



'creating a level playing field'

POSTAL REFORM,POLICY AND REGULATION WORKSHOP

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MODULE 1

OVERVIEW OF POSTAL INDUSTRY





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WORKSHOP OBJECTIVES

- Provide a historical overview of the Post and Postal market trends.
- Explain the key drivers of postal sector reform.
- Discuss the key features and process of postal policy, legislation and regulation.
- The rationale and provision of Universal postal service.
- Explain the role of International/regional institutions in the sector.



PRESENTATION OUTLINE

- Historical perspective
- Sector Reform
- Sector Policy
- Sector Legislation
- Sector Regulation
- Universal Service Obligation
- Role of international/Regional Institutions



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ORIGIN OF THE POST

- Postal services date back to thousands of years- to the Persian empire.
- Sir Rowland Hill is credited with the creation of the modern postal industry by introducing the 'penny post' in 1840.
 - Sender pays
 - Uniform nation wide rates.
- Royal mail implemented this system which spread to the rest of the world.





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CONT..

- Postal services like the rail, telecom and electricity are provided over a network.
- However unlike the other infrastructure industries, Postal services involve little in the way of sunk costs.
 - Over 80% of costs are labour costs.
- The sector has a significant socio-economic role .
- Provides a vital network in National development.



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MARKET EVOLUTION

- Traditional services included mail, parcels, and financial remittances.
- Changing consumer needs
 - Shift to electronic based services such as hybrid mail, e-commerce and financial transfers





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NATIONAL MARKETS

- The national postal market was traditionally within national or country boundary.
 - domestic mail,
 - domestic parcels
 - domestic financial remittances.
- Provided by Monopolies with state regulation and control.
- Provided Social and not commercial services.





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INTERNATIONAL MARKETS

- The cross border postal services were also initially seen as provided under a single international postal network regulated by the Universal Postal Union and therefore monopoly in nature.
- The emergence of international courier companies provided unregulated competition in this market.





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COMMON MARKET AREAS

- The multinational courier operators whose initial interest was on cross-border services noticed a void in the domestic/ national markets and started providing both domestic and international services.
- In certain instances there emerged partnerships and alliances between the multinationals and incumbent postal operators and between the multinationals and domestic courier firms.





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CONT..

- Current services are classified into physical, electronic, financial and logistics.

➤ Physical

- ✓ Letters
- ✓ Parcels
- ✓ Logistics
- ✓ Merchandise/Purchases
- ✓ Agency Services



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CONT..

- Electronic
 - ✓ E-commerce
 - ✓ Hybrid mail
 - ✓ Self-service automated kiosks

- Financial
 - ✓ Remittances
 - ✓ Utility payments
 - ✓ Other Agency Services



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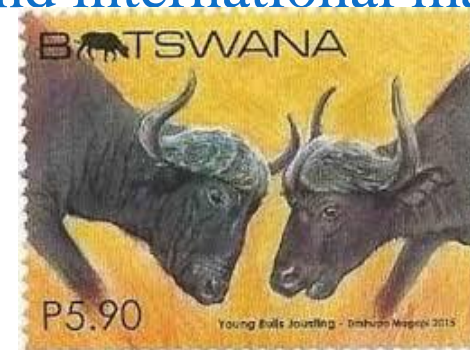




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MARKET TRENDS-AFRICA

- Decline in number of post offices in Sub Sahara Africa.
- 29.7% of the population in Africa has no access to postal services.
- Decline in Postal revenues due to decrease in domestic mail volumes (-3%) and international mail volumes (-6.8%)





CONT..

- The number of mail items posted per inhabitant per year in Africa(2.3) is still well below the worldwide average (52.3), and in over 18 countries, this number is fewer than one.

- Decline in Postal parcel traffic in the domestic service.
- Low Revenue from postal financial services despite huge potential among unbanked and need for money transfer by local populations and migrants.





CONT..

- A lack of electricity and connectivity in some post offices and poor transport and electricity infrastructures.
- Enforcing regulations still remains a challenge though the reserved area and universal service obligations have been defined.





CONT..



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- Revenue diversification remains a common theme across the industry as Posts look for growth in new business and geographic markets.
- Drive towards being customer centric ,need to innovate, and implement cost efficiency programmes, so as to increase stakeholder value.



CONT..

- Setting up marketing departments with the role of promoting the postal services to gain competitive advantage over upcoming courier firms.

- Strong focus on operational efficiency to help cut costs and sustain profits.





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MARKET STRUCTURE



Postal service General
Commercial Domestic Courier
Commercial International Courier



Public postal licensee
Courier operators



Public postal licensee
International Courier operator
National Courier operator



COMPETITION



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Number of operators	PPL	Others	Total
Zimbabwe	1	8	9
Bostwana	1	11	12
Kenya	1	240	241



CONT..

- **Kenya**
 - National courier market is highly competitive.
 - Has about 143 licensed operators and many unlicensed ones.
 - International Courier market has 17 licensed operators.
 - Zimbabwe?
 - Botswana?





KENYA-OLD LICENSE CATEGORIES

License category	No. as at end June 2015
Public Postal Licensee	1
International Operators	22
International Inbound Operators	14
Regional Operators	15
Intra-Country Operators	143
Intra-City Operators	45
Document Exchange Operators	1



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PERFORMANCE-2015

Category	Zimbabwe	Bostwana	Kenya
No. of Courier items			445,000
Incoming international letters			2.2m
Outgoing international letters			2.6m
Revenue	25,074,813 (USD)		
Investments			374m(kes)



MARKET GROWTH

- Postal and Courier networks form part of the global communications infrastructure.
- They play a significant role in the global supply chains.
- They are Critical networks to the fulfillment of e-commerce promise.
- Have a high economic and social significance.
- E-commerce will be a key driver in the growth of postal and courier service.



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- Improved economic conditions
- Acquisitions and the uptake of new products and services.





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MODULE 2

SECTOR REFORM





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POSTS, TELEGRAPH AND TELECOMMUNICATIONS(PTT) MODEL

- Under the PTT Model, Services were provided by organizations that were departments of governments or the state.
- These organizations were largely state monopolies particularly in Africa.
- Government was the regulator, service provider and policy maker.
- The roles were not separated-Leading to conflict of interest.



HOW DID STATE-OWNED PTTs/ MONOPOLIES PERFORM?



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- Shortage of capital
- Shortage of skills and technology
- Inefficiently managed & operated
- Poor network development



CONT..

- Long waiting lists, poor quality of service
- Lack of customer responsiveness
- Poor universal service / access record
(especially in developing countries)





RATIONALES FOR STATE-OWNED MONOPOLIES



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- Extension of postal services
- Posts seen as a “natural monopoly”
- Benefits of economies of scale
- High barriers to market entry
- Ability to address market failures through cross-subsidies etc.
- Importance to security & defense
- Public / social service obligation of government





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CLAMOUR FOR CHANGE

- Late 21st century, the appearance of inexpensive long-distance telecommunications and air transportation gave rise to a new generation of private postal systems.
- The advent of computers changed how mail was printed and sorted.
- Telecommunications could transmit most letters faster and cheaply than the post office.



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CONT..

- Questions were raised on the adequacy of the Post to meet all societal needs.
- It became apparent that the post office must change fundamentally.
- Most industrialized countries chose to reform their posts as opposed to having them as government departments providing residual services.



CONT..

- Multinational companies also developed and challenged the notion of national postal markets.
- Response of postal administrations to these developments was conservatism with little innovation.
- In the 70s, Western governments began to give post offices greater freedom to introduce new services.
- Governmental involvement in commercial operations not eliminated entirely.



CONT..

- In 1990s momentum for Postal change increased in Europe.
- Major postal reform laws were adopted in six industrialized countries:
 - Australia (1994) Sweden(1998)
 - Germany (1997) UK(2000)
 - the Netherlands (1998)
 - New Zealand (1998),



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CONT..

- 'Postal reform' meant taking steps that will ultimately allow and require the post office to operate more like a private company in a commercial environment.
- Reforms undertaken in these markets included:
 - Separation of functions
 - Incorporation into companies
 - Liberalisation
 - Privatisation



MARKET FORCES/ CHALLENGES



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- Status of the incumbent postal operator
- Outdated legislation
- Obsolete regulation
- Unregulated competition
- Mail substitution
- Ever changing and advanced customers needs





CONT..



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- Market liberalization
- Globalization
- Universal Service Provision





WHAT DID REFORMS OF THE SECTOR MEAN?



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- Separation of powers & functions
 - Policy formulation - government
 - Posts regulation- independent regulator
 - Postal services-Designated Postal operator and commercial operators
- Separation of posts & telecomms





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CONT...

- Liberalisation – competition in the commercial services outside the reserved area.
- Licensing additional players in the Postal market
- Commercialization of the incumbent
- Universal service & universal access interventions
- Regulation - deregulation - re-regulation
- Interconnection requirements



WHY LIBERALISE THE SECTOR?



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- Stimulate innovation
- Increase range of services
- Improve sector efficiency
- Enable advanced services
- Promote consumer choice



KEY FEATURES OF SECTOR REFORM

- The common elements of postal reform were:
 - Reduction or elimination of the postal monopoly
 - Restructure of the national post office as a company
 - Privatization/commercialisation
 - Diversification of the business of the post





REFORM PROCESSES



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- Market review and responsibility
- Policy review – formulation, approval and responsibilities
- Legislative review – formulation, drafting, enacting and responsibilities
- Establishment of Regulatory Authority





CONT..

- Restructuring of the incumbent postal operator
- Regulations – formulation, enactment/ approval and responsibilities
- Application of regulations – responsibilities



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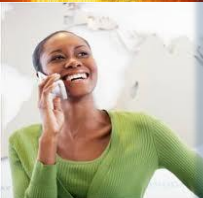




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CONT..

- The postal industry is continuously transforming due to: .
 - rapid globalisation
 - technology change
 - disruptive innovation.
- Challenges and opportunities for the Postal industry exist.
- Need for quick response from the Postal operators.



CASE STUDY: REFORMS AT ROYAL MAIL



SECURING THE POST OFFICE NETWORK IN THE DIGITAL AGE





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SAVING THE POST

- 3 key Recommendations made to Parliament to save the Post:
 - Allowing Royal to access to private sector capital
 - Resolving its historic pension deficit of £8 billion that sapped cash from the business, making it difficult to compete with other operators.
 - Balancing the way postal services was regulated so as to allow competition whilst ensuring the universal service remains available.



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BILLS AND LEGISLATION

- The Postal Services Act 2011, which lifted restrictions on the ownership of Royal Mail, allowed for a future mutual ownership model for Post Office Limited (ownership across a mix of invested stakeholders, such as employees, sub postmasters and consumers, with no one party having an overall majority), enabled the transfer of the Royal Mail's historic pension liabilities to government and put the framework in place to deliver a new regulatory regime.



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CONT...

- The Postal Services Act 2000 - some of which was replaced or amended by the 2011 Act - has a number of important provisions still in force.
- These include provisions relating to offences in relation to the mail, the schemes (setting out details of services' terms and conditions) of universal service providers, application of customs and excise legislation to postal packets, and financing and restructuring of the Royal Mail group of companies.



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CONT..

- **Separating Royal Mail from Post office**
 - Royal Mail and the Post Office are different businesses, facing different challenges.
 - In order to maintain the Post Office in public ownership and enable private sector investment in the Royal Mail letters and parcels business, Post Office Ltd was separated from Royal Mail Group Ltd in April 2012.



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- The two companies signed an agreement to work together.
- The government wholly owns Post Office Ltd (which runs the network of post offices) via its shareholding in the Postal Services Holdings Company plc (formerly Royal Mail Holdings plc).
- Following a sale of Royal Mail shares in October 2013, the government now owns a 30% stake in Royal Mail plc.



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CONT..

- Royal Mail is responsible for Universal Postal service provision.
- **Royal Mail access to private capital**
 - To help protect the future of the universal postal service Royal Mail's dependence on unpredictable funding from the taxpayer , was ended and allowed them future access to private capital by selling shares in Royal Mail in October 2013.



CONT..

- 60% of the company was sold to institutional and retail investors and 10% of the shares were allocated for free to eligible employees.
- **Funding and modernising the Post Office network**
 - The government has committed almost £ 2 billion in funding for the network for the period April 2011 to March 2018.





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CONT..

- This will enable the Post Office to maintain and modernize its network, helping ensure its long term sustainability.
- **Changing the regulator**
 - From October 2011 the regulatory responsibility for the postal market was changed from Postcomm to Ofcom, the regulator responsible for the wider communications sector.



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- In March 2012 Ofcom put in place new regulations for postal services for the next 7 years. Ofcom's primary duty is to make sure there continues to be a universal postal service.

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CONT..

- **The Post Office network strategy**
 - The Department for Business, Innovation and Skills is responsible for setting the strategic policy for the Post Office network and for agreeing Post Office Ltd's business plan.
 - Post Office Ltd is responsible for managing the network of around 11,800 post office branches in the UK.



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CONT..

- The vast majority (around 97%) are operated by franchise partners or sub postmasters, who are independent business people.
- Only a small number of post offices are directly managed by Post Office Ltd.
- Post Office Ltd provides access to around 170 products, including mail, financial, government and telephony services



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CONT...

- The government believes the Post Office needs to adapt to changing customers needs by offering customers what they want - longer opening hours, quicker service, high retail standards and convenient locations.
- To achieve this, Post Office Ltd is introducing new ways of working that will improve the customer experience, reduce operating costs and improve the financial sustainability of the network.



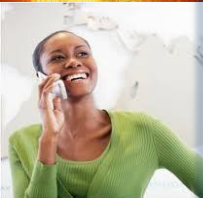
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- **No more Closures**
 - The government's £2 billion funding package includes support for Post Office Ltd's Network Transformation Programme, which will see all branches either modernised or protected by 2018.
 - The government has made a clear commitment that there will be no programme of closures.





MODULE 3

● SECTOR POLICY



POLICY , LAW AND REGULATION

POLICY



LAW



REGULATION



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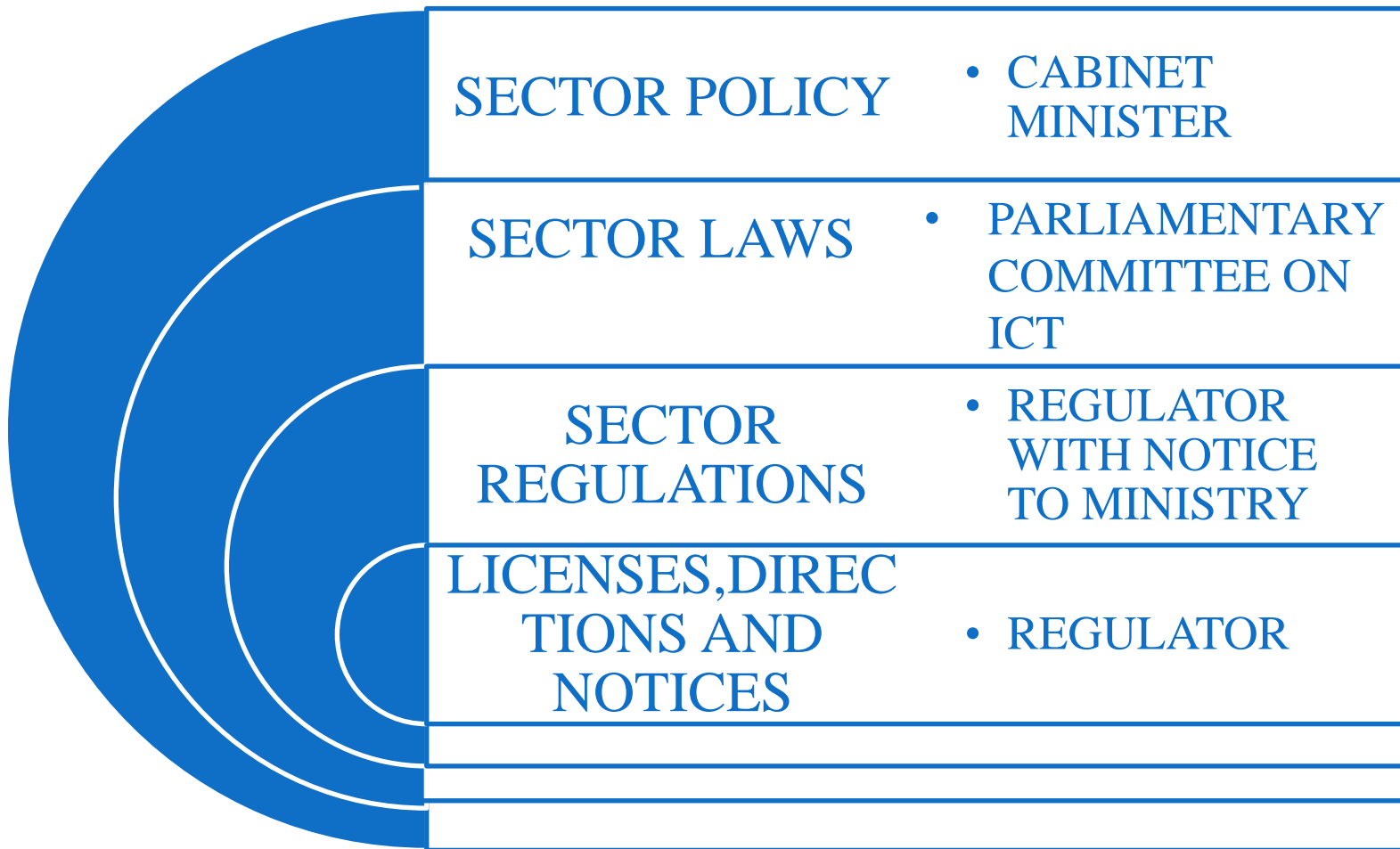
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- National ICT policies usually precede the laws(Acts)
- Policies are guidelines for the sector.
- The acts are then translated in to regulations governing the sector.





POSTAL POLICY STAKEHOLDERS





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ROLE OF THE MINISTRY OF ICT

- Making policies on matters of national policy applicable to ICT sector ,consistent with objects of the act and related legislation.
- Give policy direction to the regulators consistent with objects of the act and related legislation
- The minister may not give policy directions or make policy on:





CONT..

- Granting,
- renewal,
- transfer,
- amendment ,
- suspension
- or revocation of a license except as permitted by the Act.
- When issuing policy direction the minister consults with the regulator and publishes a proposed policy direction for comment.



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EXAMPLES OF MINISTERIAL POLICY GUIDELINES

Zimbabwe

- National ICT policy framework of 2005
 - Vision- transform Zimbabwe into a knowledge-based society by the year 2020.
 - Mission - To accelerate the development and application of ICTs in support of sustainable socioeconomic growth and development in Zimbabwe.



CONT

Bostwana

- The National Information and Communications Technology Policy of 2007, provides Botswana with a roadmap to leverage Information and Communications Technology (ICT) to drive social, economic, cultural and political transformation.
- Objectives:
 - Creation of an enabling environment for the growth of an ICT industry in the country;



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CONT

- Provision of universal service and access to information and communication facilities in the country; and
- Making Botswana a Regional ICT Hub so as to make the country's ICT sector globally competitive



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CONT..



Kenya

- ICT Sector policy guidelines of 1997.
- The National ICT policy of March 2006
 - The Government's vision is to make Kenya a prosperous ICT-driven society'.
 - Its mission is to improve the livelihoods of Kenyans by ensuring the availability of accessible, efficient, reliable and affordable ICT services





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POLICY REVIEW PROCESS

- Policy directions can be amended, withdrawn or substituted by the minister.
- Policies are reviewed in consultation with the stakeholders.
- It is normally a process and not a one off activity so as to get the input of stakeholders and ensure that what is done is in the public's interest.



POLICY COMPONENTS



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- Sector vision
- Sector mission
- Sector objectives
 - Ensuring universal services
 - Undertaking sector reforms and development
 - Providing autonomy and improving commercial management of the incumbent
 - Creating a competitive environment



POSTAL POLICY OBJECTIVES

Kenya

- a) Promotion of quality of services and responsiveness to customer needs
- b) Increased access to quality and affordable universal postal services
- c) Promotion of private sector participation in the postal sector
- d) Enhancement of postal security





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CONT..

e) Promotion of R&D in the postal sector

f) Increased cooperation with sub-regional, regional and global postal service organisations.



Postal Policy objectives in Zimbabwe/Botswana?





MODULE 4

SECTOR LEGISLATION



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COMMUNICATION ACTS

- The constitution must establish the independent sector regulator.
- The communications Acts govern the ICT sector
- The communication Acts deal with licensing of the postal and courier service providers as well as other providers in the ICT sector.



LEGISLATIVE PROVISIONS



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- Objectives of the bill
- Establishment and management of the regulatory authority
- Functions of the regulatory authority
- Powers of the minister responsible for ICT/ postal services





CONT..

- Establishment and management of public postal operator (PPO)
 - Designation of (PPO)
 - Reserved services and postal items
 - Universal service obligation
- Other private postal and courier operators



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ROLE OF REGULATOR

- The sector Act for example the Postal and Telecommunications Act ,2000 (Zimbabwe) outlines the functions of the Authority in relation to postal services as follows:
- Ensure that postal and other related services are provided throughout in the country, on such terms, as the Authority may deem expedient.



CONT...



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- Ensure that the public post licensee is able to provide postal services at rates consistent with efficient and continuous service and financing viability.
- Promotion and development of standards in the field of postal systems and services





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AMENDMENT OF ACTS

- Communication acts can be amended by acts of parliament.
- For example in Kenya:
 - The Kenya information and Communications act 1998 is the principal Act.
 - The Kenya Information and Communications (Amendment) Act, 2013



CONT..



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- *For example in Zimbabwe?*
 - *Act 4/2000, 3/2001 (s. 48), 22/2001 (s. 4), 14/2002 (s. 18), 6/2005 (s. 19)*





MODULE 5

● SECTOR REGULATION





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NEED FOR REGULATION

- *Regulation* –a process by which government ensures promotion of competition and protection of consumers 's right to a high-quality service.
- Regulation is necessary where service is:
 - essential,
 - important to national development,
 - and historically provided under monopoly.



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- Three main regulatory functions can be identified as:
 - Regulation of the Universal Service provision
 - Regulation of competition
 - Regulation of the competitor's access to the network





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EX-POST VS EX ANTE REGULATION

- Ex-ante :Regulation intervention before the occurrence of the event of regulatory importance.
- Ex-post: Regulation intervention after the occurrence Of the event which is of regulatory importance.





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- A postal Act is essential, but the detailed implementation of the Act is best done by the issuing of regulations or rules normally drawn and monitored by the Regulator
- Regulator can be sector Specific or Converged Regulators
- There are however different options available, such as combining the post and telecom regulator.





CONT..



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- This is the case is Kenya, Zimbabwe and Botswana have a converged regulator for the sector.
- There are also instances where regulation for the postal sector and broader ICT sector is done by the Ministry of ICT.





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- A separate regulatory authority only for the postal sector.
 - May not be justified by the cost implications in some jurisdictions.
 - Examples are UK and USA etc with Postal specific regulators.





ROLES AND RESPONSIBILITIES



- Government decides/formulates the policy
- Regulator implements the policy
- Operator provides the services on terms permitted by regulations





POWERS OF THE REGULATOR



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- Should have sufficient power by:
 - having a sound legal, organizational and institutional status and independence ,
 - own resources in staffing and budget,
 - sufficient information on the market situation and its evolution, ability to impose sanctions and fines and withdraw licenses without reference to political authorities,



POWERS OF THE REGULATOR



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An effective postal regulator should:

- Have a sound postal legislation
- Have a clear and detailed mandate
- Have clear and enforceable authority-to impose fines, sanctions, revoke licenses
- Autonomy by independence and insulation from political and business influences
- Transparency in open and participatory processes and predictability in decision making





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- Resources and structure in terms of expertise and budget
- Accountability to other independent organs





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MAKING REGULATIONS

- Regulations are made by the regulators as authorised by the communications acts.
- Regulations are therefore derived from the acts.
 - Zimbabwe-Postal and Telecommunications (Postal Services) Regulations, 2001
- The regulations setting out a code of conduct for licensees and persons exempt from licensing.
- Codes of conduct may differ between services.
-



REGULATION REQUIREMENTS



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- Formulation, drafting and approval of regulations
- Licensing, license conditions and enforcements
- Regulatory mandate and authority
- Transparent accounting and tariff setting practices
- Overall postal markets, services & systems development in line with national and international provisions



FEATURES OF REGULATION

Universal Service

- To guarantee sustained provision of quality universal service as a basic human right to communication.

Regulatory functions include:

- To define the universal postal service and to stipulate the obligation of its provider
- To issue a license to the designated universal service provider





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CONT...

- To set the pricing policy and guidelines for the universal service
- To define in a consultative manner the mechanism for financing the provision of universal service
- To set performance standards and monitor, evaluate, review and publish achievements
- Advice government on all issues relating to universal service.



CONT..

Competition

- Increase and ensure fair competition so as to realize efficiency and competitive prices in the sector. Regulator functions include:
 - To determine and issue license to all providers of postal and courier services
 - To guard against cross subsidization particularly between reserved and competitive services





CONT..

- To clearly define and demarcate between reserved and competitive services

Tariffs and Charges

- Aims at protecting users from exploitation and ensuring that services are affordable, especially within the basic and universal services. The regulator has to :
 - promote and encourage transparent and accurate costing and accounting practices in order to improve operating efficiency.



CONT..

Interconnection

- Guarantee access to postal by all consumers. The regulatory function in interconnection include: -
 - To provide the principles of and facilitate negotiations and agreements between operators regarding accessibility of each other's networks.
 - To approve the interconnection charges proposed by operators.





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CONT..

- To ensure that interconnection is done on fair and non-discriminatory basis in order to facilitate a seamless and end-to-end network
- To provide equitable access to and use of the extensive incumbent postal network
- To provide advice and assist in resolving interconnection disputes between operators



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Consumer Protection

- The regulator has to ensure promotion of consumer rights and protection.
- Carried out both indirectly and directly.
 - Indirectly by:
 - monitoring quality of service performance for universal service mail,
 - ensuring an adequate level of competition,



CONT...



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- developing policy proposals that reflect or further consumer interests
- developing pro-competitive tariff regimes
- monitoring overall market development and growth, etc.
- Directly:
 - By acting as the consumer advocate in disputes with an operator or group of operators.



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LICENSING

- Authorisation to do something
- Obligation to refrain from doing certain things
- Necessary where the law provides that you cannot **undertake** certain activities without a license



LICENSING PRINCIPLES

- Transparency-licensing process be visible
- Objectivity- procedure be based on impartial criteria
- Possible licensing Procedures:
 - open(number not limited)
 - comparative selection(beauty contest)
 - auction (where number of licenses is limited)



CONT..

- Sometimes also called:
 - Authorisation
 - Concession
 - Franchise
 - Permit
 - Registration or notification
- What is its **legal nature**?
 - Contract
 - Administrative / government act



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LICENSE CATEGORIES

- Kenya
 - Public postal licensee
 - International Courier operator
 - National Courier operator
- Zimbabwe
 - postal service (general) licence
 - commercial international courier service licence
 - commercial domestic courier service licence.



CONT..



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- Botswana
 - Public Postal operator
 - Courier operator
- * Working on a new licensing framework for the Postal sector.





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CONT..

Validity of a license-Zimbabwe

- a postal service (general) licence, is valid for 20 years
- a commercial courier service licence is valid for 10 years.
- Botswana?





REQUIREMENTS FOR OBTAINING A LICENSE



The criteria required are:

- Creditworthiness
- Good financial standing and reputation
- Ability to fulfill the Universal Service Obligation
- Expertise
- Territorial coverage
- Good business premises and operational means (vehicles, trained staff, etc.)





LICENSING REQUIREMENTS

Kenya

- All applications for postal/courier licenses should be addressed to the regulator as provided for by the obtaining sector legislation.
- Upon receipt of the application, the following process ensues:
 - Payment of the prescribed non-refundable application fee.





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- Upon receipt of the application fee, the regulator checks whether the eligible applicant has provided the following:
 - certified copy of proof of shareholding from the registrar of companies(FORM CR12)
 - certified copies of identification documents of company directors
 - certified copy of proof of registration or incorporation in Kenya



CONT..

- Certified copy of Tax compliance certificate
- Certified copy of proof of PIN card
- Business plan
- Commitment to ensure that at least 20% of shares are issued to Kenyans by the end of the 3rd year of operation
- VAT Compliance proof
- letter of application with company seal



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- Once it is established that the applicant has met these conditions, the regulator:
 - Publishes the applicant's name in the Kenya Gazette upon regulator Licensing Committee endorsement, and awaits the expiry of 30 days within which representations on the application from interested parties could be raised
 - Determines appropriate categorization of the applicant following successful gazettelement



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- Advises the applicant of the category and license fee payable
- Issues the appropriate license upon payment of requisite fees





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LICENSE OBLIGATIONS AND /CONDITIONS

- The provision of information about financial statements and annual results.
- In some cases, the regulator may ask for business plans.
- An obligation, to contribute to the financing of the Universal Service Provision.
- Payment of license fees as prescribed.



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- Requirement for the Public Postal Licensee to meet minimum quality of service standards as set in regard to reserved services
- Existence of a publicized complaint procedure
- Obligation to charge the right tariffs for reserved services



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CONT..

- Notification to the regulator of any postal articles suspected to have been sent in contravention of the Act e.g. prohibited items etc
- Existence of a publicized complaint procedure
- Payment of annual operating license fees as prescribed by the regulator



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CONT..

- Requirement that licensees operate from a permanent address registered with the regulator
- Existence of policy on disposal of undeliverable articles
- Notify regulator of tariff changes within 14 days of effective date for competitive services
- Non-discrimination i.e. provision of postal services to all people seeking the same



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CONT..

- Observance of Regulations on injurious/dangerous substances for safety/security in postal services.
- Clear Procedures on disposal of undeliverable postal articles
- Public Postal Licensee(PPL) to avail to regulator and archive a sheet each of all stamps and philatelic including 1st Day of Issue impressions of slogans



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CONT...

- PPL to keep in its archives sheets of issues, artwork proofs and printing plates
- PPL to notify regulator of any additional services they introduce to the public
- Mandatory display of tariffs by postal/courier operators for public /customer information
- Payment of annual operating licence fees as prescribed by the regulator



RESERVED POSTAL SERVICES LICENSE



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- Reserved postal services are basic services that include:
 - Acceptance and delivery of postal articles weighing up to 350 grams (Kenya), 500gms (Zimbabwe)
 - Provision of private letter boxes and bags
 - Printing and issuance of postage stamps
- The Regulator prescribes quality of service standards for these universal services being rendered by the Public Postal Licensee





COMPETITIVE SERVICES



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- These are provided by the Public Postal licensee and other courier operators:
- **Courier services**-faster and more efficient means of delivery mainly same-day or overnight
- **Parcel services**- for all postal items other than letters
- **Direct mail marketing services**-passing message to a larger audience-customer communication, distribution of catalogues, orders, statements etc
- **Postal financial services**-Money transfers(Not in all countries).



CONT...



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- **Electronic and hybrid mail services**-use of modern technology to improve delivery speed
- **Distribution of publications**-reliable system to distribute newspapers, magazines, journals etc
- **Agency services**—to provide profitable value added services as agents for paying taxes, municipal fees, electricity, Motor licences, Pensions etc .



POSTAL OFFENCES AND PENALTIES

Kenya

- Its an offence to carry out postal/courier services without a licence from Regulator(Sec. 49 -1 (1) of KC(A)A 2008, KCR 2001 Part 68 (1))
- Offenders risk jail terms of 1 year, or fines of up to Kes. 300,000 or both on conviction.
- Tariffs for basic services are approved by regulator- operators other than Public postal licensee must charge at least 5 times the basic letter rate(Sec. 48 -1(1) of KC(A)A 2008) KCR 2001 Part 80 (1))





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CONT..

- Senders of offensive articles such as those with words, pictures that are abusive, threatening, obscene or grossly offensive in character risk jail terms of three years, or fines of up to Kes.300,000 or both on conviction(CCK(Sect . 71 of KC(A)A 2008)
- If licence fees remain unpaid Penalty is Kes. 100,000 for every month or part thereof(licence conditions).



ENFORCEMENT



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- Due to failure of compliance.
- Sanctions are graduated to reflect seriousness of non-compliance and includes reprimand, order(in court), fine, licence amendments, cancelation /threat to cancel
- Right to appeal should be provided





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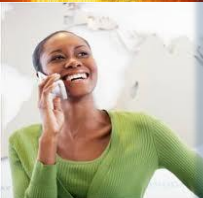
DEREGULATION

- Refers to actions of reducing or removing certain restrictions in the market that originally were aspects of regulation.
- It is therefore an aspect of liberalization meant to open up the market for increased competition.
 - To respond to changes in market conditions and structure
 - To widen/ expand scope for competition



CONT..

- Provide lower prices
- Increase customer choices
- Possible areas of deregulation in the postal and courier sector include : -
 - Reduction or removal of exclusivity or reserved service areas
 - Reduce or eliminate tariff differential requirements
 - Open up or increase designation of public postal operators



MODULE 6

● UNIVERSAL POSTAL SERVICE

universality



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MONOPOLY ERA

- Historically universal services had been provided by governments through monopoly institutions
- These institutions were usually financed or subsidized by Governments
- Globalization and liberalization of markets has had significant impact on provision of universal services
- New ways and means of achieving universal services needed to be devised.



TERMS-DEFINITION



'creating a level playing field'

- The concepts of Universal Service and Universal Access to ICT are distinct.
- Universal **SERVICE**(US) refers to service at the individual or household level, e.g., typically a telephone in each home.
- Universal **ACCESS**(US) refers to a publicly shared level of service, e.g., through public payphones or Internet telecentres.
- UA and US are intrinsically linked as UA is the precursor for US.





NEED FOR UNIVERSAL SERVICE



'creating a level playing field'

- With opening up postal markets, supply and demands forces were expected to guide delivery of service
- Market forces, from experience cannot address special needs of groups/areas, such as:
 - Low income groups
 - Disadvantaged groups e.g. the blind
 - Rural /remote areas
 - High cost areas





CONT..



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- Universal service arrangements to correct the imperfection by :

- Promoting the availability of quality services at just, reasonable and affordable rates
- Increasing access to basic postal services throughout the country





ROLE OF VARIOUS INSTITUTIONS



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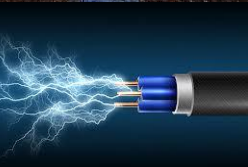
- Government:
 - Policy making
 - Defining of UPS
 - Funding
- Regulators
 - Enforcing the policy on UPS
 - Defining UPS and standards including enforcement
 - Monitoring achievements of UPS





CONT..

- Public Postal Licensee
 - Service provision
 - Funding
 - Standard setting
- Other Licensees
 - Funding
 - Service provision
- Consumers
 - Defining UPS
 - Involved in Standard setting & monitoring



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DEFINING UNIVERSAL SERVICE



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- Universal service is an economic, legal and business term used mostly in regulated industries to refer to the practice of providing a base line level of services to every resident of a country.

- The concept of universal service has also been applied to other crucial utilities such as:
 - Water
 - Energy
 - Postal & telecommunications





CONT..



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- Each country(government) defines basic services that need to be availed to its citizens in a universal manner.
- In the postal area it became necessary to define universal postal services(UPS) with advent of liberalization.
- Most countries thought that with liberalization, provision of Universal Postal Service(UPS) will be threatened.



CONT..

- Others believed that provision of UPS will be strengthened as competition will instill commercial principles and efficiency among operators.
- The Universal Postal Union(UPU) –a specialized agency of UN in postal field has therefore assisted member countries in defining UPS and their implementation.



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SCOPE OF UNIVERSAL SERVICE



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- There are 5 main essential areas of UPS:

a) Access to service

- Proximity to service-Distance
- Number of collections and delivery per day/week
- Number of opening hours of posts offices
- Affordability-rate charged





CONT..

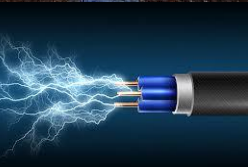


b) Customer satisfaction

- System for handling customer complaints
- Customer satisfaction surveys
- Independent customer body -representing interest of customers regarding UPS

c) Speed and reliability

- Standard for mail delivery domestically
- Standard for international in collaboration with other countries

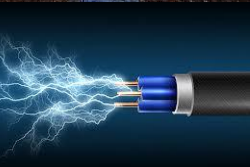




- Agreed standards for clearance of mails by custom authorities

d) Security

- Standards to ensure safe handling of mail at airports
- Security coordination to monitor the security of mail
- Standard to prevent the theft of mail at post offices .





CONT.....



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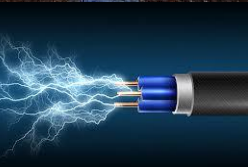
e) Liability and processing of inquiries

- Standard for handling customer queries;
- Complaint mechanisms/procedures;
- Compensation mechanisms.

• Each country determines the scope of its UPS.

• Some countries include:

- Letters
- Parcels
- Financial services





CONT..



- According to UPU statistics, some countries defined UPS to include:

- Letters less than 2Kg(103)
- Parcels less than 20Kgs(96)
- Financial:
 - ✓ Transfers-%(91)
 - ✓ Issue and payment of money Orders(97)
 - ✓ Giro account/savings bank(85)





CONT..

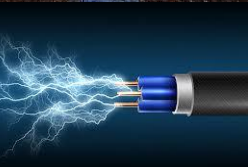


➤ Non financial:

- ✓ Telegrams (93)
- ✓ Pension payment (91)
- ✓ Service on behalf of public utilities-(93)

- In Kenya:

- UPS is defined as consistent supply of basic postal services at affordable prices at all points within the country. Zimbabwe? Bostwana?

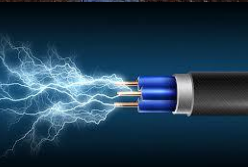




CONT....



- **Basic postal services** are defined as **reserved postal services** such as:
 - postal stamps
 - private letterboxes
 - acceptance, conveyance and delivery of letters weighing up to 350 grams(with 5-times clause on other operators handling letters within the weight step).



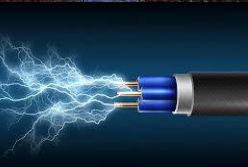


UPU DEFINITION



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The UPU defines a number of basic postal services“ covering the acceptance, handling, conveyance and delivery of letter post items, which include:



- priority and non-priority items to 2kg
- letters, postcards, printed papers and small packets to 2kg
- literature for the blind to 7kg
- special bags containing newspapers, periodicals, books and similar printed documentation for the same addressee called “M Bags”, to 30kg
- postal parcels to 20kg.



CONT..



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The UPU definition does not specify the level of *access* to these services (density of post offices, etc.), nor the *quality* or *price* of services.



- UPU provides advise to member countries advising on basic issues connected with universal service Article 3 of the Letter Post Convention as follows:



- member countries shall ensure that all users/customers enjoy the right to a universal postal service involving the permanent provision of quality basic postal services at all points in their territory, at affordable prices.





CONT..



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Member countries shall set within the framework of their national postal legislation or by other customary means:

- the scope of the postal services offered
- and the requirement for quality
- and affordable prices,

- Should have in consideration the needs of the population and their national conditions.

- Member countries shall ensure that the offers of postal services and quality standards will be achieved by the operators responsible for providing the universal postal service





CONT...



'creating a level playing field'

- Member countries shall ensure that the universal postal service is provided on a viable basis, thus guaranteeing its sustainability.
- UPU now introduced targets for achieving delivery of cross-border mail that will be taken into account within the terminal dues system.
- Neither does the UPU specify uniform pricing, which reflects the fact that some countries do not follow this common practice.





CONT...



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- The importance of the UPU definition is to take account of the products that are included in universal service provision:
 - For instance , the UPU specifies that all member countries must facilitate delivery of parcels weighing up to 20kg as a universal service, despite the fact that some countries only have a domestic universal service for parcels weighing up to 10kg.





EUROPEAN UNION(EU) DEFINITION



'creating a level playing field'

Member States shall ensure that users have the right to universal service involving the permanent provision of a postal service of specified quality at all points in their territory at affordable prices for all users:

Products:

- Postal items up to 2kg
- Postal packages up to 10kg
- Postal packages up to 20kg received from other UPU members





CONT..



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Registered and insured items

Access:

- Density of the points of contact and of the access points take into account the needs of users
- A minimum of one clearance of mail from each access point each working day (not less than five days per week)
- One delivery to each home or delivery address per working day (not less than five days per week)





CONT...

Pricing:

- Prices must be affordable so that all users have access to the services
- Prices must be geared to costs
- Member States may decide whether a uniform tariff should be applied
- The application of a uniform tariff does not prevent the USP concluding individual agreements on prices with customers
- Tariffs must be transparent and non-discriminatory





CONT..

Quality:

Member States shall ensure that quality of service standards are set in relation to universal service in order to guarantee a postal service of good quality:

- Quality standards shall focus on routing times and the regularity and reliability of services
- Quality standards shall be set by the national regulatory authority
- Independent performance monitoring shall be carried out at least once a year by external bodies having no links with the USPSs



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COMPARISON

- EU definitions are more specific than UPU
- Some aspects that can be borrowed from the EU specifications include:
 - density of postal establishments
 - delivery standards
 - pricing and quality.



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COMPARISON IN AFRICAN COUNTRIES

- Universal service in Africa is generally not well defined, with most countries following the UPU product-based definition.
- The level of detail in which the universal service is defined can be grouped into three broad categories: (1) a relatively detailed definition, (2) a general definition, and (3) not defined at all.



Category	Country
Detailed Definition	Kenya, Central African Republic, Cote d'Ivoire, Egypt, Eritrea, Gabon, Namibia, Senegal, South Sudan, Sudan, Swaziland, Tanzania, Togo, Uganda, Zimbabwe
General Definition	Angola, Botswana, Cape Verde, Democratic Republic of Congo, Ethiopia, Gambia, Ghana, Guinea, Lesotho, Libya, Malawi, Mauritania, Mauritius, Mozambique, South Africa, Zambia
No definition	Benin, Burkina Faso, Burundi, Cameroon, Chad, Guinea-Bissau, Liberia, Madagascar, Mali, Niger, Nigeria, Republic of Congo, Rwanda, Sierra Leone, Seychelles, Tunisia

Access

- Strong product definition and Weak Access definition
- Quality of service standards exist in the UPS and also for non expedited mail.





RESERVED AREA-STANDARDS

Type of Network Connection	USO obligation
Letters(local)	Delivery standards at least 65%
Posted for delivery within the same urban area* <ul style="list-style-type: none"> • Posted before noon(1200hrs) • Posted after noon(1200hrs) 	J J+1
Posted in urban areas for delivery within other urban areas	J+1
Posted in urban areas for delivery in rural areas	J+2
Posted in rural areas for delivery in other rural areas	J+4
Posted for delivery in special (hardship) areas.***	J+6



CONT...



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Type of Network Connection	USO obligation
Letters(International)	Same as local upon clearance at airport
International mail service	J+5(UPU standard)
Private letter boxes(bags)	
Provision of letter boxes/bags on application <ul style="list-style-type: none"> • Urban areas • Rural areas 	1 month 2 weeks
Replacement of private box/bag lock consequent upon loss of keys	1 day



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CONT.. Delivery

- Delivery in Kenya is made through PO boxes placed at post offices and sub-post offices. Post offices should receive delivery on a daily basis six times per week and sub-post offices at least twice per week

Number of post offices

- Not defined

- **Density of post offices**

- Not defined

- **Number of street letter boxes**





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CONT..

- **Access**
- There is no definition of access to the Universal Postal services.
- On average there is one post office for every 65 000 people and one PO box per 90 people.
- Each outlet covers an average of 943km².
- However, there are significant differences between the regions:
 - In Nairobi each post office serves an average of 26 000 people and covers 6km².



CONT..

➤ In the Northern region each post office serves 178 000 people and covers almost 10 000km².

- Of note is that population density in the regions varies significantly and some have vast areas of sparsely populated land.
- There are wide variations in coverage of universal service in Kenya.





FINANCING UNIVERSAL POSTAL SERVICE



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- There are several options for financing UPS, which include:

- a) Government Subsidy
- b) Reserved services
- c) Resources from lucrative segments
- d) Resources from universal service fund
- e) Combination of any of the above
- f) Others.





CHALLENGES

- Defining and reviewing UPS.
 - Population?
 - Distance?
 - Administrative boundaries?
- Ensuring achievement of UPS.
 - Need for a Universal service roadmap and timelines
 - Review current trend of closure of post offices vis a vis Universal service principles.



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CONT...



- Net Cost of USO determination
 - Explore funding under USF
- Balancing USO requirements and commercial operation of Universal Service providers.
- Need to police reserved services given large number of operators especially small ones can be costly and difficult.





MODULE 7

● ROLE OF INTERNATIONAL AND REGIONAL AGENCIES





UNIVERSAL POSTAL UNION (UPU)



'creating a level playing field'

- Institutional set-up: 134 years ago
- Intergovernmental organization
- Sectoral organization
- Specialized agency of the United Nations on postal matters





CONT...



- Functions

- Postal interconnection, development and governance
- International postal regulation through its Acts, rules and standards
- Facilitating and enhancing development cooperation in the postal sector





CONT..



'creating a level playing field'

- Responding where possible to natural disasters and other exceptional happenings that have damaged the postal infrastructure
- Provides avenues and facilitates the gathering of various postal stakeholders
- Enables the sustenance of a single postal network worldwide; its development, quality and standards



PAN AFRICAN POSTAL UNION(PAPU)



'creating a level playing field'

- Institutional Set-up
 - Intergovernmental organization
 - A restricted postal union
 - Sectoral organization
 - A specialized agency of the African Union on postal matters





'creating a level playing field'

CONT...

- Functions

- Through cooperation with UPU and other financial and non financial institutions facilitates developments of postal infrastructure in the African continent
- Facilitates research and tests in technology, service quality and standards in postal services in Africa





CONT..

- Facilitates and enables the gathering of various postal stakeholders in Africa.



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CRASA



- Institutional set up
 - Regional body
 - Brings together ICT organisations from the SADC region.
 - Has thirteen (13) active members from ICT and Postal regulators from SADC Countries.



CRASA OBJECTIVES

- Develop appropriate model ICT and Postal regulatory frameworks and tools; and to facilitate their implementation by Member States
- Promote and coordinate implementation of key regional ICT and Postal regulations, standards and equipment type approval to improve the business environment and investment climate in the region



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CONT..

- Promote capacity building of the Members, broaden participation in the ICT and Postal sector and enhance lobbying activities with ICT and Postal policymakers at national and regional level
- Act as an effective and common voice of the Region on ICT and Postal regulatory matters
- Act as an effective administration structure and mobilise necessary resources to pursue goals of CRASA and long-term sustainability



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CONT..

- Exchange ideas, views and experience on all aspects of ICT and Postal regulation
- Promote reforms in the postal sector
- Promote operation of efficient, adequate and cost effective ICT and Postal networks and services which meet the diverse needs of customers while being economically sustainable



SAPOA



- Institutional set up
 - The Southern Africa Postal Operators Association (SAPOA) is a SADC regional body responsible for the Postal Sector.
 - It was created in 2001 as per the SADC Protocol on Transport and Communication and Meteorology.
 - It is composed of 14 Designated Postal Operators in the SADC region.
- .



SAPOA



- Is a support and coordination postal association for the SADC region.
- Mandate is to ensure that every sector of the community has access to modern, efficient and diversified range of mail, financial and e-products.
- Is a support and coordination postal association for the SADC region



CONT..



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- Important for countries and organizations(Public postal licensee) to join, subscribe and participate in the activities of these agencies.





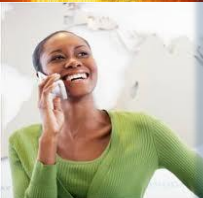
CONCLUSION

- The Postal and Courier organisations are vital networks in socio economic development
- Critical to the fulfillment of e-commerce
- Protection of Universal service provision is therefore important-Accessibility and affordability.
- Consumer protection is a key regulatory role
- Regulations should encourage growth of the sector



CONCLUSION

- Challenges and opportunities exist and require the Public postal licensee in particular to respond quickly to them.
- Future reform should focus on the survival of the public postal licensee.
- Membership and participation in international and regional bodies is important in forging a common approach in the governance of the Postal and Courier sector.



END



TATENDA!
THANK YOU!