

Postal networks: actors in the social and economic development of the Caribbean region

Regional Development Plan 2017–2020
Development and Cooperation Directorate



UPU | UNIVERSAL
POSTAL
UNION

Table of contents

Postal sector contribution to socio-economic development	7
Posts in the 21 st century	7
A three-dimensional network: physical, electronic and financial	7
Posts by the numbers	9
Universal service and social role	9
Economic impact of postal activity	10
The UPU as a driver of sector development	10
Overview of the UPU	10
Technical cooperation at the UPU	11
Examples of UPU projects	12
Postal sector contribution to the implementation of the Sustainable Development Agenda	13
Postal sector and socio-economic development in the Caribbean during the 2017–2020 cycle	19
Analysis of the Caribbean region – Findings	19
Actions led in the Caribbean during the 2013–2016 cycle	19
Analysis of the situation of the Caribbean region at the end of 2016	20
Observed trends in the Caribbean region	21
Intervention strategy in the Caribbean region	22
Improvement of operational efficiency and development of e-commerce	22
Contribution to the digital transformation of postal networks	23
Implementation strategy for postal sector reform in 2017–2020	24
Development of financial services	24
Link with regional development agenda	25

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 Caribbean 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.

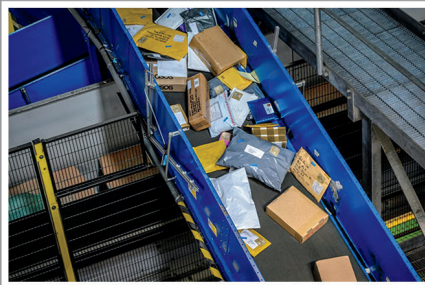
¹ Hristova D., Rutherford A., Ansón J., Luengo-Oroz M., Mascolo C. (2016) The International Postal Network and Other Global Flows as Proxies for National Wellbeing. PLoS ONE 11(6). <http://journals.plos.org/plosone/article?id=10.1371/journal.pone.0155976>

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.

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.

8 DECENT WORK AND ECONOMIC GROWTH



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)

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



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.

11 SUSTAINABLE CITIES AND COMMUNITIES



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.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



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.

13 CLIMATE ACTION



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.

16 PEACE, JUSTICE
AND STRONG
INSTITUTIONS



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.

17 PARTNERSHIPS
FOR THE GOALS



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.

Postal sector and socio-economic development in the Caribbean during the 2017–2020 cycle

Analysis of the Caribbean region – Findings

Actions led in the Caribbean during the 2013–2016 cycle

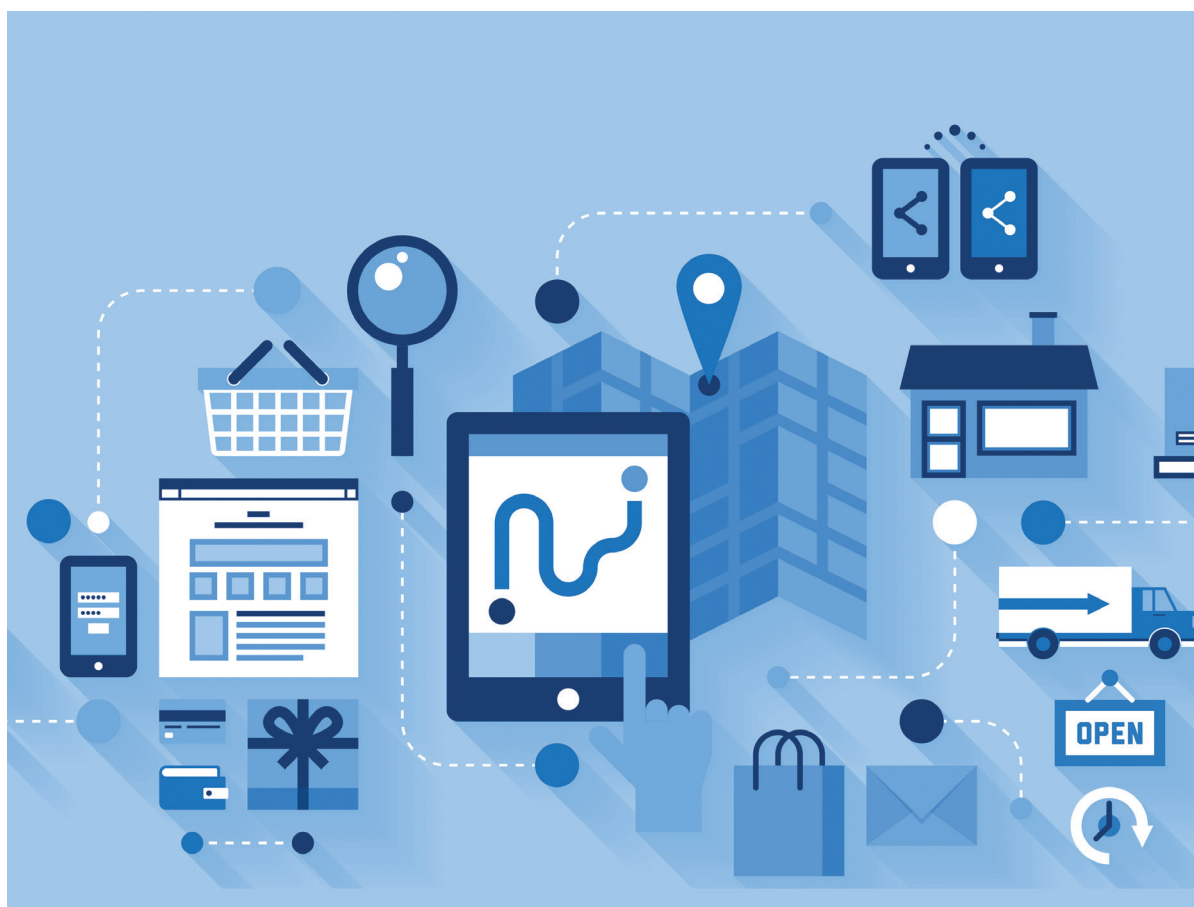
As part of its development cooperation policy for 2013–2016 in the Caribbean region, the UPU led a series of joint interventions with other United Nations organizations, the Caribbean Community (CARICOM), national governments and the Caribbean Postal Union (CPU)⁶. Over this period, the region benefited from the following projects:

- **Investment in human capital:** the transfer of expertise and knowledge is a major activity of the UPU. The goal is to ensure that Posts within the region are better equipped to take on the challenges within their operating environment. To this end, the Caribbean Postal Training Centre (CPTC), inaugurated in September 2014, was a major milestone. It is operated by the CPU in partnership with the Government of Barbados. It is at that centre that all training-related activities for the region are centralized. The multiplying effect of the train-the-trainer approach has maximized the return on investment: a total of 336 postal employees have benefited directly from training and a further 2,000 indirectly.
- **Improvement of the postal value chain:** in order to remain relevant, the sector is continuously improving the quality of the network and creating an enabling environment to facilitate trade. Of the 23 countries in the region, 22 currently have the ability to track and trace the end-to-end movement of goods and services, in line with global standards.

This is expected to boost e-commerce activities, facilitate smoother trade via the postal network, and further position Posts as facilitators of social and economic inclusion.

- At a strategic level, the UPU has forged partnerships with the World Customs Organization, the International Civil Aviation Organization and the International Air Transport Association. These partnerships were implemented at the regional level through direct cooperation with customs, airlines and security authorities to ensure seamless supply chain operations. Overall, the results of the quality of service project led from 2013 to 2016 were positive, with marked improvements in the service delivery times and customer service offered by most postal operators in the region. For instance, on average, postal items are now delivered within five to seven days of posting and customer queries are addressed within 24 hours of receipt.
- **Emergency assistance:** emergency assistance was given to the Dominica Postal Service after it was hit by Tropical Storm Erika in September 2015. The UPU provided equipment to ensure that normal postal operations were restored as quickly as possible. The assistance was administered through the UPU's ESF. In addition, the UPU has led capacity building in the field of disaster risk management to ensure the resilience of the sector: 21 postal managers from 19 countries of the region were trained during a UPU disaster risk management workshop in 2016.
- **Health campaigns:** the responsibilities of the Post go beyond delivery of postal and financial services to citizens. Posts also contribute to global, national and regional efforts to advance the well-being of society. With over 48,000 post offices in the Caribbean and Latin American region, the postal network has remarkable outreach capabilities which can be used for projects aimed at ensuring public well-being. For instance, during the last cycle, the UPU leveraged the postal network in support of various awareness-raising campaigns in the region. In coordination with the Pan American Health Organization, the UPU launched two campaigns to inform populations about diseases affecting the region – the Chikungunya epidemic in 2015 and the Zika pandemic in 2016. This demonstrates the important role that Posts play in mitigating health risks and, specifically, how its vast network and reach within even the most remote areas can be used to not only distribute mail, but also to raise awareness and disseminate information.

⁶ The CPU is a regional organization made up of 30 postal operators. Its main area of focus is to support the development and modernization of postal services in the Caribbean.



Analysis of the situation of the Caribbean region at the end of 2016

The postal sector still faces many challenges with national governments, chief among them the lack of recognition and a consequent lack of funding. In spite of this, progress has been made in securing commitments from CARICOM. In addition, the national governments of 10 countries have recognized and included the sector in their national development agenda. With buyin from the remaining 13 countries, the region as a whole can make substantial steps towards realizing the full potential of the Post as an apparatus of economic and social development. In the short term, the following steps are feasible:

- Setting up cyber cafés, primarily for young people, by leveraging the vast physical network of post offices;
- Decentralizing government services through post offices;
- Supporting entrepreneurs, including women from rural communities, by leveraging the postal supply chain.

At a more granular level, the region has seen a decrease in mail volumes which is on par with global trends. However, there has been an increase in parcel volumes, pointing to the potential for e-commerce development in the region. For the Caribbean and Latin American region, UPU projections show that the yearly growth rate for parcels will reach 5% by 2020 (compared to 3% in 2014). Based on ITU statistics for 2016⁷, in the Americas, 65% of the population uses the Internet (40.1% in developing countries). According to other studies⁸, in 2018, 139.3 million people in Latin America are expected to buy goods and services online, a dramatic increase from 84.7 million in 2013.

However, there are two challenges for e-commerce growth in the region. The first challenge is the logistics issue, which can be addressed by using the postal infrastructure to efficiently and reliably deliver goods purchased online. The second challenge is low credit card penetration, which can be dealt with by having Posts provide financial tools such as prepaid cards or, alternatively, cash on delivery (COD), where the client pays cash when the good is delivered.

⁷ <https://www.itu.int/en/ITU-D/Statistics/Documents/facts/ICTFactsFigures2016.pdf>

⁸ <https://www.statista.com/markets/413/e-commerce/>

The UPU developed a set of four indicators to compare the performances of postal operators. Based on these indicators, the region is performing, at best, on average and, at worst, below world averages. For example, for the “reliability” indicator, which measures things such as the end-to-end shipping times combined with other measures and quality targets in each country, the region performs below world averages. Conversely, in terms of connectivity, the region has the capacity to connect with a large number of international partners. Integrated indicators on reliability and reachability of postal services worldwide are particularly important at this time for strong international e-commerce development.

Observed trends in the Caribbean region

One area of major growth in the region is in the MSME sector. According to the Caribbean Development Bank, this sector contributes significantly to female employment, poverty reduction and social stability. MSMEs constitute between 70% and 85% of the total number of enterprises, contribute between 60% and 70% of gross domestic product, and account for approximately 50% of employment in the Caribbean. Data gathered as at December 2015 shows that there are some 200,000 registered MSMEs and at least 550,000 informal ones operating within the region⁹. Postal networks can provide the relevant infrastructure and business tools for the MSME market to grow, first domestically and then regionally or internationally. Through their vast networks, which connect even the most remote areas, Posts can offer communication services, logistics services, access to information on market rates, access to financial products, packaging services, and so on.

Within the postal sector, building partnerships in the region has been successful, as seen in the improved relations between the European Union, other United Nations organizations and CARICOM. This is demonstrated in the partnership under the 10th European Development Fund (EDF), through which funds were obtained and used to conduct studies in Haiti. The objective was to improve the country's postal operations by re-establishing basic services and thus reconnecting the population to the economic and social network. It is hoped that under the 11th EDF, Posts can obtain more funding, which would allow them, in addition to providing traditional postal services, to venture into other ancillary and value-added services. These would include end-to-end logistical solutions for e-commerce, warehousing and the like, which would also make positive contributions to overall economic development.

⁹ https://www.caribank.org/wp-content/uploads/2016/08/Micro-Small-and-Medium-Enterprise-Development_final.pdf

Intervention strategy in the Caribbean region

Owing to the situation of the region and to the trends identified, it is clear that the postal sector is indeed still relevant to the development agenda within the region. In line with this, the UPU, having conducted a strategy conference with key stakeholders in the region, has developed a framework within which it will channel cooperation activities over the 2017–2020 cycle.

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.

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 Survey¹⁰, 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 report¹¹, 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.

Contribution to the financial inclusion of populations via postal networks

According to the World Bank¹², in the Caribbean and Latin American region, 51% of adults are banked. However, 89% of Posts in the region already offer financial services and most of them are now looking at expanding their range of services. As a result, there is potential for many of the region's Posts to advance financial inclusion, possibly by partnering with other financial institutions.

¹⁰ <https://publicadministration.un.org/en/Research/UN-e-Government-Surveys>

¹¹ <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>

¹² Demircuc-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.

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 10.c, 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.

Implementation strategy for postal sector reform in 2017–2020

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;
- 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.

Link with Caribbean regional development agenda

Countries within the Caribbean (CARIFORUM states) have aligned themselves with the strategic and implementation plan launched by CARICOM, as demonstrated in the following excerpt:

A Caribbean Community that is integrated, inclusive and resilient; driven by knowledge, excellence, innovation and productivity; a Community where every citizen is secure and has the opportunity to realise his or her potential with guaranteed human rights and social justice; and contributes to, and shares in, its economic, social and cultural prosperity; a Community which is a unified and competitive force in the global arena.

This is enshrined in CARICOM's six developmental pillars, as follows:

1. Building Economic Resilience – Stabilization and Sustainable Economic Growth and Development;
2. Building Social Resilience – Equitable Human and Social Development ;
3. Building Environmental Resilience;
4. Building Technological Resilience;
5. Strengthening the CARICOM Identity and Spirit of Community;
6. Enabling Resilience: Coordinated Foreign and External Relations; R&D and Innovation.



The above-mentioned pillars are not only aligned with UPU priority areas for 2017–2020 with regard to trade facilitation, disaster risk management and the development of e-commerce, but also to the SDGs.

The postal sector will be able to contribute effectively to the resolution of these issues via the implementation of the regional development plan. This is strengthened by the intra-regional synergies created during the UPU's regional strategy conference in 2015, during which Caribbean countries adopted the regional priorities mentioned in this document.

Further, it is these synergistic relationships that have been, and will continue to be, the means through which the pillars will be implemented. The CPU has already pledged its continued support and is committed to working alongside the UPU. In addition, the UPU, governments and Posts in the region have already started working with international organizations, and it is expected that these partnerships will be built upon during this cycle.

In light of the aforementioned strategic linkages between the regional agenda, UPU priorities and the SDGs, the scope for deepened international cooperation is evident, thereby strengthening the means of implementation for cooperation development.



UPU | UNIVERSAL
POSTAL
UNION

UNIVERSAL POSTAL UNION

International Bureau
Weltpoststrasse 4
P.O. Box 312
3000 BERNE 15
SWITZERLAND

Tel: +41 31 350 31 11
E-mail: info@upu.int