 2008, in partnership with the International Fund for Agricultural Development, the UPU began implementing a series of projects in Asia-Pacific, Central Asia and Africa to use the postal networks in rural areas to roll out secure and affordable money transfer services. For example, between 2008 and 2010, in six West African countries, the average cost of transfers – via the Post as well as via traditional money transfer agencies – decreased by 30% to 50%, which helped migrants and their families, who are the recipients of these remittances.
- **Emergency projects:** in 2010, Haiti was devastated by an earthquake that killed over 200,000 people. In 2013, in the Philippines, Typhoon Haiyan, the most intense tropical cyclone on record, killed over 5,000 people and devastated the Tacloban region. In both instances, the UPU, via its Emergency and Solidarity Fund (ESF), assisted the Posts in these two countries in not only re-establishing service (reconstruction of a sorting centre and post offices, and procurement of vehicles), but also rebuilding infrastructure in accordance with adequate standards in order to improve the resilience of the network. Since 2013, the UPU has been helping member countries put in place risk reduction strategies to ensure that Posts are better able to face natural disasters and can play an active role in providing humanitarian assistance in the wake of such disasters.
- **Introduction of a postal addressing system in South Africa:** people without an address are unable to register with the civil registry or vote. Emergency services (fire, ambulance) cannot reach their homes and it is virtually impossible to obtain a telephone land line or connect to the electrical grid. Without addresses, governments have a difficult time collecting taxes or conducting censuses. The United Nations Development Programme estimates that four billion people worldwide are excluded from the rule of law. In many cases, this is the result of the fact that they do not have a clearly identified address, which excludes them from accessing many services. The UPU provides technical assistance to many countries to help them institute national addressing systems. As an example, a wide-scale project in South Africa resulted in the assignment of addresses to eight million homes in rural areas. As a result, rural populations were able to access public services, open bank accounts with Postbank, and receive home delivery from the Post and from many merchants.

Postal sector contribution to the implementation of the Sustainable Development Agenda

The 17 SDGs and 169 targets adopted by the United Nations in September 2015 serve as a roadmap for the international community to build a sustainable future and foster social advancement and human well-being. Their implementation calls for active and collaborative partnerships between all countries and stakeholders. The postal sector can play a key role in the attainment

of the SDGs nationally, regionally and internationally. The diverse network and presence of Posts make them a potentially strategic driver of the SDG agenda. The sections below detail how postal services can, and indeed must, be part of the solution for each of the approved goals.





SDG 1:

End poverty in all its forms everywhere

Ensure equal rights to economic resources and access to basic services and financial services (target 1.4)

Reduce vulnerability to environmental shocks and disasters (target 1.5)

Posts are the second biggest contributor to financial inclusion worldwide after the banking sector

Financial inclusion is recognized in the SDG framework as a key part of fighting poverty and fostering development for all.

Today, 91% of Posts worldwide offer financial services, including domestic and international money transfer services. They provide accounts for roughly a billion people, making them the second biggest global player in financial inclusion, behind banks but well ahead of microfinance institutions, which account for “only” 200 million customers, and mobile money operators, which have roughly 150 million active customers.

Owing to their very dense physical networks, unique presence in rural areas and trusted status, Posts are vital players in financial inclusion – and in a variety of different contexts:

- The Brazilian Post was a pioneer of the banking agent model in the early 2000s, with 10 million accounts opened over 10 years, mostly for unbanked or under-banked people.
- The Moroccan Post now provides accounts to around 20% of the country's population, especially in low- and medium-income segments.

Because of their extensive network and logistics capabilities, Posts are considered in many countries as valued partners in their governments' national disaster risk management and recovery plans. Their knowledge of the communities they serve and their infrastructure allow them to operate and intervene efficiently, especially in remote areas where the post office is often the only government presence.

Following Typhoon Haiyan, PHLPPost (the Post of the Philippines) and partners delivered cash grants to around 18,000 beneficiaries of the United Nations World Food Programme and made total cash payments of approximately 15 million PHP, around 350,000 USD to more than 6 million victims of the disaster.



SDG 2:

End hunger, achieve food security and improved nutrition and promote sustainable agriculture

Provide secure and equal access to financial services and markets (target 2.3)

The Post enables and provides infrastructure for rural development through financial inclusion

A joint study by the World Bank and the UPU showed that Posts are better placed than banks to provide accounts to people excluded from the financial system, especially those in rural areas or precarious economic situations. This is very important in a rural development context, where the need for appropriate financial products and economic opportunities is greatest. For example, in Burundi in 2013, the Post implemented a government programme aimed at facilitating the distribution of fertilizers to around 350,000 families, helping to establish Burundi as a net exporter of rice.

Development in rural areas can only occur where there is adequate infrastructure. In the vast majority of countries, the postal network is the largest network in rural and remote areas to offer financial, communication, logistics and other retail and government services. This was shown in the examples above in the areas of financial inclusion, access to ICT, and trade facilitation for SMEs in rural and under-served areas.

Posts assist local small-scale producers by building local and international marketplaces for the sale and distribution of food. As early as 1986, Korea Post created the ePOS postal ordering system for typical local products as a way of regenerating the local economy in farming and fishing communities.



SDG 5:

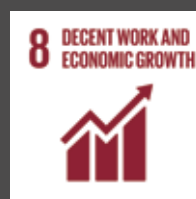
Achieve gender equality and empower all women and girls

Give women equal rights to economic resources, as well as access to financial services (target 5.a)

Posts as drivers of financial inclusion for women

A 2015 joint study by UN Women and the UPU demonstrated the non-discriminatory nature of Posts in the provision of financial services.

On average, in developing countries, postal financial institutions (postal banks or postal savings banks) have twice as many female customers as other financial institutions. This phenomenon is even more marked in rural areas.



SDG 8:

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Encourage the formalization and growth of micro, small and medium-sized enterprises, including through access to financial services (target 8.3)

Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all (target 8.10)



SDG 9:

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

Increase the access of small-scale industrial and other enterprises, in particular in developing countries (target 9.3)

Increase access to information and communications technology and strive to provide universal access to the Internet in least developed countries (target 9.c)

Postal financial inclusion serves not only individuals excluded from the banking sector but also businesses, especially MSMEs

Leveraging its network of over 40,000 branches extending to all parts of the country, the Postal Savings Bank of China (PSBC) fills the access-to-finance gap for farmers and MSMEs in rural China. According to the Consultative Group to Assist the Poor, between its launch in 2007 and 2013, the PSBC “served over 7.5 million microcredit business beneficiaries, handling over 13 million transactions amounting to over 811 billion RMB (over 130 billion USD)”⁵. The PSBC is therefore an indispensable banking institution willing to provide services to those not considered priorities by more traditional banks.

The postal sector as a tool for bridging the digital divide

The postal network is a unique asset for extending the information society to under-served populations.

In Botswana, the development of Internet access and the provision of various communication services in post offices through knowledge centres has increased the revenue of connected post offices by an average of 25% and provided local communities with a full range of e-services.

Tanzania Postal Corporation runs 36 Internet cafés and six post offices containing community information centres which offer e-learning and other Internet-based services to local communities.



SDG 10:

Reduce inequality within and among countries

Promote social and economic inclusion (target 10.2)

By 2030, reduce to less than 3% the transaction costs of migrant remittances and eliminate remittance corridors with costs higher than 5% (target 10.c)

A network for social and economic inclusion

With more than 660,000 post offices in the world, postal presence in rural areas is unmatched by any other network for the facilitation of social and economic inclusion.

Post offices: the world's cheapest providers of remittances

According to the World Bank, post offices are the world's cheapest providers of remittance services. Posts have already achieved the 5x5 objective, with an average cost of about 5%. In Sub-Saharan Africa alone, if all remittances were to be channelled through post offices at that cost, migrants and their families could save up to 3.2 billion USD a year.

⁵ Zhang M. and Liu Z. (2014) Postal Savings Bank of China: Inclusive Finance in Rural China. CGAP.



SDG 11:

Make cities and human settlements inclusive, safe, resilient and sustainable

Approximately a quarter of the world's urban population lives in slums (UN-Habitat 2013). Lack of addressing infrastructure can exacerbate inequalities and undermine economic growth. Posts are helping to establish and provide addressing systems for all populations. The UPU, through its "Addressing the World – An address for everyone" initiative, is building a multi-stakeholder approach to help Posts in developing countries and least developed countries provide addressing systems to excluded populations. Quality addressing and postcode systems are an essential part of national infrastructure and are crucial to the socio-economic development of countries. They also facilitate trade and hence contribute to countries' economic growth.



SDG 12:

Ensure sustainable consumption and production patterns

Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle (target 12.6)

Posts are key players in the local, national and international transport supply chain. More and more postal operators are calculating and reporting their carbon footprint. In developing and least developed countries, Posts are supported by the UPU through its specially designed carbon management tool OSCAR.



SDG 13:

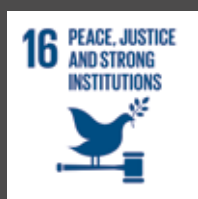
Take urgent action to combat climate change and its impacts

Strengthen resilience and adaptive capacity to natural disasters (target 13.1)

Integrate climate change measures into national policies (target 13.2)

Making Posts more resilient enables them to play a more effective role in managing disaster risks and the aftermath of catastrophes, and in improving the resilience of local communities. More and more Posts are implementing disaster risk management and resilience programmes to enable better preparation for and adaptation to natural disasters with a view to better serving all populations.

Mitigating the environmental impact of postal activities is on the agenda of a growing number of Posts in not only industrialized but also developing and least developed countries. Many Posts are developing low carbon strategies through their postal products and the use of renewable energy in their vehicles and buildings.



SDG 16:

Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

As public institutions in many countries, Posts are delivering government services and acting as public policy enablers. For example, they help to organize electoral processes and deliver identity papers and official documents, and enable public access to information through the distribution of print media. In Lebanon, the Post, which has more than 90 branches throughout the country, has concluded partnerships with several public and private institutions to provide services on their behalf, enabling citizens to renew passports, pay taxes, have official documents certified and apply for work permits in all post offices. More than 120 different services can be facilitated by postal staff, and millions of these operations are performed every year.



SDG 17:

Strengthen the means of implementation and revitalize the global partnership for sustainable development

Significantly increase the exports of developing countries, in particular with a view to doubling the least developed countries' share of global exports by 2020 (target 17.11)

Posts as a key enabler of trade

The role of Posts in trade facilitation is growing, especially in the context of e-commerce. The implementation of trade facilitation programmes by Posts has had a significant impact on export trends, in particular for SMEs in rural areas of developing countries. This is true of Latin America in particular, where postal trade facilitation programmes developed by Posts in cooperation with the relevant national authorities have been a success. In Ecuador, where such a programme has been implemented by the Post, the value and volume of exports from SMEs through this channel have more than tripled in two years.

Regional priorities – Asia-Pacific

Situation analysis at the end of 2016

General information on the Asia-Pacific region

For UPU purposes, the Asia-Pacific region comprises 36 countries covering 31,578,552 square kilometres with a population of 4.084 billion⁶, or 55.6% of the world's population. The region includes 3 industrialized countries, 21 developing countries and 12 least developed countries.

The economic outlook for developing Asia-Pacific economies is broadly stable but is clouded by uncertainty. Economic growth in 2016 and 2017 is forecast to increase marginally to 4.8% and 5%, respectively, from an estimated 4.6% in 2015, as a confluence of macroeconomic risks continues to buffet the region. While inflation is expected to remain low in the region as a whole, reaching a multi-decade low of 3.7% in 2016 compared with 4.1% in 2015, there is considerable divergence between subregions and individual economies⁷.

Actions led during the 2013–2016 cycle

Based on the 2013–2016 regional development plan for Asia-Pacific countries, the UPU implemented two key strategic projects, eight regional projects, 12 national projects and three emergency assistance projects in the region. All of these projects have had positive effects on the services provided by Posts and more generally on countries themselves. A selection of projects led during the 2013–2016 cycle is presented below.

Quality of service and supply chain

Improving quality of service by postal operators worldwide is one of the UPU's key missions. In order to achieve this, the UPU developed a regional approach mixing capacity building for postal staff, provision of technical assistance, and development and provision of standardized technical tools.

The main objective of this project was to assist participating countries and their postal operators in promoting the reliability and sustainability of the regional postal network by enhancing the end-to-end quality performance of their postal operations. This was done by supporting the implementation of state-of-the-art technology measurement systems and other quality of service improvement tools, enhancing staff competence and sharing best practices among countries in the region.

After attending a series of training workshops and seminars, the national project managers of the participating Posts designed quality improvement plans and took measures to enhance the quality of service and efficiency of their supply chain. One of the project's milestones was quality of service certification following the UPU certification methodology. The national project managers were trained to apply the certification methodology in their countries and to conduct certification missions. In 2016, cross-auditing was carried out for all participating Posts. Based on the results of the cross-auditing exercise, two participating DOs were awarded an A-level certificate, five a B-level, two a C-level and two an entry-level. This marked a significant improvement over the situation at the beginning of the project.

National projects

For Posts of least developed countries, national projects are led to improve the efficiency and reliability of their services. These projects are in general a mix between acquisition of equipment, provision of consultancy, and training. For some Posts, such projects are their only source of external assistance. Technical assistance is provided in various fields: management, operations, marketing, legislation, and so on.

⁶ UNESCAP, Statistical Yearbook for Asia and the Pacific 2015.

⁷ UNESCAP, Economic and Social Survey of Asia and the Pacific 2016.



During the 2013–2016 cycle, more than 500 equipment items were purchased with the assistance of the national offices of the United Nations Development Programme. These included vehicles (mail vans and trucks), motorcycles, IT equipment (computers, printers, scanners), postal equipment (scales, postal boxes) and security equipment (x-ray machines).

Human resources development

Among the main priorities of the UPU's development cooperation policy is to build the capacities of the staff of governments and Posts. To that end, in all projects that were led during the 2013–2016 cycle, a strong training element was included. This was mostly done through training at the Asian-Pacific Postal College (APPC), a training centre hosted by the Asian-Pacific Postal Union, a regional organization made up of 32 members. The APPC enhances the knowledge and skills of postal employees in the region and enables them to provide better services to customers.

Nearly 100 fellowships were granted to regional staff during the 2013–2016 period. The up-to-date training programmes helped the participants understand development trends in the postal business and also provided an opportunity to share best practices from different countries.

Disaster risk management and emergency assistance

The UPU is leading a large-scale programme to improve postal operators' level of general knowledge of disaster risk management (DRM), with a view to ensuring better resilience of Posts and use of the postal network in disaster situations. Training for local experts was organized in 2016, enabling participants to share lessons learned in recent natural disasters. Participants acquired practical knowledge on the subject of DRM and on how to improve their capacity to respond to natural disasters. The new UPU DRM guide was also shared with all countries in the region.

In addition to these capacity-building activities, the UPU implemented three emergency assistance projects in Myanmar, Nepal and the Philippines to assist the three Posts in restoring regular postal services after natural disasters. By providing the most urgently needed equipment and vehicles, these projects have had a positive impact on the local economy, restoring activities and jobs and providing affected populations with postal services such as remittances, financial services or parcel delivery, which are extremely important in post-disaster situations.

Postal financial services

In the field of financial services, the UPU offers assistance to postal operators by making available a money transfer tool to allow Posts to provide secure and affordable remittance services. During the 2013–2016 period, the Posts of 18 countries received assistance from the UPU in this area in an effort to improve access to remittance services for rural populations and to foster cost reductions for migrants.

This project was mainly implemented through the organization of three workshops for Asian countries and the provision of technical assistance by UPU experts.

Current situation and trends observed in the region

Evolution of mail, parcel and express services

The UPU's yearly statistics show that mail volumes in the Asia-Pacific region, as in other regions, have been declining over the past 10 years. Compared with 2013, letter and parcel volumes in 2014 decreased by approximately 10%. With developments in IT and competition from private couriers, the downward trend will continue.

On the other hand, the express mail service (EMS) traffic in the region has been increasing in recent years, which is a direct consequence of e-commerce growth. In 2015, the Asia-Pacific region was by far the largest generator of EMS traffic, with exports accounting for over 75% of global volumes. EMS in the Asia-Pacific region grew by over 30% between 2012 and 2015, with the Posts of China (People's Rep.), India, Hong Kong, Japan and Korea (Rep.) in the top five for EMS traffic in 2016.

E-commerce development in the next few years implies strong potential for EMS growth if this service keeps meeting the requirements of customers in terms of convenience, price and quality of service.

Postal financial services

Most countries in the Asia-Pacific region already provide postal financial services, including money transfers (domestic and international). Savings services are also provided by some operators, either directly or in partnership with other financial institutions.

In a recent study⁸, the UPU quantified postal operators' capacity to advance financial inclusion by means of a financial inclusion capacity index. This index takes into account the elements of density and level of connectivity of the postal network, staff capacity, level of profitability, level of automation of operations, security of post offices and cash logistics capacity, and enabling legal framework. All these factors are graded and weighted with a maximum total of 100 points.

The financial inclusion capacity index average for East Asia and Pacific is 53.83. Singapore, Indonesia and Malaysia are the best performers in the region, with financial inclusion capacity scores above 75. Indonesia's performance, with an index of 87.89, shows that there is remarkable potential in a country where the financial inclusion rate stands at only 36%, which is well below the regional average of 69%. China Post also has a good score. It is the largest postal financial institution in the world in terms of number of customers, with 490 million account holders.

South Asia on the other hand has one of the weakest financial inclusion capacity index scores, with an average of 48.07. Only 15% of post offices in the region are connected to an electronic network. This result is by far the worst in the world, even though modernization is under way. India Post, for example, expects to connect all its post offices by the end of 2017. However, limited budgets are a major barrier for other Posts in building an electronic network.

⁸ Clotteau N., Measho B. (2016) Global Panorama on Postal Financial Inclusion. Universal Postal Union. www.upu.int/uploads/tx_sbdownloader/globalPanoramaOnPostalFinancialInclusion2016En.pdf

Development of e-commerce

The Asia-Pacific region is by far the biggest in the world for e-commerce. Indeed, 60.6% of the 1.9 trillion USD in global e-commerce sales are generated in the region. While a large portion of these online sales are generated in the region and sent to other regions, the regional market is also increasingly developing. In fact, people in the Asia-Pacific region are twice as likely to buy online as other groups in the world. The region's middle class will expand to over 1.7 billion people in 2020. Several studies⁹ show that Asia-Pacific will remain the largest e-commerce market in the near future.

A dynamic market

With the deregulation of the postal market, more and more private couriers are providing services similar to those of postal operators. The boom of e-commerce is attracting more investments in logistics and supply chain services. Some e-commerce companies have even launched their own delivery networks. Posts, including those in Asia-Pacific, are now facing fiercer competition than ever before from a wide range of actors.

As a consequence, the delivery market is becoming an extremely dynamic one, with both Posts and private couriers increasingly targeting e-shoppers and trying to offer them more convenience. The years to come should therefore bring about a great deal of innovation on this market. For example, it is expected that drone delivery or driverless vans could become standard features of postal operations in the next few years.

Intervention strategy

The UPU's development cooperation activities for the 2017–2020 cycle will be based on the context identified above as well as on the regional priorities identified by UPU regional members during a stakeholder consultation process led in 2015–2016.

Improvement of operational efficiency and development of e-commerce

Aim of the project

The project dovetails with the UPU's strategic objective of helping postal operators become key players in e-commerce. To meet the challenges posed by the e-commerce market, the UPU must adopt a global and integrated approach based on a market and customer focus. For the 2017–2020 cycle, the UPU's main goal is to ensure the "operational readiness" of Posts for

seamless cross-border e-commerce. The ultimate objective is to ensure that online merchants have adequate distribution infrastructure to develop their business.

The aims of the project are to address obstacles that prevent consumers from making online cross-border transactions, to help participating designated operators modernize operational processes, and to use all available standardized IT tools and end-to-end systems to implement operational solutions that meet e-commerce requirements. By improving end-to-end delivery performance and reliability, providing consumers with more visibility through EDI message exchanges, and establishing more customer-oriented solutions (delivery options, data capture at source, return solutions, simple customer services, etc.), postal operators will contribute to the continued growth of the e-commerce market.

What

By rolling out a series of training activities, modernizing processes and implementing state-of-the-art IT technologies, the project will ensure that Posts are in a position to address the needs of customers and e-retailers. For example, tracking tools will allow both customers and e-merchants to follow their shipments in real time. Tracking will also improve customs transit, e.g. by enabling compliance with international security standards. Additional tools will also allow clients to choose delivery locations and in some cases delivery schedules, giving them the flexibility that is expected nowadays. Lastly, processes will be developed to facilitate seamless product returns.

A particular emphasis will be placed on integrating the various links in the supply chain (transport companies, airlines, customs authorities, security agencies, postal operators, e-merchants) into end-to-end processes and IT tools with a view to maximizing the operational efficiency of cross-border e-commerce.

How

The project will be implemented by the UPU and postal operators in coordination with airlines, handlers, customs authorities and other project stakeholders through workshops, training, on-site surveys, organizational audits and twinning activities as part of a global four-year plan.

In the Asia-Pacific region, the level of economic development is quite different from country to country. The infrastructure for e-commerce is well developed in the three industrialized countries of the region as well as

⁹ E-Marketer and AliResearch.

in some of the 21 developing countries, such as China, Korea, Malaysia, Singapore and Thailand. However, in the 12 least developed countries and a few developing countries, the postal infrastructure is still poor. Investments are therefore needed to upgrade connectivity and improve the transportation and delivery equipment of Posts.

Contribution to the financial inclusion of populations via postal networks

According to the World Bank¹⁰, in East Asia and Pacific, only 69% of adults have a bank account, and in South Asia, only 46%. However, 88% of Posts in both regions offer financial services, and the postal network is larger than the banking network, in particular in rural areas. As a result, many Posts in the region already play a key role in financial inclusion.

Postal money transfers

In this context, during the 2017–2020 cycle, the UPU will carry out a series of activities to strengthen the contribution of Posts to financial inclusion in the region. In the early 2000s, the UPU developed the International Financial System (IFS), a money transfer tool that it makes available to Posts. In accordance with SDG 10c, which is to reduce to less than 3% the transaction costs of migrant remittances by 2030, the UPU helps Posts offer their customers secure and affordable services. Over 80 Posts currently use IFS, which was updated in 2013 for use on mobile devices and which can be managed remotely via cloud computing for Posts that do not have sufficient technical capacity.

For the 2017–2020 period, the UPU will continue to develop this network through the following actions:

- Increasing the number of IFS users;
- Conducting on-site audits to improve quality of service and security;
- Deploying mobile solutions in countries with no such solutions in place;
- Implementing remote payment solutions in the area of e-commerce for unbanked customers.

Digitalization of financial services

In addition to its efforts in the area of money transfers, the UPU has also put in place a technical assistance fund to help Posts digitalize their financial services. At least 20 Posts will benefit from this programme in 2017–2020, with the goal of ensuring that the financial services offered by Posts (money transfers, bill payments, government payments, savings services, insurance, etc.) are available digitally. Assistance will be available in various areas:

- Defining an effective digitalization strategy;
- Implementing technological tools;
- Developing a digital ecosystem;
- etc.

Postal sector reform

One of the UPU's objectives, as set out in the preamble to its Constitution, is to afford all the world's citizens access to communication services. To this end, it provides technical assistance to its member countries in order to ensure the smooth running of their postal sectors. For instance, it has developed an approach to help governments restructure their postal sectors by means of a coherent methodology based on national analyses and the specific realities of each country.

The responsibility for implementing postal sector reform lies directly with the countries, and decisions in this regard are made at the national level. For the 2017–2020 cycle, the UPU's role in the context of postal sector reform will primarily be to support countries that have launched transformation processes, namely by facilitating access to methodological tools and providing specialized experts.

The UPU will strengthen dialogue with governments and stress both the postal sector's new role in the societies and national economies of developing countries and the need to establish structured reform processes.

In the 2017–2020 cycle, the UPU's work in this connection will be guided by the following principles:

- Providing beneficiary countries with methodological tools for the different areas of postal sector reform;
- Establishing an integrated approach, including a policy to mobilize resources, at national and regional levels;

¹⁰ Demirguc-Kunt A., Klapper L., Singer D., and Van Oudheusden P. (2015) The Global Findex Database 2014: Measuring Financial Inclusion around the World. Policy Research Working Paper 7255, World Bank, Washington DC.

- Continuing to serve as a platform for the sharing of best practices in postal sector reform among UPU member countries;
- Strengthening capacity building at national and regional levels.

Contribution to the digital transformation of postal networks

Connected people: on average, eight in 10 individuals in the developing world own a mobile phone, and the number is steadily rising. Even among the bottom fifth of the population, nearly 70% own a mobile phone. However, Internet adoption lags behind considerably: only 31% of the population in developing countries had access in 2015, compared with 80% in high-income countries.

Connected businesses: Internet adoption has increased across businesses in all country income groups. Nearly nine out of 10 businesses in high-income OECD countries had a broadband Internet connection in 2014, compared with seven for middle-income and four for low-income countries. But adoption rates for technologies such as secure servers, enterprise networks, and e-commerce are much lower in most developing countries.

Connected governments: governments are increasingly going digital and, in comparison with the private sector, a greater share of government jobs in developing countries are ICT-intensive. However, according to the 2016 United Nations E-Government Survey¹¹, only 60 countries have online services to register a business and 20 have multipurpose digital identification platforms.

ICTs are the backbone of sustainable economic growth. According to the World Economic Forum Digital Transformation of Industries 2016 report¹², the future of countries, businesses, and individuals will depend more than ever on whether they embrace digital technologies.

In 2012, the UPU launched the .POST project to define the role of the Post in the digital economy and to provide a platform for developing countries to access secure cloud-based services. At the end of 2016, 25 countries were already using .POST to offer secure Internet services. Through the provision of digital services, Posts play a major role in connecting people, businesses and governments. In addition, Posts are key contributors to target 16.9 of the SDGs, which aims to provide a legal identity for all.

Digital postal services

In this context, during the 2017–2020 cycle, the UPU will carry out a series of activities to strengthen the contribution of Posts to digital inclusion.

Digital postal networks

- Helping countries define an effective national Internet strategy that integrates the Post;
- Increasing the number of countries using .POST;
- Developing a digital ecosystem for postal services to consumers and businesses.

E-commerce platforms

- Defining effective national e-commerce strategies leveraging postal capabilities;
- Setting up e-commerce platforms in countries with no such solutions in place.

E-government services

- Defining effective national e-government strategies leveraging postal capabilities;
- Defining effective digitalization strategies;
- Implementing technological tools.

Activities in the field of disaster risk management: building resilient postal networks

According to the Third United Nations World Conference on Disaster Risk Reduction, held in March 2015, between 2005 and 2014, more than 1.5 billion people were affected by disasters in various ways and the total economic loss was more than 1.3 trillion USD.

The postal sector has also been severely affected by disasters, which have caused destruction and interrupted services. However, some examples emerging from these events have shown that the Post can be a key player in disaster response, such as by serving as a logistics infrastructure and a distribution point for emergency supplies and money transfers in affected areas, and by providing a basic means of communication when no other system is available.

Given the achievements of DRM activities during the Doha cycle, the importance of building postal networks' resilience to natural disasters, and the benefits for member countries of enhancing the role postal operators can play in pre- and post-disaster situations, the UPU will conduct specific capacity-building and technical assistance activities, and in particular will:

¹¹ <https://publicadministration.un.org/en/Research/UN-e-Government-Surveys>

¹² <http://reports.weforum.org/digital-transformation-of-industries/wp-content/blogs.dir/94/mp/files/pages/files/wef-digital-transformation-of-industries-2016-exec-summary.pdf>

- provide support, particularly to designated operators of developing and least developed countries, through dedicated training modules and technical assistance projects. These will be based on a specific methodology in order to provide the best level of assistance to postal operators and relevant authorities in the implementation or improvement of DRM policies and business continuity planning;
- implement a specific certification process which will allow postal operators to improve their DRM approaches and benchmark their level of implementation in the framework of the UPU DRM guide;
- disseminate, at the country level, the UPU DRM guide, which is a practical tool that sets out all the necessary steps for postal operators to implement a DRM approach at all levels of the postal organization;
- share best practices among Posts through communication platforms and regional workshops and seminars.

Link with regional development agendas

The activities mentioned in the 2017–2020 UPU cooperation strategy for the Asia-Pacific region are aligned with the strategies of several regional organizations, on three different topics.

ICT and disaster risk reduction

United Nations Economic and Social Commission for Asia and the Pacific (UN ESCAP)

One of the major missions of ESCAP is disaster risk management. In its 2016 annual report, it states the following:

“Asia and the Pacific is still the most vulnerable region to natural disasters. Over 40% of the disasters that occurred globally between 2005 and 2014 took place in the region, with more than 1.4 billion people affected and over half a trillion dollars in severe



economic damage. ESCAP is enhancing disaster risk resilience by extending its Regional Space Application Programme to ensure effective use of Geographic Information Systems (GIS) applications for early warning, and by building capacities to deal with disasters through climate adaptation”.

Association of Southeast Asian Nations (ASEAN)

At the ASEAN Chairmanship 2016 in Lao People’s Dem. Rep., the organization issued its “ASEAN declaration on one ASEAN, one response: ASEAN responding to disasters as one in the region and outside the region”¹³. In the declaration, member countries committed to strengthening the capacity of the ASEAN Coordinating Centre for Humanitarian Assistance on disaster management (AHA Centre).

The UPU interventions on DRM are perfectly aligned with these two visions, building the capacity of governments and Posts to improve the resilience of the postal sector and ensuring postal networks can become key actors of post-disaster reaction.

Macroeconomic policy and financing for development

ESCAP analyzes economic conditions and promotes use of macroeconomic and structural policies that support economic growth and encourage productive employment, while maintaining macroeconomic stability. It encourages the quality aspect of economic growth and highlights the need to consider the distributional consequences of development policies.

ESCAP emphasizes the essential role of financing for development for the implementation of the 2030 Agenda for Sustainable Development. The priorities identified in this area include strengthening domestic resource mobilization, including through tax cooperation and public expenditure management; enhancing quality infrastructure investment, taking into account all aspects of economic, social and environmental sustainability; and increasing the effectiveness of financial markets in supporting sustainable development.

This strategy aligns with the UPU strategy, which aims to address obstacles preventing consumers from making online cross-border purchases, help participating DOs modernize operational processes, and use all available IT standardized tools and end-to-end systems to implement operational solutions that meet e-commerce requirements.

Regional economic cooperation and integration

ESCAP supports the strategy that deepening economic integration and cooperation in the region could be mutually beneficial to all countries and instrumental in the achievement of key development goals.

The UPU strategy for the 2017–2020 cycle, which aims to improve the postal infrastructure to ensure that it becomes a reliable partner of e-retailers, fits within that strategy as it will contribute to reinforcing the role of Posts as trade facilitators and as instruments of regional exchange.

Given all of the above, during the 2017–2020 period, the UPU will strive to strengthen cooperation with regional organizations to ensure that, together, they can leverage postal networks to contribute to the attainment of the Sustainable Development Goals.

¹³ <https://goo.gl/Bevt1q>



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